

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2015 AND 2014

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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

We have audited the accompanying parent company only balance sheets of Ton Yi Industrial Corp. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Ton Yi Industrial Corp. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Phoebe Lin

Independent Accountants

Lewis Lee

PricewaterhouseCoopers, Taiwan

Republic of China

March 24, 2016

The accompanying 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 financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2015 AMOUNT | December 31, 2014 AMOUNT |
|---------------------------|---|-----------------------------|-----------------------------|
| Current assets | | | |
| 1100 | Cash and cash equivalents | \$ 4,801 | \$ 9,993 |
| 1150 | Notes receivable, net | 160,650 | 145,407 |
| 1170 | Accounts receivable, net | 352,615 | 367,426 |
| 1180 | Accounts receivable - related parties | 709,492 | 1,070,357 |
| 1200 | Other receivables | 63,097 | 114,228 |
| 1210 | Other receivables - related parties | 7,627 | - |
| 130X | Inventories | 1,571,397 | 2,358,375 |
| 1410 | Prepayments | 163,699 | 172,366 |
| 11XX | Total current assets | <u>3,033,378</u> | <u>4,238,152</u> |
| Non-current assets | | | |
| 1523 | Available-for-sale financial assets - non-current | 130,896 | 178,340 |
| 1543 | Financial assets carried at cost - non-current | 501,050 | 501,050 |
| 1550 | Investments accounted for under equity method | 9,997,345 | 10,231,178 |
| 1600 | Property, plant and equipment - net | 12,864,316 | 13,794,579 |
| 1760 | Investment property - net | 10,099 | 10,099 |
| 1780 | Intangible assets | 35,319 | 70,638 |
| 1840 | Deferred income tax assets | 112,618 | 106,499 |
| 1915 | Prepayments for business facilities | 2,915 | - |
| 1920 | Guarantee deposits paid | 1,406 | 6,182 |
| 1985 | Long-term prepaid rent | 43,842 | 48,852 |
| 1990 | Other non-current assets | 9,407 | 7,439 |
| 15XX | Total non-current assets | <u>23,709,213</u> | <u>24,954,856</u> |
| 1XXX | Total assets | <u>\$ 26,742,591</u> | <u>\$ 29,193,008</u> |

(Continued)

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2015 AMOUNT | December 31, 2014 AMOUNT |
|---|--|-----------------------------|-----------------------------|
| Current liabilities | | | |
| 2100 | Short-term borrowings 6(12) | \$ 18,405 | \$ 197,887 |
| 2110 | Short-term notes and bills payable 6(13) | - | 99,942 |
| 2150 | Notes payable | 24,074 | 19,571 |
| 2170 | Accounts payable | 221,537 | 109,045 |
| 2200 | Other payables | 593,578 | 670,917 |
| 2230 | Current income tax liabilities 6(25) | 45,657 | 49,597 |
| 2310 | Advance receipts | 49,456 | 40,546 |
| 2320 | Long-term liabilities, current portion 6(14) and 9 | 1,800,000 | 1,800,000 |
| 21XX | Total current liabilities | <u>2,752,707</u> | <u>2,987,505</u> |
| Non-current liabilities | | | |
| 2540 | Long-term borrowings 6(14) and 9 | 4,592,538 | 6,093,721 |
| 2550 | Provisions for liabilities - non-current 6(15)(22) | 74,001 | 72,639 |
| 2570 | Deferred income tax liabilities 6(25) | 204,508 | 209,116 |
| 2640 | Accrued pension liabilities - non-current 5(2) and 6(16) | 365,767 | 390,035 |
| 2645 | Guarantee deposits received | 5,500 | 5,500 |
| 25XX | Total non-current liabilities | <u>5,242,314</u> | <u>6,771,011</u> |
| 2XXX | Total liabilities | <u>7,995,021</u> | <u>9,758,516</u> |
| Equity | | | |
| Share capital | | | |
| 3110 | Share capital - common stock 6(17) | 15,791,453 | 15,791,453 |
| 3200 | Capital surplus 6(18) | 228,178 | 228,178 |
| Retained earnings 6(19)(24)(25) | | | |
| 3310 | Legal reserve | 1,379,732 | 1,303,221 |
| 3320 | Special reserve | 826,453 | 826,453 |
| 3350 | Unappropriated retained earnings | 589,910 | 811,964 |
| 3400 | Other equity interest 6(5) | (68,156) | 473,223 |
| 3XXX | Total equity | <u>18,747,570</u> | <u>19,434,492</u> |
| Contingent liabilities and commitments | | | |
| 3X2X | Total liabilities and equity 7 and 9 | <u>\$ 26,742,591</u> | <u>\$ 29,193,008</u> |

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

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | Notes | Capital Reserves | | | Retained Earnings | | | Other Equity Interest | | Total equity | |
|--|-------|------------------------------|---|-----------------------------|-------------------------|---------------------|-------------------|----------------------------------|--|---------------------|--|
| | | 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 |
| <u>2014</u> | | | | | | | | | | | |
| Balance at January 1, 2014 | | \$ 15,791,453 | \$ 58,271 | \$ 169,088 | \$ 819 | \$ 1,183,966 | \$ 826,453 | \$ 1,192,555 | \$ 427,350 | (\$ 201,338) | \$ 19,448,617 |
| Distribution of 2013 net income (Note) : | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 119,255 | - | (119,255) | - | - | - |
| Cash dividends | 6(19) | - | - | - | - | - | - | (1,026,444) | - | - | (1,026,444) |
| Profit for the year | | - | - | - | - | - | - | 775,960 | - | - | 775,960 |
| Other comprehensive income for the year | 6(5) | - | - | - | - | - | - | (10,852) | 246,450 | 761 | 236,359 |
| Balance at December 31, 2014 | | <u>\$ 15,791,453</u> | <u>\$ 58,271</u> | <u>\$ 169,088</u> | <u>\$ 819</u> | <u>\$ 1,303,221</u> | <u>\$ 826,453</u> | <u>\$ 811,964</u> | <u>\$ 673,800</u> | <u>(\$ 200,577)</u> | <u>\$ 19,434,492</u> |
| <u>2015</u> | | | | | | | | | | | |
| Balance at January 1, 2015 | | \$ 15,791,453 | \$ 58,271 | \$ 169,088 | \$ 819 | \$ 1,303,221 | \$ 826,453 | \$ 811,964 | \$ 673,800 | (\$ 200,577) | \$ 19,434,492 |
| Distribution of 2014 net income (Note) : | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | 76,511 | - | (76,511) | - | - | - |
| Cash dividends | 6(19) | - | - | - | - | - | - | (710,615) | - | - | (710,615) |
| Profit for the year | | - | - | - | - | - | - | 590,018 | - | - | 590,018 |
| Other comprehensive loss for the year | 6(5) | - | - | - | - | - | - | (24,946) | (493,935) | (47,444) | (566,325) |
| Balance at December 31, 2015 | | <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>\$ 589,910</u> | <u>\$ 179,865</u> | <u>(\$ 248,021)</u> | <u>\$ 18,747,570</u> |

(Note) The employees' bonuses and directors' and supervisors' remuneration were \$91,157 and \$58,920 in 2013 and 2014, respectively, which had been deducted from net income for the year.

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

TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2015 | 2014 |
|--|-----------|------------------|------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 698,036 | \$ 929,711 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Loss on financial assets at fair value through profit or loss | | - | 43 |
| Provision for doubtful accounts | 6(3) | 347 | - |
| Reversal of allowance for doubtful accounts | 6(3) | - | (6,280) |
| Provision (reversal of allowance) for inventory market price decline | 6(4) | 139,000 | (8,000) |
| Share of profit of associates and joint ventures accounted for under equity method | 6(7) | (181,839) | (102,026) |
| Unrealized profit from sales | 6(7) | 44,739 | 127,611 |
| Realized profit from sales | 6(7) | (127,436) | (126,654) |
| Depreciation on property, plant and equipment | 6(8)(23) | 1,052,307 | 1,071,922 |
| Loss on disposal of property, plant and equipment | 6(21) | 25,031 | 13,236 |
| Gain on disposal of investment property | 6(21) | - | (632) |
| Amortization | 6(10)(23) | 35,319 | 35,319 |
| Amortization of long-term prepaid rent | 6(11) | 2,505 | 2,495 |
| Dividend income | 6(20) | (3,458) | (2,380) |
| Interest income | 6(20) | (90) | (4,138) |
| Interest expense | 6(22) | 115,395 | 118,418 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | (15,397) | 13,358 |
| Accounts receivable | | 14,618 | 106,434 |
| Accounts receivable - related parties | | 360,865 | (331,609) |
| Other receivables | | 51,131 | (3,948) |
| Other receivables - related parties | | (7,627) | - |
| Inventories | | 647,978 | 128,363 |
| Prepayments | | 11,172 | (8,010) |
| Changes in operating liabilities | | | |
| Notes payable | | 4,503 | (3,403) |
| Accounts payable | | 112,492 | (348,419) |
| Other payables | | (76,137) | (31,035) |
| Advance receipts | | 8,910 | 1,632 |
| Accrued pension liabilities - non-current | | (54,323) | (58,817) |
| Cash inflow generated from operations | | 2,858,041 | 1,513,191 |
| Cash dividends received form investments accounted for under equity method | 6(7) | 3,808 | 3,499 |
| Dividends received | | 3,458 | 2,380 |
| Interest received | | 90 | 4,138 |
| Interest paid | | (114,931) | (116,870) |
| Income tax paid | | (116,775) | (263,689) |
| Net cash flows from operating activities | | <u>2,633,691</u> | <u>1,142,649</u> |

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TON YI INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

| | Notes | 2015 | 2014 |
|---|----------|----------------|-----------------|
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Cash paid for acquisition of investments accounted for | 6(7) | | |
| under equity method | | \$ - | (\$ 2,394,859) |
| Acquisition of property, plant and equipment | 6(8) | (30,814) | (16,050) |
| Proceeds from disposal of property, plant and equipment | | 38 | 850 |
| Proceeds from disposal of investment property | | - | 1,094 |
| Increase in prepayments for equipment | | (118,916) | (63,220) |
| Interest paid for prepayments for equipment | 6(8)(22) | (473) | (882) |
| Decrease (increase) in guarantee deposits paid | | 4,776 | (796) |
| (Increase) decrease in other non-current assets | | (1,968) | 2,964 |
| Net cash flows used in investing activities | | (147,357) | (2,470,899) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| (Decrease) increase in short-term borrowings | | (179,482) | 195,064 |
| (Decrease) increase in notes and bills payable | | (100,000) | 99,942 |
| Increase in long-term borrowings | | 19,900,535 | 6,117,695 |
| Decrease in long-term borrowings | | (21,401,964) | (4,073,303) |
| Decrease in guarantee deposits received | | - | (20) |
| Cash dividends paid | 6(19) | (710,615) | (1,026,444) |
| Net cash flows (used in) from financing activities | | (2,491,526) | 1,312,934 |
| Net decrease in cash and cash equivalents | | (5,192) | (15,316) |
| Cash and cash equivalents at beginning of year | 6(1) | 9,993 | 25,309 |
| Cash and cash equivalents at end of year | 6(1) | \$ 4,801 | \$ 9,993 |

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

TON YI INDUSTRIAL CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 24, 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”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRS”) in preparing the parent company only financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of the standard has no significant impact on its parent company only financial statements, and the Company will disclose additional information about fair value measurements accordingly.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective Date by International Accounting Standards Board</u> |
|---|---|
| Recoverable amount disclosures for non-financial assets (amendments to IAS 36) | January 1, 2014 |
| Novation of derivatives and continuation of hedge accounting (amendments to IAS 39) | January 1, 2014 |
| IFRIC 21, 'Levies' | January 1, 2014 |
| Defined benefit plans: employee contributions (amendments to IAS 19R) | July 1, 2014 |
| Improvements to IFRSs 2010-2012 | July 1, 2014 |
| Improvements to IFRSs 2011-2013 | July 1, 2014 |
| Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28) | January 1, 2016 |
| Accounting for acquisition of interests in joint operations (amendments to IFRS 11) | January 1, 2016 |
| IFRS 14, 'Regulatory deferral accounts' | January 1, 2016 |

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective Date by International Accounting Standards Board</u> |
|--|---|
| Disclosure initiative (amendments to IAS 1) | January 1, 2016 |
| Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38) | January 1, 2016 |
| Agriculture: bearer plants (amendments to IAS 16 and IAS 41) | January 1, 2016 |
| Equity method in separate financial statements (amendments to IAS 27) | January 1, 2016 |
| Improvements to IFRSs 2012-2014 | January 1, 2016 |
| Disclosure initiative (amendments to IAS 7) | January 1, 2017 |
| Recognition of deferred tax assets for unrealised losses (amendments to IAS 12) | January 1, 2017 |
| IFRS 9, 'Financial instruments' | January 1, 2018 |
| IFRS 15, 'Revenue from contracts with customers' | 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 |

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the parent company only financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only 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 Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company’s are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional and presentation currency.

