

FORMOSA TAFFETA CO., LTD.

2016 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK (SUMMARY)

(This English translation is prepared in compliance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

JUNE 24, 2016

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FORMOSA TAFFETA CO., LTD.

2016 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

I. Call Meeting to Order

II. Chairman's Speech

III. Discussion Item(s) (I)

IV. Reporting Items

V. Ratification Items

VI. Discussion Item(s) (II)

VII. Extraordinary Motions

VIII. Meeting Adjourned

FORMOSA TAFFETA CO., LTD.

2016 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Friday, June 24th, 2016

Venue: 317, Shu Liu Rd., Douliu 640, Yunlin County, Taiwan

I. Discussion Item(s) (I)

1. Amendments of the Articles of Incorporation of the Company, shown on the attached comparison table
Please discuss and resolve.

II. Report Items

1. Business report for 2015
2. Supervisors' review Report for 2015
3. Report of compensation of employees, directors and supervisors for 2015

III. Ratification Items

1. The 2015 business report and financial statements required by the Company Act
Please ratify them.
2. The proposal for distribution of 2015 profits required by the Company Act
Please ratify it.

IV. Discussion Item(s) (II)

1. Amendments of the Rules for Election of Directors and Supervisors of the Company, shown on the attached comparison table, for the establishment of an audit committee according to regulations of the Financial Supervisory Commission
Please discuss and resolve.

Discussion Item(s) (I)**Proposal 1**

Proposal: Amendments of the Articles of Incorporation of the Company, shown on the attached comparison table
Please discuss and resolve.

Proposed by the Board of Directors

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|-------------------|---|-------------------|---|--|
| Chapter IV | <u>Directors and Supervisors</u> | Chapter IV | Directors | |
| Article 18 | The Company shall have 11 Directors <u>and 3 Supervisors</u> , and they shall be elected by shareholders from the nominees listed in the roster of candidates under the candidate nomination system. The term of office of directors <u>and supervisors</u> shall be three years, and they shall be eligible for re-elections and consecutive terms. The total shares of nominal stocks held by the entire body of directors <u>and supervisors</u> of the Company shall not be | Article 18 | The Company shall have 11 Directors, and they shall be elected by shareholders from the nominees listed in the roster of candidates under the candidate nomination system. The term of office of directors shall be three years, and they shall be eligible for re-elections and consecutive terms. The total shares of nominal stocks held by the entire body of directors of the Company shall not be less than a specified percentage of its total | In response to the requirement made by the Competent Securities Authority, an audit committee shall be established, and rules referring to the supervisors shall be deleted. |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|---|---------|---|-------------------------|
| | <p>less than a specified percentage of its total issued shares; the rules regulating the minimum percentage shall follow the ones prescribed by the Competent Securities Authority.</p> <p>The entire body of directors in the preceding paragraph shall include three independent directors, whose nomination, election methods and other related matters shall be conducted in compliance with the Company Act and related regulations of Competent Securities Authority.</p> <p>The board of directors is authorized to determine the compensation of directors <u>and supervisors</u> according to their extent and</p> | | <p>issued shares; the rules regulating the minimum percentage shall follow the ones prescribed by the Competent Securities Authority.</p> <p>The entire body of directors in the preceding paragraph shall include three independent directors, whose nomination, election methods and other related matters shall be conducted in compliance with the Company Act and related regulations of Competent Securities Authority.</p> <p><u>The Company shall establish an audit committee composed of the entire body of independent directors under the Article 14-4 of the Securities and Exchange Act, and the exercise of powers</u></p> | |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|-------------------|--|-------------------|--|---|
| | <p>value of the contribution provided for the Company and the common compensation standards of the same industry.</p> <p>The Company shall buy D&O insurance for the directors <u>and supervisors</u> during the term.</p> | | <p><u>of the Audit Committee and the related shall follow the Securities and Exchange Act and other relevant laws and regulations.</u></p> <p>The board of directors is authorized to determine the compensation of directors according to their extent and value of the contribution provided for the Company and the common compensation standards of the same industry.</p> <p>The Company shall buy D&O insurance for the directors during the term.</p> | |
| <p>Article 22</p> | <p>The Company's business polices and other critical matters shall be resolved by the board of directors. Pursuant to Article</p> | <p>Article 22</p> | <p>The Company's business polices and other critical matters shall be resolved by the board of directors. Pursuant to Article</p> | <p>In response to the establishment of a vice chariman, the first</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|---|---------|---|--|
| | <p>203 of the Company Act, except the first meeting of each term of the board of directors, meetings shall be convened and presided by the chairman of the board of directors. In case the chairman of the board of directors <u>cannot exercise his power and authority, he shall designate one of the managing directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.</u></p> <p>During the recess of the board of directors, the Company's board of directors may authorize the</p> | | <p>203 of the Company Act, except the first meeting of each term of the board of directors, of each term of the board of directors, meetings shall be convened and presided by the chairman of the board of directors. In case the chairman of the board of directors <u>is on leave or absent or cannot exercise his power and authority for any cause, a designation shall be executed pursuant to Article 208 of the Company Act.</u></p> <p>During the recess of the board of directors, the Company's board of directors may authorize the chairman to exercise its power and authority, except for requirements of laws</p> | <p>paragraph of this article is amended.</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|---|----------------|--|--------------------------------|
| | <p>chairman to exercise its power and authority, except for requirements of laws or regulations or the Company's Articles of Incorporation, and matters that involve the Company's material interest or significant transactions with related parties and shall be resolved by the board of directors, as follows:</p> <ol style="list-style-type: none"> 1. Examination and approval of all important contracts 2. Examination and approval of mortgages and other loans 3. Examination and approval of the purchase and disposal of the Company's properties and | | <p>or regulations or the Company's Articles of Incorporation, and matters that involve the Company's material interest or significant transactions with related parties and shall be resolved by the board of directors, as follows:</p> <ol style="list-style-type: none"> 1. Examination and approval of all important contracts. 2. Examination and approval of mortgages and other loans 3. Examination and approval of the purchase and disposal of the Company's properties and real estate 4. Appointment of directors and supervisors of | |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|-------------------|--|-------------------|--|--|
| | <p>real estate</p> <p>4. Appointment of directors and supervisors of invested enterprises</p> <p>5. Examination and approval of record dates of capital increase/reduction and the record date of distribution of cash dividend</p> | | <p>invested enterprises</p> <p>5. Examination and approval of record dates of capital increase/reduction and the record date of distribution of cash dividend</p> | |
| <p>Article 23</p> | <p>Except for what are as otherwise stated in the Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. If a director is, for any reason, unable to attend a board meeting in</p> | <p>Article 23</p> | <p>Except for what are as otherwise stated in the Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting that shall be attended by a majority of all directors. If a director is, for any reason, unable to attend a board meeting in</p> | <p>In response to the requirement made by the Competent Securities Authority, an audit committee shall be established, and rules referring to the supervisors shall be</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|--|---------|---|-------------------------|
| | <p>person, he or she may appoint another director to attend as their proxy by giving to that director a written proxy stating the scope of authorization with respect to the reasons for the meeting. However, <u>a person</u> may accept a proxy from one person only. Attendance via tele- or video-conference is deemed as attendance in person.</p> <p>The reasons for calling a board of directors meeting shall be notified to each director <u>and supervisor</u> at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The</p> | | <p>person, he or she may appoint another director to attend as their proxy by giving to that director a written proxy stating the scope of authorization with respect to the reasons for the meeting. However, <u>a proxy</u> may accept a proxy from one person only. Attendance via tele- or video-conference is deemed as attendance in person.</p> <p>The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The notice set forth in the</p> | <p>deleted.</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|---|----------------|---|--|
| | notice set forth in the preceding paragraph may be effected in writing, electronic form, or by fax. | | preceding paragraph may be effected in writing, electronic form, or by fax. | |
| Article 25 | Besides independently exercising his or her power and authority pursuant to relevant laws and regulations, a supervisor may attend meetings of the board of directors, but he or she shall not participate in voting. | Article 25 | (Deleted) | In response to the establishment of an audit committee, this article is deleted. |
| Article 27 | In compliance with Article 23 of Articles of Incorporation, the Company hires advisors and important officers by the resolution of the board of directors. | Article 27 | (Deleted) | In response to practical operations, this article is deleted. |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|--|----------------|--|--|
| Article 28 | The appointment or dismissal of the other officers shall be conducted by the general manager and reported to the board of directors for examination and approval. | Article 28 | (Deleted) | In response to practical operations, this article is deleted. |
| Article 29 | The fiscal year of the Company shall be from January 1 to December 31 every year. After the close of each fiscal year, the board of directors shall prepare statements and records, shown on the left, at shareholders' meeting for their auditing after forwarding them to supervisors for examination 30 days before the general shareholders' meeting: (1) the business report; (2) the financial statements; and | Article 29 | The fiscal year of the Company shall be from January 1 to December 31 every year. After the close of each fiscal year, the board of directors shall prepare <u>the following</u> statements and records <u>and</u> forward the same at shareholders' meeting for their auditing: (1) the business report; (2) the financial statements; and (3) the surplus earning distribution or loss off-setting proposals. | In response to the establishment of an audit committee, rules referring to supervisors shall be deleted. |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|---|------------|--|--|
| | (3) the surplus earning distribution or loss off-setting proposals. | | | |
| | (Appended) | Article 30 | <p>If there is profit, 0.05% to 0.5% of pre-tax profit of the current year that does not deduct employees' and directors' compensation shall be distributed as employees' compensation and at most 0.5% of such profit as directors' compensation.</p> <p>However, the Company's accumulated losses shall have been covered.</p> <p>In regard to resolutions of employees' and directors' compensation, Article 235-1 of the Company Act shall govern.</p> | <p>In response to Act 235-1 of the Company Act, regulations with respect to the distribution of employees' and directors' compensation are appended.</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|---|----------------|--|--|
| Article 30 | Besides the appropriation of income tax pursuant to relevant laws and regulations, the annual net income shall be used initially to cover any accumulated deficit, then another 10% shall be set aside as legal reserve and, if necessary, special reserve and then the dividends. The remainder <u>(distributable earnings after interest)</u> plus the unappropriated earnings of the previous years shall be distributed according to the resolution of the shareholders' dividend distribution plan, which shall be proposed by the Board of Directors and adopted by the | Article 31 | Besides the appropriation of income tax pursuant to relevant laws and regulations, the annual net income shall be used initially to cover any accumulated deficit, then another 10% shall be set aside as legal reserve and, if necessary, special reserve, and then the dividends. The remainder plus the unappropriated earnings of the previous years shall be distributed according to the resolution of the shareholders' dividend distribution plan, which shall be proposed by the Board of Directors and adopted by the Annual Shareholders' | In response to the creation of regulations with respect to employees' and directors' compensation, the 3rd paragraph of the original article is deleted and the order of articles is adjusted. |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|---|---------|---|-------------------------|
| | <p>shareholders in the Annual Shareholders' Meeting.</p> <p>The aforesaid special reserves include:</p> <ol style="list-style-type: none"> 1. Reserve for special purposes 2. Investment income recognized under the equity method 3. Net proceeds from the recognition of financial transactions, only when the accumulated value decrease should the special reserve be adjusted by the same amount, subject to the provisions in this section 4. Other special reserves set out by legal provisions. | | <p>Meeting.</p> <p>The aforesaid special reserves include:</p> <ol style="list-style-type: none"> 1. Reserve for special purposes 2. Investment income recognized under the equity method 3. Net proceeds from the recognition of financial transactions, only when the accumulated value decrease should the special reserve be adjusted by the same amount, subject to the provisions in this section 4. Other special reserves set out by legal provisions. <p>As the Company operated in a volatile</p> | |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|---------|---|---------|--|-------------------------|
| | <p><u>After deducting the above item, the remaining earnings, if any, shall be appropriated up to 1 % as directors' and supervisors' compensation, and 0.1% to 1% as employees' s bonus, which shall be recognized as current expense.</u></p> <p>As the Company operated in a volatile business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal</p> | | <p>business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to exceed 50 % of the total dividends.</p> | |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|--|----------------|--|---|
| | <p>reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to exceed 50 % of the total dividends.</p> | | | |
| Article 31 | <p>The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.</p> | Article 32 | <p>The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.</p> | <p>The amendment of Articles is accompanied with the adjustment of the sequence number of Articles.</p> |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|--|----------------|--|--|
| Article 32 | In regard to all matters not provided for in these Articles of Incorporation, the Company Act, other related laws and regulations shall govern. | Article 33 | In regard to all matters not provided for in these Articles of Incorporation, the Company Act, other related laws and regulations shall govern. | The amendment of Articles is accompanied with the adjustment of the sequence number of Articles. |
| Article 33 | If the extra employees' welfare funds are available, under the circumstances that the employees' welfare committee has implemented every related employees' welfare business, the amount of not exceeding 10% of the funds can be used for the purchase of "shares in fractional units and government bonds of the Company". | Article 34 | If the extra employees' welfare funds are available, under the circumstances that the employees' welfare committee has implemented every related employees' welfare business, the amount of not exceeding 10% of the funds can be used for the purchase of "shares in fractional units and government bonds of the Company". | The amendment of Articles is accompanied with the adjustment of the sequence number of Articles. |

