

TAIFLEX SCIENTIFIC CO., LTD.

MINUTES OF 2016 SHAREHOLDERS' MEETING

Time: 9:00 a.m., Friday, May 27, 2016

Venue: No.1, Huanqu 3rd Rd., Kaohsiung Export Processing Zone, Kaohsiung City, Taiwan, R.O.C.

Quorum: 129,181,231 shares were represented by the shareholders and proxies present, which amounted to 63.96% of issued and outstanding shares (after deducting treasury stocks of 2,318,000 shares) .

Directors present: Sun Ta-Wen, Chun-Yen Chiang, Fu-Le Lin, Jyh-Bing Chen.

Independent Director presents: Po-Hsun Chen

Supervisor presents: Jui-Chang Lin

Presents: Accountant Li Fang-Wun

Chairman: Sun Ta-Wen chairman

Recorder: Yi Han-Lin

I. CHAIRMAN'S OPENING (Omitted)

II. Discussion Items I

1. The amendments to Articles of Incorporation were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) It is proposed to amend some articles within the Company's Articles of Incorporation due to the addition of Article 235-1 in the Company Act and current practice.
- (2) Please refer to Attachment I
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,630,632 votes (33,903,517 votes)	96.48%
Votes against:	284 votes (284 votes)	0.00%
Votes abstained:	4,550,315 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Articles of Incorporation be and hereby were approved as submitted.

III. Report Items

1. Appropriation of remuneration to directors and supervisors and compensation to employees in 2015, please refer to Meeting Agenda.
2. Business report for 2015, please refer to Meeting Agenda.
3. Supervisors' review report on the 2015 financial statements, please refer to Attachment II.
4. Amendments to the Rules of Procedure for the Board of Directors' Meetings, please refer to Attachment III.

IV. Proposed Resolutions

1. 2015 financial statements were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

(1) The 2015 business report and consolidated and parent company only financial statements were audited by Certified Public Accountants of Ernst & Young, Li Fang-Wun and Lin Hong-Guang, and reviewed by supervisors.

(2) Please refer to Attachment IV and Attachment V.

(3) Please accept the above-mentioned financial statements.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,631,280votes (33,904,165 votes)	96.48%
Votes against:	286 votes (286 votes)	0.00%
Votes abstained:	4,549,665 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that the 2015 Financial Statements be and hereby were accepted as submitted.

2. The distribution of 2015 earnings was submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

(1) The earnings available for distribution of NT\$ 2,445,421,654 is calculated by adding unappropriated earnings from previous year of NT\$ 1,807,637,318 to net income for 2015 of NT\$ 729,856,410, appropriating 10% for legal capital reserve (i.e. NT\$ 72,985,641) and deducting the remeasurement of defined benefit plan of NT\$ 19,086,433.

(2) Dividends to shareholders:

Each common share holder will be entitled to receive a cash dividend of NT\$ 2 per share and the overall cash dividend amounts to NT\$ 403,935,670. Earnings available for distribution of NT\$ 2,041,485,984, net of dividends, will be retained for distribution in later years. Earnings from

2015 will be distributed first. Cash dividends to be paid are rounded to the nearest dollar.

Dividends to individual shareholder of fractional dollar amount are transferred to the Employee Welfare Committee of the Company.

- (3) The earning distribution plan is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. If the number of outstanding shares changes due to exercise of employee stock options for common shares, capital increase by cash, purchase of the Company's shares, or transfer or cancellation of treasury stocks and the dividend payout ratio is affected, the Chairman is authorized to adjust the cash dividend to be distributed to each share based on the total amount of cash resolved to be distributed and the actual number of outstanding shares on the record date for distribution.
- (4) When the conditions for this earning distribution are changed due to the changes in laws or decisions of regulators, the Chairman is authorized to take all necessary measures.
- (5) The 2015 earning distribution table is as follows:

Taiflex Scientific Co., Ltd.

2015 Earning Distribution Table

(In Thousands of New Taiwan Dollars)

Item	Subtotal	Total	Note
Unappropriated earnings, beginning balance		1,807,637,318	
Add: net income of 2015	729,856,410		
Less: legal capital reserve (Note1)	(72,985,641)		
Less: other comprehensive income (remeasurement of defined benefit plan) (Note 2)	(19,086,433)		
Distributable earnings		2,445,421,654	
Distribution items: (Note 3)			
Cash dividends to shareholders	403,935,670		Cash dividend of NT\$ 2 per share.
Total distributed earnings		(403,935,670)	
Unappropriated earnings, ending balance		2,041,485,984	

Chairman: Ta-Wen Sun General Manager: Chun-Yen Chiang Accounting Manager: Fang-Yi Xie

(Note 1) The amount and percentage of legal capital reserve is calculated as follows:

$$729,856,410 * 10\% = 72,985,641.$$

(Note 2) The remeasurement of defined benefit plan under IAS 19 is transferred to retained earnings directly instead of to profit or loss account.

(Note 3) The distribution item above is calculated pursuant to the Article of Incorporation. The amount and percentage is calculated as follows:

$$\text{Dividends to shareholders: Cash dividend of NT\$ 2 per share} * (204,285,835 \text{ shares} - \text{treasury stocks})$$

of 2,318,000 shares) = NT\$ 403,935,670.

(6) Please accept the distribution of 2015 earnings.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,633,074votes (33,904,164 votes)	96.48%
Votes against:	288 votes (288 votes)	0.00%
Votes abstained:	4,547,869 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that distribution of 2015 earnings be and hereby were accepted as submitted.

V. Discussion Items II

1. Capitalization capital surplus for the issuance of new shares was submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) It is proposed to capitalize share premium under capital surplus of NT\$ 40,393,570 for the issuance of 4,039,357 common shares at the par value of NT\$ 10 pursuant to Article 241 of the Company Act and Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers for business needs. The new shares give their holders the same rights and obligations as the existing shares and are issued in dematerialized form.
- (2) For this issuance of new shares from capitalized capital surplus, shareholders recorded in the register of shareholders on the record date are entitled to the stock dividends. It is tentatively set to allot 20 shares per thousand shares (the outstanding shares of 204,285,835 shares less treasury stocks of 2,318,000 shares). For fractional shares, the distribution will be made in the form of cash and the amount is calculated at par value and rounded to the nearest dollar. Alternatively, the existing shareholders may arrange to combine fractional shares within five days starting from the record date. The Chairman is authorized to contact specified person(s) to subscribe fractional shares that are not combined or after being combined still constitute less than one full share at their par value.
- (3) This issuance of new share is calculated based on the number of outstanding shares as of the date on which the proposal is approved in the Board meeting. The Board of Directors is authorized to adjust the distribution ratio based on the amount of stock dividends resolved to be distributed and the actual number of outstanding shares on the record date for distribution when the number of outstanding shares is expected to increase before the record date due to the exercise of employee stock options for common shares, capital increase by cash, purchase of the Company's shares, or transfer or cancellation of treasury stocks.

- (4) Upon the approval of the Annual Shareholders' Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-date.
- (5) When any relevant matters in connection with this capital increase shall be adjusted or changed due to laws and regulations, decisions of regulators, or actual needs, it is proposed for the shareholders' meeting to authorize the Chairman in taking all necessary measures.
- (6) Please accept the capitalization of capital surplus for the issuance of new shares.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,626,627votes (33,899,512 votes)	96.47%
Votes against:	4,290 votes (4,290 votes)	0.00%
Votes abstained:	4,550,314 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that capitalization of capital surplus for the issuance of new shares be and hereby were accepted as submitted.

2. The amendments to Procedures for Endorsement and Guarantee were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) Amendments are proposed to be in compliance with official letters from the competent authority.
- (2) Please refer to Attachment VI
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,632,420 votes (33,903,510 votes)	96.48%
Votes against:	291 votes (291 votes)	0.00%
Votes abstained:	4,548,520 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Procedures for Endorsement and Guarantee be and hereby were accepted as submitted.