- 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.

(4) 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.

(5) 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;
 - (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 policy or investment strategy.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(6) 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.

(7) 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.

(8) 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'.

(9) Impairment of financial assets

- A. The Company 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 Company 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 Company 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.

(10) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(11) Investments accounted for using equity method / Subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised profit (loss) from the transactions between the Company and subsidiaries has been offset. The accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies of the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the

consolidated financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company 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 ~ 8 years |
| Other equipment | 2 ~ 40 years |

(13) Lease (Lessor)

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

(14) Lease (Lessee)

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(16) Intangible assets

The intangible assets are royalties for technology transfer which are recorded at cost and amortised using the straight-line method over its useful life of 10 years.

(17) Impairment of non-financial assets

The Company 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.

(18) Borrowings

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

(19) Notes and accounts payable

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

(20) Derecognition of financial liabilities

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

(21) 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.

(22) Provision

Provision (decommissioning liabilities) is recognized when the Company 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.

(23) 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 plan

For defined contribution plan, 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 plan

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 Company in current period or prior periods. The liability recognised in the balance sheet in respect of the defined benefit pension plan 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. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings

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

Employees' compensation and directors' and supervisors' remuneration are recognised 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 Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) 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 Company's current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. 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 non-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 and associates, except where the timing of the reversal of the temporary difference is controlled by the Company 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.

(25) 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.

(26) 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.

(27) Revenue recognition

The Company manufactures and sells tinsplate and empty can, etc. Revenue is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognized when the Company 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 Company 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.

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Financial assets - impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset - equity investment is impaired. This determination requires significant judgement. In making this

judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was non-considered significant or prolonged, the Company would suffer a loss in its financial statements, being the transfer of the amounts recognized in other equity on the unrealized gain (loss) on the impaired available-for-sale financial assets to profit or loss.

(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 Company 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 Company 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 December 31, 2015, the carrying amount of inventories was \$1,571,397.

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

(a) When calculating the present value of defined pension obligations, the Company 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 December 31, 2015, the carrying amount of net defined benefit liabilities - non-current was \$365,767.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---------------------------------------|--------------------------|--------------------------|
| Cash: | | |
| Cash on hand and petty cash | \$ 176 | \$ 159 |
| Checking accounts and demand deposits | <u>4,625</u> | <u>9,834</u> |
| | <u>\$ 4,801</u> | <u>\$ 9,993</u> |

A. The Company 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. The Company has no cash pledged to others as of December 31, 2015 and 2014.

(2) Notes receivable, net

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---------------------------------------|--------------------------|--------------------------|
| Notes receivable | \$ 162,273 | \$ 146,876 |
| Less: Allowance for doubtful accounts | (1,623) | (1,469) |
| | <u>\$ 160,650</u> | <u>\$ 145,407</u> |

- A. The Company has no significant past due but not impaired notes receivable.
- B. Movements of financial assets that were impaired are shown in Note 6(3).
- C. The Company's notes receivable are of good credit quality, not past due and not impaired.
- D. The Company did not pledge notes receivable as collateral as of December 31, 2015 and 2014.

(3) Accounts receivable, net

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---------------------------------------|--------------------------|--------------------------|
| Accounts receivable | \$ 356,193 | \$ 370,811 |
| Less: Allowance for doubtful accounts | (3,578) | (3,385) |
| | <u>\$ 352,615</u> | <u>\$ 367,426</u> |

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

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|----------------|--------------------------|--------------------------|
| Within 90 days | <u>\$ 9,068</u> | <u>\$ 3,916</u> |

The above aging 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>Years ended December 31,</u> | |
|--------------------------|---------------------------------|------------------------|
| | <u>2015</u> | <u>2014</u> |
| | <u>Group provision</u> | <u>Group provision</u> |
| At January 1 | \$ 4,854 | \$ 11,134 |
| Provision for impairment | 347 | - |
| Reversal of impairment | - | (6,280) |
| At December 31 | <u>\$ 5,201</u> | <u>\$ 4,854</u> |

- C. Accounts receivable, including those with related parties, that were neither past due nor impaired have good credit quality.
- D. The Company has no accounts receivable (including related parties) pledged to others as of December 31, 2015 and 2014.
- E. The Company did not pledge accounts receivable, including those with related party, as collateral as at December 31, 2015 and 2014.

(4) Inventories

| | December 31, 2015 | | |
|--------------------------|---------------------|---|---------------------|
| | Cost | Allowance for price decline of inventories | Carrying amount |
| Raw materials | \$ 727,928 | (\$ 77,475) | \$ 650,453 |
| Raw materials in transit | 2,647 | - | 2,647 |
| Supplies | 118,282 | (594) | 117,688 |
| Supplies in transit | 19,012 | - | 19,012 |
| Work in process | 376,691 | (52,584) | 324,107 |
| Finished goods | <u>483,837</u> | <u>(26,347)</u> | <u>457,490</u> |
| | <u>\$ 1,728,397</u> | <u>(\$ 157,000)</u> | <u>\$ 1,571,397</u> |

| | December 31, 2014 | | |
|---------------------|---------------------|---|---------------------|
| | Cost | Allowance for price decline of inventories | Carrying amount |
| Raw materials | \$ 1,218,118 | (\$ 1,639) | \$ 1,216,479 |
| Supplies | 138,779 | (1,384) | 137,395 |
| Supplies in transit | 12,860 | - | 12,860 |
| Work in process | 475,203 | (6,558) | 468,645 |
| Finished goods | <u>531,415</u> | <u>(8,419)</u> | <u>522,996</u> |
| | <u>\$ 2,376,375</u> | <u>(\$ 18,000)</u> | <u>\$ 2,358,375</u> |

The cost of inventories recognized as expense for the year:

| | Years ended December 31, | |
|---|--------------------------|----------------------|
| | 2015 | 2014 |
| Cost of goods sold | \$ 15,670,714 | \$ 19,378,511 |
| Loss (reversal gain) on decline in market value (Note) | 139,000 (| 8,000) |
| Revenue from sale of scraps | (225,294) (| 372,958) |
| Indemnities | <u>(11,619)</u> (| <u>37,219)</u> |
| Total operating costs | <u>\$ 15,572,801</u> | <u>\$ 18,960,334</u> |

(Note) The Company reversed a previous inventory write-down and was accounted for as a reduction of cost of goods sold as a result of the increase in selling prices of inventories.

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

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---|--------------------------|--------------------------|
| Listed stocks | \$ 378,917 | \$ 378,917 |
| Adjustments for change in fair value of available-for-sale financial assets | (248,021) | (200,577) |
| | <u>\$ 130,896</u> | <u>\$ 178,340</u> |

A. The Company recognized fair value change in other comprehensive income of (\$47,444) and \$761 for the years ended December 31, 2015 and 2014, respectively, and the amount of \$— was reclassified from equity to profit or loss for the year.

B. The Company did not pledge available-for-sale financial assets-non-current as collateral as at December 31, 2015 and 2014.

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

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|-----------------|--------------------------|--------------------------|
| Unlisted stocks | <u>\$ 501,050</u> | <u>\$ 501,050</u> |

A. The Company 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 Company classified these stocks as financial assets carried at cost.

B. The Company did not pledge financial assets measured at cost - non-current as collateral as at December 31, 2015 and 2014.

(7) Investments accounted for using equity method

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---|--------------------------|--------------------------|
| At January 1 | \$ 10,231,178 | \$ 7,490,875 |
| Addition of investments accounted for using the equity method | — | 2,394,859 |
| Share of profit or loss of investments accounted for using the equity method | 181,839 | 102,026 |
| Cash dividends from investments accounted for under equity method | (3,808) | (3,499) |
| Unrealised gain from sale | (44,739) | (127,611) |
| Realized gain from sale | 127,436 | 126,654 |
| Realised gain on disposal of property, plant and equipment | 175 | 526 |
| Changes in other equity items— financial statements translation differences of foreign operations | (494,736) | 247,348 |
| At December 31 | <u>\$ 9,997,345</u> | <u>\$ 10,231,178</u> |

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|
| Cayman Ton Yi Industrial Holdings Ltd. | \$ 9,943,210 | \$ 10,167,438 |
| Tovecan Corp. | <u>54,135</u> | <u>63,740</u> |
| | <u>\$ 9,997,345</u> | <u>\$ 10,231,178</u> |

Information on the Company's subsidiaries is provided in Note 4(3) Basis of consolidation in the Company's 2015 consolidated financial statements.