| Article | Before Amendment | Article | After Amendment | Reason(s) for Amendment |
|----------------|-------------------------|----------------|--|--|
| Article 34 | (Omitted) | Article 35 | ‘ <u>The 46th amendment is added to the existing Article on June 24, 2016. Such amendment regarding the establishment of an Audit Committee and deletion of supervisors will be applied upon the expiry of the term of office of supervisors elected at the annual shareholders’ meeting on June 24, 2013.</u> ’ | The adjustment of the sequence number of Articles is synchronized with the amendment of Articles, and dates of the amendment and administration are added. |

Resolution:

Report Items

1. Business Report for 2015

Explanatory Notes:

Please refer to Page 13 for the Business Report for 2015.

2. Supervisors’ Review Report for 2015

Explanatory Notes:

The Company's Supervisors reviewed the financial statements of 2015 and issued their review report according to the applicable laws. Please refer to Page 21 for the Supervisors' Review Report.

3. Report of compensation of employees, directors and supervisors for 2015

Explanatory Notes:

According to the newly amended Article 30 of Articles of Incorporation approved by the Board of Directors on March 16, 2016, 0.2% of 2015 pre-tax income without deductions of compensation of employees, directors and supervisors, NT \$ 6,096,167, is appropriated as employees' compensation; another 0.1%, NT\$ 3,048,083, is as directors' and supervisors' compensation. The aforementioned compensation is all paid in cash.

Formosa Taffeta Company Limited
2015 Annual Business Report

1. 2015 Overview of Operations

In 2015, the Company's consolidated revenue was US\$ 1,296,576 thousand, a decrease of US\$ 160,846 thousand, or 11%, from US\$ 1,457,422 thousand reported in 2014. The consolidated pre-tax income was US\$ 113,751 thousand, a decrease of US\$ 12,420 thousand, or 9.8%, from US\$ 126,171 thousand reported in 2014.

2. Operations Highlight

Through reviewing operations in 2015, operating performance was deeply impacted by the international financial circumstances, primarily including declining oil prices throughout the year, falling raw material prices, partial capital markets (stock/future/bond) bubbles derived from easy monetary, a lower growth rate of Mainland China than previous years, competitive currency devaluation of the non-US dollars, and so on. This led to a decrease of US\$ 160,846 thousand, by 11%, of the Company's revenue, which was primarily attributed to a dramatic drop—NT\$ 3.3 billion—in revenue of the Oil Business Division, whose decline resulted from the falling oil prices. The secondary factor in such decline was difficulty in raising the selling price of all products, which arose from falling prices of raw materials.

The above circumstances are conservatively expected to be improved because there is going to be a pick-up in economy. The demand for functional sportswear in America and Europe significantly increases in 2015, which will facilitate popularity of functional garments, and such popularity appears to last till 2016. Besides, there will be no too much room for the international oil prices to go on falling. Furthermore, steel, cement, coal and other heavy industries in China engage in cutting excessive industrial capacity; this may allow raw material prices to rally. The aforementioned are all beneficial to the growth of the Company's operating performance.

3. 2016 Operation Plans and Outlook

The business plans and outlook of seven major product categories for 2016 are as follows:

(1) Filament dyeing processed fabrics:

The end markets of filament fabrics are mainly in four categories: Outdoor Performance, Sportswear, Casual Fashion and Umbrella. The Company's textile products keep pace with diversified development trends; R&D and sales of functional and differential products, such as lightweight fine denier fabric, stretch fabric, waterproof and breathable laminated and coated fabrics, etc. are expanded so as to increase the ratio of volume to price, and to promote production process improvement, cost reduction and energy conservation in line with SOP in each weaving/dyeing plant at home and abroad. Requirements of many performance assessment indicators were thus met in 2015.

For filament fabric, in the aspect of production and sales, we are active in developing new brand customers and continue to deepen the close cooperation with current strategic brand partners of the supply chain by involving ourselves in their planning and designs of new seasonal products , and form an alliance with supply chain manufacturers that are designated by brand customers, by working together on from design and development to the employment of raw materials to promotion of garments so as to dominate distribution channels and increase the market shares. From operation perspective, we integrated the individual advantages of five plants in Taiwan, Mainland China and Vietnam, and allocate their capacity to enhance the overall synergy. With such efforts, strategic partnerships with Chinese brand customers of sportswear and outdoor casual clothing have been growing in 2015, which injects vitality into the Company; moreover, significant progress in transformations of some products has been made under such collaboration. As for cooperation on export and feather down fashion markets, bitter cold in high northern latitudes is

highly beneficial to the increase of demand for thermal clothing. In the Vietnam Plant, differentiation of product lines is strengthened through the installment of wet-process coating machines and thermal paper transfer machines, which may increase opportunities to build relationships with strategically cooperative customers. The quantity and added value of textiles of this plant synchronously grow on account of multinational duty exemption and preferences, zero export duties on apparel sold in Japan, and, especially, a match between the differentiated functional fabrics and Japanese demand for sportswear and fashion garments of masstige brands.

Looking to 2016, there is potential for the global market of functional textiles to grow with the expansion of the strategic cooperation with the garment supply chain on sales of apparel, the development of new brand customers, innovation and R&D of products, and solid cultivation of mutually beneficial relationships with brand manufacturers. It is predicted that sales will be better than those in 2015, which will bring about the growth of financial performance in 2016.

(2) Tyre cord:

In recent years, some orders of the Taiwan Plant are either lost or shifted to the Vietnamese Plant for production, which results from the disadvantage of tariffs on exports, unremitting expansion of capacity of enterprises in the same industry, price competition and excess supply in Asia, and so forth. Equipment with an annual capacity of 12,000 tons in the new plants in Vietnam is in place in the fourth quarter of 2014. Coarse denier is the main product and sold to markets nearby Vietnam, and markets in ASEAN, KOREA, and China. In 2015, the ratio of sales to capacity is 80%, which suggests a growth of revenue and a decrease of loss. In 2015, many challenges confronting plants in Taiwan and Vietnam are all overcome with vigorous efforts. There is a slight fall of revenue in 2014, compared to that in 2015, because international prices of both tyre cord yarn and fabric go down at the same time while there

is a significant increase in profits, which can mainly be attributed to the depreciation of the New Taiwanese dollar, fine denier yarn, differentiated specifications, and diversity of product mixes.