3. The amendments to Procedures for Lending Funds to Other Parties were submitted at the meeting for acceptance (Proposed by the Board of Directors)

Explanation:

- (1) Amendments are proposed to be in compliance with official letters from the competent authority.
- (2) Please refer to Attachment VII.
- (3) The draft amendment is submitted for discussion and approval.

Resolution:

Voting Results:

Voting Results*		% of the total represented share present
Votes in favor:	124,632,418 votes (33,903,508 votes)	96.48%
Votes against:	292 votes (292 votes)	0.00%
Votes abstained:	4,548,521 votes	3.52%
Votes invalid:	None	N/A

* including votes casted electronically (numbers in brackets)

RESOLVED, that amendments to Procedures for Lending Funds to Other Parties be and hereby were accepted as submitted.

VI. Extempore Motions: None.

VII. Meeting Adjourned: 9:51 a.m. that day

Attachment I Comparison Table of the Amendments to Articles of Incorporation

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 3	<p>The Company has its head office in Kaohsiung Export Processing Zone. The Company may, if necessary, set up branch offices domestically and abroad upon resolution of the Board of Directors and approval of competent authority.</p>	<p>The Company has its head office in Kaohsiung <u>City</u>. The Company may, if necessary, set up branch offices domestically and abroad upon resolution of the Board of Directors and approval of competent authority.</p>	<p>The wording is amended in accordance with the current practice to indicate the location of head office by the city.</p>
Article 6	<p>The total amount of authorized capital stock of the Company is NT\$3,000,000,000, which is divided into 300,000,000 shares (including the technical shares of 3,000,000) at a par value of NT\$10 each. The Board of Directors is authorized to issue the unissued shares by multiple installments. The sum of NT\$150,000,000 may be divided into 15,000,000 shares at a par value of 10 each and issued in a series of employees' stock options, prefer shares with subscription rights, or corporate bonds with subscription rights upon resolution of the Board of Directors.</p> <p>The price of employees' stock options issued by the Company may be lower than the closing price on the date of issuance upon the resolution of shareholders' meeting which is agreed by more than two third of votes represented by the attending</p>	<p>The total amount of authorized capital stock of the Company is NT\$3,000,000,000, which is divided into 300,000,000 shares (including the technical shares of 3,000,000) at a par value of NT\$10 each. The Board of Directors is authorized to issue the unissued shares by multiple installments. The sum of NT\$150,000,000 may be divided into 15,000,000 shares at a par value of <u>NT\$10</u> each and issued in a series of employees' stock options, prefer shares with subscription rights, or corporate bonds with subscription rights upon resolution of the Board of Directors.</p>	<p>1. Since a company shall issue stock options and buy back treasury shares in accordance with Articles 167, 167-1, 167-2 and 167-3 of the current Company Act, Paragraphs 2 and 3 of this Article are deleted for explicitness.</p> <p>2. The wording is amended to show that the</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>shareholders who hold the majority of total number of issued shares represented by the shareholders.</p> <p>The Company may buy back the treasury shares and transfer to the employees at an average price lower than the buyback price upon the resolution of shareholders' meeting which is agreed by more than two third of votes represented by the attending shareholders who hold the majority of total number of issued shares represented by the shareholders.</p>		<p>par value is in New Taiwan Dollars.</p>
Article 8	<p>Unless provided in the laws or regulations, the stock transactions concerning the transfer, loss, inheritance, gift and loss or change of chop or change of address shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.</p>	<p>Unless <u>otherwise</u> provided in relevant laws or regulations, <u>affairs concerning shareholder services need to</u> be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.</p>	<p>The wording is amended to simplify the description of shareholder services.</p>
Article 9	<p>The transfer of shares shall be suspended sixty days before the general meeting of shareholders, thirty days before the special meeting of shareholders or five days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.</p>	<p>The transfer of shares shall be suspended sixty days before the general meeting of shareholders <u>is held</u>, thirty days before the special meeting of shareholders <u>is held</u> or five days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.</p>	<p>The wording is amended.</p>
Article 11	<p>The Chairperson of the Board of Directors shall preside at the shareholders' meeting if the meeting is convened by the Board. When the Chairperson is on leave or unable to exercise power, the Vice Chairperson of</p>	<p>The Chairperson of the Board of Directors shall preside at the shareholders' meeting if the meeting is convened by the Board. When the Chairperson is on leave or unable to exercise power, <u>the person mentioned</u></p>	<p>The words "matters shall be handled in accordance with Article 208 of the</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>the board shall stand proxy. When the Vice Chairperson is also on leave or unable to exercise power, the Chairperson shall appoint a director to stand proxy. If the Chairperson does not appoint a proxy, the directors shall elect a person from among themselves to preside at the meeting. If the shareholders' meeting is convened by a person entitled to convene the meeting, the person shall preside at the meeting. When there are two or more persons entitled to convene, they shall elect a person from among themselves to preside at the meeting.</p>	<p><u>below may preside in accordance with Article 208 of the Company Act. If the shareholders' meeting is convened by a person entitled to convene the meeting, the person shall preside at the meeting. When there are two or more persons entitled to convene, they shall elect a person from among themselves to preside at the meeting.</u></p>	<p>Company Act" are added to replace the previous wording for simplicity.</p>
Article 12	<p>All shareholders shall be notified of the date, place and reasons to convene thirty days prior to the general meeting and fifteen days prior to the special meeting.</p>	<p><u>Written notices shall be sent to all shareholders thirty days prior to the general meeting and fifteen days prior to the special meeting. The notice shall specify the date, place and reasons to convene. Pursuant to relevant laws and regulations, the notice served to the shareholder who owns less than 1,000 shares of nominal stocks may be given in the form of a public announcement.</u></p>	<p>The wording from Article 26-2 of the Securities and Exchange Act is quoted directly for explicitness.</p>
Article 14	<p>Shareholders are entitled to one vote for each share held unless restricted by laws and regulations.</p>	<p>Shareholders are entitled to one vote for each share held. <u>However, this shall not apply to circumstances restricted by laws and regulations nor shares with no voting rights.</u></p>	<p>In addition to shares with no voting rights pursuant to relevant laws and regulations (e.g. the issuing company holds its own share(s) in</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			<p>accordance with the laws), exceptions to one vote for each share include circumstances restricted by laws and regulations (e.g. when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted). Thus, the wording is amended.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 15	The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of total number of issued shares.	<p>The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of total number of issued shares.</p> <p><u>The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed or sealed with the chop of the Chairperson of the meeting. The meeting minutes shall be kept within the Company along with the attendance book bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies.</u></p>	The wording is amended in accordance with Paragraphs 1 and 4 of Article 183 of the Company Act.
Article 16	<p>The Company shall have seven to nine directors and three supervisors who are elected from the shareholders with legal capacity to serve a term of three years. The directors and supervisors may be eligible for re-election. If there is insufficient time to elect the directors and supervisors after the term of office has expired, they may perform their duties and responsibilities until the newly elected directors and supervisor take office. Then, the Company shall purchase liability insurances for compensation which the directors and supervisors shall assume within scope of practice during the term upon resolution of the Board of Directors' meeting.</p>	<p>The Company shall have seven to <u>eleven</u> directors and three supervisors who are elected from the shareholders with legal capacity to serve a term of three years. <u>According to relevant laws and regulations,</u> the directors and supervisors may be eligible for re-election.</p> <p>The Company shall purchase liability insurances for compensation which the directors and supervisors shall assume within scope of practice during the term upon resolution of the Board of Directors' meeting.</p>	<p>1. For future re-elections of directors, the Company proposes to increase the upper limit on the number of directors from 9 to 11.</p> <p>2. The wording is amended in accordance with Article 195 of the Company Act.</p>
Article	The number of independent directors	The number of independent directors	1. Pursuant to