(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, 2015</u> | | | | | | | | |
| Cost | \$ 615,892 | \$ 5,169,144 | \$ 27,638,931 | \$ 208,127 | \$ 5,271 | \$ 3,062,239 | \$ 16,252 | \$ 36,715,856 |
| Accumulated depreciation | — | (3,021,080) | (17,815,625) | (173,062) | (5,238) | (1,906,272) | — | (22,921,277) |
| | <u>\$ 615,892</u> | <u>\$ 2,148,064</u> | <u>\$ 9,823,306</u> | <u>\$ 35,065</u> | <u>\$ 33</u> | <u>\$ 1,155,967</u> | <u>\$ 16,252</u> | <u>\$ 13,794,579</u> |
| <u>2015</u> | | | | | | | | |
| At January 1 | \$ 615,892 | \$ 2,148,064 | \$ 9,823,306 | \$ 35,065 | \$ 33 | \$ 1,155,967 | \$ 16,252 | \$ 13,794,579 |
| Additions - Cost | — | — | 13,775 | 2,440 | — | 14,599 | — | 30,814 |
| Transfer from prepayments for equipment | — | — | 59,325 | — | — | 22,122 | 35,027 | 116,474 |
| Depreciation charge | — | (141,674) | (800,973) | (11,873) | (8) | (97,779) | — | (1,052,307) |
| Disposal - Cost | — | — | (84,173) | (319) | (8) | (3,211) | — | (87,711) |
| Disposal - Accumulated depreciation | — | — | 58,940 | 319 | 8 | 3,200 | — | 62,467 |
| At December 31 | <u>\$ 615,892</u> | <u>\$ 2,006,390</u> | <u>\$ 9,070,200</u> | <u>\$ 25,632</u> | <u>\$ 25</u> | <u>\$ 1,094,898</u> | <u>\$ 51,279</u> | <u>\$ 12,864,316</u> |
| <u>At December 31, 2015</u> | | | | | | | | |
| Cost | \$ 615,892 | \$ 5,169,144 | \$ 27,627,858 | \$ 210,248 | \$ 5,263 | \$ 3,095,749 | \$ 51,279 | \$ 36,775,433 |
| Accumulated depreciation | — | (3,162,754) | (18,557,658) | (184,616) | (5,238) | (2,000,851) | — | (23,911,117) |
| | <u>\$ 615,892</u> | <u>\$ 2,006,390</u> | <u>\$ 9,070,200</u> | <u>\$ 25,632</u> | <u>\$ 25</u> | <u>\$ 1,094,898</u> | <u>\$ 51,279</u> | <u>\$ 12,864,316</u> |

| | <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, 2014</u> | | | | | | | | |
| Cost | \$ 615,892 | \$ 5,176,234 | \$ 27,571,624 | \$ 208,207 | \$ 5,443 | \$ 3,085,819 | \$ - | \$ 36,663,219 |
| Accumulated depreciation | - | (2,886,170) | (17,056,082) | (161,643) | (5,412) | (1,837,965) | - | (21,947,272) |
| | <u>\$ 615,892</u> | <u>\$ 2,290,064</u> | <u>\$ 10,515,542</u> | <u>\$ 46,564</u> | <u>\$ 31</u> | <u>\$ 1,247,854</u> | <u>\$ -</u> | <u>\$ 14,715,947</u> |
| <u>2014</u> | | | | | | | | |
| At January 1 | \$ 615,892 | \$ 2,290,064 | \$ 10,515,542 | \$ 46,564 | \$ 31 | \$ 1,247,854 | \$ - | \$ 14,715,947 |
| Additions - Cost | - | - | 7,650 | 920 | 11 | 4,642 | 2,827 | 16,050 |
| Transfer from prepayments equipment | - | - | 135,691 | - | - | - | 13,425 | 149,116 |
| Depreciation charge | - | (141,968) | (821,877) | (11,961) | (9) | (96,107) | - | (1,071,922) |
| Disposal - Cost | - | (7,090) | (76,034) | (1,000) | (183) | (28,222) | - | (112,529) |
| Disposal - Accumulated depreciation | - | 7,058 | 62,334 | 542 | 183 | 27,800 | - | 97,917 |
| At December 31 | <u>\$ 615,892</u> | <u>\$ 2,148,064</u> | <u>\$ 9,823,306</u> | <u>\$ 35,065</u> | <u>\$ 33</u> | <u>\$ 1,155,967</u> | <u>\$ 16,252</u> | <u>\$ 13,794,579</u> |
| <u>At December 31, 2014</u> | | | | | | | | |
| Cost | \$ 615,892 | \$ 5,169,144 | \$ 27,638,931 | \$ 208,127 | \$ 5,271 | \$ 3,062,239 | \$ 16,252 | \$ 36,715,856 |
| Accumulated depreciation | - | (3,021,080) | (17,815,625) | (173,062) | (5,238) | (1,906,272) | - | (22,921,277) |
| | <u>\$ 615,892</u> | <u>\$ 2,148,064</u> | <u>\$ 9,823,306</u> | <u>\$ 35,065</u> | <u>\$ 33</u> | <u>\$ 1,155,967</u> | <u>\$ 16,252</u> | <u>\$ 13,794,579</u> |

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:

| | Years ended December 31, | |
|--------------------|--------------------------|--------|
| | 2015 | 2014 |
| Amount capitalized | \$ 473 | \$ 882 |
| Interest rate | 1.30% | 1.30% |

B. The Company did not pledge property, plant and equipment as collateral as at December 31, 2015 and 2014.

(9) Investment property

| Land | Years ended December 31, | |
|-------------------------|--------------------------|------------------|
| | 2015 | 2014 |
| At January 1 | | |
| Cost | \$ 41,638 | \$ 42,100 |
| Accumulated impairment | (31,539) | (31,539) |
| | <u>\$ 10,099</u> | <u>\$ 10,561</u> |
| Opening net book amount | \$ 10,099 | \$ 10,561 |
| Disposal - Cost | - | (462) |
| Closing net book value | <u>\$ 10,099</u> | <u>\$ 10,099</u> |
| At December 31 | | |
| Cost | \$ 41,638 | \$ 41,638 |
| Accumulated impairment | (31,539) | (31,539) |
| | <u>\$ 10,099</u> | <u>\$ 10,099</u> |

A. The fair values of the investment property held by the Company as at December 31, 2015 and 2014 were \$13,093 and \$12,335, respectively. Land is valued according to Current Land Value announced by the Department of Land Administration.

B. 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 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.

C. As of December 31, 2015 and 2014, no investment property held by the Company was pledged to others.

(10) Intangible assets

| <u>Royalties</u> | <u>Years ended December 31,</u> | |
|--------------------------|---------------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| At January 1 | | |
| Cost | \$ 387,569 | \$ 387,569 |
| Accumulated amortization | (316,931) | (281,612) |
| | <u>\$ 70,638</u> | <u>\$ 105,957</u> |
| Net value at January 1 | \$ 70,638 | \$ 105,957 |
| Amortization | (35,319) | (35,319) |
| Net value at December 31 | <u>\$ 35,319</u> | <u>\$ 70,638</u> |
| At December 31 | | |
| Cost | \$ 387,569 | \$ 387,569 |
| Accumulated amortization | (352,250) | (316,931) |
| | <u>\$ 35,319</u> | <u>\$ 70,638</u> |

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

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

| | <u>Years ended December 31,</u> | |
|-----------------|---------------------------------|------------------|
| | <u>2015</u> | <u>2014</u> |
| Operating costs | <u>\$ 35,319</u> | <u>\$ 35,319</u> |

(11) Long-term prepaid rent

| | <u>Years ended December 31,</u> | |
|----------------|---------------------------------|------------------|
| | <u>2015</u> | <u>2014</u> |
| Land use right | <u>\$ 43,842</u> | <u>\$ 48,852</u> |

The Company entered into a land lease agreement with Taiwan Sugar Corporation for use of property located in Yong-Kang District, Tainan and the lease period is 50 years. The Company recognized \$2,505 and \$2,495 of rental expense (under operating cost) for the years ended December 31, 2015 and 2014, respectively.

(12) Short-term borrowings

| <u>Nature</u> | <u>December 31, 2015</u> | <u>Interest rate</u> | <u>Collateral</u> |
|---------------------------|--------------------------|----------------------|-------------------|
| Unsecured bank borrowings | <u>\$ 18,405</u> | 0.90% | None |
| <u>Nature</u> | <u>December 31, 2014</u> | <u>Interest rate</u> | <u>Collateral</u> |
| Unsecured bank borrowings | <u>\$ 197,887</u> | 0.98% | None |

(13) Short-term commercial paper

| | <u>December 31, 2014</u> | <u>Interest rate</u> | <u>Collateral</u> |
|----------------------------|--------------------------|----------------------|-------------------|
| Commercial paper payable | \$ 100,000 | 1.12% | None |
| Less: unamortized discount | (58) | | |
| | <u>\$ 99,942</u> | | |

A. There was no short-term commercial paper at December 31, 2015.

B. The above commercial paper was issued and secured by China Bills Finance Co., Ltd. for short-term financing.

(14) Long-term borrowings

| <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. 06. 28~ 2020. 11. 25 | 1.12%~1.79% | None | \$ 6,393,370 |
| Less: unamortised discount | | | | (832) |
| | | | | 6,392,538 |
| Less: current portion of long-term borrowings | | | | (1,800,000) |
| | | | | <u>\$ 4,592,538</u> |

| <u>Nature</u> | <u>Range of maturity dates</u> | <u>Range of interest rates</u> | <u>Collateral</u> | <u>December 31, 2014</u> |
|---|--------------------------------|--------------------------------|-------------------|--------------------------|
| Unsecured bank borrowings | 2015. 01. 08~ 2017. 12. 28 | 1.17%~1.83% | None | \$ 7,894,799 |
| Less: unamortised discount | | | | (1,078) |
| | | | | 7,893,721 |
| Less: current portion of long-term borrowings | | | | (1,800,000) |
| | | | | <u>\$ 6,093,721</u> |

For information on the terms and conditions of all the loan contracts the Company entered into with financial institutions, please refer to Note 9(4), "Significant contingent liabilities and unrecognized contract commitments".

(15) Provision - non-current

| <u>Decommissioning liabilities</u> | <u>Years ended December 31,</u> | |
|------------------------------------|---------------------------------|------------------|
| | <u>2015</u> | <u>2014</u> |
| At January 1 | \$ 72,639 | \$ 71,302 |
| Unwinding of discount | 1,362 | 1,337 |
| At December 31 | <u>\$ 74,001</u> | <u>\$ 72,639</u> |

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

(16) Pensions

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

(b) The amounts recognised in the balance sheet are as follows:

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|
| Present value of defined benefit obligations | (\$ 1,281,847) | (\$ 1,242,619) |
| Fair value of plan assets | <u>916,080</u> | <u>852,584</u> |
| Net defined benefit liability - non-current | <u>(\$ 365,767)</u> | <u>(\$ 390,035)</u> |

(c) Movements in net defined benefit liabilities - non-current are as follows:

| <u>Year ended December 31, 2015</u> | <u>Present value of defined benefit obligations</u> | <u>Fair value of plan assets</u> | <u>Net defined benefit liability</u> |
|--|---|--------------------------------------|--|
| Balance at January 1 | (\$ 1,242,619) | \$ 852,584 | (\$ 390,035) |
| Current service cost | (18,618) | - | (18,618) |
| Interest (expense) income | (24,744) | 17,677 | (7,067) |
| | <u>(1,285,981)</u> | <u>870,261</u> | <u>(415,720)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 4,842 | 4,842 |
| Change in financial assumptions | (22,895) | - | (22,895) |
| Experience adjustments | (12,002) | - | (12,002) |
| | <u>(34,897)</u> | <u>4,842</u> | <u>(30,055)</u> |
| Pension fund contribution | - | 80,008 | 80,008 |
| Paid pension | 39,031 | (39,031) | - |
| Balance at December 31 | <u>(\$ 1,281,847)</u> | <u>\$ 916,080</u> | <u>(\$ 365,767)</u> |
| | <u>Present value of</u> | | |
| | <u>defined benefit</u> | <u>Fair value of</u> | <u>Net defined</u> |
| <u>Year ended December 31, 2014</u> | <u>obligations</u> | <u>plan assets</u> | <u>benefit liability</u> |
| Balance at January 1 | (\$ 1,209,644) | \$ 773,866 | (\$ 435,778) |
| Current service cost | (18,597) | - | (18,597) |
| Interest (expense) income | (24,095) | 16,119 | (7,976) |
| | <u>(1,252,336)</u> | <u>789,985</u> | <u>(462,351)</u> |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 2,122 | 2,122 |
| Experience adjustments | (15,196) | - | (15,196) |
| | <u>(15,196)</u> | <u>2,122</u> | <u>(13,074)</u> |
| Pension fund contribution | - | 80,021 | 80,021 |
| Paid pension | 24,913 | (19,544) | 5,369 |
| Balance at December 31 | <u>(\$ 1,242,619)</u> | <u>\$ 852,584</u> | <u>(\$ 390,035)</u> |

