

**TON YI INDUSTRIAL CORP. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
SEPTEMBER 30, 2016 AND 2015**

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

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

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

We have reviewed the accompanying consolidated balance sheets of Ton Yi Industrial Corp. and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the statements of changes in equity and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

As explained in Note 4(3), we did not review the financial statements of certain insignificant consolidated subsidiaries, whose statements reflect total assets of NT\$8,598,498 thousand and NT\$10,316,674 thousand, constituting 20.87% and 21.22% of the consolidated total assets, and total liabilities of NT\$2,920,172 thousand and NT\$3,820,074 thousand, constituting 13.36% and 13.71% of the consolidated total liabilities as of September 30, 2016 and 2015, respectively, and total comprehensive income (loss) of NT\$38,436 thousand, (NT\$5,541) thousand, NT\$181,945 thousand and NT\$183,242 thousand, constituting (37.83%), (1.40%), 302.85% and 21.80% of the consolidated total comprehensive income (loss) for the three-month and nine-month periods then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these subsidiaries as of September 30, 2016 and 2015.

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

Phoebe Lin

Independent Accountants

Lewis Lee

PricewaterhouseCoopers, Taiwan

Republic of China

November 8, 2016

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

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

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

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

Assets	Notes	September 30, 2016 AMOUNT	December 31, 2015 AMOUNT	September 30, 2015 AMOUNT
<b>Current assets</b>				
1100	Cash and cash equivalents	6(1) \$ 904,331	\$ 704,759	\$ 1,811,106
1150	Notes receivable, net	6(2)(3) and 8 792,063	923,390	1,239,572
1170	Accounts receivable, net	6(3)(27) 1,896,570	1,447,523	1,414,280
1180	Accounts receivable - related parties	7 1,467,200	886,015	1,675,861
1200	Other receivables	100,988	85,058	137,176
1220	Current income tax assets	6(25) 14,439	55,355	26,154
130X	Inventories	5(2) and 6(4) 3,182,102	3,800,625	4,679,385
1410	Prepayments	6(8)(27) and 7 807,881	1,165,797	1,302,562
1476	Other current financial assets	7 4,434	6,622	45,983
11XX	<b>Total current assets</b>	<u>9,170,008</u>	<u>9,075,144</u>	<u>12,332,079</u>
<b>Non-current assets</b>				
1523	Available-for-sale financial assets - non-current	6(6) 113,556	130,896	106,992
1543	Financial assets carried at cost - non-current	6(7) 501,050	501,050	501,050
1600	Property, plant and equipment - net	6(8)(27) 29,690,726	32,623,697	33,846,066
1760	Investment property - net	6(9) 144,963	158,012	165,243
1780	Intangible assets	6(10) 399,919	453,510	468,137
1840	Deferred income tax assets	6(25) 554,406	590,677	478,470
1915	Prepayments for business facilities	6(8)(27) 4,899	43,769	41,939
1920	Guarantee deposits paid	7 90,557	90,730	85,998
1985	Long-term prepaid rents	6(11) 487,011	525,685	525,362
1990	Other non-current assets	44,768	60,192	59,600
15XX	<b>Total non-current assets</b>	<u>32,031,855</u>	<u>35,178,218</u>	<u>36,278,857</u>
1XXX	<b>Total assets</b>	<u>\$ 41,201,863</u>	<u>\$ 44,253,362</u>	<u>\$ 48,610,936</u>

(Continued)

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

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2016 AMOUNT	December 31, 2015 AMOUNT	September 30, 2015 AMOUNT	
<b>Current liabilities</b>					
2100	Short-term borrowings	6(12), 8 and 9	\$ 2,962,288	\$ 2,898,530	\$ 4,271,530
2150	Notes payable		18,561	24,074	17,722
2170	Accounts payable		1,011,135	960,547	1,343,496
2180	Accounts payable - related parties	7	125,679	108,918	255,551
2200	Other payables	6(27)	1,308,718	1,429,725	1,478,058
2220	Other payables - related parties	6(27) and 7	101,533	73,766	163,957
2230	Current income tax liabilities	6(25)	62,750	53,369	33,546
2305	Other current financial liabilities		19,844	21,631	17,898
2310	Advance receipts		86,228	57,972	61,906
2320	Long-term liabilities, current portion	6(14) and 9	3,086,695	4,947,555	5,637,506
21XX	<b>Total current liabilities</b>		<u>8,783,431</u>	<u>10,576,087</u>	<u>13,281,170</u>
<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(13)	663,914	711,756	737,420
2540	Long-term borrowings	6(14) and 9	11,591,531	12,347,156	13,054,869
2550	Provisions for liabilities - non-current	6(15)(22)	75,042	74,001	73,661
2570	Deferred income tax liabilities	6(25)	360,905	324,455	316,691
2630	Long-term deferred revenue		45,020	47,917	49,654
2640	Accrued pension liabilities - non-current	5(2) and 6(16)	322,988	365,767	348,633
2645	Guarantee deposits received		8,353	10,295	10,003
25XX	<b>Total non-current liabilities</b>		<u>13,067,753</u>	<u>13,881,347</u>	<u>14,590,931</u>
2XXX	<b>Total liabilities</b>		<u>21,851,184</u>	<u>24,457,434</u>	<u>27,872,101</u>
<b>Equity attributable to owners of parent</b>					
<b>Share capital</b>					
3110	Share capital - common stock	6(17)	15,791,453	15,791,453	15,791,453
3200	<b>Capital surplus</b>	6(18)	228,178	228,178	228,178
<b>Retained earnings</b>					
3310	Legal reserve	6(19)(25)	1,439,699	1,379,732	1,379,732
3320	Special reserve		826,453	826,453	826,453
3350	Unappropriated retained earnings		894,974	589,910	924,872
3400	<b>Other equity interest</b>		(801,309)	(68,156)	464,742
31XX	<b>Equity attributable to owners of the parent</b>		<u>18,379,448</u>	<u>18,747,570</u>	<u>19,615,430</u>
36XX	<b>Non-controlling interest</b>	4(3)	971,231	1,048,358	1,123,405
3XXX	<b>Total equity</b>		<u>19,350,679</u>	<u>19,795,928</u>	<u>20,738,835</u>
<b>Contingent liabilities and commitments</b>					
3X2X	<b>Total liabilities and equity</b>	9	<u>\$ 41,201,863</u>	<u>\$ 44,253,362</u>	<u>\$ 48,610,936</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated November 8, 2016.



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

Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Capital Reserves				Retained Earnings			Other equity interest			Total		
	Share capital - common stock	Capital surplus, additional paid-in capital	Treasury stock transactions	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Difference arising on translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets				
<b><u>Nine-month period ended September 30, 2015</u></b>													
	\$ 15,791,453	\$ 58,271	\$ 169,088	\$ 819	\$ 1,303,221	\$ 826,453	\$ 811,964	\$ 673,800	(\$ 200,577)	\$ 19,434,492	\$ 1,174,555	\$ 20,609,047	
Distribution of 2014 income:													
					76,511		( 76,511 )						
	-	-	-	-	-	-	( 710,615 )	-	-	( 710,615 )	-	( 710,615 )	
	-	-	-	-	-	-	900,034	-	-	900,034	( 59,014 )	841,020	
	-	-	-	-	-	-	-	62,867	( 71,348 )	( 8,481 )	7,864	( 617 )	
	<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,379,732</u>	<u>\$ 826,453</u>	<u>\$ 924,872</u>	<u>\$ 736,667</u>	<u>(\$ 271,925)</u>	<u>\$ 19,615,430</u>	<u>\$ 1,123,405</u>	<u>\$ 20,738,835</u>	
<b><u>Nine-month period ended September 30, 2016</u></b>													
	\$ 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 income:													
					59,967		( 59,967 )						
	-	-	-	-	-	-	( 505,327 )	-	-	( 505,327 )	-	( 505,327 )	
	-	-	-	-	-	-	870,358	-	-	870,358	( 12,016 )	858,342	
	-	-	-	-	-	-	-	( 715,813 )	( 17,340 )	( 733,153 )	( 65,111 )	( 798,264 )	
	<u>\$ 15,791,453</u>	<u>\$ 58,271</u>	<u>\$ 169,088</u>	<u>\$ 819</u>	<u>\$ 1,439,699</u>	<u>\$ 826,453</u>	<u>\$ 894,974</u>	<u>(\$ 535,948)</u>	<u>(\$ 265,361)</u>	<u>\$ 18,379,448</u>	<u>\$ 971,231</u>	<u>\$ 19,350,679</u>	

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated November 8, 2016.

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

(Expressed in thousands of New Taiwan dollars)

(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30,	
		2016	2015
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,167,412	\$ 1,134,631
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	10,883	-
Reversal of allowance for doubtful accounts	6(3)	-	( 8,658 )
(Reversal of allowance)provision for inventory market price decline	6(4)	( 133,816 )	27,863
Gain on disposal of non-current assets held for sale	6(5)(21)	-	( 452,780 )
Property, plant and equipment transferred to expenses	6(8)	9,095	369
Depreciation on property, plant and equipment	6(8)(9)	2,088,059	2,132,228
(Gain)loss on disposal of property, plant and equipment	6(21)	( 27,318 )	29,593
Property, plant and equipment transferred to other losses		54	-
Amortization	6(10)(23)	34,081	34,258
Amortization of long-term prepaid rent	6(11)	9,898	9,378
Dividend income	6(20)	( 5,152 )	( 65 )
Interest income	6(20)	( 10,143 )	( 21,431 )
Interest expense	6(22)	425,885	495,113
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		131,328	15,864
Accounts receivable		( 456,119 )	635,357
Accounts receivable - related parties		( 581,185 )	( 986,169 )
Other receivables		( 15,930 )	6,035
Inventories		755,845	344,878
Prepayments		357,916	481,403
Changes in operating liabilities			
Notes payable		( 5,513 )	( 1,849 )
Accounts payable		50,588	741,881
Accounts payable - related parties		16,761	82,990
Other payables		( 9,382 )	24,065
Other payables - related parties		27,767	112,844
Advance receipts		28,256	8,887
Long-term deferred revenue		( 2,897 )	806
Accrued pension liabilities - non-current		( 42,779 )	( 41,402 )
Cash inflow generated from operations		3,823,594	4,806,089
Dividends received		5,152	65
Interest received		10,143	21,431
Income tax refund		20,617	-
Interest paid		( 442,228 )	( 473,817 )
Income tax paid		( 226,173 )	( 394,814 )
Net cash flows from operating activities		<u>3,191,105</u>	<u>3,958,954</u>

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

	Notes	<u>Nine months ended September 30,</u>	
		<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of disposal groups held for sale	6(27)	\$ -	\$ 387,937
Decrease in other current assets - other financial assets		2,188	7,996
Acquisition of property, plant and equipment	6(27)	( 323,755 )	( 1,674,073 )
Proceeds from disposal of property, plant and equipment		92,989	22,976
Acquisition of investment property	6(9)	( 1,002 )	( 785 )
Acquisition of intangible assets	6(10)	( 12 )	( 281 )
Increase in prepayments for equipment		( 93,111 )	( 180,078 )
Interest paid for prepayments for equipment	6(8)(22)	( 608 )	( 667 )
Decrease (increase) in guarantee deposits paid		173	( 32,468 )
Increase in long-term prepaid rent		-	( 28,330 )
Decrease in other non-current assets		<u>15,424</u>	<u>16,890</u>
Net cash flows used in investing activities		<u>( 307,714 )</u>	<u>( 1,480,883 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		63,758	168,974
Decrease in notes and bills payable		-	( 99,942 )
(Decrease) increase in other current liabilities - other financial liabilities		( 1,787 )	1,461
Proceeds from issuance of corporate bonds	6(13)	-	717,242
Increase in long-term borrowings		26,022,445	29,379,557
Decrease in long-term borrowings		( 28,097,604 )	( 31,824,042 )
Decrease in guarantee deposits received		( 1,942 )	( 177 )
Cash dividends paid	6(19)	<u>( 505,327 )</u>	<u>( 710,615 )</u>
Net cash flows used in financing activities		<u>( 2,520,457 )</u>	<u>( 2,367,542 )</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>( 163,362 )</u>	<u>128,674</u>
Net increase in cash and cash equivalents		199,572	239,203
Cash and cash equivalents at beginning of period	6(1)	<u>704,759</u>	<u>1,571,903</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 904,331</u>	<u>\$ 1,811,106</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated November 8, 2016.