As to the outlook for 2016, the economies of scale of the Vietnam Plant will escalate in that the production in Phase One is of full capacity, that there is zero tariff in ASEAN markets, and that an annual capacity of 12,000 tons will be gradually carried out from July derived from the expansion in Phase Two. Such expansion of economies of scale allows flexible assortments of products for enhancement of product competitiveness and adaptation to market changes. Moreover, the commencement of the TPP agreement will enable better competitiveness and the broader spread of Vietnamese products by means of tariff preferences on exports to the US and Asia-Pacific countries. The missions for the Taiwan Plant are to develop customers of the top global 30 brands of tire manufacturers, strengthen the flexibility of assortments of products, and take more orders of differentiated products. Based on the aforementioned, profits in 2016 are expected to grow.

(3) Cotton Yarn:

The Spinning Plant continued to provide thermal clothing to primary domestic distribution channels, such as 7-11, the website of CORPO-X, Pierre Cardin, Crocodile and some warehouse wholesalers, and so forth in 2015. Besides stable supply of bamboo charcoal fiber, far infrared ray fiber, anion fiber, hollow section fiber, germanium fiber, bamboo fiber, moisture absorbing & quick drying fiber, etc., fibers with high price-per-unit, made from seaweed, zinc oxide and silver, are introduced into markets one after another and in mass production as materials of sports brands with a worldwide reputation. Output of these three fibers in 2016 is expected to go up, which can boost overall output value.

Regarding the outlook for 2016, current long-term strategic

alliances with suppliers of raw materials and cooperation with the up-, mid- and down-stream vendors of supply chains possibly come closer. Despite of bad circumstances, a slight rise in the domestic cotton yarn market is still expected.

(4) Special fabrics:

In 2015, anti-static cloth has promoted to the European market by means of its application to anti-bacterial clean room suits. The production of low-end anti-static cloth is shifted in batches to the plants in Vietnam, and this cloth is made from competitive polyester yarn against tariff barriers and price competition. With respect to flameproof cloth, it is supplied in the forms of blended flameproof cloth and multifunction anti-arc cloth to meet demand due to falling demand for petrochemical coveralls and price competition of low-end flameproof cloth. To increase the visibility and broaden the application scope of (opportunities of sale of) special fabric, it is under way to penetrate apparel markets of military, police and fire safety, where commodities, like flight suits, tanker uniforms, marine coveralls, riot gear, intelligent firefighting coats, etc., are traded with bidding processes. For industrial textiles, in addition to the promotion of existing composite materials, acoustical fabrics, anti-puncture fabrics, industrial fabrics, etc., markets of motorcycle clothing, abrasion resistant fabrics, rubber laminated foundation cloth, filter foundation cloth, bedding fabrics and medical fabrics, etc., are further developed.

For the prospect for 2016, an expected growth of some the differentiated products may be fulfilled.

(5) Carbon fiber composite materials:

Major products of such composite materials are carbon fiber cloth in 3K and 12K, stiffeners in 12K, one-sided prepreg in 12K and 24K, and two-sided prepreg in 3K, etc.; they are distributed to domestic bicycle parts manufacturers, sports equipment manufacturers, the construction stiffener industry, etc. What are introduced to the Japanese market primarily are one-sided prepreg in 12K and carbon fiber cloth in

3K. For the multi-axial layered carbon fiber fabric and spreading tow fabric developed in 2015, experimental manufacturing is in progress in light of small orders from several Japanese auto factories and domestic bicycle carbon fiber parts manufacturers.

Looking to 2016, it is planned to develop the market of construction stiffener materials in Japan to increase sales of stiffeners in 12K. The deployment of resources for markets of carbon fiber composite materials in Europe and Southeastern Asia is also projected to gain a steady foothold in markets of ASEAN.

(6) PE Bags:

The percentage of sales of high density polyethylene plastic bags in Japan, America and the domestic market are 79%, 19% and 2% respectively. While sales of t-shirt bags grow steadily, sales of roll bags are worse than those in 2014 in consequence of fierce market competition. Despite the fall of 2015 revenue, profits are doubled as a result of the consequent fall, arising from falling oil prices, in raw material prices and grasp on demand from increased Japanese convenience stores.

In the coming 2016, sales are expected to grow on the basis of present developments.

(7) Gas Station:

Formosa Taffeta Company Limited (FTC) owns 105 gas stations at the end of 2015, which renders itself one of the top 5 distribution channels in Taiwan. With a 23% decrease of annual (gross) revenue of these stations, profits in 2015 still grew 47.8% as a result of an all-year-round drop of the international oil prices in 2015. Its earnings have been quite stable for many years by virtue of separating the wheat from the chaff, depending on the overall assessment result of operating performance, locations, and rental terms of each station. To respond to the dramatic fluctuation of the international oil prices in the past two years, it shall pay more attention on flexible control over the stock

levels of gas tanks. From January of 2013, when self-service fueling is available, to the first half year of 2016, the number of stations with self-service equipment mounts to 85; the timing to enable the other stations to be equipped with the mechanism of self-service relies on whether derived benefits justify such installation. To satisfy customers' diversified needs with comprehensive services and retails, we expand the monthly billing contract customer base, including enterprises, users of agricultural machinery, users of engineering machinery, etc., focus on the improvement of the quality of services of patented car-washing machines, and promote daily casual necessities and auto by-products through the business-to-customer consuming channel. Moreover, we pursue better quality of services and realization of management pursuant to SOP via continuous implementation of on-site staff training for SOP, 5S and, TPM, etc.

Looking into 2016, a small margin of growth of profits may be yielded subsequent to the increase of sold gasoline while the revenue performance depends on the international oil prices.

4. Conclusion

Looking into 2016, under the circumstances that Asian currencies compete to depreciate, that supplies of international raw materials are excessive, and that oil prices hover around lows, deflation may occur and a promising outlook can hardly appear. Besides the aforementioned, factors that impose a huge strain (and challenges) on the Company's business operations include much worse growth rate of Mainland China than ever before, volatile circumstances of supply chains of international famous brands, and tariff disadvantages to Taiwanese exported products, etc. On instructions and encouragements, "get to the bottom of f issues and aim at perfection", of our founders, Mr. Yung-Ching Wang and Mr. Yung-Tsai Wang, efforts to achieve standardization and rationalization for each improvement project have been made for many years and borne fruit. Meanwhile, by taking advantage of international circumstances of Cross-

Straits Economic Cooperation Framework Agreement (ECFA) and ASEAN-China Free Trade Area (ACFTA) to take the headquarter in Taiwan as the platform for integration of overseas plants in China and Vietnam, we strive for an investment of more capacity and innovative skills, the division of regional work, distribution of global sales, dedicated production of distinct plants, centralized production and especially elimination of failure costs and waste of resources, so as to pursue high value of products, consistency of standards, and exquisiteness of the brand, and finally to create and amplify integrated effects. The Company's "2015/2016 Business Policy"—transform mentality, accelerate innovation and pursue value—signifies that thorough transformation, great enthusiasm ceaseless innovation and persistence are required in four aspects, thinking, work, organization and products. In 2016, the targets are to carry out the performance by overcoming challenges, create better investment rewards and a promising vision for shareholders, and gain the cooperation with partners of the supply chain, sustainable relationship with customers and the social respect.

Chairman: Wen-Yuan Wong

President: Shih-Ming Hsie

In-charge Accountant: Hung-Ning Cheng

FORMOSA TAFFETA CO., LTD
Supervisors' Review Report

The Board of Directors has prepared and submitted the Company's 2015 Business Report, Proposal for Profits Distribution, and Consolidated and Parent Company Only Financial Statements, all of which are audited by the CPAs of PricewaterhouseCoopers Taiwan (PwC). We as the Supervisors of the Company have reviewed the aforementioned documents and found no unconformities. According to Article 219 of the Company Act, we hereby submit this report. Please be advised accordingly.

Submitted to
2016 Annual Shareholders' Meeting of the Company

Supervisor: Man-Chun Lee

Shen-Fu Lu

How-Jen Huang

March 16, 2016

Ratification Items**Proposal 1**

Proposal: To ratify the 2015 Business Report and Financial Statements required by the Company Act.

Proposed by the Board of Directors

Explanatory Notes:

1. The preparation of the Company's 2015 Consolidated and Individual Financial Statements were completed and the same were approved at the 1st meeting of the Board of Directors in 2016 and audited by independent auditors, CPA Mr. Han-Chi Wu and CPA Ms. Man-Yu Juanlu, of PwC. The aforesaid Financial Statements together with the Business Report were reviewed by the supervisors, which the Supervisors' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 13 through page 20 of the Meeting Handbook. As for the Financial Statements, please refer to page 28 through page 40 of this Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items**Proposal 2**

Proposal: To ratify the Proposal for Distribution of 2015 profits required by the Company Law.

Proposed by the Board of Directors

Attachment:

Please refer to page 41 of this Handbook for the Statement of Profits Distribution.

Resolution:

Discussion Item(s) (II)**Proposal 1**

Proposal: To establish an audit committee according to regulations of the Financial Supervisory Commission, the Company’s “Rules for Election of Directors and Supervisors” are proposed to be amended as amendments on the attached comparison table.

Please discuss and resolve.