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
16-1	<p>within the number of directors in the preceding article shall not be less than two. The Company adopts the candidate nomination system. Directors (including independent directors) and supervisors of the Company shall be elected from the respective candidates of directors (including independent directors) and supervisors nominated at the shareholders' meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority.</p> <p>Each share has the same number of voting rights as the number of directors and supervisors to be elected. The voting rights may all go to one candidate or be allocated to several candidates. The candidates with more voting rights shall be elected as directors and supervisors. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately.</p>	<p>within the number of directors in the preceding article shall not be less than two <u>nor one-fifth of the total number of directors</u>. The Company adopts the candidate nomination system <u>described in Article 192-1 of the Company Act</u>.</p> <p>Directors (including independent directors) and supervisors of the Company shall be elected from the respective candidates of directors (including independent directors) and supervisors nominated at the shareholders' meeting. The professional qualification, shareholding, concurrent serving restrictions, nomination and election methods of independent directors and other compliance issues shall be subject to the relevant regulations stipulated by the competent securities authority.</p> <p>Each share has the same number of voting rights as the number of directors and supervisors to be elected. The voting rights may all go to one candidate or be allocated to several candidates. The candidates with more voting rights shall be elected as directors and supervisors. The election for independent and non-independent directors shall be held at the same time, but the numbers to be elected shall be calculated separately.</p>	<p>Order Jin-Guan-Zheng-Fa-Zi No. 1020053112 issued by Financial Supervisory Committee on December 31, 2013, where "the articles of association of all TWSE/GTSM listed companies shall state that the number of independent directors shall not be less than two nor one-fifth of the total number of directors" and amendment to Article 24 of the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", the rule</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			<p>concerning the number of independent directors is amended.</p> <p>2. In accordance with Article 192-1 of the Company Act, the nomination system for candidates in the Articles of Incorporation are clearly defined.</p>
Article 17	<p>The Board of Directors is composed of directors. Their duties and responsibilities are as follows:</p> <ol style="list-style-type: none"> 1. Prepare the business plan 2. Submit the profit distribution or deficit compensation proposal 3. Set forth the capital increase and reduction proposal 4. Formulate important articles and organizational regulations 5. Appoint and dismiss the general manager and manager 6. Establish and remove the branch offices 7. Compile the budget and final accounts 8. Perform other duties and responsibilities stipulated by the Company Act or resolved at the shareholders' meeting 	<p>The Board of Directors is composed of directors. Their duties and responsibilities are <u>listed below</u>:</p> <ol style="list-style-type: none"> 1. Prepare the business plan 2. Submit the profit distribution or deficit compensation proposal 3. Set forth the capital increase and reduction proposal 4. Formulate important articles and organizational regulations 5. Appoint and dismiss the general manager and manager 6. Establish and remove the branch offices 7. Compile the budget and final accounts 8. Perform other duties and responsibilities stipulated by the Company Act or resolved at the shareholders' meeting 	<p>The wording is amended.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 18	<p>The directors shall elect a Chairperson and a Vice Chairperson from among themselves in the Board of Directors' meeting with the consent of majority of attending directors which represents more than two-third of all directors. The Chairperson shall represent the company.</p>	<p>The directors shall elect a Chairperson from among themselves in the Board of Directors' meeting with the consent of majority of attending directors which represents more than two-third of all directors. A Vice Chairperson <u>may be elected in the same manner</u>. The Chairperson shall have the authority to represent <u>the Company</u>.</p>	<p>Pursuant to Paragraph 1 of Article 208 of the Company Act, the election method for the Vice Chairperson is amended.</p>
Article 19	<p>Unless otherwise stipulated in the Company Act, the Board of Directors' meeting shall be convened by the Chairperson. All directors and supervisors shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the board meeting can be convened via mail, e-mail or fax at a shorter period. The resolution of board meeting, unless otherwise stipulated by the Company Act, shall be adopted by the majority of attending directors which represents the majority of all directors.</p>	<p>Unless otherwise stipulated in the Company Act, the Board of Directors' meeting shall be convened by the Chairperson. All directors and supervisors shall be notified of the meeting seven days in advance via mail, e-mail or fax. In case of emergency, the Board meeting can be convened via mail, e-mail or fax at a shorter period.</p>	<p>Rules concerning the numbers of attending and voting directors are moved to Article 20-1 for consistency.</p>
Article 20	<p>The Chairperson shall preside at the Board of Directors' meeting. When the Chairperson is on leave or unable to exercise power, the Vice Chairperson shall stand proxy. When the Vice Chairperson is also on leave or unable to exercise power, the Chairperson shall appoint a director to stand proxy. If the Chairperson does not appoint a proxy, the directors shall elect a person from among themselves to preside over the meeting. The directors shall attend</p>	<p>The Chairperson shall preside at the Board of Directors' meeting. When the Chairperson is on leave or unable to exercise power, the person who may preside the meeting <u>shall be determined in accordance with Article 208 of the Company Act</u>.</p> <p>The directors shall attend the board meeting in person. If a director is unable to attend the meeting for some reason, he/she shall authorize other director to stand proxy <u>with a power of</u></p>	<p>The words "matters shall be handled in accordance with Article 208 of the Company Act" are added to replace the previous wording for</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>the board meeting in person. If a director is unable to attend the meeting for some reason, he/she shall authorize other director to stand proxy. The abovementioned proxy shall be authorized by one person only. If a director lives abroad, he/she may authorize other shareholders in Taiwan to act as proxy in series of meetings with a written power of attorney. For Board meetings conducted through video-conferencing, a director who is present at the board meeting via videoconference shall be deemed to attend in person.</p>	<p><u>attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting.</u> No Director may act as proxy for more than one other director. If a director lives abroad, he/she may authorize other shareholders in Taiwan to act as proxy in series of meetings with a written power of attorney. For Board meetings conducted through video-conferencing, a director who participates through video-conferencing <u>is</u> deemed to attend in person.</p>	<p>simplicity.</p>
<p>Article 20-1</p>		<p><u>Resolutions in a board meeting, unless otherwise stipulated in the Company Act, shall be adopted by the majority of attending directors which represents the majority of all directors.</u></p> <p><u>Resolutions adopted at a board meeting shall be recorded in the minutes of the meeting, which shall be signed or sealed by the Chairperson of the meeting and the recorder and filed as an important document of the Company to be retained properly throughout the life of the Company. The preparation and distribution of the minutes may be conducted in electronic form.</u></p>	<p>This Article is added to stipulate (1) the requirements concerning the numbers of attending and voting directors for the resolutions of board meetings; and (2) that Article 183 of the Company Act shall apply mutatis mutandis to the preparation,</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			distribution and retention of the board meeting minutes pursuant to Article 207 of the same act.
Article 22	<p>The Board of Directors has been delegated to determine the remuneration of directors and supervisors (including the independent directors and supervisors) based on their involvement in the business operation of the Company and contributions to the Company with reference to the remuneration standard of the industry.</p>	<p><u>The Compensation Committee would evaluate the involvement of directors and supervisors (including the independent directors) in the business operation of the Company and their contributions to the Company, and make recommendations to the Board concerning their remuneration. The Board of Directors has been delegated to determine the remuneration based on the recommendations from the Compensation Committee with reference to the remuneration standard of the industry.</u></p>	<p>The evaluation processes for the remuneration of directors and supervisors are amended in compliance with Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			Traded Over the Counter.
Article 24	The general manager shall carry out the business activities of the Company in accordance with the resolutions of the Board meetings.	<u>Directors shall exercise their powers pursuant to the resolutions adopted in the Board and shareholders' meetings. Moreover, the general manager shall carry out the business activities of the Company in accordance with the resolutions of the Board meetings.</u>	The wording is amended to clearly define the basis for directors in exercising their powers.
Article 25	The fiscal year of the Company shall be from January 1 to December 31 of the same year. Financial statements shall be prepared after the end of each fiscal year.	The fiscal year of the Company shall be from January 1 to December 31 of the same year.	Paragraph 2 is deleted to avoid repetition as the preparation of financial statements after the end of each fiscal year is stipulated in Article 26.
Article 26	After the end of each fiscal year, the Board of Directors shall prepare the following documents and deliver them to the supervisors for auditing thirty days prior to the general meeting of shareholders. The supervisors shall then submit a report at the general meeting of shareholders for approval pursuant to Article 228 of the Company Act. 1. Business report 2. Financial statement 3. Profit distribution or deficit compensation proposal	Pursuant to Article 228 of the Company Act, the Board of Directors shall prepare the following documents after the end of each fiscal year and <u>forward</u> them to the supervisors for auditing thirty days prior to the general meeting of shareholders <u>before submitting them to</u> the general meeting of shareholders for approval. 1. Business report 2. Financial statement 3. Profit distribution or deficit compensation proposal	The wording is amended pursuant to Paragraph 1 of Article 228 of the Company Act.
Article 28	The net profit after the end of fiscal	<u>When the Company makes a profit for</u>	1. In