TON YI INDUSTRIAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 8, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Company's and its subsidiaries' (collectively referred herein as the "Group") financial condition and performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	Effective Date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board

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

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

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

B. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

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

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

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

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

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

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

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

which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

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

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

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company (%)		Note
			September 30, 2016	December 31, 2015	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General trading and investments	100.00	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans	51.00	51.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holding Ltd.	General investment	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	100.00	100.00	—
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	100.00	—
Cayman Fujian Ton Yi Industrial Holding Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	86.80	86.80	—
Cayman Jiangsu Ton Yi Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	82.86	82.86	—
Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Tongxin Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	100.00	—
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	100.00	—



Name of investors	Name of subsidiaries	Business activities	Percentage owned by	
			Company (%)	Note
			September 30, 2015	
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	General trading and investments	100.00	—
Ton Yi Industrial Corp.	Tovecan Corp.	Manufacturing of cans	51.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	General investment	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	100.00	—
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	General investment	100.00	—
Cayman Fujian Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinsplate Co., Ltd.	Manufacturing of tinsplate	86.80	—
Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinsplate Co., Ltd.	Manufacturing of tinsplate	82.86	—

Name of investors	Name of subsidiaries	Business activities	Percentage owned by	
			Company (%)	Note
			September 30, 2015	
Wuxi Ton Yi Industrial Packing Co., Ltd.	Chengdu Tongxin Industrial Packing Co., Ltd.	Manufacturing of cans	100.00	—
Cayman Ton Yi (China) Holdings Ltd.	Ton Yi (China) Investment Co., Ltd.	General investment	100.00	—
Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—
Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	100.00	—

Except for Cayman Ton Yi Industrial Holdings Ltd., Cayman Ton Yi Holdings Ltd., Cayman Fujian Ton Yi Industrial Holdings Ltd., Cayman Ton Yi (China) Holdings Ltd., Fujian Ton Yi Tinplate Co., Ltd., Jiangsu Ton Yi Tinplate Co., Ltd., Ton Yi (China) Investment Co., Ltd., Taizhou Ton Yi Industrial Co., Ltd., Zhangzhou Ton Yi Industrial Co., Ltd., Sichuan Ton Yi Industrial Co., Ltd. and Zhanjiang Ton Yi Industrial Co., Ltd., the financial statements of subsidiaries and disclosures in Note 13 included in the consolidated financial statements as of September 30, 2016 were not reviewed by independent accountants as the subsidiaries do not meet the definition of

significant subsidiaries. Except for Cayman Ton Yi Industrial Holdings Ltd., Cayman Ton Yi Holdings Ltd., Cayman Fujian Ton Yi Industrial Holdings Ltd., Chengdu Ton Yi Industrial Packing Co., Ltd., Cayman Ton Yi (China) Holdings Ltd., Fujian Ton Yi Tinsplate Co., Ltd., Jiangsu Ton Yi Tinsplate Co., Ltd., Ton Yi (China) Investment Co., Ltd., Taizhou Ton Yi Industrial Co., Ltd., Zhangzhou Ton Yi Industrial Co., Ltd., Sichuan Ton Yi Industrial Co., Ltd. And Zhanjiang Ton Yi Industrial, Co., Ltd., the financial statements of subsidiaries included in the consolidated financial statements as of September 30, 2015 were not reviewed by independent accountants. The total assets of these subsidiaries were \$8,598,498 and \$10,316,674, constituting 20.87% and 21.22% of the Group's consolidated total assets, and total liabilities were \$2,920,172 and \$3,820,074, constituting 13.36% and 13.71% of the Group's consolidated total liabilities as of September 30, 2016 and 2015, respectively; and the total comprehensive income was \$38,436, (\$5,541), \$181,945 and \$183,242, constituting (37.83%), (1.40%), 302.85% and 21.80% of the Group's consolidated comprehensive income for the three-month and the six-month periods then ended, respectively.

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

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

E. Significant restrictions: None.

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

As of September 30, 2016, December 31, 2015 and September 30, 2015, the non-controlling interest amounted to \$971,231, \$1,048,358 and \$1,123,405, representing 2.36%, 2.37% and 2.31% of the consolidated total assets, respectively. None of the non-controlling interest is material to the Group.

#### (4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

**B. Translation of foreign operations**

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

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

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
  - (a) Hybrid (combined) contracts; or
  - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
  - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using

the effective interest method, less provision for impairment. However, for short-term accounts receivable which are not interest bearing, as the effect of discounting is insignificant, they are measured subsequently at the original invoice amount.

(9) Inventories

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

(10) Disposal groups held for sale

Disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(11) Available-for-sale financial assets

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

(12) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

- (a) Significant financial difficulty of the issuer or debtor;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) The disappearance of an active market for that financial asset because of financial difficulties;
- (d) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- (e) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the equity investment may not be recovered;
- (f) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting treatment for impairment is as follows:

(a) Available-for-sale financial assets

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

(b) Financial assets carried at cost

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

(c) Financial assets measured at amortized cost

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

(13) Derecognition of financial assets

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

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the consumption patterns of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment



are as follows:

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

(15) Lease (Lessor)

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

(16) Lease (Lessee)

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

(17) Investment property

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

(18) Intangible assets

A. Goodwill

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

B. Royalties

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

C. Computer software

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

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(20) Borrowings

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

(21) Notes and accounts payable

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

(22) Financial liabilities instruments

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

(23) Derecognition of financial liabilities

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

(24) Offsetting financial instruments

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

(25) Provision

Provision (decommissioning liabilities) is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provision is measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

- A. The tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which case the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(28) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases its outstanding shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. When such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

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

(30) Revenue recognition

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

(31) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

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

performance of the operating segments.

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

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

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

None.

### (2) Critical accounting estimates and assumptions

#### A. Evaluation of inventories

- (a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.
- (b) As of September 30, 2016, the carrying amount of inventories was \$3,182,102.

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

- (a) When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on the balance sheet date, including discount rates and future salary growth rate. Any change in these assumptions could significantly impact the carrying amount of defined pension obligations.
- (b) As of September 30, 2016, the carrying amount of net defined benefit liabilities - non-current was \$322,988.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Cash:			
Cash on hand and petty cash	\$ 912	\$ 842	\$ 1,236
Checking accounts and demand deposits	<u>433,649</u>	<u>482,388</u>	<u>1,233,263</u>
	<u>434,561</u>	<u>483,230</u>	<u>1,234,499</u>
Cash equivalents:			
Time deposits	<u>469,770</u>	<u>221,529</u>	<u>576,607</u>
	<u>\$ 904,331</u>	<u>\$ 704,759</u>	<u>\$ 1,811,106</u>

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

B. As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group has no cash and cash equivalents pledged to others.

### (2) Notes receivable, net

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Notes receivable	\$ 793,685	\$ 925,013	\$ 1,241,041
Less: Allowance for doubtful accounts	<u>(1,622)</u>	<u>(1,623)</u>	<u>(1,469)</u>
	<u>\$ 792,063</u>	<u>\$ 923,390</u>	<u>\$ 1,239,572</u>

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

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

C. The Group's notes receivable are of good credit quality, not past due and not impaired.

D. The Group did not pledge notes receivable as collateral as of September 30, 2016, December 31, 2015 and September 30, 2015.

### (3) Accounts receivable, net

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Accounts receivable	\$ 1,961,290	\$ 1,511,072	\$ 1,481,856
Less: Allowance for doubtful accounts	<u>(64,720)</u>	<u>(63,549)</u>	<u>(67,576)</u>
	<u>\$ 1,896,570</u>	<u>\$ 1,447,523</u>	<u>\$ 1,414,280</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Within 90 days	<u>\$ 179,511</u>	<u>\$ 36,932</u>	<u>\$ 46,793</u>

The above ageing analysis was based on past due date.

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

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
	<u>Group provision</u>	<u>Group provision</u>
At January 1	\$ 65,172	\$ 76,852
Provision for impairment	10,883	-
Reversal of impairment	-	( 8,658)
Write-offs during the period	( 5,901)	-
Effect of foreign exchange rate changes	( 3,812)	851
At September 30	<u>\$ 66,342</u>	<u>\$ 69,045</u>

C. Accounts receivable, including those with related parties, that were neither past due nor impaired have good credit quality.

D. The Group did not pledge accounts receivable, including those with related party, as collateral as of September 30, 2016, December 31, 2015 and September 30, 2015.

E. The Group did not hold collateral on accounts receivable, including those with related party, as of September 30, 2016, December 31, 2015 and September 30, 2015.

(4) Inventories

	<u>September 30, 2016</u>		
	<u>Cost</u>	<u>Allowance for price decline of inventories</u>	<u>Carrying amount</u>
	Raw materials	\$ 1,405,074	(\$ 51,838)
Raw materials in transit	32,571	( 1,073)	31,498
Supplies	416,085	( 189)	415,896
Supplies in transit	35,339	-	35,339
Work in process	657,428	( 37,851)	619,577
Finished goods	754,494	( 27,938)	726,556
	<u>\$ 3,300,991</u>	<u>(\$ 118,889)</u>	<u>\$ 3,182,102</u>



December 31, 2015			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 1,734,346	(\$ 99,591)	\$ 1,634,755
Raw materials in transit	2,647	-	2,647
Supplies	499,329	( 4,359)	494,970
Supplies in transit	19,012	-	19,012
Work in process	648,671	( 58,078)	590,593
Finished goods	<u>1,152,831</u>	<u>( 94,183)</u>	<u>1,058,648</u>
	<u>\$ 4,056,836</u>	<u>(\$ 256,211)</u>	<u>\$ 3,800,625</u>
September 30, 2015			
	Cost	Allowance for price decline of inventories	Carrying amount
Raw materials	\$ 2,048,178	(\$ 21,996)	\$ 2,026,182
Supplies	578,998	( 3,664)	575,334
Supplies in transit	20,496	-	20,496
Work in process	701,853	( 14,792)	687,061
Finished goods	<u>1,447,352</u>	<u>( 77,040)</u>	<u>1,370,312</u>
	<u>\$ 4,796,877</u>	<u>(\$ 117,492)</u>	<u>\$ 4,679,385</u>

The cost of inventories recognized as expense for the period:

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Cost of goods sold	\$ 7,179,897	\$ 8,283,937
Loss on disposal of inventory	477	125
Loss on decline in market value	59,530	7,593
Revenue from sale of scraps	( 63,028)	( 60,718)
Indemnities	( 42)	-
Total cost of sales	<u>\$ 7,176,834</u>	<u>\$ 8,230,937</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Cost of goods sold	\$ 21,960,238	\$ 25,733,952
Loss on disposal of inventory	2,254	378
(Gain on reversal of) loss on decline in market value (Note)	( 133,816)	27,863
Revenue from sale of scraps	( 182,606)	( 210,326)
Indemnities	( 2,582)	-
Total cost of sales	<u>\$ 21,643,488</u>	<u>\$ 25,551,867</u>

(Note)The Group reversed a previous inventory write-down which was accounted for as a reduction of cost of goods sold as a result of the subsequent sale of inventories which were previously provided with allowance.

(5) Disposal group classified as held for sale

The assets and liabilities related to Chengdu Ton Yi Industrial Packing Co., Ltd. have been reclassified as disposal group held for sale following the approval of the Group's Board of Directors on October 6, 2013 to sell Chengdu Ton Yi Industrial Packing Co., Ltd. The disposal group held for sale is tinplate segment in Mainland China. The transaction was expected to be completed in June 2014, however, as of June 30, 2014, the equity transfer was in the process of administrative application. On June 30, 2014, a supplemental agreement was signed by both the buyer and seller which provides that there will be no restriction in the original agreement for not completing the equity transfer as of June 30, 2014, as the equity transfer was in the process of administrative application before June 30, 2014. If the administrative acceptance could not be obtained, the equity transfer agreements and supplemental agreement will automatically be terminated.