Proposed by the Board of Directors

| Article | Before Amendment | After Amendment |
|-----------|--|--|
| Article 1 | Rules for Election of Directors and Supervisors of Nan Ya Plastics Company | Rules for Election of Directors of Nan Ya Plastics Company |
| Article 2 | The <u>single open-ballot, cumulative election method</u> will be used for election of the directors and supervisors at the Company. Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. | The cumulative <u>voting system</u> <u>shall</u> be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. |
| Article 4 | The number of directors <u>and supervisors</u> will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest | The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest |

| Article | Before Amendment | After Amendment |
|-----------|---|--|
| | <p>numbers of voting rights will be elected sequentially according to their respective numbers of votes. <u>If a person is elected to be director and supervisor at the same time, he/she shall only decide to be a director or a supervisor.</u></p> <p><u>After the above-mentioned person decided, the vacant position shall be filled by the candidate receiving the second highest numbers of voting rights.</u> When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.</p> | <p>numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.</p> |
| Article 5 | <p>The election of directors <u>and supervisors</u> shall be elected in compliance with the candidate nomination system set out in the Company's Articles of Incorporation and shareholders shall elect directors <u>and supervisors</u> from among the nominees listed in the slate of</p> | <p>The election of directors shall be elected in compliance with the candidate nomination system set out in the Company's Articles of Incorporation and shareholders shall elect directors from among the nominees listed in the slate of director candidates.</p> |

| Article | Before Amendment | After Amendment |
|---------|--|---|
| | <p>director <u>and supervisor</u> candidates.</p> <p>Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers as stated as Article 4. <u>If the company has established an audit committee</u>, at least one of its independent directors is required to have accounting or financial expertise.</p> <p>The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of <u>director and supervisor</u> candidates, the number of directors <u>and supervisors</u> to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days.</p> <p>The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of <u>director and</u></p> | <p>Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers as stated as Article 4. The company at least one of its independent directors is required to have accounting or financial expertise.</p> <p>The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of director candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days.</p> <p>The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of director nominees to the Company, provided that the number of nominees shall not exceed the number of directors to be</p> |

| Article | Before Amendment | After Amendment |
|---------|--|---|
| | <p><u>supervisor</u> nominees to the Company, provided that the number of nominees shall not exceed the number of directors, <u>and supervisors</u> to be elected.</p> <p>When providing a recommended slate of director and supervisor candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director <u>or a supervisor</u> if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. If the candidate is a juristic person shareholder or a juristic person's representative, basic registration information of the above-mentioned juristic person shareholder and a document certifying the shareholding of the Company shall be attached. he Board of</p> | <p>elected.</p> <p>When providing a recommended slate of director and supervisor candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. If the candidate is a juristic person shareholder or a juristic person's representative, basic registration information of the above-mentioned juristic person shareholder and a document certifying the shareholding of the Company shall be attached.</p> <p>The Board of Directors, or other person having the authority to convene a Shareholders' Meeting, shall review the qualifications of</p> |

| Article | Before Amendment | After Amendment |
|---------|---|--|
| | <p>Directors, or other person having the authority to convene a Shareholders' Meeting, shall review the qualifications of each director <u>and supervisor</u> nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director <u>and supervisor</u> candidates:</p> <ol style="list-style-type: none"> 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors <u>and supervisors</u> to be elected. 4. Where the relevant documentary proof required under the preceding paragraph is not attached | <p>each director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates:</p> <ol style="list-style-type: none"> 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors to be elected. 4. Where the relevant documentary proof required under the preceding paragraph is not attached. |

| Article | Before Amendment | After Amendment |
|----------------|---|--|
| Article 9 | <p>The voting rights shall be calculated on site immediately after the end of the poll and the Chair shall announce the voting results on site immediately, including the names of those elected as <u>directors and supervisors</u> and the numbers of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p> | <p>The voting rights shall be calculated on site immediately after the end of the poll and the Chair shall announce the voting results on site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.</p> |

Resolution:

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Expressed
in thousands of New Taiwan dollars, except for earnings per share amount)

| Items | Notes | For the years ended December 31 | | | | |
|-------|--|---------------------------------|---------------------|-----------------|---------------------|-----------|
| | | 2015 | | 2014 (adjusted) | | |
| | | AMOUNT | % | AMOUNT | % | |
| 4000 | Sales revenue | 6(21) and 7 | \$ 42,872,570 | 100 | \$ 48,191,112 | 100 |
| 5000 | Operating costs | 6(6)(24)(25) and 7 | (36,732,939) | (86) | (42,451,350) | (88) |
| 5900 | Net operating margin | | <u>6,139,631</u> | <u>14</u> | <u>5,739,762</u> | <u>12</u> |
| | Operating expenses | 6(24)(25) and 7 | | | | |
| 6100 | Selling expenses | | (1,836,218) | (4) | (1,893,970) | (4) |
| 6200 | General and administrative expenses | | (918,716) | (2) | (898,891) | (2) |
| 6300 | Research and development expenses | | (52,197) | - | (50,326) | - |
| 6000 | Total operating expenses | | (2,807,131) | (6) | (2,843,187) | (6) |
| 6900 | Operating profit | | <u>3,332,500</u> | <u>8</u> | <u>2,896,575</u> | <u>6</u> |
| | Non-operating income and expenses | | | | | |
| 7010 | Other income | 6(22) and 7 | 653,564 | 1 | 1,197,173 | 3 |
| 7020 | Other gains and losses | 6(23) | (352,197) | (1) | 59,883 | - |
| 7050 | Finance costs | 6(26) | (190,352) | - | (211,869) | - |
| 7060 | Share of profit of associates and joint ventures accounted for under equity method | 6(8) | <u>317,782</u> | <u>1</u> | <u>230,208</u> | <u>-</u> |
| 7000 | Total non-operating income and expenses | | <u>428,797</u> | <u>1</u> | <u>1,275,395</u> | <u>3</u> |
| 7900 | Profit before income tax | | 3,761,297 | 9 | 4,171,970 | 9 |
| 7950 | Income tax expense | 6(27) | (537,345) | (2) | (352,295) | (1) |
| 8200 | Profit for the year | | <u>\$ 3,223,952</u> | <u>7</u> | <u>\$ 3,819,675</u> | <u>8</u> |

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| Items | Notes | For the years ended December 31 | | | |
|--|-------|---------------------------------|------------------|-------------------|------------------|
| | | 2015 | | 2014 (adjusted) | |
| | | AMOUNT | % | AMOUNT | % |
| Other comprehensive income | 6(20) | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans | | (\$ 197,495) | - | (\$ 132,252) | - |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 Financial statements translation differences of foreign operations | | 270,933 | 1 | 464,689 | 1 |
| 8362 Unrealized gain (loss) on valuation of available-for-sale financial assets | | 3,168,512 | 7 | (4,268,475) | (9) |
| 8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method | | (19,388) | - | 13,513 | - |
| 8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss | | 3,420,057 | 8 | (3,790,273) | (8) |
| 8300 Total other comprehensive income (loss) for the year | | \$ 3,222,562 | 8 | (\$ 3,922,525) | (8) |
| 8500 Total comprehensive income (loss) for the year | | \$ 6,446,514 | 15 | (\$ 102,850) | - |
| Profit attributable to: | | | | | |
| 8610 Owners of the parent | | \$ 2,828,679 | 6 | \$ 3,518,325 | 7 |
| 8620 Non-controlling interest | | 395,273 | 1 | 301,350 | 1 |
| | | \$ 3,223,952 | 7 | \$ 3,819,675 | 8 |
| Comprehensive income (loss) attributable to: | | | | | |
| 8710 Owners of the parent | | \$ 6,057,275 | 14 | (\$ 414,483) | (1) |
| 8720 Non-controlling interest | | 389,239 | 1 | 311,633 | 1 |
| | | \$ 6,446,514 | 15 | (\$ 102,850) | - |
| Basic and diluted earnings per share (in dollars) | 6(28) | <u>Before Tax</u> | <u>After Tax</u> | <u>Before Tax</u> | <u>After Tax</u> |
| Profit for year from continuing operations | | \$ 2.24 | \$ 1.92 | \$ 2.48 | \$ 2.27 |
| Non-controlling interest | | (0.43) | (0.24) | (0.35) | (0.18) |
| Profit attributable to common shareholders of the parent | | \$ 1.81 | \$ 1.68 | \$ 2.13 | \$ 2.09 |
| Assuming shares held by subsidiary are not deemed as treasury stock: | | | | | |
| Profit for year from continuing operations | | \$ 2.23 | \$ 1.91 | \$ 2.48 | \$ 2.27 |
| Non-controlling interest | | (0.43) | (0.23) | (0.36) | (0.18) |
| Profit attributable to common shareholders of the parent | | \$ 1.80 | \$ 1.68 | \$ 2.12 | \$ 2.09 |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