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>year shall be distributed in the following sequence:—</p> <ol style="list-style-type: none"> 1. Deficit compensation 2. 10% of net profit as legal reserve 3. Special reserve appropriated or reversed as stipulated by laws or competent securities authority 4. For the remaining profits, if any, the Board of Directors shall appropriate in the following manners depending on the financial and economic conditions of current year: <ol style="list-style-type: none"> a. Bonus to the employees shall not be lower than 8 percent of the remaining balance after the deductions specified in Paragraphs 1 to 3 of the Article. The bonus to the employees, distributed in cash or shares, shall not exceed 50 percent of current year's net profit when calculated by market price, or 50 percent of current year's net profit combined with the undistributed earnings accumulated during the previous years, whichever is higher. The parties receiving the stock dividends shall include employees in affiliated companies who met certain conditions stipulated by the Board of Directors; b. Remuneration to the directors and supervisors shall not be higher than 5% of the remaining balance after the deductions specified in Paragraph 1 to 3 of the Article; 	<p><u>the year, the compensation to employees shall not be lower than five percent of the balance and the remuneration to the directors and supervisors shall not be higher than four percent of the balance.</u></p> <p><u>The compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the directors and supervisors shall be submitted to the shareholders' meeting.</u></p> <p><u>However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to the directors and supervisors based on the above-mentioned ratios.</u></p>	<p>accordance with amendments to Articles 235 and 235-1 of the Company Act, a company shall specify a fixed amount or ratio of profit of the current year distributable as compensation to employees in the Articles of Incorporation. Thus, the basis and ratio for the distribution of compensation to employees in this Articles of Incorporation is amended.</p> <p>2. Pursuant to Letter Jing-Shang-Zi No. 10402413890 issued by the Ministry of</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>e. The shareholders' meeting shall then resolve as to whether the remaining balance combined with the undistributed earnings accumulated during previous years shall be reserved or distributed to the shareholders as dividends.</p>		<p>Economic Affairs on June 11, 2015, the earnings distribution table shall not include bonus to employees. This rule shall apply mutatis mutandis to remuneration to the directors and supervisors. However a company can still specify a fixed amount or ratio of profit distributable as remuneration to the directors and supervisors in the Articles of Incorporation. Thus, the basis and ratio for the distribution of remuneration to the directors and</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			<p>supervisors in this Articles of Incorporation is amended.</p> <p>3. The same Letter explains that if a company has an accumulated deficit and its Articles of Incorporation set out rules for both compensation to employees and remuneration to the directors and supervisors in accordance with laws and regulations, the amount used for the calculation of compensation to employees and remuneration to the directors and supervisors shall be profit</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			of the year (i.e. income before tax) net of the accumulated deficit.
Article 28-1		<p><u>Current year's earnings of the Company, if any, shall be distributed in the following order:</u></p> <ol style="list-style-type: none"> 1. <u>Taxes and dues</u> 2. <u>Deficit compensation</u> 3. <u>10% of net profit as legal capital reserves. However, this shall not apply when the accumulated legal capital reserve has equaled the total capital of the Company.</u> 4. <u>Special capital reserve appropriated or reversed as stipulated by relevant laws and regulations or competent securities authority</u> 5. <u>For the remaining profits, if any, the Board of Directors shall draft a proposal for the distribution of bonus to shareholders and submit it to the Shareholders' meeting for resolution</u> 	<p>1. A new Article.</p> <p>2. Pursuant to Articles 232 and 237 of the Company Act, this article is amended to clarify the method of earnings distribution.</p>
Article 29	<p>The Company shall take into account the environment and development stage of the Company in meeting the needs of capital in the future and establishing long-term financial planning together with satisfying the shareholders' demand for cash. The Company shall draw up and submit the proposal concerning the distributable earnings specified in Article 28 to the shareholders' meeting for resolution.</p>	<p>After taking into account the environment and development stage of the Company, the needs of capital in the future, long-term financial planning and shareholders' demand for cash, the <u>Board of Directors shall draw up an earnings distribution proposal according to the distributable earnings calculated pursuant to Article 28-1</u> and submit it to the shareholders' meeting for approval. <u>At least forty percent of</u></p>	<p>Pursuant to the addition of Article 28-1, the wording is amended and the dividend distribution policy is clearly defined.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at 100%.</p>	<p><u>the distributable earnings calculated shall be appropriated as shareholders' dividends</u>. The cash dividend shall not be lower than 10 percent of the total dividends and shall be capped at <u>100 percent</u>.</p>	
Article 34	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p>	<p>The Articles of Incorporation was established after approval of all promoters on August 5, 1997. It took effect on the date when the competent authority approved the registration.</p> <p>The first amendment was made on October 17, 1997.</p> <p>The second amendment was made on November 1, 1997.</p> <p>The third amendment was made on December 8, 1997.</p> <p>The fourth amendment was made on April 23, 1998.</p> <p>The fifth amendment was made on March 6, 1999.</p> <p>The sixth amendment was made on April 15, 2000.</p> <p>The seventh amendment was made on April 14, 2001.</p> <p>The eighth amendment was made on June 21, 2002.</p> <p>The ninth amendment was made on May 26, 2003.</p> <p>The tenth amendment was made on May 28, 2004.</p> <p>The eleventh amendment was made on May 28, 2004.</p> <p>The twelfth amendment was made on June 17, 2005.</p> <p>The thirteenth amendment was made on June 17, 2005.</p>	To add the date of amendment.

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p>	<p>The fourteenth amendment was made on August 28, 2006.</p> <p>The fifteenth amendment was made on May 9, 2007.</p> <p>The sixteenth amendment was made on June 3, 2008.</p> <p>The seventeenth amendment was made on June 18, 2010.</p> <p>The eighteenth amendment was made on June 9, 2011.</p> <p>The nineteenth amendment was made on June 13, 2012.</p> <p>The twentieth amendment was made on June 17, 2013.</p> <p>The twenty-first amendment was made on June 24, 2014.</p> <p><u>The twenty-second amendment was made on May 27, 2016.</u></p>	

Attachment II Supervisors' review report on the 2015 financial statements

Supervisors' Review Report

The Board of Directors has prepared the business report, parent company only and consolidated financial statements and earning distribution for the year ended December 31, 2015. Certified Public Accountants of Ernst & Young, Li Fang-Wun and Lin Hong-Guang, were retained by the Board to audit the parent company only and consolidated financial statements and they have issued an audit report.