Due to the local land policy restrictions, the administrative acceptance could not be obtained and thus the above equity transfer agreements and supplemental agreement were automatically terminated in December 2014. On December 3, 2014, the Group signed an indemnity agreement for land expropriation and plant demolition and relocation with the People's Government of Xindu District of Chengdu, whereby the Group will demolish all buildings and complete transfer of land within 120

days after the effective date of the agreement. The assets and liabilities not relating to the indemnity agreement was transferred out from the disposal group held for sale for the termination of share capital transfer agreement and supplemental agreement and award of indemnity agreement.

The above disposal group held for sale had been disposed in February 2015, and gain on disposal of held-for-sale non-current assets (shown as other gains and losses) of \$452,780 was recognized.

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Listed stocks	\$ 378, 917	\$ 378, 917	\$ 378, 917
Adjustments for change in fair value of available-for-sale financial assets	( 265, 361)	( 248, 021)	( 271, 925)
	<u>\$ 113, 556</u>	<u>\$ 130, 896</u>	<u>\$ 106, 992</u>

A. The Group recognized fair value change in other comprehensive income (loss) of \$10,230, (\$64,419), (\$17,340) and (\$71,348) for the three-month and the nine-month periods ended September 30, 2016 and 2015, respectively, and the amount of \$— was reclassified from equity to profit or loss for the period.

B. The Group did not pledge available-for-sale financial assets-non-current as collateral as at September 30, 2016, December 31, 2015 and September 30, 2015.

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Unlisted stocks	<u>\$ 501, 050</u>	<u>\$ 501, 050</u>	<u>\$ 501, 050</u>

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

B. The Group did not pledge financial assets measured at cost - non-current as collateral as at September 30, 2016, December 31, 2015 and September 30, 2015.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2016</u>								
Cost	\$ 615,892	\$ 10,919,221	\$ 48,406,571	\$ 311,254	\$ 214,150	\$ 5,825,580	\$ 89,734	\$ 66,382,402
Accumulated depreciation	—	( 4,624,977)	( 25,752,792)	( 240,364)	( 90,061)	( 3,050,511)	—	( 33,758,705)
	<u>\$ 615,892</u>	<u>\$ 6,294,244</u>	<u>\$ 22,653,779</u>	<u>\$ 70,890</u>	<u>\$ 124,089</u>	<u>\$ 2,775,069</u>	<u>\$ 89,734</u>	<u>\$ 32,623,697</u>
<u>Nine-month period ended September 30, 2016</u>								
Opening net book amount	\$ 615,892	\$ 6,294,244	\$ 22,653,779	\$ 70,890	\$ 124,089	\$ 2,775,069	\$ 89,734	\$ 32,623,697
Additions - Cost	—	—	112,743	9,449	5,152	37,016	65,378	229,738
Transfers - Cost (Note)	—	—	140,517	—	1,630	36,833	( 55,486)	123,494
Depreciation	—	( 234,300)	( 1,418,707)	( 17,438)	( 29,278)	( 382,988)	—	( 2,082,711)
Disposal - Cost	—	( 112,107)	( 18,633)	( 28,622)	( 387)	( 74,132)	( 10,804)	( 244,685)
Disposal - Accumulated depreciation	—	112,107	12,225	14,012	362	40,254	—	178,960
Net exchange differences	—	( 253,688)	( 785,373)	( 2,435)	( 6,191)	( 87,755)	( 2,325)	( 1,137,767)
Closing net book value	<u>\$ 615,892</u>	<u>\$ 5,806,256</u>	<u>\$ 20,696,551</u>	<u>\$ 45,856</u>	<u>\$ 95,377</u>	<u>\$ 2,344,297</u>	<u>\$ 86,497</u>	<u>\$ 29,690,726</u>
<u>At September 30, 2016</u>								
Cost	\$ 615,892	\$ 10,458,496	\$ 47,371,227	\$ 285,595	\$ 207,915	\$ 5,660,019	\$ 86,497	\$ 64,685,641
Accumulated depreciation	—	( 4,652,240)	( 26,674,676)	( 239,739)	( 112,538)	( 3,315,722)	—	( 34,994,915)
	<u>\$ 615,892</u>	<u>\$ 5,806,256</u>	<u>\$ 20,696,551</u>	<u>\$ 45,856</u>	<u>\$ 95,377</u>	<u>\$ 2,344,297</u>	<u>\$ 86,497</u>	<u>\$ 29,690,726</u>

(Note) Including transfer of \$132,589 from prepayment for equipment; transfer of \$9,095 into expense.

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2015</u>								
Cost	\$ 615,892	\$ 10,974,383	\$ 46,344,149	\$ 315,192	\$ 172,118	\$ 5,195,561	\$ 2,942,231	\$ 66,559,526
Accumulated depreciation	—	( 4,321,731)	( 24,047,803)	( 225,143)	( 54,526)	( 2,566,128)	—	( 31,215,331)
	<u>\$ 615,892</u>	<u>\$ 6,652,652</u>	<u>\$ 22,296,346</u>	<u>\$ 90,049</u>	<u>\$ 117,592</u>	<u>\$ 2,629,433</u>	<u>\$ 2,942,231</u>	<u>\$ 35,344,195</u>
<u>Nine-month period ended September 30, 2015</u>								
Opening net book amount	\$ 615,892	\$ 6,652,652	\$ 22,296,346	\$ 90,049	\$ 117,592	\$ 2,629,433	\$ 2,942,231	\$ 35,344,195
Additions - Cost	—	14,784	58,500	7,469	6,751	50,168	101,457	239,129
Transfers - Cost (Note)	—	10,049	2,502,436	1,232	35,367	609,984	( 3,025,588)	133,480
Depreciation	—	( 246,845)	( 1,449,054)	( 18,795)	( 27,731)	( 384,373)	—	( 2,126,798)
Disposal - Cost	—	—	( 90,467)	( 9,856)	( 1,357)	( 30,117)	—	( 131,797)
Disposal - Accumulated depreciation	—	—	60,149	6,649	1,160	11,270	—	79,228
Net exchange differences	—	68,298	151,983	363	1,070	14,374	72,541	308,629
Closing net book value	<u>\$ 615,892</u>	<u>\$ 6,498,938</u>	<u>\$ 23,529,893</u>	<u>\$ 77,111</u>	<u>\$ 132,852</u>	<u>\$ 2,900,739</u>	<u>\$ 90,641</u>	<u>\$ 33,846,066</u>
<u>At September 30, 2015</u>								
Cost	\$ 615,892	\$ 11,092,627	\$ 49,059,369	\$ 314,858	\$ 216,103	\$ 5,859,491	\$ 90,641	\$ 67,248,981
Accumulated depreciation	—	( 4,593,689)	( 25,529,476)	( 237,747)	( 83,251)	( 2,958,752)	—	( 33,402,915)
	<u>\$ 615,892</u>	<u>\$ 6,498,938</u>	<u>\$ 23,529,893</u>	<u>\$ 77,111</u>	<u>\$ 132,852</u>	<u>\$ 2,900,739</u>	<u>\$ 90,641</u>	<u>\$ 33,846,066</u>

(Note) Including transfer of \$139,713 from prepayment for equipment; transfer of \$5,864 into prepayment; transfer of \$369 into expense.

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

	Three-month periods ended September 30,	
	2016	2015
Amount capitalized	\$ 225	\$ 118
Interest rate range	1.30%	1.30%~3.03%
	Nine-month periods ended September 30,	
	2016	2015
Amount capitalized	\$ 608	\$ 667
Interest rate range	1.30%	1.30%~3.03%

B. The Group did not pledge property, plant and equipment as collateral as at September 30, 2016, December 31, 2015 and September 30, 2015.

(9) Investment property - net

	Land	Buildings	Total
<u>At January 1, 2016</u>			
Cost	\$ 41,638	\$ 160,516	\$ 202,154
Accumulated depreciation	-	( 12,603)	( 12,603)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 147,913</u>	<u>\$ 158,012</u>
<u>Nine-month period ended September 30, 2016</u>			
Opening net book value	\$ 10,099	\$ 147,913	\$ 158,012
Additions-Cost	-	1,002	1,002
Depreciation	-	( 5,348)	( 5,348)
Net currency exchange difference	-	( 8,703)	( 8,703)
Closing net book value	<u>\$ 10,099</u>	<u>\$ 134,864</u>	<u>\$ 144,963</u>
<u>At September 30, 2016</u>			
Cost	\$ 41,638	\$ 151,813	\$ 193,451
Accumulated depreciation	-	( 16,949)	( 16,949)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 134,864</u>	<u>\$ 144,963</u>

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 41,638	\$ 162,861	\$ 204,499
Accumulated depreciation	-	( 5,497)	( 5,497)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 157,364</u>	<u>\$ 167,463</u>

Nine-month period ended September 30, 2015			
Opening net book value	\$ 10,099	\$ 157,364	\$ 167,463
Additions-Cost	-	785	785
Depreciation	-	( 5,430)	( 5,430)
Net currency exchange difference	-	2,425	2,425
Closing net book value	<u>\$ 10,099</u>	<u>\$ 155,144</u>	<u>\$ 165,243</u>

<u>At September 30, 2015</u>			
Cost	\$ 41,638	\$ 166,332	\$ 207,970
Accumulated depreciation	-	( 11,188)	( 11,188)
Accumulated impairment	( 31,539)	-	( 31,539)
	<u>\$ 10,099</u>	<u>\$ 155,144</u>	<u>\$ 165,243</u>

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

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Rental income from investment property	<u>\$ 5,821</u>	<u>\$ 6,805</u>
Direct operating expenses from the investment property that generated income in the period	<u>\$ 2,765</u>	<u>\$ 3,023</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Rental income from investment property	<u>\$ 19,741</u>	<u>\$ 20,326</u>
Direct operating expenses from the investment property that generated income in the period	<u>\$ 9,275</u>	<u>\$ 9,028</u>

B. The fair values of the investment property held by the Group as at September 30, 2016, December 31, 2015 and September 30, 2015 were \$203,377, \$296,075 and \$292,532, respectively. Land is valued according to Current Land Value announced by the Department of Land Administration.

Buildings are valued based on discounted recoverable amounts of future rent income.

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

D. As of September 30, 2016, December 31, 2015 and September 30, 2015, no investment property held by the Group was pledged to others.

(10) Intangible assets

	<u>Goodwill</u>	<u>Royalties</u>	<u>Computer Software</u>	<u>Total</u>
<u>At January 1, 2016</u>				
Cost	\$ 342,773	\$ 387,569	\$ 100,236	\$ 830,578
Accumulated amortization	-	( 352,250)	( 27,413)	( 379,663)
Net exchange differences	( 187)	-	2,782	2,595
	<u>\$ 342,586</u>	<u>\$ 35,319</u>	<u>\$ 75,605</u>	<u>\$ 453,510</u>
<u>Nine-month period ended September 30, 2016</u>				
Net value at January 1	\$ 342,586	\$ 35,319	\$ 75,605	\$ 453,510
Additions-separately acquired	-	-	12	12
Amortization	-	( 26,489)	( 7,592)	( 34,081)
Net exchange differences	( 15,290)	-	( 4,232)	( 19,522)
Net value at September 30	<u>\$ 327,296</u>	<u>\$ 8,830</u>	<u>\$ 63,793</u>	<u>\$ 399,919</u>
<u>At September 30, 2016</u>				
Cost	\$ 342,773	\$ 387,569	\$ 100,248	\$ 830,590
Accumulated amortization	-	( 378,739)	( 35,005)	( 413,744)
Net exchange differences	( 15,477)	-	( 1,450)	( 16,927)
	<u>\$ 327,296</u>	<u>\$ 8,830</u>	<u>\$ 63,793</u>	<u>\$ 399,919</u>



	<u>Goodwill</u>	<u>Royalties</u>	<u>Computer Software</u>	<u>Total</u>
<u>At January 1, 2015</u>				
Cost	\$ 342,773	\$ 387,569	\$ 99,890	\$ 830,232
Accumulated amortization	-	( 316,931)	( 17,030)	( 333,961)
Net exchange differences	( 12,450)	-	4,365	( 8,085)
	<u>\$ 330,323</u>	<u>\$ 70,638</u>	<u>\$ 87,225</u>	<u>\$ 488,186</u>