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e)The principal actuarial assumptions used were as follows:

| | Years ended December 31, | |
|-------------------------|--------------------------|-------|
| | 2015 | 2014 |
| Discount rate | 1.875% | 2.00% |
| Future salary increases | 3.00% | 3.00% |

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---------------|--------------|-------------------------|--------------|
| | Increase | Decrease | Increase | Decrease |
| <u>December 31, 2015</u> | <u>0.25%</u> | <u>0.25%</u> | <u>0.25%</u> | <u>0.25%</u> |
| Effect on present value of defined benefit obligation | (\$ 46,508) | \$ 51,310 | \$ 49,971 | (\$ 45,495) |

The sensitivity analysis above was arrived at based on one assumption which changed which the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$74,337.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 16 years. The analysis of timing of the future pension payment was as follows:

| | | |
|---------------|----|-----------------|
| Within 1 year | \$ | 9, 251 |
| 2-5 years | | 74, 504 |
| Over 6 years | | <u>173, 492</u> |
| | \$ | <u>257, 247</u> |

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 contributes 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 pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2015 and 2014 were \$22,488 and \$22,044, 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):

| | <u>Years ended December 31,</u> | |
|------------------------------|---------------------------------|--------------------|
| | <u>2015</u> | <u>2014</u> |
| Beginning and ending balance | <u>1, 579, 145</u> | <u>1, 579, 145</u> |

B. As of December 31, 2015, the Company’s authorized capital was \$17,847,009, and the paid-in capital was \$15,791,453, consisting of 1,579,145 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(18) Capital surplus

Pursuant to the 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 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. 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 and then approved at the shareholders' meeting. 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.
- 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 \$710,615 and \$1,026,444 (\$0.45 and \$0.65 (in dollars) per share as cash dividends, respectively) for the years ended December 31, 2015 and 2014, respectively. On March 24, 2016, total dividends for 2015 of \$505,327, constituting \$0.32 (in dollars) per share as cash dividends, was proposed by the Board of Directors.
- E. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(24).

(20) Other income

| | Years ended December 31, | |
|-----------------|--------------------------|------------------|
| | 2015 | 2014 |
| Dividend income | \$ 3,458 | \$ 2,380 |
| Interest income | 90 | 4,138 |
| Rental income | 5,280 | 5,280 |
| Other income | 32,968 | 45,585 |
| | <u>\$ 41,796</u> | <u>\$ 57,383</u> |

(21) Other gains and losses

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2015 | 2014 |
| Net gain on disposal of investment property | \$ - | \$ 632 |
| Net currency exchange gain | 50,091 | 127,911 |
| Net loss on financial assets at fair value through profit or loss | (528) | (2,908) |
| Net loss on disposal of property, plant and equipment | (25,031) | (13,236) |
| Miscellaneous expenses | (75) | (899) |
| | <u>\$ 24,457</u> | <u>\$ 111,500</u> |

(22) Finance costs

| | Years ended December 31, | |
|---|--------------------------|-------------------|
| | 2015 | 2014 |
| Interest expense: | | |
| Bank borrowings | \$ 114,506 | \$ 117,963 |
| Provisions – unwinding of discount | 1,362 | 1,337 |
| | 115,868 | 119,300 |
| Less: capitalization of qualifying assets | (473) | (882) |
| | <u>\$ 115,395</u> | <u>\$ 118,418</u> |

(23) Expenses by nature

| | <u>Year ended December 31, 2015</u> | | | <u>Year ended December 31, 2014</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 | \$ 643,616 | \$ 302,494 | \$ 946,110 | \$ 635,023 | \$ 337,497 | \$ 972,520 |
| Depreciation | 1,040,729 | 11,578 | 1,052,307 | 1,059,924 | 11,998 | 1,071,922 |
| Amortization | 35,319 | – | 35,319 | 35,319 | – | 35,319 |
| | <u>\$ 1,719,664</u> | <u>\$ 314,072</u> | <u>\$ 2,033,736</u> | <u>\$ 1,730,266</u> | <u>\$ 349,495</u> | <u>\$ 2,079,761</u> |

(24) Employee benefits expense

| | <u>Year ended December 31, 2015</u> | | | <u>Year ended December 31, 2014</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 | \$ 522,055 | \$ 250,740 | \$ 772,795 | \$ 511,812 | \$ 278,501 | \$ 790,313 |
| Labor and health insurance expense | 53,503 | 19,680 | 73,183 | 52,432 | 20,918 | 73,350 |
| Pension costs | 35,532 | 12,641 | 48,173 | 35,562 | 13,055 | 48,617 |
| Other personnel expenses | 32,526 | 19,433 | 51,959 | 35,217 | 25,023 | 60,240 |
| | <u>\$ 643,616</u> | <u>\$ 302,494</u> | <u>\$ 946,110</u> | <u>\$ 635,023</u> | <u>\$ 337,497</u> | <u>\$ 972,520</u> |

- A. As of December 31, 2015 and 2014, the Company had approximately 1,182 and 1,176 employees, respectively.
- B. According to the Articles of Incorporation of the Company, when distributing earnings after tax, the Company pays remuneration to the directors and supervisors that account for 2% and distributes bonus to the employees that shall be no less than 0.2% of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on December 18, 2015. According to the amended articles, 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. The amended articles will be resolved in the shareholders' meeting in 2016.
- C. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$34,000 and \$45,148, respectively, while directors' and supervisors' remuneration was accrued at \$10,640 and \$14,791, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on at least 2% and at most 2% of profit of current year distributable for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$33,344 and \$10,640, respectively, and the employees' compensation will be distributed in the form of cash. The expenses recognized for 2014 were accrued based on the net income for 2014 and the percentage at least 0.2% and 2% for employees and directors/supervisors, respectively, taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. The difference of (\$1,019) between employees' bonus and directors' and supervisors' remuneration of \$58,920 as resolved by the stockholders and the amount of \$59,939 recognized in the 2014 financial statements had been adjusted in the 2015 statement of comprehensive income.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed 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>Years ended December 31,</u> | |
|--|---------------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| Current income tax: | | |
| Income tax incurred in current period | \$ 102,400 | \$ 132,533 |
| Additional 10% income tax imposed on unappropriated earnings | - | 4,685 |
| Under provision in prior years | <u>10,435</u> | <u>1,670</u> |
| | <u>112,835</u> | <u>138,888</u> |
| Deferred income tax: | | |
| Origination and reversal of temporary differences | (<u>4,817</u>) | <u>14,863</u> |
| Income tax expense | <u>\$ 108,018</u> | <u>\$ 153,751</u> |

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| Remeasurement of defined benefit obligations | (\$ 5,109) | (\$ 2,222) |
| Currency translation differences | (<u>801</u>) | <u>898</u> |
| | <u>(\$ 5,910)</u> | <u>(\$ 1,324)</u> |

B. Reconciliation between income tax expense and accounting profit

| | <u>Years ended December 31,</u> | |
|--|---------------------------------|-------------------|
| | <u>2015</u> | <u>2014</u> |
| Income tax expense at the statutory tax rate | \$ 118,666 | \$ 158,051 |
| Effect of amount not allowed to recognise under regulations | (21,083) | (10,547) |
| Tax effect of tax exempt income | - | (108) |
| Additional 10% income tax imposed on unappropriated earnings | - | 4,685 |
| Under provision of prior year's income tax | <u>10,435</u> | <u>1,670</u> |
| Income tax expense | <u>\$ 108,018</u> | <u>\$ 153,751</u> |

C. Amounts of deferred tax assets or liabilities recognized as a result of temporary differences are as follows:

| | Year ended December 31, 2015 | | | |
|--|------------------------------|---------------------------------|---|---------------------|
| | January 1 | Recognised in profit or loss | Recognised in other comprehensive income | December 31 |
| Deferred income tax assets | | | | |
| Temporary differences: | | | | |
| Unrealized profit from sales | \$ 21,664 | (\$ 14,058) | \$ - | \$ 7,606 |
| Loss on inventories from market value decline | 3,060 | 23,630 | - | 26,690 |
| Unrealized gain on disposal of plant, property and equipment | 30 | (30) | - | - |
| Unused compensated absences | 5,805 | 275 | - | 6,080 |
| Unrealized provision | 9,634 | 319 | - | 9,953 |
| Pensions | 41,617 | (9,235) | - | 32,382 |
| Remeasurement of defined benefit plan | 24,689 | - | 5,109 | 29,798 |
| Currency translation difference | - | - | 109 | 109 |
| | <u>\$ 106,499</u> | <u>\$ 901</u> | <u>\$ 5,218</u> | <u>\$ 112,618</u> |
| Deferred income tax liabilities | | | | |
| Temporary differences: | | | | |
| Foreign investment income | (\$ 7,054) | \$ 156 | \$ - | (\$ 6,898) |
| Land value incremental tax | (197,039) | - | - | (197,039) |
| Unrealized exchange gain | (4,331) | 3,760 | - | (571) |
| Currency translation differences | (692) | - | 692 | - |
| | <u>(\$ 209,116)</u> | <u>\$ 3,916</u> | <u>\$ 692</u> | <u>(\$ 204,508)</u> |
| | <u>(\$ 102,617)</u> | <u>\$ 4,817</u> | <u>\$ 5,910</u> | <u>(\$ 91,890)</u> |

| | Year ended December 31, 2014 | | | |
|--|------------------------------|--------------------|-------------------------------|---------------------|
| | January 1 | Recognised | | December 31 |
| | | in profit or loss | in other comprehensive income | |
| Deferred income tax assets | | | | |
| Temporary differences: | | | | |
| Unrealized profit from sales | \$ 21,501 | \$ 163 | \$ - | \$ 21,664 |
| Loss on inventories from market value decline | 4,420 | (1,360) | - | 3,060 |
| Unrealized gain on disposal of plant, property and equipment | 119 | (89) | - | 30 |
| Unused compensated absences | 5,458 | 347 | - | 5,805 |
| Unrealized provision | 9,319 | 315 | - | 9,634 |
| Pensions | 51,616 | (9,999) | - | 41,617 |
| Remeasurement of defined benefit plan | 22,467 | - | 2,222 | 24,689 |
| Currency translation difference | 206 | - | (206) | - |
| | <u>\$ 115,106</u> | <u>(\$ 10,623)</u> | <u>\$ 2,016</u> | <u>\$ 106,499</u> |
| Deferred income tax liabilities | | | | |
| Temporary differences: | | | | |
| Foreign investment income | (\$ 5,897) | (\$ 1,157) | \$ - | (\$ 7,054) |
| Land value incremental tax | (197,039) | - | - | (197,039) |
| Unrealized exchange gain | (1,248) | (3,083) | - | (4,331) |
| Currency translation differences | - | - | (692) | (692) |
| | <u>(\$ 204,184)</u> | <u>(\$ 4,240)</u> | <u>(\$ 692)</u> | <u>(\$ 209,116)</u> |
| | <u>(\$ 89,078)</u> | <u>(\$ 14,863)</u> | <u>\$ 1,324</u> | <u>(\$ 102,617)</u> |

D. The Company did not recognise temporary differences arising from gain on investment in overseas subsidiaries. As of December 31, 2015 and 2014, unrecognised deferred tax liabilities were \$2,095,472 and \$2,402,734, respectively.

E. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority. As of March 24, 2016, there was no administrative lawsuit.

F. Unappropriated retained earnings:

| | December 31, 2015 | December 31, 2014 |
|--------------------------------------|-------------------|-------------------|
| Earnings generated in and after 1998 | <u>\$ 589,910</u> | <u>\$ 811,964</u> |

G. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was \$70,734 and \$96,229, respectively. As dividends were approved at the shareholders' meeting on June 30, 2015 and June 13, 2014 with the dividend distribution date set on July 25, 2015 and July 10, 2014, respectively, by the Board of Directors, the creditable tax rates for the

unappropriated retained earnings of 2014 and 2013 is 17.96% and 14.89%, respectively and the creditable tax rate for 2015 is expected to be 19.73%. The creditable tax rate will be based on the actual imputation tax credit account on the distribution date for the earnings of 2015; thus, the credit account may be subject to appropriate adjustments according to tax regulations.

(26) Earnings per share

| | Year ended December 31, 2015 | | |
|--|------------------------------|---|--|
| | <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 | \$ 590,018 | 1,579,145 | \$ 0.37 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | 590,018 | 1,579,145 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 3,418 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | \$ 590,018 | 1,582,563 | \$ 0.37 |
| | | | |
| | Year ended December 31, 2014 | | |
| | <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 | \$ 775,960 | 1,579,145 | \$ 0.49 |
| <u>Diluted earnings per share</u> | | | |
| Profit attributable to ordinary shareholders | 775,960 | 1,579,145 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 2,333 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | \$ 775,960 | 1,581,478 | \$ 0.49 |

(27) Non-cash transactions

Operating and investing activities with no cash flow effect:

| | Years ended December 31, | |
|---|--------------------------|------------|
| | 2015 | 2014 |
| (a) Long-term prepaid rents transferred | \$ 2,505 | \$ - |
| | Years ended December 31, | |
| | 2015 | 2014 |
| (b) Prepayment for equipment | \$ 116,474 | \$ 149,116 |

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales

| | Years ended December 31, | |
|--|--------------------------|--------------|
| | 2015 | 2014 |
| Sales of goods | | |
| Subsidiaries | \$ 5,988,653 | \$ 8,208,295 |
| Parent company to entities with joint control or significant influence | 299,150 | 297,871 |
| | \$ 6,287,803 | \$ 8,506,166 |

(a) The Company's collection terms and methods for related party are wire transfer within 30 days of monthly statements, within 50 days after packing or within 30 days after arrival at port. The collection terms are similar to that of a third party. The Company only sells to the subsidiaries; thus there is no comparable price for sales made at arm's length.

(b) The unrealised gain arising from goods sold to subsidiaries of \$44,739 and \$127,436 was recorded as a reduction to 'investments accounted for using equity method' for the years ended December 31, 2015 and 2014, respectively.

B. Purchases of goods

| | Years ended December 31, | |
|--|--------------------------|-----------|
| | 2015 | 2014 |
| Purchases of goods | | |
| Parent company to entities with joint control or significant influence | \$ 43,758 | \$ 52,401 |

Purchase price from related party is similar to that of a third party. The payment terms are similar to those of third parties, which are 15~48 days of invoice receipt.

C. Property transactions

The Company has sold machinery and equipment to subsidiaries in 2005 and recognised realised gain on disposal of property, plant and equipment (recorded as ‘other gains and losses’) of \$175 and \$526 for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, the unrealised gain on disposal of property, plant and equipment of \$— and \$175 arising from the transaction was recorded as a reduction to ‘investments accounted for using equity method’, respectively.

D. Outstanding balance of receivables from related parties

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|--------------------------|--------------------------|
| Accounts receivable: | | |
| Subsidiaries | \$ 680,471 | \$ 1,038,982 |
| Parent company to entities with joint control or significant influence | <u>29,021</u> | <u>31,375</u> |
| | <u>709,492</u> | <u>1,070,357</u> |
| Other receivable: | | |
| Subsidiaries | <u>7,627</u> | <u>—</u> |
| | <u>\$ 717,119</u> | <u>\$ 1,070,357</u> |

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

E. Financing

Receivables from related parties (shown as 「 Other receivables 」)

| | <u>Year ended December 31, 2014</u> | | | | |
|------------|-------------------------------------|------------------------|----------------------------|--------------------|------------------------|
| | <u>Date of maximum balance</u> | <u>Maximum balance</u> | <u>Outstanding balance</u> | <u>Annual rate</u> | <u>Interest income</u> |
| Subsidiary | 2014. 04. 24 | <u>\$ 474,750</u> | <u>\$ —</u> | 1.73% | <u>\$ 3,964</u> |

Year ended December 31, 2015: None.

F. Endorsements and guarantees

Endorsements and guarantees provided to related parties:

| | <u>Nature</u> | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|------------|-----------------------------|--------------------------|--------------------------|
| Subsidiary | Endorsements and guarantees | <u>\$ 2,997,472</u> | <u>\$ 4,655,129</u> |

(a) As of December 31, 2015 and 2014, the actual amount drawn from the endorsements and guarantees provided to related parties was \$2,942,809 and \$3,405,436, respectively.

(b) For the years ended December 31, 2015 and 2014, the Company provided endorsements and guarantees to subsidiaries and recognised income for endorsements and guarantees (shown as ‘other income’) of \$9,036 and \$—, respectively.

(2) Key management compensation

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---|--------------------------|--------------------------|
| Salaries and other short-term employee benefits | \$ 50,986 | \$ 60,020 |
| Retirement benefits | – | 5,369 |
| | <u>\$ 50,986</u> | <u>\$ 65,389</u> |

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows: None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- A. As of December 31, 2015 and 2014, the balances for contracts that the Company entered into but not yet due are \$108,412 and \$112,596, respectively.
- B. As of December 31, 2015 and 2014, the unused letters of credit amounted to \$475,873 and \$554,851, respectively.
- C. The details of endorsements and guarantees provided are described in Note 7(1)F.
- D. (a) The Company has signed a syndicated loan agreement with Taiwan Bank and other banks in 2015. The Company has to maintain a 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. 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 Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000. 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: maintain consolidated debt-to-equity ratio at or below 180%, interest coverage ratio at 200% or above. 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 and 2011, respectively. The Company has to maintain a consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and consolidated tangible shareholders' equity of not less than \$15,000,000. 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.

As of December 31, 2015 and 2014, the Company'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 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. The case is being processed as Chung-Su-Tze No. 142 (2015) at Tainan District Court. Based on the Company's legal counsel, if the court will accept the Company's defense, the possibility of paying additional royalty is remote and hence the Company has not recognized the additional royalty fee liabilities.

F. The Company leases various land years lease agreements. For the years ended December 31, 2015 and 2014, rental expense recorded under Operating cost and Operating expense amounted to \$13,332, and \$11,984, respectively. The future aggregate minimum lease payments under operating leases are as follows:

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|-----------------------|--------------------------|--------------------------|
| Within 1 year | \$ 13,293 | \$ 11,984 |
| Between 1 and 5 years | 53,174 | 47,937 |
| Over 5 years | <u>301,467</u> | <u>291,416</u> |
| | <u>\$ 367,934</u> | <u>\$ 351,337</u> |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 (including related party), refundable deposits, short-term borrowings, short-term commercial paper, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposit received), are based on their book value as book value approximates fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3) Fair value estimation.

B. Financial risk management policies

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

financial position and financial performance. The Company 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 (Company Finance Department) under policies approved by the board of directors. Company Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Company 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 Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Company's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.
- (iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

| (foreign currency: functional currency) | December 31, 2015 | | |
|--|-----------------------|----------------------|-------------------|
| | Foreign Currency | | |
| | Amount | | |
| | <u>(in thousands)</u> | <u>Exchange Rate</u> | <u>Book Value</u> |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 26,818 | 32.825 | \$ 880,301 |
| EUR : NTD | 944 | 35.88 | 33,871 |
| <u>Investments accounted for using equity method</u> | | | |
| USD : NTD | 303,405 | 32.825 | 9,959,269 |
| VND :NTD | 115,588,231 | 0.001405 | 162,401 |

| | December 31, 2014 | | |
|--|-----------------------|----------------------|-------------------|
| | Foreign Currency | | |
| | Amount | | |
| (foreign currency: functional currency) | <u>(in thousands)</u> | <u>Exchange Rate</u> | <u>Book Value</u> |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | \$ 38,852 | 31.65 | \$ 1,229,666 |
| EUR : NTD | 1,157 | 38.47 | 44,510 |
| <u>Investments accounted for using equity method</u> | | | |
| USD : NTD | 327,292 | 31.65 | 10,358,792 |

(iv) As of December 31, 2015 and 2014, if the NTD : USD exchange rate had appreciated/depreciated by 1%, with all other factors remaining constant, the Company's post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$7,306 and \$10,206, respectively. If the NTD:EUR exchange rate had appreciated/depreciated by 1%, with all other factors remaining constant, the Company's post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$281 and \$369, respectively.

(v) The total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2015 and 2014 amounted to \$50,091 and \$127,911, respectively.

(b) Price risk

(i) The Company is exposed to equity securities price risk because of investments held by the Company and classified on the individual balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Company 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 Company'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. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the years ended December 31, 2015 and 2014 would have increased/decreased by \$1,309 and \$1,783 as a result of valuation gains/losses on equity securities classified as available-for-sale, respectively.

(c) Interest rate risk

(i) The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. For the years ended December 31, 2015 and 2014, the Company's borrowings at variable rate were denominated in NTD and JPY.

- (ii) During the years ended December 31, 2015 and 2014, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased /decreased by \$950 and \$979, 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 Company by failing to discharge a contractual obligation. According to the Company's credit policy, the Company 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 Company transacts with several banks to mitigate risk.
- (ii) 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 Company provides endorsements and guarantees based on the Company's policies and procedures on endorsements and guarantees. The Company only provides endorsement or guarantee for subsidiaries that the Company directly holds more than 50% ownership, or for entities that the Company 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 Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.
- (iv) For the credit ratings of the Company's financial assets, please refer to Note 6, Financial assets.

(3) Liquidity risk

- (i) Finance Department monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- (ii) Surplus cash held by the Company over and above the balance required for working capital management are transferred to the Finance Department. Finance Department invests surplus cash in interest bearing current accounts and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- (iii) The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| <u>December 31, 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> |
|--|-------------------------|----------------------------------|----------------------------------|------------------------------|
| Short-term borrowings | \$ 18,419 | \$ - | \$ - | \$ - |
| Notes payable | 24,074 | - | - | - |
| Accounts payable | 221,537 | - | - | - |
| Other payables | 593,578 | - | - | - |
| Long-term borrowings (including current portion) | 1,895,197 | 2,954,818 | 1,741,623 | - |
| Guarantee deposits received | - | 5,500 | - | - |
| <u>December 31, 2014</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> |
| Short-term borrowings | \$ 198,857 | \$ - | \$ - | \$ - |
| Short-term notes and bills payable | 100,000 | - | - | - |
| Notes payable | 19,571 | - | - | - |
| Accounts payable | 109,045 | - | - | - |
| Other payables | 670,917 | - | - | - |
| Long-term borrowings (including current portion) | 1,918,644 | 4,335,749 | 1,879,269 | - |
| Guarantee deposits received | - | - | - | 5,500 |

- (iv) The Company 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 Company'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 Company's investment property measured at cost is provided in Note 6(9), "Investment property".