The above-mentioned business report, parent company only and consolidated financial statements and earning distribution have been reviewed and determined to be in compliance with the Company Act and other relevant laws and regulations by the supervisors. We hereby submit this report in accordance with Article 219 of the Company Act.

To: Taiflex Scientific Co., Ltd. 2016 Annual Shareholders' Meeting

Supervisor: Chuan-Sheng Kao

Supervisor: Pai-Chun Wu

Supervisor: Fiu Ding Trust & Investment Co., Ltd.

Representative: Jui-Chang Lin

February 24, 2016

Attachment III Comparison Table of the Amendments to Rules of Procedure for the Board of Directors' Meetings

Articles	Before the amendment	After the amendment	Note
Article 14	<p>When the chairperson is of the opinion that the proposal in Board meeting has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote.</p> <p>The proposal shall be deemed adopted if all directors in attendance were solicited by the chairperson and no objection is voiced.</p> <p>The manner of voting for proposals of board meetings shall be clearly defined in the Rules. Except for chairperson soliciting all directors in attendance to pass the resolution, the supervision and counting of ballots shall be clearly specified.</p> <p>The term “all directors in attendance” in the preceding two paragraphs exclude directors who shall not exercise voting rights pursuant to paragraph 1 of Article 16.</p>	<p>When the chairperson is of the opinion that the proposal in board meeting has been discussed sufficiently to put it to a vote, he/she shall announce the discussion closed and call for a vote.</p> <p>The resolutions shall be deemed adopted if no objection is voiced by any of the attending directors after solicitation by the chairperson.</p> <p>If objection is voiced after solicitation by the chairperson, such resolution shall be voted. If there is an amendment to or substitute for a proposed resolution, the chairperson shall decide the sequence of voting for such proposed resolution and the amendment or substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is required. The result of voting shall be announced at the meeting and placed on record.</p> <p>The method of voting for proposed resolutions in the board meetings <u>shall be one of the followings as determined by the chairperson:</u></p> <ol style="list-style-type: none"> <u>1.By showing of hands;</u> <u>2.By voicing votes; or</u> <u>3.By casting ballots. The chairperson shall appoint ballot supervisors to monitor the voting process and ballot counters to count the ballots. The ballot supervisors shall be directors.</u> <p>The term “ any of the attending directors ” in the second paragraph of this Article exclude directors who shall not exercise voting rights</p>	To clearly define the manner of voting for proposals.

Articles	Before the amendment	After the amendment	Note
		pursuant to the first paragraph of Article 16.	
Article 20	<p>The Rules were established on March 7, 2003 and took effect after being approved by the Board of Directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the Board of Directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the Board of Directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took effect after being approved by the Board of Directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the Board of Directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the Board of Directors on October 24, 2012</p>	<p>The Rules were established on March 7, 2003 and took effect after being approved by the Board of Directors. It was proposed at the shareholders' meeting of that year.</p> <p>The first amendment to the Rules was approved by the Board of Directors on February 27, 2004 and proposed at the shareholders' meeting of that year.</p> <p>The second amendment to the Rules took effect after being approved by the Board of Directors on December 13, 2006. It was then proposed at the shareholders' meeting in the following year.</p> <p>The third amendment to the Rules took effect after being approved by the Board of Directors on March 18, 2008. It was then proposed at the shareholders' meeting.</p> <p>The fourth amendment to the Rules took effect after being approved by the Board of Directors on February 25, 2010. It was then proposed at the shareholders' meeting.</p> <p>The fifth amendment to the Rules took effect after being approved by the Board of Directors on October 24, 2012.</p> <p><u>The sixth amendment to the Rules took effect after being approved by the board of directors on July 28, 2015.</u></p>	To add the date of amendment.

Attachment IV Consolidated Financial Statements for the Years Ended December 31, 2015

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 2015 and 2014
 (In Thousands of New Taiwan Dollars)

<u>Assets</u>	<u>Notes</u>	<u>December 2015</u>	<u>December 2014</u>
Current assets			
Cash and cash equivalents	4, 6(1)	\$	\$
Financial assets at fair value through profit or	4, 6(2)	19,300	21,643
Notes receivable, net	4, 6(3)	858,370	889,499
Accounts receivable, net	4, 6(4)	3,647,625	3,794,721
Other receivables		242,562	173,929
Inventories, net	4, 6(5)	1,116,052	926,417
Prepayments		75,357	112,418
Other current assets	8	<u>168,108</u>	<u>67,567</u>
Total current assets		<u>8,856,609</u>	<u>9,392,639</u>
Non-current assets			
Financial assets carried at cost, non-current	4, 6(6)		
Investments accounted for under the equity	4, 6(7)		
Property, plant and equipment	4, 6(8)	2,694,435	2,422,737
Intangible assets	4, 6(9)	119,480	117,086
Deferred income tax assets	4, 6(21)	125,309	120,157
Other non-current assets	4, 6(10)	<u>82,874</u>	<u>124,510</u>
Total non-current assets		<u>3,022,098</u>	<u>2,790,145</u>
Total assets		<u><u>\$</u></u>	<u><u>\$</u></u>

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS-(Continued)
December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	2015	2014
Current liabilities			
Short-term loans	6(12)	\$	\$
Financial liabilities at fair value through	4, 6(13)		5,602
Notes payable		51,896	205,739
Accounts payable		1,901,621	1,640,159
Other payables		624,655	583,839
Current income tax liabilities	4, 6(21)	96,804	144,980
Current portion of long-term loans	6(14)	303,561	22,027
Other current liabilities		6,317	15,981
Total current liabilities		<u>3,866,032</u>	<u>3,837,299</u>
Non-current liabilities			
Long-term loans	6(14)	888,173	1,302,281
Deferred income tax liabilities	4, 6(21)	194,169	205,979
Net defined benefit liabilities, non-current	4, 6(15)	111,009	81,473
Other non-current liabilities	4, 12		
Total non-current liabilities		<u>1,193,398</u>	<u>1,589,799</u>
Total liabilities		<u>5,059,430</u>	<u>5,427,098</u>
Equity attributable to shareholders of the			
Capital	6(16)		
Common stock		2,042,858	2,042,608
Capital collected in advance			70
Total capital		<u>2,042,858</u>	<u>2,042,678</u>
Capital surplus	6(16)	1,447,952	1,447,619
Retained earnings			
Legal capital reserve		611,177	522,935
Special capital reserve		102,158	102,158
Unappropriated earnings		2,518,408	2,501,729
Total retained earnings		<u>3,231,743</u>	<u>3,126,822</u>
Other components of equity	4	61,375	80,544
Treasury stock	6(16)	(98,744)	(98,744)
Total equity attributable to shareholders		<u>6,685,184</u>	<u>6,598,919</u>
Non-controlling interests	4, 6(16)	134,093	156,767
Total equity		<u>6,819,277</u>	<u>6,755,686</u>
Total liabilities and equity		<u>\$</u>	<u>\$</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