<u>Nine-month period ended September 30, 2015</u>				
Net value at January 1	\$ 330,323	\$ 70,638	\$ 87,225	\$ 488,186
Additions-separately acquired	-	-	281	281
Amortization	-	( 26,489)	( 7,769)	( 34,258)
Net exchange differences	12,733	-	1,195	13,928
Net value at September 30	<u>\$ 343,056</u>	<u>\$ 44,149</u>	<u>\$ 80,932</u>	<u>\$ 468,137</u>

<u>At September 30, 2015</u>				
Cost	\$ 342,773	\$ 387,569	\$ 100,171	\$ 830,513
Accumulated amortization	-	( 343,420)	( 24,799)	( 368,219)
Net exchange differences	283	-	5,560	5,843
	<u>\$ 343,056</u>	<u>\$ 44,149</u>	<u>\$ 80,932</u>	<u>\$ 468,137</u>

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

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

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Operating costs	\$ 9,257	\$ 9,284
Selling expenses	168	179
Administrative expenses	1,847	1,961
	<u>\$ 11,272</u>	<u>\$ 11,424</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Operating costs	\$ 27,817	\$ 27,855
Selling expenses	522	536
Administrative expenses	5,742	5,867
	<u>\$ 34,081</u>	<u>\$ 34,258</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Tinplate factory located in China	\$ 327,296	\$ 342,586	\$ 343,056

(11) Long-term prepaid rent

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Land use right	\$ 487,011	\$ 525,685	\$ 525,362

The Group entered into a land lease agreement with Taiwan Sugar Corporation and local authority of People's Republic of China for use of property located in Yong-Kang District, Tainan and various properties in China. Lease periods are from 48 to 50 years. The Group recognized \$3,206, \$3,113, \$9,898 and \$9,378 of rental expense (under operating cost and operating expense) for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively.

(12) Short-term borrowings

<u>Nature</u>	<u>September 30, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,940,283	0.74%~4.35%	None
Secured bank borrowings	22,005	3.00%~3.42%	Notes receivable
	<u>\$ 2,962,288</u>		
<u>Nature</u>	<u>December 31, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,898,530	0.90%~4.60%	None
<u>Nature</u>	<u>September 30, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 4,271,530	0.98%~4.85%	None

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

(13) Bonds payable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>	<u>Pledged or collateral</u>
Unsecured corporate bonds	\$ 663,914	\$ 711,756	\$ 737,420	None

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

(1) Total issuance: RMB 142 million (\$717,242)

(2) Issuance price: fully issued at par value of RMB 1 million per bond

- (3) Coupon rate: fixed rate at 4.20% per annum
- (4) Interest payment method: starting from the issuance date, interest is accrued at the coupon rate and paid annually
- (5) Repayment of principal: payable in full 3 years after the issuance date
- (6) Issuance deadline: 3 years (February 3, 2015 to February 3, 2018)
- (7) Depository bank: CTBC Bank Co., Ltd.

(14) Long-term borrowings

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2016</u>
Unsecured bank borrowings	2016. 12. 08~ 2020. 11. 25	1. 03%~4. 75%	None	\$ 14, 678, 834
Less: amortised discount				( <u>608</u> )
				14, 678, 226
Less: current portion of long-term liabilities				( <u>3, 086, 695</u> )
				<u>\$ 11, 591, 531</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2015</u>
Unsecured bank borrowings	2016. 01. 30~ 2020. 11. 25	1. 12%~4. 75%	None	\$ 17, 295, 543
Less: amortised discount				( <u>832</u> )
				17, 294, 711
Less: current portion of long-term liabilities				( <u>4, 947, 555</u> )
				<u>\$ 12, 347, 156</u>

<u>Nature</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2015</u>
Unsecured bank borrowings	2015. 10. 26~ 2019. 12. 19	1. 08%~5. 75%	None	\$ 18, 693, 290
Less: unamortised discount				( <u>915</u> )
				18, 692, 375
Less: current portion of long-term liabilities				( <u>5, 637, 506</u> )
				<u>\$ 13, 054, 869</u>

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

(15) Provision - non-current

<u>Decommissioning liabilities</u>	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
At January 1	\$ 74,001	\$ 72,639
Unwinding of discount	1,041	1,022
At September 30	<u>\$ 75,042</u>	<u>\$ 73,661</u>

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

(16) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contribute monthly an amount equal to 14% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.
- (b) The pension costs under the defined contribution pension plans of the Group (listed under "Operating cost" and "Operating expense" for the three-month and nine-month periods ended September 30, 2016 and 2015 were \$6,174, \$6,420, \$18,522 and \$19,260, respectively.
- (c) Total contributions expected to be paid under the defined benefit pension plans of the Group within one year from September 30, 2016 amounts to \$74,337.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company’s subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 were \$46,176, \$47,291, \$141,484 and \$133,141, respectively.

(17) Share capital - Common stock

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

	Nine-month periods ended September 30,	
	2016	2015
Beginning and ending balance	1, 579, 145	1, 579, 145

B. As of September 30, 2016, the Company’s authorized capital was \$17,847,009, and the paid-in capital was \$15,791,453 with a par value of \$10 (in dollars) per share, consisting of 1,579,145 thousand shares of ordinary stock. All proceeds from shares issued have been collected.

(18) Capital surplus

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

(19) Retained earnings

- A. The legal reserve shall be exclusively used to offset accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company’s paid-in capital.
- B. Since the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company’s Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve and special reserve shall be set aside in accordance with related regulations The remaining net

income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution approved by the Board of Directors based on the capital demands for future business or reinvestment. Of the amount to be distributed by the Company, shareholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, distributed half as cash dividend and half as stock dividend. However, the rate could be adjusted if it was necessary and shall be resolved by the shareholders. The Company's original Articles of Incorporation had been amended as resolved by the shareholders on June 23, 2016. According to the amended articles, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside or reversed in accordance with related regulations. The remaining amount plus the accumulated unappropriated earnings from prior years is this accumulated distributable earnings. Of the amount to be distributed by the Company, shareholders' dividends shall comprise 50% to 100% of the accumulated distributable earnings and cash dividends shall not be lower than 30% of the total dividends distributed. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders.

- C. (a) In accordance with the regulations, the Company shall set aside special reserve arising from the debit balances in other equity items at the balance sheet date before distributing earnings. When debit balances in other equity items are reversed subsequently, an equal amount could then be used for distribution.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets, those other than land, are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are land.
- D. The Company recognized dividends distributed to owners amounting to \$505,327 (\$0.32 (in dollars) per share as cash dividend) and \$710,615 (\$0.45 (in dollars) per share as cash dividend) for the years ended December 31, 2015 and 2016.

(20) Other income

	Three-month periods ended September 30,	
	2016	2015
Dividend income	\$ 5,073	\$ -
Interest income	4,784	7,918
Rental income	7,274	8,530
Other income	7,067	16,162
	<u>\$ 24,198</u>	<u>\$ 32,610</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Dividend income	\$ 5,152	\$ 65
Interest income	10,143	21,431
Rental income	24,001	24,840
Other income	35,912	65,637
	<u>\$ 75,208</u>	<u>\$ 111,973</u>

(21) Other gains and losses

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Net gain (loss) on disposal of property, plant and equipment	\$ 28,475	(\$ 20,379)
Loss on financial assets at fair value through profit or loss	-	( 940)
Net currency exchange loss	( 23,460)	( 207,693)
Miscellaneous expenses	( 6,363)	( 8,575)
	<u>(\$ 1,348)</u>	<u>(\$ 237,587)</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Gain (loss) on financial assets at fair value through profit or loss	\$ 210	(\$ 528)
Gain on disposal of non-current assets held for sale	-	452,780
Net gain (loss) on disposal of property, plant and equipment	27,318	( 29,593)
Net currency exchange loss	( 28,505)	( 275,248)
Miscellaneous expenses	( 19,499)	( 29,485)
	<u>(\$ 20,476)</u>	<u>\$ 117,926</u>

(22) Finance costs

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Interest expense:		
Bank borrowings	\$ 125,149	\$ 152,133
Corporate bond	7,205	7,676
Provisions – unwinding of discount	347	341
	<u>132,701</u>	<u>160,150</u>
Less: capitalization of qualifying assets	( <u>225</u> )	( <u>118</u> )
	<u>\$ 132,476</u>	<u>\$ 160,032</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Interest expense:		
Bank borrowings	\$ 403,564	\$ 474,725
Corporate bond	21,888	20,033
Provisions – unwinding of discount	1,041	1,022
	<u>426,493</u>	<u>495,780</u>
Less: capitalization of qualifying assets	( <u>608</u> )	( <u>667</u> )
	<u>\$ 425,885</u>	<u>\$ 495,113</u>



(23) Expenses by nature

	<u>Three-month period ended September 30, 2016</u>			<u>Three-month period ended September 30, 2015</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefits expense	\$ 434,967	\$ 160,843	\$ 595,810	\$ 468,180	\$ 154,880	\$ 623,060
Depreciation	641,213	33,817	675,030	668,021	43,058	711,079
Amortization	<u>9,257</u>	<u>2,015</u>	<u>11,272</u>	<u>9,284</u>	<u>2,140</u>	<u>11,424</u>
	<u>\$ 1,085,437</u>	<u>\$ 196,675</u>	<u>\$ 1,282,112</u>	<u>\$ 1,145,485</u>	<u>\$ 200,078</u>	<u>\$ 1,345,563</u>

  

	<u>Nine-month period ended September 30, 2016</u>			<u>Nine-month period ended September 30, 2015</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefits expense	\$ 1,338,840	\$ 513,354	\$ 1,852,194	\$ 1,351,646	\$ 502,780	\$ 1,854,426
Depreciation	1,968,246	114,465	2,082,711	1,994,992	131,806	2,126,798
Amortization	<u>27,817</u>	<u>6,264</u>	<u>34,081</u>	<u>27,855</u>	<u>6,403</u>	<u>34,258</u>
	<u>\$ 3,334,903</u>	<u>\$ 634,083</u>	<u>\$ 3,968,986</u>	<u>\$ 3,374,493</u>	<u>\$ 640,989</u>	<u>\$ 4,015,482</u>

(24) Employee benefits expense

	<u>Three-month period ended September 30, 2016</u>			<u>Three-month period ended September 30, 2015</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 330,810	\$ 126,985	\$ 457,795	\$ 358,566	\$ 123,117	\$ 481,683
Labor and health insurance expense	31,188	8,637	39,825	35,146	9,484	44,630
Pension costs	41,167	11,183	52,350	42,664	11,047	53,711
Other personnel expenses	31,802	14,038	45,840	31,804	11,232	43,036
	<u>\$ 434,967</u>	<u>\$ 160,843</u>	<u>\$ 595,810</u>	<u>\$ 468,180</u>	<u>\$ 154,880</u>	<u>\$ 623,060</u>

  

	<u>Nine-month period ended September 30, 2016</u>			<u>Nine-month period ended September 30, 2015</u>		
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 1,019,681	\$ 404,222	\$ 1,423,903	\$ 1,039,792	\$ 400,059	\$ 1,439,851
Labor and health insurance expense	97,041	28,974	126,015	98,187	29,377	127,564
Pension costs	125,658	34,348	160,006	120,908	31,493	152,401
Other personnel expenses	96,460	45,810	142,270	92,759	41,851	134,610
	<u>\$ 1,338,840</u>	<u>\$ 513,354</u>	<u>\$ 1,852,194</u>	<u>\$ 1,351,646</u>	<u>\$ 502,780</u>	<u>\$ 1,854,426</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
- B. For the three-month and the nine-month periods ended September 30, 2016 and 2015, employees' compensation (bonus) was accrued at \$16,473, \$11,286, \$57,694 and \$58,104, respectively; while directors' and supervisors' remuneration was accrued at \$4,419, \$2,589, \$15,666 and \$16,201, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised were accrued based on the profit of current period distributable and the percentage specified in the Articles of Incorporation of the Company for the nine-month periods ended September 30, 2016 and 2015. The difference of (\$656) between employees' compensation and directors' remuneration of \$43,984 as resolved by the Board of Directors and the amount of \$44,640 recognised in the 2015 financial statements will be adjusted in the 2016 statement of comprehensive income. The difference mainly arose from calculation differences and had been adjusted in the consolidated profit or loss for 2016. The employees' compensation will be distributed in the form of cash.