| | | | | For the years ended December 31 | | | |
|-------|--|--------------------|---------------------|---------------------------------|---------------------|------------------|--|
| | | | | 2015 | | 2014 (adjusted) | |
| Items | Notes | AMOUNT | % | AMOUNT | % | | |
| 4000 | Sales revenue | 6(19) and 7 | \$ 27,761,888 | 100 | \$ 32,842,284 | 100 | |
| 5000 | Operating costs | 6(6)(22)(23) and 7 | (24,479,844) | (88) | (29,244,095) | (89) | |
| 5900 | Net operating margin | | <u>3,282,044</u> | <u>12</u> | <u>3,598,189</u> | <u>11</u> | |
| | Operating expenses | 6(22)(23) and 7 | | | | | |
| 6100 | Selling expenses | | (1,515,739) | (6) | (1,596,514) | (5) | |
| 6200 | General and administrative expenses | | (529,805) | (2) | (525,988) | (1) | |
| 6000 | Total operating expenses | | <u>(2,045,544)</u> | <u>(8)</u> | <u>(2,122,502)</u> | <u>(6)</u> | |
| 6900 | Operating profit | | <u>1,236,500</u> | <u>4</u> | <u>1,475,687</u> | <u>5</u> | |
| | Non-operating income and expenses | | | | | | |
| 7010 | Other income | 6(20) and 7 | 609,275 | 2 | 1,137,082 | 3 | |
| 7020 | Other gains and losses | 6(21) and 7 | 9,257 | - | 116,094 | - | |
| 7050 | Finance costs | 6(24) | (132,507) | - | (136,054) | - | |
| 7070 | Share of profit of associates and joint ventures accounted for using equity method, net | 6(8) | <u>1,316,442</u> | <u>5</u> | <u>981,898</u> | <u>3</u> | |
| 7000 | Total non-operating income and expenses | | <u>1,802,467</u> | <u>7</u> | <u>2,099,020</u> | <u>6</u> | |
| 7900 | Profit before income tax | | <u>3,038,967</u> | <u>11</u> | <u>3,574,707</u> | <u>11</u> | |
| 7950 | Income tax expense | 6(25) | (210,288) | (1) | (56,382) | - | |
| 8200 | Profit for the year | | <u>\$ 2,828,679</u> | <u>10</u> | <u>\$ 3,518,325</u> | <u>11</u> | |
| | Other comprehensive (loss) income | 6(18) | | | | | |
| | Components of other comprehensive loss that will not be reclassified to profit or loss | | | | | | |
| 8311 | Other comprehensive loss, before tax, actuarial gains (losses) on defined benefit plans | | <u>(\$ 197,495)</u> | <u>(1)</u> | <u>(\$ 131,222)</u> | <u>-</u> | |
| | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | |
| 8361 | Other comprehensive income, before tax, exchange differences on translation | | 260,455 | 1 | 481,015 | 1 | |
| 8362 | Other comprehensive income (loss), before tax, available-for-sale financial assets | | <u>3,165,636</u> | <u>12</u> | <u>(4,282,601)</u> | <u>(13)</u> | |
| 8360 | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | <u>3,228,596</u> | <u>12</u> | <u>(3,932,808)</u> | <u>(12)</u> | |
| 8500 | Total comprehensive income (loss) for the year | | <u>\$ 6,057,275</u> | <u>22</u> | <u>(\$ 414,483)</u> | <u>(1)</u> | |
| | | | <u>Before Tax</u> | <u>After Tax</u> | <u>Before Tax</u> | <u>After Tax</u> | |
| 9750 | Basic and diluted earnings per share | 6(26) | <u>\$ 1.81</u> | <u>\$ 1.68</u> | <u>\$ 2.13</u> | <u>\$ 2.09</u> | |
| | Assuming shares held by subsidiary are not deemed as treasury stock: | | | | | | |
| | Basic earnings per share | | <u>\$ 1.80</u> | <u>\$ 1.68</u> | <u>\$ 2.12</u> | <u>\$ 2.09</u> | |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|--------------------------------|--|-------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 5,640,597 | 7 | \$ 3,796,868 | 5 | \$ 3,064,945 | 4 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) | 655,811 | 1 | 654,499 | 1 | 1,352 | - |
| 1125 | Available-for-sale financial assets - current | 6(3) | 1,824,656 | 2 | 1,709,615 | 2 | 1,422,657 | 2 |
| 1150 | Notes receivable, net | 6(4) | 72,028 | - | 93,100 | - | 101,000 | - |
| 1160 | Notes receivable - related parties | 7 | 5,236 | - | 2,743 | - | 6,963 | - |
| 1170 | Accounts receivable, net | 6(5) | 3,764,065 | 5 | 4,154,561 | 6 | 3,760,435 | 5 |
| 1180 | Accounts receivable - related parties | 7 | 1,277,332 | 2 | 1,321,930 | 2 | 1,036,415 | 1 |
| 1200 | Other receivables | 7 | 360,728 | - | 354,982 | - | 266,519 | - |
| 130X | Inventory | 6(6) and 8 | 7,827,720 | 10 | 7,950,289 | 11 | 7,362,831 | 10 |
| 1410 | Prepayments | | 991,013 | 1 | 393,671 | 1 | 197,527 | - |
| 1470 | Other current assets | | 508,021 | 1 | 384,755 | - | 660,737 | 1 |
| 11XX | Total current assets | | <u>22,927,207</u> | <u>29</u> | <u>20,817,013</u> | <u>28</u> | <u>17,881,381</u> | <u>23</u> |
| Non-current assets | | | | | | | | |
| 1523 | Available-for-sale financial assets - non-current | 6(3) | 29,476,126 | 37 | 26,322,249 | 35 | 30,486,495 | 40 |
| 1543 | Financial assets carried at cost - non-current | 6(7) | 5,786,109 | 7 | 5,442,727 | 7 | 353,144 | - |
| 1550 | Investments accounted for under equity method | 6(8) | 3,158,212 | 4 | 2,909,436 | 4 | 7,551,755 | 10 |
| 1600 | Property, plant and equipment | 6(9) and 8 | 17,311,841 | 22 | 17,846,148 | 24 | 19,014,371 | 25 |
| 1840 | Deferred income tax assets | 6(27) | 450,573 | - | 516,201 | 1 | 654,651 | 1 |
| 1900 | Other non-current assets | 6(10) | 944,987 | 1 | 1,051,206 | 1 | 692,017 | 1 |
| 15XX | Total non-current assets | | <u>57,127,848</u> | <u>71</u> | <u>54,087,967</u> | <u>72</u> | <u>58,752,433</u> | <u>77</u> |
| 1XXX | Total assets | | <u>\$ 80,055,055</u> | <u>100</u> | <u>\$ 74,904,980</u> | <u>100</u> | <u>\$ 76,633,814</u> | <u>100</u> |
| Liabilities and Equity | | | | | | | | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(11) and 8 | \$ 3,507,956 | 5 | \$ 2,761,686 | 4 | \$ 3,706,477 | 5 |
| 2110 | Short-term notes and bills payable | 6(12) | 1,699,525 | 2 | 2,349,524 | 3 | 1,249,862 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(13) | 818 | - | 5,843 | - | 704 | - |
| 2150 | Notes payable | | 200,128 | - | 205,567 | - | 172,069 | - |
| 2160 | Notes payable - related parties | 7 | 140,382 | - | 288,160 | - | 218,650 | - |
| 2170 | Accounts payable | | 1,602,029 | 2 | 1,169,886 | 2 | 1,032,409 | 1 |
| 2180 | Accounts payable - related parties | 7 | 981,723 | 1 | 1,186,014 | 2 | 1,491,693 | 2 |
| 2200 | Other payables | 6(14) | 1,813,430 | 2 | 2,047,240 | 3 | 1,309,490 | 2 |
| 2230 | Current income tax liabilities | 6(27) | 381,633 | 1 | 154,960 | - | 307,292 | 1 |
| 2300 | Other current liabilities | 6(15) | 281,377 | - | 354,132 | - | 240,159 | - |
| 21XX | Total current liabilities | | <u>10,609,001</u> | <u>13</u> | <u>10,523,012</u> | <u>14</u> | <u>9,728,805</u> | <u>13</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(15) | 10,362,409 | 13 | 9,218,895 | 12 | 10,085,653 | 13 |
| 2570 | Deferred income tax liabilities | 6(27) | 120,972 | - | 95,730 | - | 55,383 | - |
| 2600 | Other non-current liabilities | 6(16) | 2,893,943 | 4 | 2,840,680 | 4 | 2,629,243 | 3 |
| 25XX | Total non-current liabilities | | <u>13,377,324</u> | <u>17</u> | <u>12,155,305</u> | <u>16</u> | <u>12,770,279</u> | <u>16</u> |
| 2XXX | Total liabilities | | <u>23,986,325</u> | <u>30</u> | <u>22,678,317</u> | <u>30</u> | <u>22,499,084</u> | <u>29</u> |