	Notes	2015	2014
Net revenue	4, 6(18)	\$	\$
Cost of revenue	4, 6(5),	(8,103,053)	(7,871,171)
Gross profit		2,164,815	2,256,549
Unrealized sales profit or loss		(442)	(347)
Realized sales profit or loss			234
Gross profit, net		2,164,720	2,256,436
Operating expenses	4, 6(19)		
Sales and marketing expenses		(497,436)	(657,652)
General and administrative expenses		(399,605)	(399,638)
Research and development expenses		(218,559)	(189,228)
Total operating expenses		(1,115,600)	(1,246,518)
Operating income		1,049,120	1,009,918
Non-operating income and expenses	6(20)		
Other income		44,983	48,523
Other gains and losses		(152,161)	124,501
Finance costs		(68,999)	(67,252)
Share of profit or loss of associates under the equity	4, 6(7)	(5,673)	(8,507)
Total non-operating income and expenses		(181,850)	97,265
Income before income tax		867,270	1,107,183
Income tax expense	4, 6(21)	(159,962)	(222,204)
Net income of continuing operations		707,308	884,979
Net income		707,308	884,979
Other comprehensive income (loss)	6(20)		
Items that will not be reclassified subsequently to			
Remeasurement of defined benefit obligation		(22,995)	(2,093)
Income tax benefit (expense) related to items		3,909	356
Items that may be reclassified subsequently to profit			
Exchange differences on translation of foreign		(23,246)	76,122
Income tax benefit (expense) related to items		3,951	(12,940)
Total other comprehensive income, net of tax		(38,381)	61,445
Total comprehensive income			
Net income (loss) attributable to:	4, 6(22)		
Shareholders of the parent		\$729,856	\$882,421
Non-controlling interests		(22,548)	2,558
		\$707,308	\$884,979
Total comprehensive income (loss) attributable to:			
Shareholders of the parent		\$691,601	\$943,310
Non-controlling interests		(22,674)	3,114
		\$668,927	\$946,424

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME-(Continued)

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Earnings per share (NT\$)	4, 6(22)		
		\$	\$
Earnings per share - basic		3.61	4.32
		<u>\$</u>	<u>\$</u>
Earnings per share - diluted		3.58	4.28
		<u>3.58</u>	<u>4.28</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2015 and 2014

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent									Non-controlling	Total Equity	
	Common	Capital	Capital	Retained Earnings			Others		Total			
				Legal	Special	Unappropriated	Exchange	Treasury				
Balance as of January 1, 2014	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Appropriation and distribution of 2013 earnings												
Legal capital reserve				100,534		(100,534)				-		-
Cash dividends for common shares						(509,941)				(509,941)		(509,941)
Changes in other capital surplus												
Changes in associates under the equity method			717							717		717
Share-based payment	13,846	(10,422)	10,054							13,478		13,478
Net income for the year ended December 31, 2014						882,421				882,421	2,558	884,979
Other comprehensive income (loss) for the year ended						(1,737)	62,626			60,889	556	61,445
Total comprehensive income	-	-	-	-	-	880,684	62,626	-		943,310	3,114	946,424
Repurchase of treasury stock								(98,744)		(98,744)		(98,744)
Balance as of December 31, 2014						2,501,729						
Appropriation and distribution of 2014 earnings												
Legal capital reserve				88,242		(88,242)				-		-
Cash dividends for common shares						(605,849)				(605,849)		(605,849)
Changes in other capital surplus												
Share-based payment	250	(70)	333							513		513
Net income for the year ended December 31, 2015						729,856				729,856	(22,548)	707,308
Other comprehensive income (loss) for the year ended						(19,086)	(19,169)			(38,255)	(126)	(38,381)
Total comprehensive income	-	-	-	-	-	710,770	(19,169)	-		691,601	(22,674)	668,927
Balance as of December 31, 2015	\$2,042,858											

(The accompanying notes are an integral part of the consolidated financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from operating activities:		
Income before income tax	\$	\$
Adjustments:		
Non-cash income and expense items:		
Depreciation	265,557	242,242
Amortization	38,901	39,911
Bad debt expense	31,230	238,375
Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(5,937)	9,033
Interest expense	68,999	67,252
Interest income	(28,117)	(25,230)
Compensation cost of share-based payment	-	548
Share of profit or loss of associates under the equity method	5,673	8,507
(Gain) loss on disposal of property, plant and equipment	(190)	313
Gain on disposal of investments	-	(124)
Gain on reversal of impairment loss for non-financial assets	(5,461)	(5,744)
Others	(68,105)	(5,402)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit	2,678	(6,740)
Decrease in notes receivable	31,129	128,853
Decrease (increase) in accounts receivable	181,105	(860,576)
Increase in other receivables	(131,679)	(98,013)
Decrease (increase) in inventories	(121,530)	36,409
Decrease (increase) in prepayments	37,061	(4,874)
Increase in other current assets	(11,627)	(57)
Increase in other non-current assets	(2,232)	(11,965)
Increase (decrease) in notes payable	(153,843)	205,394
Increase in accounts payable	261,462	167,177
Increase (decrease) in other payables	(25,936)	13,063
Increase (decrease) in other current liabilities	(9,682)	11,527
Increase in net defined benefit liabilities	6,540	6,788
Increase (decrease) in other non-current liabilities	(19)	66
Cash generated from operations	1,233,247	1,263,916
Interest received	26,547	27,895
Interest paid	(71,513)	(65,379)
Income tax paid	(217,240)	(217,212)
Net cash generated by operating activities	971,041	1,009,220

(The accompanying notes are an integral part of the consolidated financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(487,898)	(293,636)
Disposal of property, plant and equipment	1,614	930
Increase in refundable deposits	-	(28,373)
Decrease in refundable deposits	23,424	-
Acquisition of intangible assets	(9,286)	(14,191)
Increase in other current assets - other financial assets, current	(87,480)	(32,210)
Net cash used in investing activities	<u>(559,626)</u>	<u>(367,480)</u>
Cash flows from financing activities:		
Increase in short-term loans	-	168,260
Decrease in short-term loans	(337,794)	-
Repayment of long-term loans	(132,574)	(377,158)
Distribution of cash dividends	(605,849)	(509,941)
Exercise of employee stock options	513	12,930
Costs of repurchase of treasury stock	-	(98,744)
Net cash used in financing activities	<u>(1,075,704)</u>	<u>(804,653)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(12,921)</u>	<u>40,078</u>
Net decrease in cash and cash equivalents	(677,210)	(122,835)
Cash and cash equivalents at beginning of period	<u>3,406,445</u>	<u>3,529,280</u>
Cash and cash equivalents at end of period	<u>\$</u>	<u>\$</u>

(Concluded)

(The accompanying notes are an integral part of the consolidated financial statements.)

Attachment V Parent Company Only Financial Statements for the Years Ended December 31, 2015