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 Company'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 Company'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 December 31, 2015 and 2014 is as follows:

| <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 | <u>\$ 130,896</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 130,896</u> |
| <u>December 31, 2014</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value measurements</u> | | | | |
| Available-for-sale financial assets | | | | |
| Equity securities | <u>\$ 178,340</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 178,340</u> |

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

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

| | |
|---------------------|----------------------|
| | <u>Listed shares</u> |
| 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 years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no transfer from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2015. The financial information of investees was audited 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, and associates): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- 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 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments undertaken during the reporting periods:
 - a. As of December 31, 2015, the Company has not traded any derivative financial instrument. For the year ended December 31, 2015, the net loss recognized for trading derivative instruments amounted to \$528.
 - b. The subsidiaries have not traded derivative financial instruments.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

14. SEGMENT INFORMATION

None.

Ton Yi Industrial Corp.
Loans to others
Year ended December 31, 2015

Table 1

Expressed in thousands of NTD

| NO. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the year 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 |
|-----|---|--|------------------------|--------------------|---|-------------------|--------------------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|-------|--|--------------------------------|----------|
| | | | | | December 31, 2015 | December 31, 2015 | | | | | | | Item | Value | | | |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Kunshan Ton Yi Industrial Co., Ltd. | Other receivables | Y | \$ 578,000 | \$ 249,750 | \$ 249,750 | 1.73-4.50 | 2 | \$ - | Operational use | \$ - | - | \$ - | \$ 9,959,259 | \$ 9,959,259 | Note 2 |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 656,500 | - | - | 1.73-1.80 | 2 | - | Operational use | - | - | - | 9,959,259 | 9,959,259 | Note 2 |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 656,500 | - | - | 1.73-1.78 | 2 | - | Operational use | - | - | - | 9,959,259 | 9,959,259 | Note 2 |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Huizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 590,850 | - | - | 1.73-1.81 | 2 | - | Operational use | - | - | - | 9,959,259 | 9,959,259 | Note 2 |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | Other receivables | Y | 328,250 | - | - | 1.73-1.78 | 2 | - | Operational use | - | - | - | 9,959,259 | 9,959,259 | Note 2 |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | Other receivables | Y | 124,875 | 124,875 | 124,875 | 4.00 | 2 | - | Operational use | - | - | - | 114,674 | 229,348 | Note 3 |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 99,900 | 4.00 | 2 | - | Operational use | - | - | - | 573,369 | 573,369 | Note 2 |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Jiangsu Ton Yi Tinplate Co., Ltd. | Other receivables | Y | 124,875 | 49,950 | 49,950 | 4.00 | 2 | - | Operational use | - | - | - | 114,674 | 229,348 | Note 3 |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 24,975 | 24,975 | 24,975 | 4.00 | 2 | - | Operational use | - | - | - | 573,369 | 573,369 | Note 2 |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Chengdu Tongxin Industrial Packing Co., Ltd. | Other receivables | Y | 249,750 | - | - | 4.00 | 2 | - | Operational use | - | - | - | 573,369 | 573,369 | Note 2 |

| NO. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the year 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 |
|-----|--|---------------------------------------|------------------------|--------------------|---|-------------------|--------------------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|-------|--|--------------------------------|----------|
| | | | | | December 31, 2015 | December 31, 2015 | | | | | | | Item | Value | | | |
| 3 | Fujian Ton Yi Tinplate Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | \$ 59,940 | \$ - | \$ - | 6.5 | 2 | \$ - | Operational use | \$ - | - | \$ - | \$ 855,585 | \$ 1,711,169 | Note 3 |
| 4 | Chengdu Tongxin Industrial Packing Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 29,970 | 29,970 | 29,970 | 4.00 | 2 | - | Operational use | - | - | - | 118,085 | 118,085 | Note 2 |
| 4 | Chengdu Tongxin Industrial Packing Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 29,970 | 29,970 | 29,970 | 4.00 | 2 | - | Operational use | - | - | - | 118,085 | 118,085 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Taizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Kunshan Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | 4,995 | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Huizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | 69,904 | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Sichuan Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 5 | Ton Yi (China) Investment Co., Ltd. | Zhanjiang Ton Yi Industrial Co., Ltd. | Other receivables | Y | 149,850 | 149,850 | - | 4.00 | 2 | - | Operational use | - | - | - | 8,130,387 | 8,130,387 | Note 2 |
| 6 | Taizhou Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 4,995 | 3.00 | 2 | - | Operational use | - | - | - | 1,524,452 | 1,524,452 | Note 2 |
| 6 | Taizhou Ton Yi Industrial Co., Ltd. | Huizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 24,975 | - | - | 5.00 | 2 | - | Operational use | - | - | - | 1,524,452 | 1,524,452 | Note 2 |
| 6 | Taizhou Ton Yi Industrial Co., Ltd. | Zhanjiang Ton Yi Industrial Co., Ltd. | Other receivables | Y | 24,975 | - | - | 6.00 | 2 | - | Operational use | - | - | - | 1,524,452 | 1,524,452 | Note 2 |

| NO. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the year 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 |
|-----|---------------------------------------|---------------------------------------|------------------------|--------------------|---|-------------------|--------------------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|-------|--|--------------------------------|----------|
| | | | | | December 31, 2015 | December 31, 2015 | | | | | | | Item | Value | | | |
| 7 | Zhangzhou Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | \$ 99,900 | \$ 99,900 | \$ 25 | 3.00 | 2 | \$ - | Operational use | \$ - | - | \$ - | \$ 1,268,589 | \$ 1,268,589 | Note 2 |
| 8 | Kunshan Ton Yi Industrial Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | Other receivables | Y | 649,350 | 324,675 | 324,675 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 1,135,774 | 1,135,774 | Note 2 |
| 8 | Kunshan Ton Yi Industrial Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 299,700 | 299,700 | 149,850 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 1,135,774 | 1,135,774 | Note 2 |
| 8 | Kunshan Ton Yi Industrial Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 299,700 | 149,850 | 149,850 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 1,135,774 | 1,135,774 | Note 2 |
| 8 | Kunshan Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 104,895 | 99,900 | - | 3.00-6.00 | 2 | - | Operational use | - | - | - | 1,135,774 | 1,135,774 | Note 2 |
| 9 | Beijing Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | - | 3.00 | 2 | - | Operational use | - | - | - | 837,876 | 837,876 | Note 2 |
| 10 | Huizhou Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | - | 3.00 | 2 | - | Operational use | - | - | - | 885,972 | 885,972 | Note 2 |
| 11 | Chengdu Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 19,980 | 3.00 | 2 | - | Operational use | - | - | - | 835,420 | 835,420 | Note 2 |
| 12 | Sichuan Ton Yi Industrial Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 249,750 | 249,750 | 249,750 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 931,002 | 931,002 | Note 2 |
| 12 | Sichuan Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 267 | 3.00 | 2 | - | Operational use | - | - | - | 931,002 | 931,002 | Note 2 |
| 12 | Sichuan Ton Yi Industrial Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 99,900 | 4.00 | 2 | - | Operational use | - | - | - | 931,002 | 931,002 | Note 2 |
| 12 | Sichuan Ton Yi Industrial Co., Ltd. | Huizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 74,925 | 74,925 | 74,925 | 4.00 | 2 | - | Operational use | - | - | - | 931,002 | 931,002 | Note 2 |
| 12 | Sichuan Ton Yi Industrial Co., Ltd. | Taizhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 24,975 | 24,975 | 24,975 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 931,002 | 931,002 | Note 2 |
| 13 | Zhanjiang Ton Yi Industrial Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | Other receivables | Y | 249,750 | 249,750 | 249,750 | 4.00 | 2 | - | Operational use | - | - | - | 707,140 | 707,140 | Note 2 |

| NO. | Creditor | Borrower | General ledger account | Is a related party | Maximum outstanding balance during the year ended | Balance at | Actual amount | Interest rate | Nature of loan (Note 1) | Amount of transactions with the borrower | Reason for short-term financing | Allowance for doubtful accounts | Collateral | | Limit on loans granted to a single party | Ceiling on total loans granted | Footnote |
|-----|---------------------------------------|---------------------------------------|------------------------|--------------------|---|-------------------|---------------|---------------|-------------------------|--|---------------------------------|---------------------------------|------------|-------|--|--------------------------------|----------|
| | | | | | December 31, 2015 | December 31, 2015 | drawn down | | | | | | Item | Value | | | |
| 13 | Zhanjiang Ton Yi Industrial Co., Ltd. | Ton Yi (China) Investment Co., Ltd. | Other receivables | Y | \$ 99,900 | \$ 99,900 | \$ 49,754 | 3 | 2 | \$ - | Operational use | \$ - | - | \$ - | \$ 707,140 | \$ 707,140 | Note 2 |
| 13 | Zhanjiang Ton Yi Industrial Co., Ltd. | Zhangzhou Ton Yi Industrial Co., Ltd. | Other receivables | Y | 99,900 | 99,900 | 99,900 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 707,140 | 707,140 | Note 2 |
| 13 | Zhanjiang Ton Yi Industrial Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | Other receivables | Y | 74,925 | 74,925 | 74,925 | 4.00-5.00 | 2 | - | Operational use | - | - | - | 707,140 | 707,140 | 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) The maximum loan amount to others is 40% of the Company's net assets; the maximum amount for each short-term financing is 20% of the Company's net assets.

(Note 4) Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD:NTD 1 : 32.825 and CNY:NTD 1 : 4.9950.

Ton Yi Industrial Corp.
Provision of endorsements and guarantees to others
Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

| Number | Endorser/ guarantor | Party being endorsed/guaranteed Company name | Relationship with the endorser/ guarantor (Note 1) | Limit on endorsements/ guarantees provided for a single party | Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 | Outstanding endorsement/ guarantee amount at December 31, 2015 | 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 |
|--------|-------------------------|--|--|---|---|--|-----------------------------|--|---|--|--|--|---|----------|
| | | | | | | | | | | | | | | |
| 0 | Ton Yi Industrial Corp. | Sichuan Ton Yi Industrial Co., Ltd. | 2 | \$ 13,123,299 | \$ 1,248,750 | \$ 1,248,750 | \$ 1,248,750 | \$ - | 7 | \$ 13,123,299 | Y | N | Y | Note 2 |
| 0 | Ton Yi Industrial Corp. | Zhanjiang Ton Yi Industrial Co., Ltd. | 2 | 13,123,299 | 999,000 | 999,000 | 999,000 | - | 5 | 13,123,299 | Y | N | Y | Note 2 |
| 0 | Ton Yi Industrial Corp. | Chengdu Ton Yi Industrial Co., Ltd. | 2 | 13,123,299 | 943,490 | 449,340 | 449,340 | - | 2 | 13,123,299 | Y | N | Y | Note 2 |
| 0 | Ton Yi Industrial Corp. | Zhangzhou Ton Yi Industrial Co., Ltd. | 2 | 13,123,299 | 518,405 | 300,382 | 245,719 | - | 2 | 13,123,299 | Y | N | Y | Note 2 |
| 0 | Ton Yi Industrial Corp. | Huizhou Ton Yi Industrial Co., Ltd. | 2 | 13,123,299 | 503,075 | - | - | - | - | 13,123,299 | Y | N | Y | Note 2 |
| 0 | Ton Yi Industrial Corp. | Fujian Ton Yi Tinplate Co., Ltd. | 2 | 13,123,299 | 437,886 | - | - | - | - | 13,123,299 | 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 December 31, 2015 as follows: USD:NTD 1:32.825 and CNY:NTD 1:4.9950.