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | |
|---|-------|----------------------|------------|---------------------------------|------------|-------------------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Equity attributable to owners of parent | | | | | | | |
| Share capital | 6(17) | | | | | | |
| 3110 Share capital - common stock | | \$ 16,846,646 | 21 | \$ 16,846,646 | 23 | \$ 16,846,646 | 22 |
| Capital surplus | 6(18) | | | | | | |
| 3200 Capital surplus | | 20,791 | - | 38,348 | - | 98,898 | - |
| Retained earnings | 6(19) | | | | | | |
| 3310 Legal reserve | | 6,508,610 | 8 | 6,156,773 | 8 | 5,943,868 | 8 |
| 3320 Special reserve | | 1,381,824 | 2 | 644,262 | 1 | 326,534 | - |
| 3350 Unappropriated retained earnings | | 3,819,939 | 5 | 4,636,684 | 6 | 3,464,878 | 5 |
| Other equity interest | 6(20) | | | | | | |
| 3400 Other equity interest | | 24,143,610 | 30 | 20,717,519 | 28 | 24,519,105 | 32 |
| 3500 Treasury stocks | 6(17) | (22,285) | - | (22,723) | - | (23,423) | - |
| 31XX Equity attributable to owners of the parent | | <u>52,699,135</u> | <u>66</u> | <u>49,017,509</u> | <u>66</u> | <u>51,176,506</u> | <u>67</u> |
| 36XX Non-controlling interest | | <u>3,369,595</u> | <u>4</u> | <u>3,209,154</u> | <u>4</u> | <u>2,958,224</u> | <u>4</u> |
| 3XXX Total equity | | <u>56,068,730</u> | <u>70</u> | <u>52,226,663</u> | <u>70</u> | <u>54,134,730</u> | <u>71</u> |
| Significant contingent liabilities and unrecognized contract commitments | 9 | | | | | | |
| Significant events after the balance sheet | 11 | | | | | | |
| 3X2X Total liabilities and equity | | <u>\$ 80,055,055</u> | <u>100</u> | <u>\$ 74,904,980</u> | <u>100</u> | <u>\$ 76,633,814</u> | <u>100</u> |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Assets | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|---------------------------|------------------------------------|-------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,195,634 | 2 | \$ 1,051,513 | 2 | \$ 1,226,867 | 2 |
| 1110 | Financial assets at fair value | 6(2) | | | | | | |
| | through profit or loss - current | | - | - | 2,394 | - | 904 | - |
| 1125 | Available-for-sale financial | 6(3) | | | | | | |
| | assets - current | | 1,284,824 | 2 | 1,315,682 | 2 | 1,401,093 | 2 |
| 1150 | Notes receivable, net | 6(4) | 64,975 | - | 70,043 | - | 76,796 | - |
| 1160 | Notes receivable - related | 7 | | | | | | |
| | parties | | 5,236 | - | 2,743 | - | 6,963 | - |
| 1170 | Accounts receivable, net | 6(5) | 2,078,953 | 3 | 2,396,584 | 4 | 2,344,288 | 4 |
| 1180 | Accounts receivable - related | 7 | | | | | | |
| | parties | | 189,710 | - | 287,865 | - | 228,931 | - |
| 1200 | Other receivables | 7 | 81,149 | - | 126,526 | - | 237,920 | 1 |
| 130X | Inventory | 6(6) | 4,263,989 | 6 | 4,324,890 | 7 | 4,250,515 | 6 |
| 1410 | Prepayments | | 711,626 | 1 | 142,496 | - | 75,623 | - |
| 1470 | Other current assets | | <u>176,760</u> | - | <u>193,867</u> | - | <u>179,731</u> | - |
| 11XX | Total current assets | | <u>10,052,856</u> | <u>14</u> | <u>9,914,603</u> | <u>15</u> | <u>10,029,631</u> | <u>15</u> |
| Non-current assets | | | | | | | | |
| 1523 | Available-for-sale financial | 6(3) | | | | | | |
| | assets - non-current | | 29,420,621 | 42 | 26,223,870 | 39 | 30,437,832 | 44 |
| 1543 | Financial assets carried at cost - | 6(7) | | | | | | |
| | non-current | | 240,241 | - | 5,343,196 | 8 | 253,621 | - |
| 1550 | Investments accounted for | 6(8) | | | | | | |
| | under equity method | | 22,145,163 | 31 | 16,006,026 | 24 | 18,761,516 | 27 |
| 1600 | Property, plant and equipment | 6(9) and 7 | 7,874,806 | 11 | 7,787,140 | 12 | 7,891,096 | 12 |
| 1760 | Investment property - net | 7 | 548,181 | 1 | 425,616 | 1 | 445,037 | 1 |
| 1840 | Deferred income tax assets | 6(25) | 431,073 | 1 | 476,969 | 1 | 490,310 | 1 |
| 1900 | Other non-current assets | | <u>210,066</u> | - | <u>388,992</u> | - | <u>110,299</u> | - |
| 15XX | Total non-current assets | | <u>60,870,151</u> | <u>86</u> | <u>56,651,809</u> | <u>85</u> | <u>58,389,711</u> | <u>85</u> |
| 1XXX | Total assets | | <u>\$ 70,923,007</u> | <u>100</u> | <u>\$ 66,566,412</u> | <u>100</u> | <u>\$ 68,419,342</u> | <u>100</u> |

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

| Liabilities and Equity | Notes | December 31, 2015 | | (adjusted) December 31, 2014 | | (adjusted) January 1, 2014 | | |
|---|--|-------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(10) | \$ 306,791 | 1 | \$ 290,000 | - | \$ 290,000 | 1 |
| 2110 | Short-term notes and bills payable | 6(11) | 1,699,525 | 3 | 2,349,524 | 4 | 1,249,863 | 2 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(12) | 277 | - | - | - | - | - |
| 2150 | Notes payable | | 170,387 | - | 157,549 | - | 149,525 | - |
| 2160 | Notes payable - related parties | 7 | 140,382 | - | 288,160 | - | 218,650 | - |
| 2170 | Accounts payable | | 905,003 | 1 | 494,702 | 1 | 436,944 | 1 |
| 2180 | Accounts payable - related parties | 7 | 967,924 | 2 | 1,131,306 | 2 | 1,388,975 | 2 |
| 2200 | Other payables | 7 | 885,404 | 1 | 890,522 | 1 | 790,869 | 1 |
| 2230 | Current income tax liabilities | 6(25) | 137,042 | - | - | - | 215,466 | - |
| 2300 | Other current liabilities | | 80,140 | - | 172,063 | - | 89,871 | - |
| 21XX | Total current liabilities | | <u>5,292,875</u> | <u>8</u> | <u>5,773,826</u> | <u>8</u> | <u>4,830,163</u> | <u>7</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(13) | 10,000,000 | 14 | 8,900,000 | 14 | 9,800,000 | 14 |
| 2570 | Deferred income tax liabilities | 6(25) | 120,389 | - | 93,401 | - | 54,451 | - |
| 2600 | Other non-current liabilities | 6(14) | 2,810,608 | 4 | 2,781,676 | 4 | 2,558,222 | 4 |
| 25XX | Total non-current liabilities | | <u>12,930,997</u> | <u>18</u> | <u>11,775,077</u> | <u>18</u> | <u>12,412,673</u> | <u>18</u> |
| 2XXX | Total liabilities | | <u>18,223,872</u> | <u>26</u> | <u>17,548,903</u> | <u>26</u> | <u>17,242,836</u> | <u>25</u> |
| Equity | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Share capital - common stock | 6(15) | 16,846,646 | 24 | 16,846,646 | 25 | 16,846,646 | 25 |
| Capital surplus | | | | | | | | |
| 3200 | Capital surplus | 6(16) | 20,791 | - | 38,348 | - | 98,898 | - |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserve | 6(17) | 6,508,610 | 9 | 6,156,773 | 9 | 5,943,868 | 9 |
| 3320 | Special reserve | | 1,381,824 | 2 | 644,262 | 1 | 326,534 | - |
| 3350 | Unappropriated retained earnings | | 3,819,939 | 5 | 4,636,684 | 7 | 3,464,878 | 5 |
| Other equity interest | | | | | | | | |
| 3400 | Other equity interest | 6(18) | 24,143,610 | 34 | 20,717,519 | 32 | 24,519,105 | 36 |
| 3500 | Treasury stocks | 6(15) | (22,285) | - | (22,723) | - | (23,423) | - |
| 3XXX | Total equity | | <u>52,699,135</u> | <u>74</u> | <u>49,017,509</u> | <u>74</u> | <u>51,176,506</u> | <u>75</u> |
| Commitments and contingent liabilities | | | | | | | | |
| Subsequent event | | | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 70,923,007</u> | <u>100</u> | <u>\$ 66,566,412</u> | <u>100</u> | <u>\$ 68,419,342</u> | <u>100</u> |

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| price for | Equity attributable to owners of the parent | | | | | | | | | | | | | | |
|--|---|------------------------------|--|-------------------------|---|-------------------|-----------------|----------------------------------|--|--|-----------------|---------------|--------------------------|--------------|---------------|
| | Notes | Capital Reserves | | | | Retained Earnings | | | Other Equity Interest | | | Total | Non-controlling interest | Total equity | |
| | | Share capital - common stock | Difference between the Treasury stock transactions and carrying amount | Donated assets received | Change in net equity of associates and joint ventures accounted for under equity method | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | Treasury stocks | | | | |
| For the year ended December 31, 2014 | | | | | | | | | | | | | | | |
| Balance at January 1, 2014 | 6(19) | \$ 16,846,646 | \$ 7,019 | \$ - | \$ 2,032 | \$ 89,847 | \$ 5,943,868 | \$ 326,534 | \$ 3,464,878 | (\$ 95,294) | \$ 24,614,399 | (\$ 23,423) | \$ 51,176,506 | \$ 2,958,224 | \$ 54,134,730 |
| Appropriations of 2013 earnings: | | | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 212,905 | - | (212,905) | - | - | - | - | - | - |
| Special reserve | | - | - | - | - | - | - | 608,754 | (608,754) | - | - | - | - | - | - |
| Reversal of special reserve | | - | - | - | - | - | - | (291,026) | 291,026 | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | - | - | - | (1,684,664) | - | - | - | (1,684,664) | - | (1,684,664) |
| Profit for the year | | - | - | - | - | - | - | - | 3,518,325 | - | - | - | 3,518,325 | 301,350 | 3,819,675 |
| Changes in the net interest of associates recognised under the equity method | | - | - | - | - | (65,153) | - | - | - | - | - | - | (65,153) | - | (65,153) |
| Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount | | - | - | 545 | - | - | - | - | - | - | - | - | 545 | - | 545 |
| Stocks of the parent company bought by the subsidiary and recognised as treasury stock | | - | 2,613 | - | - | - | - | - | - | - | - | - | 2,613 | - | 2,613 |
| Disposal of treasury stock | 6(17) | - | 1,445 | - | - | - | - | - | - | - | - | 700 | 2,145 | - | 2,145 |
| Other comprehensive loss for the year | 6(20) | - | - | - | - | - | - | - | (131,222) | 481,015 | (4,282,601) | - | (3,932,808) | 10,283 | (3,922,525) |
| Cash dividends paid by consolidated subsidiaries | 6(20) | - | - | - | - | - | - | - | - | - | - | - | - | (60,703) | (60,703) |
| Balance at December 31, 2014 | | \$ 16,846,646 | \$ 11,077 | \$ 545 | \$ 2,032 | \$ 24,694 | \$ 6,156,773 | \$ 644,262 | \$ 4,636,684 | \$ 385,721 | \$ 20,331,798 | (\$ 22,723) | \$ 49,017,509 | \$ 3,209,154 | \$ 52,226,663 |