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

Assets	Notes	December 2015	December 2014
Current assets			
Cash and cash equivalents	4, 6(1)	\$	\$
Financial assets at fair value through profit	4, 6(2)	19,300	21,643
Notes receivable, net	4, 6(3)	11,797	10,341
Accounts receivable, net	4, 6(4)	670,834	1,314,431
Accounts receivable – related parties	6(4), 7	1,044,628	809,234
Other receivables		121,529	138,067
Other receivables – related parties	7	1,552,485	1,690,952
Inventories, net	4, 6(5)	609,307	498,377
Prepayments		18,831	36,031
Other current assets	8	37,283	52,804
Total current assets	-	<u>6,309,771</u>	<u>7,135,898</u>
Non-current assets			
Financial assets carried at cost, non-current	4, 6(6)	-	-
Investments accounted for under the equity	4, 6(7)	2,207,017	2,137,490
Property, plant and equipment	4, 6(8)	1,725,671	1,353,023
Intangible assets	4, 6(9)	32,560	27,916
Deferred income tax assets	4, 6(20)	121,598	116,757
Prepayments for investments		16,260	-
Other non-current assets	4, 6(10)	9,635	5,304
Total non-current assets	-	<u>4,112,741</u>	<u>3,640,490</u>
Total assets		<u>\$</u>	<u>\$</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY BALANCE SHEETS-(Continued)
December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	2015	2014
Current liabilities			
Short-term loans	6(11)	\$	\$
Financial liabilities at fair value through	4, 6(12)	-	5,602
Accounts payable		1,757,623	1,524,488
Accounts payable – related parties	7	107,567	474,080
Other payables		499,931	466,077
Current income tax liabilities	4, 6(20)	85,894	134,450
Current portion of long-term loans		281,061	-
Other current liabilities		2,912	15,863
Total current liabilities		<u>2,833,355</u>	<u>2,891,113</u>
Non-current liabilities			
Long-term loans	6(13)	599,297	999,150
Deferred income tax liabilities	4, 6(20)	193,667	205,733
Net defined benefit liabilities, non-current	4, 6(14)	111,009	81,473
Total non-current liabilities		<u>903,973</u>	<u>1,286,356</u>
Total liabilities		<u>3,737,328</u>	<u>4,177,469</u>
Equity			
Capital	6(15)		
Common stock		2,042,858	2,042,608
Capital collected in advance			70
Total capital		<u>2,042,858</u>	<u>2,042,678</u>
Capital surplus	6(15)	1,447,952	1,447,619
Retained earnings			
Legal capital reserve		611,177	522,935
Special capital reserve		102,158	102,158
Unappropriated earnings		2,518,408	2,501,729
Total retained earnings		<u>3,231,743</u>	<u>3,126,822</u>
Others	4	61,375	80,544
Treasury stock		(98,744)	(98,744)
Total equity		<u>6,685,184</u>	<u>6,598,919</u>
Total liabilities and equity		<u>\$</u>	<u>\$</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	Notes	2015	2014
Net revenue	4, 6(17), 7	\$	\$
Cost of revenue	4, 6(5), 6(18), 7	<u>(5,018,175)</u>	<u>(5,901,433)</u>
Gross profit		<u>1,510,669</u>	<u>1,510,323</u>
Unrealized sales profit or loss		(24,370)	(23,829)
Realized sales profit or loss			<u>32,675</u>
Gross profit, net		<u>1,510,128</u>	<u>1,519,169</u>
Operating expenses	4, 6(18)		
Sales and marketing expenses		(257,058)	(462,652)
General and administrative expenses		(273,820)	(287,343)
Research and development expenses		<u>(193,531)</u>	<u>(158,473)</u>
Total operating expenses		<u>(724,409)</u>	<u>(908,468)</u>
Operating income		<u>785,719</u>	<u>610,701</u>
Non-operating income and expenses	6(19)		
Other income		253,444	307,809
Other gains and losses		(95,956)	134,492
Finance costs		(27,756)	(33,601)
Share of profit or loss of subsidiaries and	4, 6(7)	<u>(39,098)</u>	<u>61,207</u>
Total non-operating income and expenses		<u>90,634</u>	<u>469,907</u>
Income before income tax		876,353	1,080,608
Income tax expense	4, 6(20)	<u>(146,497)</u>	<u>(198,187)</u>
Net income of continuing operations		<u>729,856</u>	<u>882,421</u>
Net income		<u>729,856</u>	<u>882,421</u>
Other comprehensive income (loss)	6(19)		
Items that will not be reclassified subsequently to			
Remeasurement of defined benefit obligation		(22,995)	(2,093)
Income tax benefit (expense) related to items		3,909	356
Items that may be reclassified subsequently to			
Exchange differences on translation of		(23,095)	75,453
Income tax benefit (expense) related to items	6(20)	<u>3,926</u>	<u>(12,827)</u>
Total other comprehensive income, net of tax		<u>(38,255)</u>	<u>60,889</u>
Total comprehensive income		<u>\$</u>	<u>\$</u>
Earnings per share (NT\$)	4, 6(21)		
Earnings per share - basic		<u>\$</u>	<u>\$</u>
Earnings per share - diluted		<u>\$</u>	<u>\$</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	Common	Capital	Capital	Retained Earnings			Others	Treasury	Total Equity
				Legal	Special	Unappropriated	Exchange		
Balance as of January 1, 2014	\$	\$	\$	\$	\$	\$	\$	\$	\$
Appropriation and distribution of 2013 earnings									
Legal capital reserve				100,534		(100,534)			-
Cash dividends for common shares						(509,941)			(509,941)
Changes in other capital surplus									
Changes in associates under the equity method			717						717
Share-based payment	13,846	(10,422)	10,054						13,478
Net income for the year ended December 31, 2014						882,421			882,421
Other comprehensive income (loss) for the year ended						(1,737)	62,626		60,889
Total comprehensive income	-	-	-	-	-	880,684	62,626	-	943,310
Repurchase of treasury stock								(98,744)	(98,744)
Balance as of December 31, 2014	2,042,608	70	1,447,619	522,935	102,158	2,501,729	80,544	(98,744)	6,598,919
Appropriation and distribution of 2014 earnings									
Legal capital reserve				88,242		(88,242)			-
Cash dividends for common shares						(605,849)			(605,849)
Changes in other capital surplus									
Share-based payment	250	(70)	333						513
Net income for the year ended December 31, 2015						729,856			729,856
Other comprehensive income (loss) for the year ended						(19,086)	(19,169)		(38,255)
Total comprehensive income	-	-	-	-	-	710,770	(19,169)	-	691,601
Balance as of December 31, 2015	<u>\$2,042,858</u>	<u>-</u>	<u>\$1,447,952</u>	<u>\$611,177</u>	<u>\$102,158</u>	<u>\$2,518,408</u>	<u>\$61,375</u>	<u>\$(98,744)</u>	<u>\$6,685,184</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from operating activities:		
Income before income tax	\$	\$
Adjustments:		
Non-cash income and expense items:		
Depreciation	143,703	126,222
Amortization	10,061	10,232
Bad debt expense	8,752	240,833
Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(4,417)	6,774
Interest expense	27,756	33,601
Interest income	(52,991)	(38,204)
Compensation cost of share-based payment	-	548
Share of profit or loss of subsidiaries and associates under the (Gain) loss on disposal of property, plant and equipment	39,098	(61,207)
Others	(86)	430
Others	(53,976)	(1,975)
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit	1,158	(4,361)
Decrease (increase) in notes receivable	(1,456)	836
Decrease (increase) in accounts receivable	699,461	(136,691)
Decrease (increase) in accounts receivable – related parties	(235,394)	72,129
Increase in other receivables	(46,508)	(69,408)
Decrease in other receivables – related parties	138,467	180,321
Increase in inventories	(56,954)	(94,672)
Decrease (increase) in prepayments	17,200	(1,874)
Decrease (increase) in other current assets	(15,882)	191
Increase in accounts payable	233,135	182,795
Increase (decrease) in accounts payable – related parties	(366,513)	12,066
Decrease in other payables	(40,882)	(14,744)
Increase (decrease) in other current liabilities	(18,277)	7,669
Increase in net defined benefit liabilities	6,540	6,788
Cash generated from operations	1,308,348	1,538,907
Interest received	51,421	40,869
Interest paid	(27,737)	(34,228)
Income tax paid	(204,124)	(189,110)
Net cash generated by operating activities	1,127,908	1,356,438

(The accompanying notes are an integral part of the parent company only financial statements.)

(Continued)

TAIFLEX SCIENTIFIC COMPANY LIMITED
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS-(Continued)
For the Years Ended December 31, 2015 and 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity	(126,394)	(79,557)
Increase in prepayments for investments	(16,260)	-
Decrease in prepayments for investments	-	13,294
Acquisition of property, plant and equipment	(441,778)	(253,129)
Disposal of property, plant and equipment	230	30
Increase in refundable deposits	(4,331)	(1,640)
Acquisition of intangible assets	(14,705)	(13,277)
Increase in other current assets - other financial assets, current	-	(31,631)
Decrease in other current assets - other financial assets, current	31,403	-
Net cash used in investing activities	(571,835)	(365,910)
 Cash flows from financing activities:		
Decrease in short-term loans	(172,186)	(206,608)
Repayment of long-term loans	(118,792)	(565,938)
Distribution of cash dividends	(605,849)	(509,941)
Exercise of employee stock options	513	12,930
Costs of repurchase of treasury stock	-	(98,744)
Net cash used in financing activities	(896,314)	(1,368,301)
 Net decrease in cash and cash equivalents	(340,241)	(377,773)
Cash and cash equivalents at beginning of period	2,564,018	2,941,791
Cash and cash equivalents at end of period	\$	\$

(Concluded)

(The accompanying notes are an integral part of the parent company only financial statements.)