Ton Yi Industrial Corp.

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

December 31, 2015

Table 3

Expressed in thousands of NTD

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account (Note) | As of December 31, 2015 | | | | Footnote |
|-------------------------|---|---|-------------------------------|---------------------------------|------------|---------------|------------|----------|
| | | | | Number of shares (in thousands) | Book value | Ownership (%) | Fair value | |
| Ton-Yi Industrial Corp. | Stocks: | | | | | | | |
| | JFE Holdings Inc. | — | 1 | 250 | \$ 130,896 | 0.04 | \$ 130,896 | — |
| | 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 | - | — |
| | Emivest Aerospace Corporation | — | 2 | 828 | - | 1.11 | - | — |

(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.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2015

Table 4

Expressed in thousands of NTD

| Investor | Marketable securities | General ledger account | Counterparty | Relationship with the investor | Balance as at January 1, 2015 | | Addition | | Disposal | | | Gain (loss) as at December 31, 2015 | | Balance as at December 31, 2015 | | |
|--|--|------------------------|---|--------------------------------|---------------------------------|--------------|---------------------------------|------------|---------------------------------|---------------|------------|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------|
| | | | | | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Selling price | Book value | Gain (loss) on disposal | Number of shares (in thousands) | Amount | Number of shares (in thousands) | Amount |
| Stock: | | | | | | | | | | | | | | | | |
| Cayman Ton Yi Industrial Holdings Ltd. | Cayman Ton Yi Holdings Ltd. | Note 1 | Capital increase | — | 210,000 | \$ 7,490,912 | 20,000 | \$ 656,500 | — | \$ — | \$ — | \$ — | — | (\$ 17,004) | 230,000 | \$ 8,130,408 |
| Cayman Ton Yi Holdings Ltd. | Cayman Ton Yi (China) Holdings Limited | Note 1 | Capital increase | — | 210,000 | 7,490,912 | 20,000 | 656,500 | — | — | — | — | — | (17,004) | 230,000 | 8,130,408 |
| Cayman Ton Yi (China) Holdings Limited | Ton Yi (China) Investment Co., Ltd. | Note 1 | Capital increase and in exchange of newly issued shares | — | — | 973,470 | — | 7,469,485 | — | — | — | — | — | (312,547) | — | 8,130,408 |
| Ton Yi (China) Investment Co., Ltd. | Sichuan Ton Yi Industrial Co., Ltd. | Note 1 | Capital increase | — | — | 553,106 | — | 366,761 | — | — | — | — | — | 11,135 | — | 931,002 |

(Note 1) Long-term equity investments accounted for under the equity method.

(Note 2) Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2015 as follows: USD:NTD 1:32.825 and CNY:NTD 1:4.9950.

Ton Yi Industrial Corp.

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

Year ended December 31, 2015

Table 5

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) | (\$ 5,693,332) | (33) | 50 days after shipping | \$ - | - | \$ 630,147 | 51 | - |
| Ton Yi Industrial Corp. | Tovecan Corp. | An investee company accounted for under the equity method | (Sales) | (124,954) | (1) | 30 days after arrival at port | - | - | 35,698 | 3 | - |
| Ton Yi Industrial Corp. | Fujian Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Fujian Ton Yi Holding Ltd. accounted for under the equity method | (Sales) | (118,369) | (1) | 50 days after shipping | - | - | 8,494 | 1 | - |
| Ton Yi Industrial Corp. | TTET Union Corp. | An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence | (Sales) | (283,475) | (2) | Monthly-closing basis on 30th of next month, T/T | - | - | 27,228 | 2 | - |
| Cayman Ton Yi Industrial Holdings Ltd. | Ton Yi Industrial Corp. | The Company | Purchases | 5,693,332 | 99 | 50 days after shipping | - | - | (630,147) | (99) | - |
| Cayman Ton Yi Industrial Holdings Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Fujian Ton Yi Holding Ltd. accounted for under the equity method | (Sales) | (3,435,720) | (60) | 50 days after shipping | - | - | 387,076 | 67 | - |
| Cayman Ton Yi Industrial Holdings Ltd. | Jiangsu Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for under the equity method | (Sales) | (2,253,765) | (40) | 50 days after shipping | - | - | 182,176 | 32 | - |
| Tovecan Corp. | Ton Yi Industrial Corp. | The Company | Purchases | 124,954 | 81 | 30 days after arrival at port | - | - | (35,698) | (100) | - |
| Wuxi Ton Yi Industrial Packing Co., Ltd. | Jiangsu Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for under the equity method | Purchases | 503,764 | 60 | 67 days after invoice date, T/T | - | - | (77,224) | (52) | - |

| 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) |
| Wuxi Ton Yi Industrial Packing Co., Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Fujian Ton Yi Holding Ltd. accounted for under the equity method | Purchases | \$ 188,817 | 22 | 67 days after invoice date, T/T | \$ - | - | (\$ 30,665) | (21) | - |
| Fujian Ton Yi Tinplate Co., Ltd. | Cayman Ton Yi Industrial Holdings Ltd. | An investee company accounted for under the equity method | Purchases | 3,435,720 | 89 | 50 days after shipping | - | - | (387,076) | (90) | - |
| Fujian Ton Yi Tinplate Co., Ltd. | Ton Yi Industrial Corp. | The Company | Purchases | 118,369 | 3 | 50 days after shipping | - | - | (8,494) | (2) | - |
| Fujian Ton Yi Tinplate Co., Ltd. | Chengdu Tongxin Industrial Packing Co., Ltd. | An investee company of Wuxi Ton Yi Industrial Co., Ltd. accounted for under the equity method | (Sales) | (192,181) | (4) | 67 days after invoice date, T/T | - | - | - | - | - |
| 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) | (188,817) | (4) | 67 days after invoice date, T/T | - | - | 30,665 | 3 | - |
| Jiangsu Ton Yi Tinplate Co., Ltd. | Cayman Ton Yi Industrial Holdings Ltd. | An investee company accounted for under the equity method | Purchases | 2,253,765 | 88 | 50 days after shipping | - | - | (182,176) | (94) | - |
| 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) | (503,764) | (17) | 67 days after invoice date, T/T | - | - | 77,224 | 13 | - |
| Chengdu Tongxin Industrial Packing Co., Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Fujian Ton Yi Holding Ltd. accounted for under the equity method | Purchases | 192,181 | 65 | 67 days after invoice date, T/T | - | - | - | - | - |
| 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) | (1,915,823) | (78) | Within 22 days of statements settled twice a month, T/T | - | - | 62,004 | 55 | - |

| 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) | |
| 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 | \$ 171,313 | 12 | 15 days after invoice date, T/T | \$ - | - | (\$ 6,177) | (6) | - |
| Taizhou Ton Yi Industrial Co., Ltd. | Uni-President Trading (Hubei) Co., Ltd. | An investee company of parent company (Uni-President Enterprises Corp.) has joint control or significant influence | Purchases | 102,400 | 7 | 15 days after invoice date, T/T | - | - | - | - | - |
| 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) | (2,282,059) | (85) | Within 22 days of statements settled twice a month, T/T | - | - | 179,143 | 79 | - |
| 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) | (2,784,036) | (96) | Within 22 days of statements settled twice a month, T/T | - | - | 113,918 | 84 | - |
| 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 | 295,801 | 15 | 15 days after invoice date, T/T | - | - | (18,233) | (14) | - |
| 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) | (2,406,242) | (99) | Within 22 days of statements settled twice a month, T/T | - | - | 30,712 | 95 | - |
| 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 | 198,440 | 13 | 15 days after invoice date, T/T | - | - | (13,100) | (17) | - |
| 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) | (1,257,727) | (100) | Within 22 days of statements settled twice a month, T/T | - | - | 14,586 | 98 | - |

| Purchaser/seller | Counterparty | Relationship with the counterparty | Transaction | | Percentage of total purchases (sales) | Credit term | Description and reasons for difference in transaction terms compared to third party transactions | | Notes/accounts receivable (payable) | | Footnote |
|---------------------------------------|--|--|-------------------|--------------|---------------------------------------|---|--|-------------|-------------------------------------|---|----------|
| | | | Purchases (sales) | Amount | | | Unit price | Credit term | Balance | Percentage of total notes/accounts receivable (payable) | |
| Huizhou 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 | \$ 138,297 | 16 | 15 days after invoice date, T/T | \$ - | - | (\$ 13,007) | (18) | - |
| 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) | (801,364) | (72) | Within 22 days of statements settled twice a month, T/T | - | - | 17,231 | 27 | - |
| 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) | (1,914,056) | (93) | Within 22 days of statements settled twice a month, T/T | - | - | 230,305 | 92 | - |
| Sichuan 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 | 128,289 | 9 | 15 days after receiving receipts date, T/T | - | - | (13,493) | (8) | - |
| 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 | Purchases | 103,219 | 7 | 33 days after receiving receipts date, T/T | - | - | - | - | - |
| 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) | (1,341,226) | (97) | Within 22 days of statements settled twice a month, T/T | - | - | 52,464 | 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 December 31, 2015 (USD:NTD 1:32.825, CNY:NTD 1:4.9950,VND:NTD 1:0.001405); Amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2015 (USD:NTD 1:31.755665, CNY:NTD 1:5.033206,VND:NTD 1:0.001398).

Ton Yi Industrial Corp.

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

Year ended December 31, 2015

Table 6

Expressed in thousands of NTD

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2015 | | Turnover rate | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|---|---|--|---------------------------------|------------|---------------|---------------------|--------------|---|---------------------------------------|
| | | | Items | Amount | | Amount | Action taken | | |
| Ton Yi Industrial Corp. | Cayman Ton Yi Industrial Holdings Ltd. | An investee company accounted for under the equity method | Accounts receivable | \$ 630,147 | 7.15 | \$ - | - | \$ 630,147 | \$ - |
| 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 | 387,076 | 6.95 | - | - | 387,076 | - |
| 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 | 259,176 | - | - | - | 248,879 | - |
| Cayman Ton Yi Industrial Holdings Ltd. | Jiangsu Ton Yi Tinplate Co., Ltd. | An investee company of Cayman Jiangsu Ton Yi Holdings Ltd. accounted for under the equity method | Accounts receivable | 182,176 | 8.46 | - | - | 180,515 | - |
| 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 | Other receivables | 125,194 | - | - | - | - | - |
| 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 | 100,844 | - | - | - | 944 | - |
| 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 | 179,143 | 15.97 | - | - | 179,112 | - |
| 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 | 325,100 | - | - | - | 14,985 | - |
| 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 | 150,083 | - | - | - | - | - |
| 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 | 150,033 | - | - | - | - | - |
| 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 | 113,918 | 21.64 | - | - | 113,918 | - |
| Sichuan 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 | 250,055 | - | - | - | - | - |

| Creditor | Counterparty | Relationship with the counterparty | Balance as at December 31, 2015 | | | Overdue receivables | | Amount collected subsequent to the balance sheet date | Allowance for doubtful accounts |
|---------------------------------------|---|--|---------------------------------|------------|---------------|---------------------|--------------|---|---------------------------------------|
| | | | Items | Amount | Turnover rate | Amount | Action taken | | |
| 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 | \$ 230,305 | 16.50 | \$ - | - | \$ 230,305 | \$ - |
| Sichuan 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 | 100,165 | - | - | - | - | - |
| Zhanjiang 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 | 250,055 | - | - | - | - | - |
| Zhanjiang 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 | 100,022 | - | - | - | - | - |

(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 December 31, 2015 (USD:NTD 1:32.825, CNY:NTD 1:4.9950).