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

| Difference price for | Equity attributable to owners of the parent | | | | | | | | | | | | | | |
|--|---|---------------------------------|-----------------------------------|--|-------------------------------|--|---------------------|--------------------|--|---|--|---------------------|-----------------------------|---------------------|----------------------|
| | Notes | Capital Reserves | | | | Retained Earnings | | | Other Equity Interest | | | Total | Non-controlling interest | Total equity | |
| | | Share capital - common stock | Treasury stock transactions | between the acquisition or disposal of subsidiaries and carrying amount | Donated assets received | Change in net equity of associates and joint ventures accounted for under equity method | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for- sale financial assets | | | | Treasury stocks |
| For the year ended December 31, 2015 | | | | | | | | | | | | | | | |
| Balance at January 1, 2015 | 6(19) | \$ 16,846,646 | \$11,077 | \$ 545 | \$2,032 | \$24,694 | \$ 6,156,773 | \$ 644,262 | \$ 4,636,684 | \$385,721 | \$ 20,331,798 | (\$22,723) | \$ 49,017,509 | \$ 3,209,154 | \$ 52,226,663 |
| Appropriations of 2014 earnings: | | | | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 351,837 | - | (351,837) | - | - | - | - | - | - |
| Special reserve | | - | - | - | - | - | - | 737,562 | (737,562) | - | - | - | - | - | - |
| Cash dividends | | - | - | - | - | - | - | - | (2,358,530) | - | - | - | (2,358,530) | - | (2,358,530) |
| Profit for the year | | - | - | - | - | - | - | - | 2,828,679 | - | - | - | 2,828,679 | 395,273 | 3,223,952 |
| Disposal of treasury stock | 6(17) | - | 1,058 | - | - | - | - | - | - | - | - | 438 | 1,496 | - | 1,496 |
| Changes in the net interest of associates recognised under the equity method | | - | - | - | - | (18,615) | - | - | - | - | - | - | (18,615) | - | (18,615) |
| Other comprehensive income for the year | 6(20) | - | - | - | - | - | - | - | (197,495) | 260,455 | 3,165,636 | - | 3,228,596 | (6,034) | 3,222,562 |
| Cash dividends paid by consolidated subsidiaries | 6(20) | - | - | - | - | - | - | - | - | - | - | - | - | (228,798) | (228,798) |
| Balance at December 31, 2015 | | \$ 16,846,646 | \$12,135 | \$ 545 | \$2,032 | \$ 6,079 | \$ 6,508,610 | \$1,381,824 | \$ 3,819,939 | \$646,176 | \$ 23,497,434 | (\$22,285) | \$ 52,699,135 | \$ 3,369,595 | \$ 56,068,730 |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Notes | Share capital - common stock | Capital Reserves | | | Retained Earnings | | | Other equity interest | | | Treasury stocks | Total equity |
|--|-------|------------------------------|-----------------------------|---|------------------------|---|---------------------|-------------------|----------------------------------|--|--|---------------------|----------------------|
| | | | Treasury stock transactions | Capital Surplus, changes in ownership interests in subsidiaries | Undistributed earnings | Change in net equity of associates and joint ventures accounted for under equity method | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | | |
| <u>2014</u> | | | | | | | | | | | | | |
| Balance at January 1, 2014 | | \$ 16,846,646 | \$ 7,019 | \$ - | \$ 2,032 | \$ 89,847 | \$ 5,943,868 | \$ 326,534 | \$ 3,464,878 | (\$ 95,294) | \$ 24,614,399 | (\$ 23,423) | \$ 51,176,506 |
| Appropriations of 2013 net income (Note 2): | 6(17) | | | | | | | | | | | | |
| Legal reserve | | - | - | - | - | - | 212,905 | - | (212,905) | - | - | - | - |
| Special reserve | | - | - | - | - | - | - | 608,754 | (608,754) | - | - | - | - |
| Reversal of special reserve | | - | - | - | - | - | - | (291,026) | 291,026 | - | - | - | - |
| Cash dividends | | - | - | - | - | - | - | - | (1,684,664) | - | - | - | (1,684,664) |
| Profit for the year | | - | - | - | - | - | - | - | 3,518,325 | - | - | - | 3,518,325 |
| Change of equity from not acquiring new shares proportionately to ownership | | - | - | - | - | (65,153) | - | - | - | - | - | - | (65,153) |
| Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount | | - | - | 545 | - | - | - | - | - | - | - | - | 545 |
| Stocks of the parent company bought by the subsidiary and recognised as treasury stock | | - | 2,613 | - | - | - | - | - | - | - | - | - | 2,613 |
| Disposal of treasury stock | 6(15) | - | 1,445 | - | - | - | - | - | - | - | - | 700 | 2,145 |
| Other comprehensive loss for the year | 6(18) | - | - | - | - | - | - | - | (131,222) | 481,015 | (4,282,601) | - | (3,932,808) |
| Balance at December 31, 2014 | | <u>\$ 16,846,646</u> | <u>\$ 11,077</u> | <u>\$ 545</u> | <u>\$ 2,032</u> | <u>\$ 24,694</u> | <u>\$ 6,156,773</u> | <u>\$ 644,262</u> | <u>\$ 4,636,684</u> | <u>\$ 385,721</u> | <u>\$ 20,331,798</u> | <u>(\$ 22,723)</u> | <u>\$ 49,017,509</u> |

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| Notes | Share capital - common stock | Capital Reserves | | | Retained Earnings | | | Other equity interest | | | Treasury stocks | Total equity |
|--|------------------------------|-----------------------------|---|------------------------|---|---------------------|---------------------|----------------------------------|--|--|---------------------|----------------------|
| | | Treasury stock transactions | Capital Surplus, changes in ownership interests in subsidiaries | Undistributed earnings | Change in net equity of associates and joint ventures accounted for under equity method | Legal reserve | Special reserve | Unappropriated retained earnings | Financial statements translation differences of foreign operations | Unrealized gain or loss on available-for-sale financial assets | | |
| <u>Year 2015</u> | | | | | | | | | | | | |
| Balance at January 1, 2015 | \$ 16,846,646 | \$ 11,077 | \$ 545 | \$ 2,032 | \$ 24,694 | \$ 6,156,773 | \$ 644,262 | \$ 4,636,684 | \$ 385,721 | \$ 20,331,798 | (\$ 22,723) | \$ 49,017,509 |
| New Item | - | - | - | - | - | 351,837 | - | (351,837) | - | - | - | - |
| New Item | - | - | - | - | - | - | 737,562 | (737,562) | - | - | - | - |
| New Item | - | - | - | - | - | - | - | (2,358,530) | - | - | - | (2,358,530) |
| Profit (Loss) for the period/year | - | - | - | - | - | - | - | 2,828,679 | - | - | - | 2,828,679 |
| New Item | - | 1,058 | - | - | - | - | - | - | - | - | 438 | 1,496 |
| New Item | - | - | - | - | (18,615) | - | - | - | - | - | - | (18,615) |
| Other comprehensive income for the period/year | - | - | - | - | - | - | - | (197,495) | 260,455 | 3,165,636 | - | 3,228,596 |
| Balance at December 31, 2015 | <u>\$ 16,846,646</u> | <u>\$ 12,135</u> | <u>\$ 545</u> | <u>\$ 2,032</u> | <u>\$ 6,079</u> | <u>\$ 6,508,610</u> | <u>\$ 1,381,824</u> | <u>\$ 3,819,939</u> | <u>\$ 646,176</u> | <u>\$ 23,497,434</u> | <u>(\$ 22,285)</u> | <u>\$ 52,699,135</u> |

Note 1: Directors' and supervisors' remuneration amounting to \$2,896 and employees' bonus amounting to \$5,791 had been deducted from the Statement of Comprehensive Income in 2012.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31 | |
|--|-----------|---------------------------------|--------------|
| | | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Consolidated profit before tax for the year | | \$ 3,761,297 | \$ 4,171,970 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| (Reversed of impairment) provision for bad debts | 6(5) | (22,373) | 5,724 |
| Depreciation | 6(9)(24) | 2,857,619 | 3,367,232 |
| Interest expense | 6(26) | 190,352 | 211,869 |
| Interest income | 6(22) | (27,750) | (20,777) |
| Dividend income | 6(22) | (386,084) | (967,716) |
| Gain on valuation of financial assets | 6(2)(23) | (3,706) | (3,610) |
| (Gain) loss on valuation of financial liabilities | 6(13)(23) | (2,632) | 5,379 |
| Share of profit of associates and joint ventures accounted for under equity method | 6(8) | (317,782) | (230,208) |
| Cash dividend from investments accounted for under equity method | | 56,595 | 46,056 |
| Gain on disposal of investments | 6(23) | - | (36,476) |
| Loss on disposal and scrap of property, plant and equipment | 6(23) | 199,113 | 38,231 |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Financial assets at fair value through profit or loss | | - | (649,537) |
| Notes receivable | | 23,038 | 7,900 |
| Notes receivable - related parties | | (2,493) | 4,220 |
| Accounts receivable, net | | 410,350 | (399,850) |
| Accounts receivable - related parties | | 44,598 | (285,515) |
| Other receivables | | (5,746) | (88,463) |
| Inventory | | 122,569 | (587,458) |
| Prepayments | | (597,342) | (196,144) |
| Other current assets | | (123,266) | 275,982 |
| Net changes in liabilities relating to operating activities | | | |
| Financial liabilities at fair value through profit or loss | | - | (240) |
| Notes payable | | (5,439) | 33,498 |
| Notes payable - related parties | | (147,778) | 69,510 |
| Accounts payable | | 432,143 | 137,477 |
| Accounts payable - related parties | | (204,291) | (305,679) |
| Other payables | | (173,062) | 668,553 |
| Other current liabilities | | (121,920) | 102,561 |
| Other non-current liabilities | | 53,263 | 79,185 |
| Cash generated from operations | | 6,009,273 | 5,453,674 |
| Interest received | | 27,750 | 20,777 |
| Dividend received | | 386,084 | 967,716 |
| Interest paid | | (202,574) | (216,324) |
| Income tax paid | | (218,387) | (325,832) |
| Net cash provided by operating activities | | 6,002,146 | 5,900,011 |