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

(25) Income tax

A. Income tax

(a) Components of income tax expense

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Current income tax:		
Income tax incurred in current period	\$ 54,533	\$ 86,660
Under provision in prior years	<u>8,899</u>	<u>2,486</u>
	<u>63,432</u>	<u>89,146</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>23,218</u>	<u>(66,725)</u>
Income tax expense	<u>\$ 86,650</u>	<u>\$ 22,421</u>
	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Current income tax:		
Income tax incurred in current period	\$ 222,816	\$ 360,064
Under provision in prior years	<u>13,533</u>	<u>11,508</u>
	<u>236,349</u>	<u>371,572</u>
Deferred income tax:		
Origination and reversal of temporary differences	<u>72,721</u>	<u>(77,961)</u>
Income tax expense	<u>\$ 309,070</u>	<u>\$ 293,611</u>

B. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority. As of November 8, 2016, there was no administrative lawsuit.

C. Unappropriated retained earnings:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Earnings generated in and after 1998	<u>\$ 894,974</u>	<u>\$ 589,910</u>	<u>\$ 924,872</u>

D. As of September 30, 2016, December 31, 2015 and September 30, 2015, the balance of the imputation tax credit account was \$13,751, \$70,734 and \$4,460, respectively. As dividends were resolved approved at the shareholders' meeting on June 23, 2016 and June 30, 2015 with the dividend distribution date set on July 27, 2016 and July 25, 2015 by the Board of Directors, the creditable tax rates for the unappropriated retained earnings of 2015 and 2014 are 19.17% and 17.96%, respectively.

(26) Earnings per share

	<u>Three-month period ended September 30, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 245,520</u>	<u>1,579,145</u>	<u>\$ 0.16</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 245,520	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>4,233</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 245,520</u>	<u>1,583,378</u>	<u>\$ 0.16</u>
	<u>Three-month period ended September 30, 2015</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 143,796</u>	<u>1,579,145</u>	<u>\$ 0.09</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 143,796	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>3,749</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 143,796</u>	<u>1,582,894</u>	<u>\$ 0.09</u>

	<u>Nine-month period ended September 30, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 870,358	1,579,145	\$ 0.55
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 870,358	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,889	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 870,358	1,584,034	\$ 0.55

	<u>Nine-month period ended September 30, 2015</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 900,034	1,579,145	\$ 0.57
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 900,034	1,579,145	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5,364	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 900,034	1,584,509	\$ 0.57

(27) Supplemental cash flow information

A. Operating and investing activities with partial cash payments:

(a) Cash received from disposal groups held for sale:

	Nine-month periods ended September 30,	
	2016	2015
Disposal groups held-for-sale	\$ -	\$ 492,728
Less: Opening balance of advance receipts	-	(104,791)
Cash received from disposal groups held-for-sale	<u>\$ -</u>	<u>\$ 387,937</u>

(b) Cash paid for acquisition of property, plant and equipment:

	Nine-month periods ended September 30,	
	2016	2015
Acquisition of property, plant and equipment	\$ 229,738	\$ 239,129
Add: Opening balance of other payables	152,730	360,188
Opening balance of other payables - related parties	-	1,231,623
Less: Ending balance of other payables	(58,713)	(156,867)
Cash paid for acquisition of property, plant and equipment	<u>\$ 323,755</u>	<u>\$ 1,674,073</u>

B. Operating and investing activities with no cash flow effect:

(a) Accounts receivable:

	Nine-month periods ended September 30,	
	2016	2015
Write-off of allowance for doubtful accounts	<u>\$ 5,901</u>	<u>\$ -</u>

(b) Property, plant and equipment:

	Nine-month periods ended September 30,	
	2016	2015
Reclassification of prepayments	<u>\$ -</u>	<u>\$ 5,864</u>

(c) Prepayment for equipment, net:

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Reclassification of property, plant and equipment	<u>\$ 132,589</u>	<u>\$ 139,713</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Significant transactions and balances with related parties

#### A. Sales

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Sales of goods		
Parent company to entities with joint control or significant influence	<u>\$ 3,382,026</u>	<u>\$ 4,479,925</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Sales of goods		
Parent company to entities with joint control or significant influence	<u>\$ 11,462,066</u>	<u>\$ 13,626,376</u>

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

#### B. Purchases of goods

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Purchases of goods		
Parent company to entities with joint control or significant influence	<u>\$ 258,501</u>	<u>\$ 455,659</u>

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Purchases of goods		
Parent company to entities with joint control or significant influence	<u>\$ 816,539</u>	<u>\$ 1,833,873</u>



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

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

	<u>Leased subject</u>	<u>of rent</u>	<u>Determination</u> <u>Payment</u> <u>method</u>	<u>Three-month periods ended September 30,</u>	
				<u>2016</u>	<u>2015</u>
Parent company to entities with joint control or significant influence	Plant and office	Negotiation	(Note)	<u>\$ 65,590</u>	<u>\$ 77,732</u>

	<u>Leased subject</u>	<u>of rent</u>	<u>Determination</u> <u>Payment</u> <u>method</u>	<u>Nine-month periods ended September 30,</u>	
				<u>2016</u>	<u>2015</u>
Parent company to entities with joint control or significant influence	Plant and office	Negotiation	(Note)	<u>\$ 209,080</u>	<u>\$ 232,175</u>

(Note) Prepayment for three months.

D. Outstanding balance of receivables from related parties

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Receivables from related party:			
Parent company to entities with joint control or significant influence	<u>\$ 1,467,200</u>	<u>\$ 886,015</u>	<u>\$ 1,675,861</u>

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

E. Prepayments

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Parent company to entities with joint control or significant influence	<u>\$ 21,752</u>	<u>\$ -</u>	<u>\$ 25,327</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Parent company to entities with joint control or significant influence	<u>\$ 77,903</u>	<u>\$ 82,608</u>	<u>\$ 75,662</u>

G. Outstanding balance of payables to related parties

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Payables to related party:			
Parent company to entities with joint control or significant influence	\$ <u>227,212</u>	\$ <u>182,684</u>	\$ <u>419,508</u>

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

(2) Key management compensation

	<u>Three-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits	\$ <u>6,145</u>	\$ <u>6,476</u>

  

	<u>Nine-month periods ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits	\$ <u>19,097</u>	\$ <u>19,358</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>	
Notes receivable	\$ <u>22,005</u>	\$ <u>-</u>	\$ <u>-</u>	Short-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- A. As of September 30, 2016, December 31, 2015 and September 30, 2015, the balances for contracts that the Group entered into but not yet incurred are \$111,489, \$212,523 and \$131,841, respectively.
- B. As of September 30, 2016, December 31, 2015 and September 30, 2015, the unused letters of credit amounted to \$609,767, \$476,328 and \$564,808, respectively.
- C. The details of endorsements and guarantees provided are described in Note 13(1)B, "Provision of endorsements and guarantees to others".
- D. (a) The Company has signed a syndicated loan agreement with Taiwan Bank and other banks in 2015. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants were

not met, the Company has to improve the conditions within three months after the release of financial reports. Should the Company meet the required financial covenants by then, it will not be considered as a violation of the agreement. There will be an additional 0.1% interest imposed on the annual floating rate from the day after the release of the financial report which violates the financial covenants above to the day before the Company meets the required financial covenants. Otherwise, the banks have the right to demand the Company to pay off the loan balance immediately.

- (b) The Company has entered into a lending agreement with Taipei Fubon Commercial Bank and Bank of Tokyo-Mitsubishi UFJ in 2015, respectively. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand the Company to pay off the loan balance immediately.
- (c) The Company has entered into a lending agreement with KGI Bank (formerly China Development Industrial Bank, which has transferred its main business to KGI Bank in May 2015) in 2014. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above at the annual assessment. Should the Company fail to meet the above covenants, the Company has to improve the conditions within four months after the announcement of the financial reports. If the Company fails to meet the required financial covenants by then, the banks have the right to demand the Company to pay off the loan balance immediately.
- (d) The Company has signed a syndicated loan agreement with Taiwan Bank and Mega International Commercial Bank in 2012. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratios of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Under the terms of the loan agreement, if any of the financial covenants above had been violated, the Company has to improve the conditions within four months after the announcement of financial reports. Should the Company meet the required financial covenants by then, it will not be considered as a violation of the agreement. There will be an additional 0.1% interest imposed on the annual floating rate from the day after the announcement of the financial report which violates the financial covenants above to the day before the Company meets the required financial covenants. Otherwise, the banks have the right to demand the Company to pay off the loan balance immediately. However, if the Company fails to meet the required financial covenants because of the adoption of IFRSs, it will not be considered as a violation of the agreement. The Company can renegotiate with the managing bank about the

required financial covenants, which shall later be agreed by majority of other syndicated banks.

- (e) Cayman Ton Yi Industrial Holdings Ltd. (the ‘Cayman Ton Yi’), a subsidiary of the Group, has signed a lending agreement with OCBC Bank in 2016. The Company has to maintain the following financial ratios and terms: maintain consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above, and consolidated tangible shareholders’ equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the banks will reexamine the facilities to Cayman Ton Yi.
- (f) Cayman Ton Yi Industrial Holdings Ltd. (the ‘Cayman Ton Yi’), a subsidiary of the Group, has signed a syndicated loan agreement with Taipei Fubon Commercial Bank in 2014. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders’ equity of not less than \$15,000,000 at the semi-annual assessment. Should the Company fail to meet the above covenants, the banks have the right to demand Cayman Ton Yi to pay off the loan balance immediately.
- (g) Cayman Ton Yi Industrial Holdings Ltd. (the ‘Cayman Ton Yi’), a subsidiary of the Group, has signed a syndicated loan agreement with Mega International Commercial Bank in 2012 and 2011. In accordance with the agreements, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders’ equity of not less than \$15,000,000 at the semi-annual assessment. Under the terms of the loan agreement, if any of the financial covenants above had been violated, the Company has to improve the conditions within four months of October 1 from semi-annual financial report and within four months of June 1 of the following year of annual financial report. Should the Company meet the required financial covenants by then, it will not be considered as a violation under the agreement. Otherwise, the banks have the right to demand Cayman Ton Yi to pay off the loan balance immediately.
- (h) Fujian Ton Yi Tinsplate Co., Ltd. (Fujian Ton Yi), a subsidiary of the Group, has signed a loan agreement with Australia and New Zealand Bank in 2015. In accordance with the agreement, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders’ equity of not less than \$15,000,000 at the semi-annual assessment. Should the Company fail to meet the above covenants, the banks have the right to demand Fujian Ton Yi to pay off the loan balance immediately.
- (i) Fujian Ton Yi Tinsplate Co., Ltd. (Fujian Ton Yi) and Jiangsu Ton Yi Tinsplate Co., Ltd. (the ‘Jiangsu Ton Yi’), subsidiaries of the Group, have signed a loan agreement with DBS Bank in 2015. In accordance with the agreements, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio

of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the annual assessment. Should the Company fail to meet the above covenants, the banks have the right to demand Fujian Ton Yi and Jiangsu Ton Yi to pay off the loan balance immediately.