Ton Yi Industrial Corp.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

Table 7

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 | \$ 5,693,332 | 50 days after shipping | 16% |
| | | | 1 | Accounts receivable | 630,147 | — | 1% |
| | | Tovecan Corp. | 1 | Sales | 124,954 | 30 days after arrival at port | — |
| | | | 1 | Sales | 118,369 | 50 days after shipping | — |
| | | Sichuan Ton Yi Industrial Co., Ltd. | 1 | Endorsement and guarantees | 1,248,750 | — | 3% |
| | | Zhanjiang Ton Yi Industrial Co., Ltd. | 1 | Endorsement and guarantees | 999,000 | — | 2% |
| | | Chengdu Ton Yi Industrial Co., Ltd. | 1 | Endorsement and guarantees | 449,340 | — | 1% |
| | | Zhangzhou Ton Yi Industrial Co., Ltd. | 1 | Endorsement and guarantees | 300,382 | — | 1% |
| 1 | Cayman Ton Yi Industrial Holdings Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | 3 | Sales | 3,435,720 | 50 days after shipping | 9% |
| | | | 3 | Accounts receivable | 387,076 | — | 1% |
| | | Jiangsu Ton Yi Tinplate Co., Ltd. | 3 | Sales | 2,253,765 | 50 days after shipping | 6% |
| | | | 3 | Accounts receivable | 182,176 | — | — |
| | | Kunshan Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 259,176 | — | 1% |
| 2 | Chengdu Ton Yi Industrial Packing Co., Ltd. | Fujian Ton Yi Tinplate Co., Ltd. | 3 | Other receivables | 125,194 | — | — |
| | | Chengdu Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 100,844 | — | — |
| 3 | Fujian Ton Yi Tinplate Co., Ltd. | Chengdu Tongxin Industrial Packing Co., Ltd. | 3 | Sales | 192,181 | 67 days after invoice date | 1% |
| | | Wuxi Ton Yi Industrial Packing Co., Ltd. | 3 | Sales | 188,817 | 67 days after invoice date | 1% |
| 4 | Jiangsu Ton Yi Tinplate Co., Ltd. | Wuxi Ton Yi Industrial Packing Co., Ltd. | 3 | Sales | 503,764 | 67 days after invoice date | 1% |
| 5 | Kunshan Ton Yi Industrial Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 325,100 | — | 1% |
| | | Zhangzhou Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 150,083 | — | — |
| | | Beijing Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 150,033 | — | — |
| 6 | Sichuan Ton Yi Industrial Co., Ltd. | Beijing Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 250,055 | — | 1% |
| | | Zhangzhou Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 100,165 | — | — |

| 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 | |
| 7 | Zhanjiang Ton Yi Industrial Co., Ltd. | Chengdu Ton Yi Industrial Co., Ltd. | 3 | Other receivables | \$ 250,055 | — | 1% |
| | | Zhangzhou Ton Yi Industrial Co., Ltd. | 3 | Other receivables | 100,022 | — | — |

(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 December 31, 2015 (USD:NTD 1:32.825, CNY:NTD 1:4.9950); Amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2015 (USD:NTD 1:31.755665, CNY:NTD 1:5.033206).

Ton Yi Industrial Corp.
Information on investees
Year ended December 31, 2015

Table 8

Expressed in thousands of NTD

| Investor | Investee | Location | Main business activities | Initial investment amount | | Shares held as at December 31, 2015 | | | Net profit (loss) of the investee for the year ended December 31, 2015 | Investment income (loss) recognised by the Company for the year ended December 31, 2015 | Footnote |
|--|--|----------|--------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------|--------------|--|---|---------------------|
| | | | | Balance as at December 31, 2015 | Balance as at December 31, 2014 | 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 | \$ 9,943,210 | \$ 182,759 | \$ 182,759 | Subsidiary |
| Ton Yi Industrial Corp. | Tovecan Corp. | Vietnam | Manufacturing of cans | 43,740 | 43,740 | - | 51.00 | 54,135 | (1,804) | (920) | Subsidiary |
| Cayman Ton Yi Industrial Holdings Ltd. | Cayman Ton Yi Holdings Ltd. | Cayman | General investment | 7,549,750 | 6,893,250 | 230,000,000 | 100.00 | 8,130,408 | 436,127 | - | Subsidiary (Note 1) |
| Cayman Ton Yi Industrial Holdings Ltd. | Cayman Fujian Ton Yi Industrial Holdings Ltd. | Cayman | General investment | 2,102,838 | 2,102,838 | 8,727 | 100.00 | 3,802,256 | (297,265) | - | Subsidiary (Note 1) |
| Cayman Ton Yi Industrial Holdings Ltd. | Cayman Jiangsu Ton Yi Industrial Holdings Ltd. | Cayman | General investment | 1,178,509 | 1,178,509 | 5,000 | 100.00 | 2,219,138 | (251,290) | - | Subsidiary (Note 1) |
| Cayman Ton Yi Holdings Ltd. | Cayman Ton Yi (China) Holdings Limited | Cayman | General investment | 7,549,750 | 6,893,250 | 230,000,000 | 100.00 | 8,130,408 | 436,127 | - | 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 December 31, 2015 (USD:NTD 1:32.825); amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2015 (USD:NTD 1:31.755665).

Ton Yi Industrial Corp.
Information on investments in Mainland China
Year ended December 31, 2015

Table 9

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 for the year ended December 31, 2015 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015 | Net income of investee for the year ended December 31, 2015 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the year ended December 31, 2015 | Book value of investments in Mainland China as of December 31, 2015 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015 | Footnote | |
|--|-------------------------------|-----------------|----------------------|--|----------------------------------|---|---|--|---|--|---|----------|--------|
| | | | | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 | Remitted to Mainland China | | | | | | | | |
| Wuxi Ton Yi Industrial Packing Co., Ltd. | Manufacturing of cans | \$ 319,059 | Note 1 | \$ 229,775 | \$ - | \$ - | \$ 229,775 | (\$ 20,487) | 100.00 | (\$ 45,657) | \$ 599,204 | \$ - | Note 7 |
| Chengdu Ton Yi Industrial Packing Co., Ltd. | Manufacturing of cans | 246,187 | Note 1 | 246,187 | - | - | 246,187 | 361,180 | 100.00 | 370,727 | 573,371 | - | Note 7 |
| Changsha Ton Yi Industrial Co., Ltd. | Sales of cans | 229,775 | Note 1 | - | - | - | - | 13,723 | 100.00 | 13,723 | 232,098 | - | Note 7 |
| Fujian Ton Yi Tinplate Co., Ltd. | Manufacturing of tinplate | 2,839,363 | Note 2 | 1,751,115 | - | - | 1,751,115 | (342,454) | 86.80 | (297,265) | 3,726,312 | - | Note 7 |
| Jiangsu Ton Yi Tinplate Co., Ltd. | Manufacturing of tinplate | 1,313,000 | Note 3 | 910,894 | - | - | 910,894 | (303,278) | 82.86 | (251,290) | 2,070,255 | - | Note 7 |
| Chengdu Tongxin Industrial Packing Co., Ltd. | Manufacturing of cans | 149,850 | Note 4 | - | - | - | - | (51,363) | 100.00 | (51,363) | 118,085 | - | Note 7 |
| Ton Yi (China) Investment Co., Ltd. | General investment | 7,549,750 | Note 5 | 984,750 | - | - | 984,750 | 165,896 | 100.00 | 165,896 | 8,130,408 | - | Note 7 |
| Taizhou Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | 984,750 | - | - | 984,750 | 167,765 | 100.00 | 167,765 | 1,524,452 | - | Note 7 |
| Zhangzhou Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | 984,750 | - | - | 984,750 | 103,591 | 100.00 | 103,591 | 1,268,589 | - | Note 7 |
| Kunshan Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | - | - | - | - | 101,895 | 100.00 | 101,895 | 1,135,774 | - | Note 7 |
| Beijing Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | - | - | - | - | (52,282) | 100.00 | (52,282) | 837,876 | - | Note 7 |
| Huizhou Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | 196,950 | - | - | 196,950 | 1,645 | 100.00 | 1,645 | 885,972 | - | Note 7 |
| Chengdu Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | 377,488 | - | - | 377,488 | 3,523 | 100.00 | 3,523 | 835,420 | - | Note 7 |
| Sichuan Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 984,750 | Note 6 | - | - | - | - | 11,221 | 100.00 | 11,221 | 931,002 | - | Note 7 |
| Zhanjiang Ton Yi Industrial Co., Ltd. | Manufacturing of PET packages | 656,500 | Note 6 | - | - | - | - | 95,169 | 100.00 | 95,169 | 707,140 | - | Note 7 |

| <u>Company name</u> | <u>Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015</u> | <u>Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)</u> | <u>Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 8)</u> |
|-------------------------|---|---|---|
| Ton Yi Industrial Corp. | \$ 6,666,659 | \$ 12,119,226 | \$ 11,877,557 |

(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 Limited), 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) The financial statements were audited by the independent accountants of parent company in Taiwan.

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

(Note 9) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances of receivable and payable were translated using the exchange rate as at December 31, 2015 (USD:NTD 1:32.825, CNY:NTD 1:4.9950);

Amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2015 (USD:NTD 1:31.755665, CNY:NTD 1:5.033206).

Ton Yi Industrial Corp.

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

Year ended December 31, 2015

Table 10

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 December 31, 2015 | % | Balance at December 31, 2015 | Purpose | Maximum balance during the year ended December 31, 2015 | Balance at December 31, 2015 | Interest rate | Interest during the year ended December 31, 2015 | Others |
| Fujian Ton Yi Tinplate Co., Ltd. | \$ 3,554,089 | 21 | \$ - | - | \$ 395,570 | 37 | \$ - | - | \$ - | \$ - | - | \$ - | - |
| Jiangsu Ton Yi Tinplate Co., Ltd. | 2,253,765 | 13 | - | - | 182,176 | 17 | - | - | - | - | - | - | - |
| Sichuan Ton Yi Industrial Co., Ltd. | - | - | - | - | - | - | 1,248,750 | Financing endorsement/guarante | - | - | - | - | - |
| Zhanjiang Ton Yi Industrial Co., Ltd. | - | - | - | - | - | - | 999,000 | Financing endorsement/guarante | - | - | - | - | - |
| Chengdu Ton Yi Industrial Co., Ltd. | - | - | - | - | - | - | 449,340 | Financing endorsement/guarante | - | - | - | - | - |
| Zhangzhou Ton Yi Industrial Co., Ltd. | - | - | - | - | - | - | 300,382 | Financing endorsement/guarante | - | - | - | - | - |