Attachment VI Comparison Table of the Amendments to Procedures for Endorsement and Guarantee

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 6	<p>(1)The total amount of endorsement and guarantee provided by the Company for other parties shall not exceed 50 percent of the Company’s net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for a single enterprise shall not exceed 20 percent of the Company’s net worth in the latest financial statement. However, the restriction shall not apply to companies in which the Company directly or indirectly holds 100 percent of voting shares.</p> <p>(2) The total amount of endorsement and guarantee provided by the Company and its subsidiaries for other parties shall not exceed 50 percent of the Company’s net worth. The total amount of endorsement and guarantee for a single enterprise shall not exceed 20 percent of the Company’s net worth. However, the restriction shall not apply to companies in which the Company directly or indirectly holds 100 percent of voting shares. When the total amount of endorsement and guarantee provided by the Company and its subsidiaries exceeds 50 percent of the Company’s net worth, its necessity</p>	<p>(1)The total amount of endorsement and guarantee provided by the Company for other parties shall not exceed 50 percent of the Company’s net worth in the latest financial statements. The amount of endorsement and guarantee provided by the Company for an individual entity shall not exceed 20 percent of the Company’s net worth in the latest financial statement. However, the restriction shall not apply to companies in which the Company directly or indirectly holds 100 percent of voting shares. <u>Notwithstanding the foregoing, the amount of endorsement and guarantee provided by the Company for the company in which the Company directly or indirectly holds 100 percent of voting shares shall still be subject to the limitation of 50 percent of the Company’s net worth in the latest financial statements as stated above.</u></p> <p>(2) The total amount of endorsement and guarantee provided by the Company and its subsidiaries for other parties shall not exceed 50 percent of the Company’s net worth <u>in the latest financial statements.</u> The total amount of endorsement and guarantee <u>provided by the</u></p>	<p>1. The paragraph is amended by adding the words “Notwithstanding the foregoing, the amount of endorsement and guarantee provided by the Company for such a company shall be limited to 50 percent of the Company’s net worth in the latest financial statements as stated above.” to avoid questions on whether the amount of endorsement and guarantee</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	<p>and reasonableness shall be stated at the shareholders' meeting. (Omitted)</p>	<p><u>Company and its subsidiaries</u> for an individual entity shall not exceed 20 percent of the Company's net worth <u>in the latest financial statements</u>. However, the restriction shall not apply to <u>endorsement and guarantee provided for</u> companies in which the Company directly or indirectly holds 100 percent of voting shares. <u>Notwithstanding the foregoing, the amount of endorsement and guarantee provided by Company and its subsidiaries for the company in which the Company directly or indirectly holds 100 percent of voting shares shall still be subject to the limitation of 50 percent of the Company's net worth in the latest financial statements as stated above.</u> When the total amount of endorsement and guarantee provided by the Company and its subsidiaries exceeds 50 percent of the Company's net worth <u>in the latest financial statements</u>, the necessity and reasonableness for the excess portion shall be stated at the <u>Company's</u> shareholders' meeting. (Omitted)</p>	<p>provided by the Company for companies in which it directly or indirectly holds 100 percent of voting shares can exceed 50 percent of the Company's net worth in the latest financial statement. 2. The second paragraph is amended to state clearly that the total amount of endorsement and guarantee provided by the Company and its subsidiaries for companies in which the Company directly or indirectly</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
			holds 100 percent of voting shares and for other parties are both limited to 50 percent of the Company's net worth in the latest financial statements.
Article 18	<p>The Procedures took effect on April 15, 2000 after being approved by the shareholders' meeting.</p> <p>The first amendment was made on May 26, 2003.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on May 9, 2007.</p> <p>The fourth amendment was made on June 16, 2009.</p> <p>The fifth amendment was made on June 18, 2010.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p>	<p>The Procedures took effect on April 15, 2000 after being approved by the shareholders' meeting.</p> <p>The first amendment was made on May 26, 2003.</p> <p>The second amendment was made on June 8, 2006.</p> <p>The third amendment was made on May 9, 2007.</p> <p>The fourth amendment was made on June 16, 2009.</p> <p>The fifth amendment was made on June 18, 2010.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p><u>The eighth amendment was made on May 27, 2016.</u></p>	To add the date of amendment.

Attachment VII Comparison Table of the Amendments to Procedures for Lending Funds to Other Parties

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
Article 7	<p>Subsequent control on loan amount and procedures for overdue credit</p> <p>(1) Following loan appropriation, the Company shall frequently evaluate the financial, operating and related credit conditions of the borrower and guarantor. If collateral is provided, the Company shall be aware of the fluctuations in value. In case of significant changes, the Company shall notify the Chairperson of the board immediately and take actions according to instructions.</p> <p>(2) Interest should be calculated when the borrower repays the loan upon or before its due date. Once the principal and interest of the loan are repaid, the Company shall cancel and return the promissory note to the borrower or cancel the pledge.</p> <p>(3) The borrower shall repay the principal and interest when the loan is due. If the borrower fails to repay the loan and requires an extension, the request for extension shall be submitted beforehand and approved by the board of directors. The extension on each loan shall be less than three months and one-time only. In case of violation, the Company shall impose penalties and take legal actions to recover the loan</p>	<p>Subsequent control on loan amount and procedures for overdue credit</p> <p>(1) Following loan appropriation, the Company shall frequently evaluate the financial, operating and related credit conditions of the Borrower and its guarantor. If collateral is provided, the Company shall be aware of the fluctuations in collateral's value. In case of significant changes, the Company shall notify the Chairperson of the board immediately and take actions according to instructions of the chairperson.</p> <p>(2) Interest should be calculated when the Borrower repays the loan upon or before its due date. Once the principal and interest of the loan are repaid, the Company shall cancel and return the promissory note to the Borrower or cancel the pledge.</p> <p>(3) The Borrower shall immediately repay the principal and interest when the loan is due. If the Borrower fails to repay the loan and requires an extension, the request for extension shall be submitted beforehand and approved by the board of directors. The extension on each loan shall be less than three months and one-time only. <u>The lending duration of such a loan, including the extension, shall be less than one year or one operating cycle</u></p>	<p>The paragraph is amended by adding the words "The lending duration of such a loan, including the extension, shall be less than one year or one operation cycle" to specify the restrictions on lending duration.</p>

Articles	Before the amendment	After the amendment	The basis and reasons of the amendment
	from the collateral provided or the guarantor.	<u>as defined in Paragraph (1) of Article 6.</u> In case of violation, the Company shall be entitled to impose penalties and take legal actions to recover the loan from the collateral provided or from the guarantor.	
Article 14	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p>	<p>The Procedures come into force after adoption by the shareholders' meeting on April 15, 2000.</p> <p>The first amendment was made on June 21, 2002.</p> <p>The second amendment was made on March 7, 2003.</p> <p>The third amendment was made on June 16, 2009.</p> <p>The fourth amendment was made on June 18, 2010.</p> <p>The fifth amendment was made on June 13, 2012.</p> <p>The sixth amendment was made on June 17, 2013.</p> <p>The seventh amendment was made on June 24, 2014.</p> <p><u>The eighth amendment was made on May 27, 2016.</u></p>	To add the date of amendment .