- (j) Jiangsu Ton Yi Tinplate Co., Ltd. (the 'Jiangsu Ton Yi'), a subsidiary of the Group, has signed a loan agreement with Bank of China in 2016. In accordance with the agreement, Jiangsu Ton Yi has to maintain the following financial ratios and terms: the debt-to-assets ratio of less than 60% and current ratio of over than 100%. Should Jiangsu Ton Yi fail to meet the above covenants, the banks have the right to demand Jiangsu Ton Yi to pay off the loan balance immediately.
- (k) Taizhou Ton Yi Industrial Co., Ltd. (the 'Taizhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with BNP Paribas in 2016. In accordance with the agreement, Taizhou Ton Yi has to maintain the following financial ratios and terms: the tangible shareholders' equity of not less than CNY\$270,000,000 at the annual assessment, and the total debt-to-total equity ratio of less than 60%. Should Taizhou Ton Yi fail to meet the above covenants, the banks have the right to demand Taizhou Ton Yi to pay off the loan balance immediately.
- (l) Zhangzhou Ton Yi Industrial Co., Ltd. (the 'Zhangzhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with BNP Paribas in 2016. In accordance with the agreement, Zhangzhou Ton Yi has to maintain the following financial ratios and terms: the tangible shareholders' equity of not less than CNY\$195,000,000 at the annual assessment, the total debt-to-total equity ratio of less than 160%. Should Zhangzhou Ton Yi fail to meet the above covenants, the banks have the right to demand Zhangzhou Ton Yi to pay off the loan balance immediately.
- (m) Huizhou Ton Yi Industrial Co., Ltd. (the 'Huizhou Ton Yi'), a subsidiary of the Group, has signed a loan agreement with Mizuho Bank and Bonkon (Thailand) Bank in 2016 and 2013, respectively. In accordance with the agreements, the Company has to maintain the following financial ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000 at the semi-annual and annual assessment. Should the Company fail to meet the above covenants, the banks have the right to demand Huizhou Ton Yi to pay off the loan balance immediately.
- (n) Chengdu Ton Yi Industrial Co., Ltd. (the 'Chengdu Ton Yi'), a subsidiary of the Group, has signed a loan agreement with Bonkon (Thailand) Bank in 2016. In accordance with the agreement, Chengdu Ton Yi has to maintain the following financial ratios and terms: the debt-to-equity ratio of less than 250%. Should Chengdu Ton Yi fail to meet the above covenants, the banks have the right to demand Chengdu Ton Yi to pay off the loan balance immediately.

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

(p) Sichuan Ton Yi Industrial Co., Ltd. (the ‘Sichuan Ton Yi’) and Zhanjiang Ton Yi Industrial Co., Ltd. (the ‘Zhanjiang Ton Yi’), subsidiaries of the Group, have signed a long-term loan agreements with BNP Paribas in 2014. In accordance with the agreements, the Company has to maintain the following ratios and terms: the consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders’ equity of not less than \$15,000,000 at the semi-annual assessment. Should the Company fail to meet the above covenants, the bank has the right to demand Sichuan Ton Yi and Zhanjiang Ton Yi to pay off the loan balance immediately.

As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group’s financial ratios have not violated the above covenants.

E. The Company entered into a land lease agreement (the ‘‘Agreement’’) with Taiwan Sugar Corporation (‘‘TSC’’) in July 1993. TSC agreed to grant the superficies of some of its land located in Yong-Kang District, San Kan Dian 141-8) in Tainan City to the Company for 50 years. The Company shall pay annual rent and an additional royalty fee for the superficies every 20 years. In 2013, the Agreement had been signed for 20 years but both sides have not reached a consensus about the amount of the said royalty fee. TSC is requesting for an amount of \$321,633, however, the Company argued that the royalty fee should be \$52,609 and has paid the amount to TSC. TSC has filed a lawsuit against the Company and claimed for the payment of superficies for \$269,024, along with interest at 5% per annum from July 22, 2013 to the settlement date. On April 11, 2016, the Court rendered a final judgment in favour of the Company, dismissing all of TSC’s claims against the Company with prejudice. TSC lodged an appeal against the Court’s decision in favour of the Company. The appeal is pending with the Taiwan High Court Tainan Branch Court under the 2016 Chong-Shang-Zi No. 49. The Company agrees to compromise the regulation of Ministry of Economic Affairs. According to the contract, the Company has to pay four times of the total declared land value’s 10% interest for estimating the superficies for next 20 years (business tax excluded) and making the settlement agreement with TSC. According to the assessment of the Company’s appointed lawyers, in order to meet the settlement conditions, the Company has to pay an additional \$25,411 for the next 20 years’ superficies. Thus, the Company estimates the royalty expense of the superficies in the amount of \$25,411.

F. The Group leases various land, offices, warehouses and equipment under operating lease agreements. For the three-month and the nine-month periods ended September 30, 2016 and 2015, rental expense recorded under Operating cost and Operating expense amounted to \$90,087, \$86,353, \$256,926 and \$257,381, respectively. The future aggregate minimum lease payments under operating leases are as follows:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Within 1 year	\$ 218, 798	\$ 345, 240	\$ 181, 398
Between 1 and 5 years	286, 515	255, 513	237, 284
Over 5 years	<u>623, 445</u>	<u>328, 286</u>	<u>282, 427</u>
	<u>\$ 1, 128, 758</u>	<u>\$ 929, 039</u>	<u>\$ 701, 109</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and

seeks to minimise potential adverse effects on the Group’s financial position and financial performance. The Group uses derivative financial instruments to hedge specific risks. For more information about financial instruments, please refer to Note 13(1)I, “Trading in derivative financial instruments undertaken during the reporting periods”.

- (b) Risk management is carried out by a central treasury department (Group Finance Department) under policies approved by the Board of Directors. Group Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

#### (1) Market risk

##### (a) Foreign exchange risk

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

	September 30, 2016		
	Foreign Currency		
	Amount		
(Foreign currency: functional currency)	(in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 11,998	31.36	\$ 376,257
USD : CNY	1,868	6.68	58,580
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY :USD	142,000	0.1496	666,406
USD : NTD	2,130	31.36	66,797



December 31, 2015			
(Foreign currency: functional currency)	Foreign Currency		
	Amount (in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,427	32.825	\$ 178,141
USD : CNY	1,394	6.57	45,758
EUR : NTD	944	35.88	33,871
<u>Financial liabilities</u>			
<u>Monetary items</u>			
CNY : USD	142,000	0.1522	709,290
USD : CNY	16,548	6.57	543,188
September 30, 2015			
(Foreign currency: functional currency)	Foreign Currency		
	Amount (in thousands)	Exchange Rate	Book Value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 5,278	32.87	\$ 173,488
USD : CNY	1,239	6.35	40,726
EUR : NTD	971	36.92	35,849
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : CNY	98,857	6.35	3,249,430
CNY: USD	142,000	0.1575	734,992
EUR : CNY	6,342	7.13	234,147
JPY : CNY	292,423	0.0529	80,095
USD : NTD	734	32.87	24,127

- (iv) As of September 30, 2016 and 2015, if the exchange rate of the Group's functional currency to USD had appreciated/depreciated by 1%, with all other factors remaining constant, the post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by \$3,055 and \$25,393, respectively. If the exchange rate of the Group's functional currency to CNY had appreciated/depreciated by 1%, with all other factors remaining constant, the post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by \$5,531 and \$6,100, respectively. If the exchange rate of the Group's functional currency to EUR had appreciated/depreciated by 1%, with all other factors remaining constant, the post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by \$— and \$1,646, respectively. If the exchange rate of the Group's functional currency to JPY had appreciated/depreciated

by 1%, with all other factors remaining constant, the post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by \$— and \$665, respectively.

- (v) The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and the nine-month periods ended September 30, 2016 and 2015 amounted to \$23,460, \$207,693, \$28,505 and \$275,248, respectively.

(b) Price risk

- (i) The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Group has carefully determined its investing portfolio and has set various stop-loss points to ensure that it is not exposed to significant risks. Accordingly, no material market risk is expected.
- (ii) The Group's investments in equity securities comprise domestic as well as foreign listed and unlisted stocks. The prices of equity securities would fluctuate due to the uncertainty of the future value of investee companies. During the nine-month periods ended September 30, 2016 and 2015, if the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by \$1,136 and \$1,070 as a result of valuation gains/losses on equity securities classified as available-for-sale, respectively.

(c) Interest rate risk

- (i) The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the nine-month periods ended September 30, 2016 and 2015, the Group's borrowings at variable rate were denominated in NTD, USD, EUR, JPY and CNY.
- (ii) During the nine-month periods ended September 30, 2016 and 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased /decreased by \$3,531 and \$4,106, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(2) Credit risk

- (i) Credit risk refers to the risk that the clients or counterparties of financial instruments will cause a financial loss for the Group by failing to discharge a contractual obligation. According to the Group's credit policy, each local entity in the Group is responsible for

managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limit is set by management through evaluating internal and external credit ratings. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with good ratings are accepted. The Group transacts with several banks to mitigate risk.

- (ii) For the nine-month periods ended September 30, 2016 and 2015, no credit limits were breached during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- (iii) The Group provides endorsements and guarantees based on the Group's policies and procedures on endorsements and guarantees. The Group only provides endorsement or guarantee for subsidiaries that the Group directly holds more than 50% ownership, or for entities that the Group holds more than 50% ownership, either directly or indirectly, as well as the power to govern the policies. No collateral is requested for the endorsements and guarantees as the Group can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.
- (iv) For the credit ratings of the Group's financial assets, please refer to Note 6, Financial assets.

### (3) Liquidity risk

- (i) Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance Department. Group Finance Department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- (ii) Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group Finance Department. Group Finance Department invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.
- (iii) The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual

undiscounted cash flows.

September 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,979,301	\$ -	\$ -	\$ -
Notes payable	18,561	-	-	-
Accounts payable (including related party)	1,136,814	-	-	-
Other payables (including related party)	1,410,251	-	-	-
Other financial liabilities - current	19,844	-	-	-
Corporate bonds payable	27,884	673,519	-	-
Long-term borrowings (including current portion)	3,424,207	6,592,495	5,283,843	-
Guarantee deposits received	-	7,870	-	483
December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,921,264	\$ -	\$ -	\$ -
Notes payable	24,074	-	-	-
Accounts payable (including related party)	1,069,465	-	-	-
Other payables (including related party)	1,503,491	-	-	-
Other financial liabilities - current	21,631	-	-	-
Corporate bonds payable	29,894	29,894	714,579	-
Long-term borrowings (including current portion)	5,358,053	7,694,796	5,047,611	-
Guarantee deposits received	-	8,847	-	1,448

<u>September 30, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 4,305,537	\$ -	\$ -	\$ -
Notes payable	17,722	-	-	-
Accounts payable (including related party)	1,599,047	-	-	-
Other payables (including related party)	1,642,015	-	-	-
Other financial liabilities - current	17,898	-	-	-
Corporate bonds payable	30,972	30,972	748,346	-
Long-term borrowings (including current portion)	5,976,065	7,148,843	6,258,306	-
Guarantee deposits received	-	3,002	5,500	1,501

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

### (3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value is provided in Note 12(2)A, "Fair value information of financial instruments". Details of the fair value of the Group's investment property measured at cost is provided in Note 6(9), "Investment property - net".

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

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

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

Level 3: Unobservable inputs for the asset or liability.

- C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2016, December 31, 2015 and September 30, 2015 is as follows:

<u>September 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	\$ 113,556	\$ -	\$ -	\$ 113,556
<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	\$ 130,896	\$ -	\$ -	\$ 130,896
<u>September 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets				
Equity securities	\$ 106,992	\$ -	\$ -	\$ 106,992

- D. The methods and assumptions the Group used to measure fair value are as follows:
- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares

Market quoted price

Closing price

- (b) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- E. For the nine-month periods ended September 30, 2016 and 2015, there was no transfer into or out between Level 1 and Level 2.
- F. For the nine-month periods ended September 30, 2016 and 2015, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the nine-month period ended September 30, 2016. The financial information of investees was

reviewed by the independent accountants and disclosed individually. Elimination and adjustments for consolidation were not considered.

