TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash	$ 2,977,077	41	$ 1,808,104	29
Debt investments with no active market - current	1,323,850	18	1,615,950	26
Accounts receivable	2,303,838	31	2,067,681	34
Other receivables	1,097	-	3,407	-
Other receivables from related parties	-	-	341	-
Inventories	48,737	1	49,584	1
Prepayments	48,152	1	6,567	-
Other current assets	658	-	627	-
Total current assets	6,703,409	92	5,552,261	90
NON-CURRENT ASSETS				
Property, plant and equipment	342,641	5	365,340	6
Deferred tax assets	27,645	-	14,056	-
Refundable deposits	228	-	231	-
Long-term prepayments for lease	223,004	3	231,738	4
Other prepayments	8,936	-	-	-
Total non-current assets	602,454	8	611,365	10
TOTAL	$ 7,305,863	100	$ 6,163,626	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ 933,817	13	$ 768,675	12
Accounts payable	1,277,635	17	1,151,760	19
Other payables	140,346	2	137,064	2
Other payables to related parties	6,077	-	365	-
Current tax liabilities	134,047	2	48,609	1
Other current liabilities	3	-	3	-
Total current liabilities	2,491,925	34	2,106,476	34
NON-CURRENT LIABILITIES				
Deferred tax liabilities	307,250	4	311,324	5
Guarantee deposit received	2,333	-	3,937	-
Total non-current liabilities	309,583	4	315,261	5
Total liabilities	2,801,508	38	2,421,737	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	787,096	11	702,760	11
Capital surplus	1,517,887	21	1,398,377	23
Retained earnings				
Legal reserve	293,641	4	220,116	4
Special reserve	192,141	2	-	-
Unappropriated earnings	1,962,760	27	1,612,777	26
Total retained earnings	2,448,542	33	1,832,893	30
Other equity	(249,170)	(3)	(192,141)	(3)
Total equity	4,504,355	62	3,741,889	61
TOTAL	$ 7,305,863	100	$ 6,163,626	100

TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
SALES	$ 5,916,268	100	$ 5,695,817	100
COST OF GOODS SOLD	3,613,793	61	3,488,434	61
GROSS PROFIT	2,302,475	39	2,207,383	39
OPERATING EXPENSES				
Selling and marketing expenses	773,667	13	851,206	15
General and administrative expenses	284,014	5	266,938	5
Research and development expenses	78,809	1	56,900	1
Total operating expenses	1,136,490	19	1,175,044	21
PROFIT FROM OPERATIONS	1,165,985	20	1,032,339	18
NON-OPERATING INCOME AND EXPENSES				
Interest income	29,691	-	17,785	-
Rental revenue	30,355	1	43,884	1
Other income	933	-	1,737	-
Gain on financial assets at fair value through profit or loss	515	-	-	-
Interest expenses	(16,172)	-	(7,574)	-
Other expenses	-	-	(43)	-
Loss on disposal of property, plant and equipment	(6)	-	(1)	-
Gain (loss) on foreign currency exchange	48,797	1	(47,648)	(1)
Total non-operating income and expenses	94,113	2	8,140	-
PROFIT BEFORE INCOME TAX	1,260,098	22	1,040,479	18
INCOME TAX EXPENSE	347,181	6	305,229	5
NET PROFIT FOR THE PERIOD	912,917	16	735,250	13
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	(34,768)	(1)	(285,493)	(5)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 878,149	15	$ 449,757	8

(Continued)

TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 912,917	15	$ 735,250	13
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 878,149	15	$ 449,757	8
EARNINGS PER SHARE				
Basic	$ 11.81		$ 9.58	
Diluted	$ 11.74		$ 9.56	

(Concluded)

TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
	Share Capital			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unearned Employee Benefit	Total Equity
BALANCE AT JANUARY 1, 2016	58,080	$ 580,800	$ 1,318,627	$ 136,483	$ -	$ 1,396,760	$ 93,352	$ -	$ 3,526,022
Appropriation of 2015 earnings									
Legal reserve	-	-	-	83,633	-	(83,633)	-	-	-
Cash dividends distributed by the Company - NT$5.5 per share	-	-	-	-	-	(319,440)	-	-	(319,440)
Share dividends distributed by the Company - NT$2.0 per share	11,616	116,160	-	-	-	(116,160)	-	-	-
	11,616	116,160	-	83,633	-	(519,233)	-	-	(319,440)
Net profit for the year ended December 31, 2016	-	-	-	-	-	735,250	-	-	735,250
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(285,493)	-	(285,493)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	735,250	(285,493)	-	449,757
Issue of employee restricted shares	580	5,800	79,750	-	-	-	-	(85,550)	-
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	85,550	85,550
BALANCE AT DECEMBER 31, 2016	70,276	702,760	1,398,377	220,116	-	1,612,777	(192,141)	-	3,741,889
Appropriation of 2016 earnings									
Legal reserve	-	-	-	73,525	-	(73,525)	-	-	-
Special reserve	-	-	-	-	192,141	(192,141)	-	-	-
Cash dividends distributed by the Company - NT$3.23 per share	-	-	-	-	-	(226,992)	-	-	(226,992)
Share dividends distributed by the Company - NT$1.00 per share	7,028	70,276	-	-	-	(70,276)	-	-	-
	7,028	70,276	-	73,525	192,141	(562,934)	-	-	(226,992)
Net profit for the year ended December 31, 2017	-	-	-	-	-	912,917	-	-	912,917
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(34,768)	-	(34,768)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	912,917	(34,768)	-	878,149
Issue of employee restricted shares	1,406	14,060	119,510	-	-	-	-	(133,570)	-
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	111,309	111,309
BALANCE AT DECEMBER 31, 2017	78,710	$ 787,096	$ 1,517,887	$ 293,641	$ 192,141	$ 1,962,760	$ (226,909)	$ (22,261)	$ 4,504,355

TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,260,098	$ 1,040,479
Adjustments for:		
Depreciation expenses	22,743	24,440
Gain on financial assets at fair value through profit or loss	(515)	-
Interest expenses	16,172	7,574
Interest income	(29,691)	(17,785)
Compensation cost of share-based payments	111,309	85,550
Loss on disposal of property, plant and equipment	6	1
Write down of inventories	3,830	1,560
Amortization of prepayments for lease	6,046	6,505
Changes in operating assets and liabilities		
Financial assets held for trading	515	-
Accounts receivable	(256,149)	(259,570)
Other receivables	(226)	-
Other receivables from related parties	333	(341)
Inventories	(3,545)	4,197
Prepayments	(41,129)	14,537
Other current assets	(38)	(15)
Accounts payable	137,083	189,436
Other payables	(1,927)	6,757
Other payables to related parties	(357)	365
Cash generated from operations	1,224,558	1,103,690
Income tax paid	(276,421)	(379,448)
Net cash generated from operating activities	948,137	724,242
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(1,847,870)	(2,230,540)
Proceeds on sale of debt investments with no active market	2,118,290	1,066,780
Payments for property, plant and equipment	(4,404)	-
Proceeds from disposal of property, plant and equipment	3	-
Decrease in refundable deposits	-	29
Increase in other prepayments	(8,823)	-
Interest received	31,934	17,347
Net cash generated from (used in) investing activities	289,130	(1,146,384)

(Continued)

TOPBI INTERNATIONAL HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 1,666,971	$ 397,963
Repayment of short-term borrowings	(1,495,380)	-
Decrease in guarantee deposit received	(1,540)	(1,891)
Dividends paid to owners of the Company	(220,073)	(309,672)
Interest paid	(10,172)	(7,574)
Net cash generated from (used in) financing activities	(60,194)	78,826
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(8,100)	(152,602)
NET INCREASE (DECREASE) IN CASH	1,168,973	(495,918)
CASH AT THE BEGINNING OF THE YEAR	1,808,104	2,304,022
CASH AT THE END OF THE YEAR	$ 2,977,077	$ 1,808,104

(Concluded)