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31 | |
|--|-------|---------------------------------|----------------------|
| | | 2015 | 2014 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of available-for-sale financial assets | | (\$ 95,802) | (\$ 390,435) |
| Proceeds from capital reduction of financial assets measured at cost | | 13,380 | - |
| Acquisition of investment accounted for using equity method | | - | (119,154) |
| Acquisition of property, plant and equipment | 6(29) | (2,776,031) | (1,893,163) |
| Proceeds from disposal of property, plant and equipment | | 119,536 | 49,157 |
| Decrease (increase) in other non-current assets | | <u>134,374</u> | <u>(422,244)</u> |
| Net cash used in investing activities | | <u>(2,604,543)</u> | <u>(2,775,839)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase (decrease) in short-term borrowings | | 746,270 | (1,101,334) |
| (Decrease) increase in short-term notes and bills payable | | (649,999) | 1,099,662 |
| Payment of long-term borrowings | | (4,962,052) | (8,107,115) |
| Increase in long-term borrowings | | 6,167,902 | 7,200,000 |
| Cash dividends paid | 6(19) | (2,358,530) | (1,684,664) |
| Cash dividends paid - non-controlling interest | | <u>(228,798)</u> | <u>(60,703)</u> |
| Net cash used in financing activities | | <u>(1,285,207)</u> | <u>(2,654,154)</u> |
| Effect of foreign exchange rate | | <u>(268,667)</u> | <u>261,905</u> |
| Increase in cash and cash equivalents | | 1,843,729 | 731,923 |
| Cash and cash equivalents at beginning of year | 6(1) | <u>3,796,868</u> | <u>3,064,945</u> |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 5,640,597</u> | <u>\$ 3,796,868</u> |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31 | |
|--|----------------|---------------------------------|------------------|
| | | 2015 | 2014 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax for the year | | \$ 3,038,967 | \$ 3,574,707 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Income and expenses having no effect on cash flows | | | |
| (Reversal of impairment) provision for bad debts | 6(5) | (18,261) | - |
| Depreciation (including depreciation on investment property) | 6(9)(22) and 7 | 852,571 | 894,419 |
| Interest expense | 6(24) | 132,507 | 136,054 |
| Interest income | 6(20) | (3,205) | (1,804) |
| Dividend income | 6(20) | (376,155) | (965,996) |
| Gain on valuation of financial assets | 6(2)(21) | - | (1,730) |
| Loss on valuation of financial liabilities | 6(12)(21) | 2,671 | 240 |
| Receipt of cash dividends from investment accounted for under the equity method | | 507,389 | 162,242 |
| Share of profit of subsidiaries and associates accounted for under the equity method | 6(8) | (1,316,442) | (981,898) |
| Gain on disposal of investments | 6(21) | - | (36,476) |
| Gain on disposal and scrap of property, plant and equipment | 6(21) | (27,467) | (6,842) |
| Changes in assets/liabilities relating to operating activities | | | |
| Net changes in assets relating to operating activities | | | |
| Notes receivable | | 7,034 | 6,753 |
| Notes receivable - related parties | | (2,493) | 4,220 |
| Accounts receivable | | 333,926 | (52,296) |
| Accounts receivable - related parties | | 98,323 | (58,934) |
| Other receivables | | 44,892 | 111,580 |
| Inventories | | 60,901 | (74,375) |
| Prepayments | | (569,130) | (66,873) |
| Other current assets | | 17,107 | (14,136) |
| Net changes in liabilities relating to operating activities | | | |
| Notes payable | | 12,838 | 8,024 |
| Notes payable - related parties | | (147,778) | 69,510 |
| Accounts payable | | 410,301 | 57,758 |
| Accounts payable - related parties | | (163,382) | (257,669) |
| Other payables | | (5,406) | 100,533 |
| Other current liabilities | | (91,923) | 82,192 |
| Other non-current liabilities | | (165,721) | 94,212 |
| Cash generated from operations | | <u>2,632,064</u> | <u>2,783,415</u> |
| Interest received | | 3,205 | 1,804 |
| Dividends received | | 376,155 | 965,996 |
| Interest paid | | (132,219) | (136,934) |
| Income tax paid | | (317) | (219,744) |
| Net cash provided by operating activities | | <u>2,878,888</u> | <u>3,394,537</u> |

(Continued)

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

| | <u>Notes</u> | <u>For the years ended December 31</u> | |
|---|--------------|--|---------------|
| | | <u>2015</u> | <u>2014</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Proceeds from capital reduction of financial assets | | | |
| measured at cost | | \$ 13,380 | \$ - |
| Acquisition of investments accounted for under the equity | 6(8) | | |
| method | | - | (1,041,995) |
| Acquisition of property, plant, and equipment | 6(27) | (1,090,894) | (691,226) |
| Proceeds from disposal of property, plant and equipment | | 55,559 | 7,784 |
| Decrease (increase) in other non-current assets | | 178,926 | (359,451) |
| Net cash used in investing activities | | (843,029) | (2,084,888) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | | 16,791 | - |
| (Decrease) increase in short-term notes and bills payable | | (649,999) | 1,099,661 |
| Increase in long-term borrowings | | 6,000,000 | 7,200,000 |
| Payment of long-term borrowings | | (4,900,000) | (8,100,000) |
| Payment of cash dividends | 6(17) | (2,358,530) | (1,684,664) |
| Net cash used in financing activities | | (1,891,738) | (1,485,003) |
| Increase (decrease) in cash and cash equivalents | | 144,121 | (175,354) |
| Cash and cash equivalents at beginning of year | 6(1) | 1,051,513 | 1,226,867 |
| Cash and cash equivalents at end of year | 6(1) | \$ 1,195,634 | \$ 1,051,513 |

The accompanying notes are an integral part of these non-consolidated financial statements. See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD
Statement of Profits Distribution
For the year of 2015

Unit : NT\$

| Items | Amount | Items | Amount | Explanation |
|--|---------------|---|---------------|--|
| Available for Distribution: | | Distribution Items: | | |
| (1) Unappropriated retained earnings of previous years | 1,390,911,939 | (1) Appropriation of legal reserve (10% of the after-tax profit) | 282,867,905 | <p>1. The Company's registered capital is \$16,846,646,370, and shares for distribution are 1,684,664,637.</p> <p>2. The Company plans to distribute dividends of \$1.2 per share for the current year (among which, \$0.96 will be distributed as dividends and \$0.24 will be distributed as bonus); all of which are cash dividends.</p> <p>3. The distribution of dividends for this time is based on the pattern of profits distribution of 1998 afterwards.</p> <p>4. While the amount of distributed cash dividends to each individual shareholder is less than 1 dollar, it will be rounded to the nearest dollar.</p> |
| (2) Adjustment in beginning unappropriated earnings for transition to 2013 version IFRSs | -202,156,934 | (2) Appropriation of special reserve | 326,718,401 | |
| (3) Other comprehensive income transferred into unappropriated earnings | -197,495,176 | (3) Distribution of dividends and bonus in cash (\$1.2 per share) | 2,021,597,564 | |
| (4) Net profit after tax of the current year | 2,828,679,046 | (4) Unappropriated retained earnings carried forward to next year | 1,188,755,005 | |
| Total | 3,819,938,875 | Total | 3,819,938,875 | |

Independent Auditor's Report

To the Board of Directors and Stockholders of Formosa Taffeta Co., Ltd.

We have audited the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of Formosa Taffeta Co., Ltd. management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$7,018,162 thousand and NT\$6,042,605 thousand, ~~at~~ constituting 9% and 8% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of NT\$4,294,178 thousand and NT\$4,327,699 thousand, constituting 10% and 9% of the consolidated total operating revenues for the years then ended, respectively. We also did not audit certain investments accounted for under equity method. The balance of related investment accounted for using equity method amounted to NT\$3,158,212 thousand and NT\$2,909,436 thousand as of December 31, 2015 and 2014, respectively, and the comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT\$317,763 thousand and NT\$230,305 thousand for the years then ended. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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 and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Formosa Taffeta Co., Ltd. and its subsidiaries as of December 31,

2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of Formosa Taffeta Co., Ltd. (not presented herein) as of and for the years ended December 31, 2015 and 2014, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 16, 2016

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

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

Independent Auditor's Report

To the Board of Directors and Stockholders of Formosa Taffeta Co., Ltd.

We have audited the accompanying parent company only balance sheets of Formosa Taffeta Co., Ltd. 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 did not audit the financial statements of certain investee companies accounted for under the equity method. These investments accounted for under the equity method amounted to \$7,205,429 thousand and \$6,818,570 thousand as of December 31, 2015 and 2014, respectively, and the comprehensive income (including share of profit/(loss) of subsidiaries, associates and joint ventures accounted for under equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method) was \$525,244 thousand and \$384,331 thousand for the years then ended, respectively. The financial statements of these investee companies were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of the other independent accountants.

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 and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Formosa Taffeta Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan
March 16, 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.

Information regarding the Proposed Compensation to Employees, Directors and Supervisors Adopted by the Board of Directors of the Company:

| | |
|---|----------------|
| 1. Amounts of employees' cash compensation, stock compensation, and compensation to Directors and Supervisors: | |
| Employees' cash compensation | NT\$ 6,096,167 |
| Employees' stock compensation | NT\$ 0 |
| Compensation to Directors and Supervisors | NT\$ 3,048,083 |
| 2. Shares of the proposed employees' stock compensation and the percentage of the share amount to that of all stock dividend: | |
| Shares of employees' stock compensation | 0 share |
| Percentage of the share amount to that of all stock dividend | 0% |

The above-listed amounts of compensation to employees, directors and supervisors are consistent with the proposed amounts adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2016 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution to the 2016 Annual Shareholders' Meeting and not need to disclose its financial forecast information.