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative financial instruments undertaken during the reporting periods:
  - a. The Company's derivative financial instruments: The Group has not traded derivative financial instruments at September 30, 2016. For the nine-month period ended September 30, 2016, the net gain of derivative financial instruments was \$210.
  - b. The subsidiaries have not traded derivative financial instruments.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

#### 14. SEGMENT INFORMATION

##### (1) General information

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

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

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

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

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

	Nine-month period ended September 30, 2016				
	Taiwan	Tinplate Manufacturing (in Mainland China)	PET Package Manufacturing (in Mainland China)	Others	Total
Revenue from external customers	\$ 7,906,870	\$ 4,629,397	\$ 11,202,437	\$ 1,299,560	\$ 25,038,264
Revenue from internal customers	3,544,901	627,405	-	3,494,700	7,667,006
Segment revenue	<u>\$ 11,451,771</u>	<u>\$ 5,256,802</u>	<u>\$ 11,202,437</u>	<u>\$ 4,794,260</u>	<u>\$ 32,705,270</u>
Segment income (loss)	<u>\$ 961,571</u>	<u>(\$ 74,102)</u>	<u>\$ 810,261</u>	<u>\$ 530,086</u>	<u>\$ 2,227,816</u>
Segment assets	<u>\$ 25,983,035</u>	<u>\$ 8,941,433</u>	<u>\$ 15,249,914</u>	<u>\$ 17,935,572</u>	<u>\$ 68,109,954</u>



Nine-month period ended September 30, 2015

	Taiwan	Tinplate Manufacturing (in Mainland China)	PET Package Manufacturing (in Mainland China)	Others	Total
Revenue from external customers	\$ 8,538,811	\$ 5,428,078	\$ 13,344,908	\$ 1,573,241	\$ 28,885,038
Revenue from internal customers	4,900,527	739,951	-	4,660,325	10,300,803
Segment revenue	<u>\$ 13,439,338</u>	<u>\$ 6,168,029</u>	<u>\$ 13,344,908</u>	<u>\$ 6,233,566</u>	<u>\$ 39,185,841</u>
Segment income (loss)	<u>\$ 968,402</u>	<u>(\$ 518,060)</u>	<u>\$ 861,299</u>	<u>\$ 1,065,127</u>	<u>\$ 2,376,768</u>
Segment assets	<u>\$ 28,400,203</u>	<u>\$ 11,548,170</u>	<u>\$ 18,916,877</u>	<u>\$ 20,388,098</u>	<u>\$ 79,253,348</u>

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

A. Sales between segments were carried out at arm's length. Basis of measurement remained consistent with revenue in the statements of comprehensive income and revenue from external parties reported to the chief operating decision-maker. A reconciliation of segment profit or loss before tax to the profit or loss before tax from continuing operations for the nine-month periods ended September 30, 2016 and 2015 is shown below:

	<u>Nine-month periods ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Reportable segments profit and loss	\$ 1,697,730	\$ 1,311,641
Other segments profit and loss	530,086	1,065,127
Elimination of intersegment transactions	( 1,060,404)	( 1,242,137)
Net income before income tax from continuing operations	<u>\$ 1,167,412</u>	<u>\$ 1,134,631</u>

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

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Assets of reportable segments	\$ 50,174,382	\$ 58,865,250
Assets of other operating segments	17,935,572	20,388,098
Elimination of intersegment transactions	( 26,908,091)	( 30,642,412)
Total assets	<u>\$ 41,201,863</u>	<u>\$ 48,610,936</u>

Ton Yi Industrial Corp. and Subsidiaries

Loans to others

Nine-month period ended September 30, 2016

Table 1

Expressed in thousands of NTD

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to	Ceiling on total	Footnote
					September 30, 2016	September 30, 2016	drawn down		(Note 1)	borrower			Item	Value	a single party	loans granted	
1	Cayman Ton Yi Industrial Holdings Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 469,300	\$ 234,650	\$ 234,650	4.50	2	\$ -	Operational use	\$ -	-	\$ -	\$ 9,736,691	\$ 9,736,691	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	281,580	187,720	187,720	4.00	2	-	Operational use	-	-	-	538,703	538,703	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	46,930	46,930	46,930	4.00	2	-	Operational use	-	-	-	538,703	538,703	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	46,930	46,930	46,930	4.00	2	-	Operational use	-	-	-	538,703	538,703	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	Other receivables	Y	117,325	-	-	4.00	2	-	Operational use	-	-	-	107,741	215,481	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	Other receivables	Y	46,930	-	-	4.00	2	-	Operational use	-	-	-	107,741	215,481	Note 2
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	23,465	-	-	4.00	2	-	Operational use	-	-	-	538,703	538,703	Note 2
3	Changsha Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	18,772	18,772	18,772	4.00	2	-	Operational use	-	-	-	218,064	218,064	Note 2
4	Chengdu Tongxin Industrial Packing Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	28,158	-	-	4.00	2	-	Operational use	-	-	-	110,945	110,945	Note 2

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					outstanding balance during the nine-month period ended								September 30, 2016	September 30, 2016			
4	Chengdu Tongxin Industrial Packing Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 28,158	\$ -	\$ -	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 110,945	\$ 110,945	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	-	4.00	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	65,937	4.00	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	-	4.00	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	77,904	4.00	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	30,505	4.00	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	-	-	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Sichuan Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	-	-	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
5	Ton Yi (China) Investment Co., Ltd.	Zhanjiang Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	-	-	2	-	Operational use	-	-	-	8,220,353	8,220,353	Note 2
6	Taizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	3.00	2	-	Operational use	-	-	-	1,639,265	1,639,265	Note 2
7	Zhangzhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	3.00	2	-	Operational use	-	-	-	1,354,188	1,354,188	Note 2
7	Zhangzhou Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	93,860	-	-	4.00	2	-	Operational use	-	-	-	1,354,188	1,354,188	Note 2
8	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	572,546	281,580	281,580	4.00	2	-	Operational use	-	-	-	1,067,105	1,067,105	Note 2
8	Kunshan Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	140,790	140,790	4.00	2	-	Operational use	-	-	-	1,067,105	1,067,105	Note 2

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine-month period ended		Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					September 30, 2016	Balance at September 30, 2016							Item	Value			
8	Kunshan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 281,580	\$ 140,790	\$ 140,790	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 1,067,105	\$ 1,067,105	Note 2
8	Kunshan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	3.00	2	-	Operational use	-	-	-	1,067,105	1,067,105	Note 2
9	Beijing Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	-	2	-	Operational use	-	-	-	787,218	787,218	Note 2
10	Huizhou Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	-	2	-	Operational use	-	-	-	832,406	832,406	Note 2
11	Chengdu Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	-	3.00	2	-	Operational use	-	-	-	784,910	784,910	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	93,842	3.00	2	-	Operational use	-	-	-	868,879	868,879	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	328,510	93,860	93,860	4.00	2	-	Operational use	-	-	-	868,879	868,879	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	93,860	93,860	-	-	2	-	Operational use	-	-	-	868,879	868,879	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	93,860	46,930	46,930	4.00	2	-	Operational use	-	-	-	868,879	868,879	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Taizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	23,465	-	-	4.00	2	-	Operational use	-	-	-	868,879	868,879	Note 2
12	Sichuan Ton Yi Industrial Co., Ltd.	Huizhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	117,325	-	-	4.00	2	-	Operational use	-	-	-	868,879	868,879	Note 2
13	Zhanjiang Ton Yi Industrial Co., Ltd.	Ton Yi (China) Investment Co., Ltd.	Other receivables	Y	93,860	93,860	69,380	3.00	2	-	Operational use	-	-	-	720,978	720,978	Note 2
13	Zhanjiang Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	Other receivables	Y	187,720	93,860	93,860	4.00	2	-	Operational use	-	-	-	720,978	720,978	Note 2
13	Zhanjiang Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	Other receivables	Y	140,790	70,395	70,395	4.00	2	-	Operational use	-	-	-	720,978	720,978	Note 2

NO.	Creditor	Borrower	General ledger account	Is a related party	Maximum	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					outstanding balance during the nine-month period ended								September 30, 2016	September 30, 2016			
13	Zhanjiang Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	Other receivables	Y	\$ 234,650	\$ -	\$ -	4.00	2	\$ -	Operational use	\$ -	-	\$ -	\$ 720,978	\$ 720,978	Note 2

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

(1) For trading partner.

(2) For short-term financing.

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

(1) Trading partner: The maximum amount for individual trading partner shall not exceed the higher of total purchase or sale transactions during the reporting period or the most recent year.

(2) Short-term financing: The maximum amount for short-term financing is 20% of the Company's net assets; If the Company loans to foreign subsidiaries, which the Company holds 100% ownership directly or indirectly, the maximum amount for the subsidiary is 100% of the Company's net assets.

(Note 3) Foreign currencies were translated into New Taiwan Dollars with exchange rate as of September 30, 2016 as follows: USD:NTD 1 : 31.36 and CNY:NTD 1 : 4.693.

Ton Yi Industrial Corp. and Subsidiaries  
Provision of endorsements and guarantees to others  
Nine-month period ended September 30, 2016

Table 2

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed  Company name	Relationship		Maximum outstanding endorsement/ guarantee amount as of September 30, 2016	Outstanding endorsement/ guarantee amount at September 30, 2016	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party										
0	Ton Yi Industrial Corp.	Sichuan Ton Yi Industrial Co., Ltd.	2	\$ 12,865,614	\$ 1,180,000	\$ 1,180,000	\$ 938,600	\$ -	6	\$ 12,865,614	Y	N	Y	Note 2
0	Ton Yi Industrial Corp.	Zhanjiang Ton Yi Industrial Co., Ltd.	2	12,865,614	940,000	940,000	563,160	-	5	12,865,614	Y	N	Y	Note 2
0	Ton Yi Industrial Corp.	Zhangzhou Ton Yi Industrial Co., Ltd.	2	12,865,614	286,975	200,000	-	-	1	12,865,614	Y	N	Y	Note 2
0	Ton Yi Industrial Corp.	Chengdu Ton Yi Industrial Co., Ltd.	2	12,865,614	422,173	-	-	-	-	12,865,614	Y	N	Y	Note 2

(Note 1) The following code represents the relationship with the Company:

(1) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(Note 2) The total endorsement and guarantee provided shall not exceed 70% of the Company's net assets; the amount provided for each counterparty shall not exceed 70% of the Company's net assets.

(Note 3) Foreign currencies were translated into New Taiwan Dollars with exchange rate as of September 30, 2016 as follows: USD:NTD 1:31.36 and CNY:NTD 1:4.693.

Ton Yi Industrial Corp. and Subsidiaries

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

September 30, 2016

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account (Note)	As of September 30, 2016				Footnote
				Number of shares (in thousands)	Book value	Ownership (%)	Fair value	
Ton-Yi Industrial Corp.	Stocks:							
	JFE Holdings Inc.	—	1	250	\$ 113,556	0.04	\$ 113,556	—
	President International Development Corp.	Same Chairman	2	44,100	500,000	3.33	-	—
	Grand Bills Finance Co.	Same director	2	108	1,050	0.02	-	—

(Note) The code number explanation is as follows:

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



Ton Yi Industrial Corp. and Subsidiaries

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

Nine-month period ended September 30, 2016

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	An investee company accounted for under the equity method	(Sales)	(\$ 3,379,683)	(30)	50 days after shipping	\$ -	-	\$ 693,875	49	-
Ton Yi Industrial Corp.	TTET Union Corp.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 204,814)	(2)	Monthly-closing basis on 30th next month, T/T	-	-	24,378	2	-
Cayman Ton Yi Industrial Holdings Ltd.	Ton Yi Industrial Corp.	The Company	Purchases	3,379,683	100	50 days after shipping	-	-	( 693,875)	(100)	-
Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 2,171,139)	(63)	50 days after shipping	-	-	498,167	72	-
Cayman Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 1,282,592)	(37)	50 days after shipping	-	-	196,816	28	-
Wuxi Ton Yi Industrial Packing Co., Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Purchases	334,311	60	67 days after invoice date, T/T	-	-	( 103,075)	(59)	-
Wuxi Ton Yi Industrial Packing Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Purchases	143,045	26	67 days after invoice date, T/T	-	-	( 53,564)	(30)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Chengdu Ton Yi Industrial Packing Co., Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Purchases	\$ 150,049	80	67 days after invoice date, T/T	\$ -	-	(\$ 29,388)	(77)	-	
Fujian Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investee company accounted for under the equity method	Purchases	2,171,139	87	50 days after shipping	-	-	( 498,167)	(91)	-	
Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 150,049)	(5)	67 days after invoice date, T/T	-	-	29,388	2	-	
Fujian Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 143,045)	(4)	67 days after invoice date, T/T	-	-	53,564	4	-	
Jiangsu Ton Yi Tinplate Co., Ltd.	Cayman Ton Yi Industrial Holdings Ltd.	An investee company accounted for under the equity method	Purchases	1,282,592	84	50 days after shipping	-	-	( 196,816)	(92)	-	
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for under the equity method	(Sales)	( 334,311)	(17)	67 days after invoice date, T/T	-	-	103,075	17	-	
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 1,507,249)	(77)	Within 22 days of statements settled twice a month, T/T	-	-	245,439	77	-	
Taizhou Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Purchases	128,933	12	15 days after invoice date, T/T	-	-	( 10,906)	(7)	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)		
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	(\$ 1,572,344)	(80)	Within 22 days of statements settled twice a month, T/T	\$ -	-	\$ 151,991	74	-	
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 1,911,933)	(95)	Within 22 days of statements settled twice a month, T/T	-	-	203,291	95	-	
Kunshan Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Purchases	159,839	12	15 days after invoice date, T/T	-	-	( 24,619)	(15)	-	
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 1,756,886)	(98)	Within 22 days of statements settled twice a month, T/T	-	-	200,872	90	-	
Beijing Ton Yi Industrial Co., Ltd.	Shanghai E & P Trading Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Purchases	141,947	13	15 days after invoice date, T/T	-	-	( 11,688)	(10)	-	
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 858,321)	(100)	Within 22 days of statements settled twice a month, T/T	-	-	151,691	100	-	
Chengdu Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 468,724)	(65)	Within 22 days of statements settled twice a month, T/T	-	-	50,110	53	-	
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	( 1,057,382)	(91)	Within 22 days of statements settled twice a month, T/T	-	-	181,260	95	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Zhanjiang Ton Yi Industrial Co., Ltd.	Zhanjiang President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	(Sales)	(\$ 988,635)	(98)	Within 22 days of statements settled twice a month, T/T	\$ -	-	\$ 75,931	98	-

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

(Note 2) Foreign currencies were translated into New Taiwan Dollars using the following exchange rates: Ending balances of receivables and payables were translated using the exchange rate as at September 30, 2016 (USD:NTD 1:31.36, CNY:NTD 1:4.693); Amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2016 (USD:NTD 1:32.401393, CYN:NTD 1:4.912984).

Ton Yi Industrial Corp. and Subsidiaries

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

Nine-month period ended September 30, 2016

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2016			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	An investee company accounted for under the equity method	Accounts receivable	\$ 693,875	6.81	\$ -	-	\$ 435,169	\$ -
Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	An investee company of Cayman Fujian Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Accounts receivable	498,167	6.64	-	-	345,765	-
Cayman Ton Yi Industrial Holdings Ltd.	Kunshan Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	243,002	-	-	-	-	-
Cayman Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Industrial Co., Ltd.	An investee company of Cayman Jiangsu Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Accounts receivable	198,816	8.93	-	-	87,588	-
Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	188,262	-	-	-	-	-
Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	An investee company of Cayman Ton Yi Industrial Holdings Ltd. accounted for under the equity method	Accounts receivable	103,075	4.85	-	-	58,125	-
Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	245,439	12.64	-	-	245,439	-
Zhangzhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	151,991	12.50	-	-	140,922	-
Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	281,924	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Beijing Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	140,979	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Zhangzhou Ton Yi Industrial Co., Ltd.	An investee company of Ton Yi (China) Investment Co., Ltd. accounted for under the equity method	Other receivables	140,946	-	-	-	-	-
Kunshan Ton Yi Industrial Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	203,291	15.69	-	-	203,277	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2016			Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Items	Amount	Turnover rate	Amount	Action taken		
Beijing Ton Yi Industrial Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	\$ 200,872	19.48	\$ -	-	\$ 200,434	\$ -
Huizhou Ton Yi Industrial Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	151,691	13.22	-	-	151,691	-
Sichuan Ton Yi Industrial Co., Ltd.	Chengdu President Enterprises Co., Ltd.	An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence	Accounts receivable	181,260	6.77	-	-	181,249	-

(Note) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable and subsequent collections were translated using the exchange rate as at September 30, 2016 (USD:NTD 1:31.36, CNY:NTD 1:4.693).

Ton Yi Industrial Corp. and Subsidiaries  
Significant inter-company transactions during the reporting period  
Nine-month period ended September 30, 2016

Table 6

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
0	Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	1	Sales	\$ 3,379,683	50 days after shipping	13%
			1	Accounts receivable	693,875	—	2%
		Sichuan Ton Yi Industrial Co., Ltd.	1	Endorsement and guarantees	1,180,000	—	3%
		Zhanjiang Ton Yi Industrial Co., Ltd.	1	Endorsement and guarantees	940,000	—	2%
		Zhangzhou Ton Yi Industrial Co., Ltd.	1	Endorsement and guarantees	200,000	—	—
1	Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	Sales	2,171,139	50 days after shipping	9%
			3	Accounts receivable	498,167	—	1%
		Jiangsu Ton Yi Tinplate Co., Ltd.	3	Sales	1,282,592	50 days after shipping	5%
			3	Accounts receivable	196,816	—	—
		Kunshan Ton Yi Industrial Co., Ltd.	3	Other receivables	243,002	—	1%
2	Chengdu Ton Yi Industrial Packing Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	188,262	—	—
3	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packing Co., Ltd.	3	Sales	150,049	67 days after invoice date	1%
		Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Sales	143,045	67 days after invoice date	1%
4	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packing Co., Ltd.	3	Sales	334,311	67 days after invoice date	1%
			3	Accounts receivable	103,075	—	—

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 4)
				General ledger account	Amount	Transaction terms	
5	Kunshan Ton Yi Industrial Co., Ltd.	Chengdu Ton Yi Industrial Co., Ltd.	3	Other receivables	\$ 281,924	—	1%
		Beijing Ton Yi Industrial Co., Ltd.	3	Other receivables	140,979	—	—
		Zhangzhou Ton Yi Industrial Co., Ltd.	3	Other receivables	140,946	—	—

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

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

(Note 5) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at September 30, 2016 (USD:NTD 1:31.36, CNY:NTD 1:4.693); Amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2016 (USD:NTD 1:32.401393, CNY:NTD 1:4.912984).



Ton Yi Industrial Corp. and Subsidiaries  
Information on investees  
Nine-month period ended September 30, 2016

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2016			Net profit (loss) of the investee for the nine-month period ended September 30, 2016	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2016	Footnote
				Balance as at September 30, 2016	Balance as at September 30, 2015	Number of shares	Ownership (%)	Book value			
Ton Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	Cayman	General trading and investment	\$ 7,863,787	\$ 7,863,787	25,309,700	100.00	\$ 9,689,511	\$ 485,943	\$ 485,943	Subsidiary
Ton Yi Industrial Corp.	Tovecan Corp.	Vietnam	Manufacturing of cans	43,740	43,740	-	51.00	52,406	(2,572)	(1,312)	Subsidiary
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Ton Yi Holdings Ltd.	Cayman	General investment	7,212,800	7,212,800	230,000,000	100.00	8,220,340	608,793	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Fujian Ton Yi Industrial Holdings Ltd.	Cayman	General investment	2,008,987	2,008,987	8,727	100.00	3,549,650	(18,453)	-	Subsidiary (Note 1)
Cayman Ton Yi Industrial Holdings Ltd.	Cayman Jiangsu Ton Yi Industrial Holdings Ltd.	Cayman	General investment	1,125,911	1,125,911	5,000	100.00	2,042,000	(38,429)	-	Subsidiary (Note 1)
Cayman Ton Yi Holdings Ltd.	Cayman Ton Yi (China) Holdings Ltd.	Cayman	General investment	7,212,800	7,212,800	230,000,000	100.00	8,220,340	608,793	-	Subsidiary (Note 1)

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

(Note 2) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at September 30, 2016 (USD:NTD 1:31.36); Amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2016 (USD:NTD 1:32.401393).

Ton Yi Industrial Corp. and Subsidiaries  
Information on investments in Mainland China  
Nine-month period ended September 30, 2016

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan			Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Net income of investee for the nine-month September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2016	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2016	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	\$ 304,819	Note 1	\$ 219,520	\$ -	\$ -	\$ 219,520	\$ 29,991	100.00	\$ 32,346	\$ 593,489	\$ -	Note 7
Chengdu Ton Yi Industrial Packing Co., Ltd.	Manufacturing of cans	235,200	Note 1	235,200	-	-	235,200	( 12,982)	100.00	( 12,982)	526,302	-	Note 7
Changsha Ton Yi Industrial Co., Ltd.	Sales of cans	219,520	Note 1	-	-	-	-	6,852	100.00	6,852	224,609	-	Note 7
Fujian Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	2,712,640	Note 2	1,672,962	-	-	1,672,962	( 21,258)	86.80	( 18,453)	3,483,581	-	Note 8
Jiangsu Ton Yi Tinplate Co., Ltd.	Manufacturing of tinplate	1,254,400	Note 3	870,240	-	-	870,240	( 46,379)	82.86	( 38,429)	1,910,209	-	Note 8
Chengdu Tongxin Industrial Packing Co., Ltd.	Manufacturing of cans	140,790	Note 4	-	-	-	-	( 10,441)	100.00	( 10,441)	100,972	-	Note 7
Ton Yi (China) Investment Co., Ltd.	General investment	7,212,800	Note 5	940,800	-	-	940,800	608,792	100.00	608,793	8,220,340	-	Note 8
Taizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	940,800	-	-	940,800	216,684	100.00	216,684	1,639,265	-	Note 8
Zhangzhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	940,800	-	-	940,800	169,905	100.00	169,905	1,354,188	-	Note 8
Kunshan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	-	-	-	-	89,534	100.00	89,534	1,152,629	-	Note 7
Beijing Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	-	-	-	-	36,782	100.00	36,782	822,353	-	Note 7
Huizhou Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	188,160	-	-	188,160	9,321	100.00	9,321	841,310	-	Note 7
Chengdu Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	360,640	-	-	360,640	25,020	100.00	25,020	808,810	-	Note 7
Sichuan Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	940,800	Note 6	-	-	-	-	( 6,108)	100.00	( 6,108)	868,879	-	Note 8
Zhanjiang Ton Yi Industrial Co., Ltd.	Manufacturing of PET packages	627,200	Note 6	-	-	-	-	59,245	100.00	59,245	720,978	-	Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 9)
Ton Yi Industrial Corp.	\$ 6,369,122	\$ 11,578,338	\$ 11,610,407

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

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

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

(Note 4) Through investing in an existing company in the Mainland China (Wuxi Ton Yi Industrial Packing Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 5) Through investing in an existing company in the third area (Cayman Ton Yi (China) Holdings Ltd.), which then invested in the investee in Mainland China.

(Note 6) Through investing in an existing company in the Mainland China (Ton Yi (China) Investment Co., Ltd.) , which then invested in the investee in Mainland China.

(Note 7) Income (loss) was measured based on unreviewed financial statements of investees during the reporting period.

(Note 8) The Company recognised income (loss) based on the reviewed financial statements.

(Note 9) The ceiling amount is 60% of consolidated net assets.

(Note 10) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at September 30, 2016 (USD:NTD 1:31.36, CNY:NTD 1:4.693); Amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2016 (USD:NTD 1:32.401393, CNY:NTD 1:4.912984).

Ton Yi Industrial Corp. and Subsidiaries

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

Nine-month period ended September 30, 2016

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at September 30, 2016	%	Balance at September 30, 2016	Purpose	Maximum balance during the nine-month period ended September 30, 2016	Balance at September 30, 2016	Interest rate	Interest during the nine-month period ended September 30, 2016	Others
Fujian Ton Yi Tinplate Co., Ltd.	\$ 2,171,139	19	\$ -	-	\$ 498,167	38	\$ -	-	\$ -	\$ -	-	\$ -	-
Jiangsu Ton Yi Tinplate Co., Ltd.	1,282,592	11	-	-	196,816	15	-	-	-	-	-	-	-
Sichuan Ton Yi Industrial Co., Ltd.	-	-	-	-	-	-	1,180,000	Financing endorsement/guarante	-	-	-	-	-
Zhanjiang Ton Yi Industrial Co., Ltd.	-	-	-	-	-	-	940,000	Financing endorsement/guarante	-	-	-	-	-
Zhangzhou Ton Yi Industrial Co., Ltd.	-	-	-	-	-	-	200,000	Financing endorsement/guarante	-	-	-	-	-