

TXC Corporation

Minutes for 2007 General Meeting of Shareholders

Time: 10:00am 13 June (Wednesday), 2007

Venue: Taipei Lin Garden Piaoliang hall(1F 1 Section 6, Chungshan North Road, Shilin District, Taipei City)

Attend: Present number of share of stock to add up to: 169,438,076 shares, 82.24% of 206,032,282 shares

Observer: CPA Lai at Deloitte & Touche CPA office, Lawyer Wu at Lawyer's office of the Changjiang River

Chairman: Paul Lin

Recorder: Alex Kuo

Report

Report (1)

Subject: Report on operation in 2006 and future plans.

Explanation:

1. The company registered a sales revenue of NTD 4,839.693 million in 2006, an increase of 40.74 % over 2005 ; net profit after tax is NTD842.241 million, an increase of 75.3 % over the previous year.
2. The sales report and the related final account already published in the meeting handbook annexes 1 and 3.
3. We prudently predict that sales will continue to grow in 2007 and shipment volume is expected to top 1.1 billion units, and with improvement of yield rate, launching of high-end products, and contributions by new customers and new projects, sustained growth in sales and profits is expected.

Operation Analysis for Jan.-Mar. 2007 Unit: Thousand NTD

Item	96.03.31	95.03.31	Growth Rate
Sales Revenue	1,270,301	1,041,684	21.9%
Sales Cost	919,414	788,922	16.5%
Sales Gross Profit	350,340	251,175	39.5%
Gross Profit Rate	27.6%	24.1%	14.4%
Sales Expense	134,190	97,249	38.0%
Sales Net Profit	216,150	153,926	40.4%
Non-sales Revenue (expenditure)	41,450	20,175	105.5%
Profit/loss before tax in 2006	257,600	174,101	48.0%
Income tax (expense) benefits	(13,548)	(5,511)	145.8%
Accrued effect due to	-	(17,267)	-

changes in accounting principles			
Profit/loss after tax in 2006	244,052	151,323	61.3%

Report (2)

Subject: Report on Auditors' examination of final accounts for 2006.

Explanation:

1. The final account for 2006 has been certified by accountants Lai Kuo-wang and Teng Zhi-ping of Deloitte and Touche and adopted by the Board of Directors meeting and duly examined by the auditors with the examination report published in Annex 2 of the meeting handbook.
2. Auditors are invited to read out the examination report.

Report (3)

Subject: Report on investment in China and operation status.

Explanation:

1. The project of investment in China has been approved by the Investment Commission of the Ministry of Economic Affairs for the amount of USD29.835 million; as of 31 March, 2007 the accumulated actual investment amount and the surplus recapitalization is USD29.122 million and the progress of investment is 97.6%.
2. To meet production capacity planning and market demand, the Ningbo plant in China is planned for future operation expansion, and the board of directors thereby adopted a resolution on 23 March, 2007 on increasing investment in China by USD8 million with total investment amounting to USD37.122 million, matching the upper limit of the government organ on investment in China (currently the Investment Commission of the Ministry of Economic Affairs stipulates that investment in China is restricted to 40% of the company's net value; as per net value by end of 2006 the investment limit is USD46.117 million); the actual investment schedule will be by stages in accordance with progress of the Ningbo plant after approval of application for investment by the competent government organ.
3. Net sales revenue of Ningbo plant in China in 2006 was RMB271.145 million, and net profit after tax was RMB28.632 million. And the aggregate sales revenue for Jan.-Mar. 2007 RMB69.465 million and net profit before tax RMB8.978 million.

Report (4)

Subject: Report on second issuance of unsecured convertible bond in Taiwan.

Explanation:

1. To meet operation demand for capacity expansion and to improve financial structure through conservation of interest, the Company issued the first unsecured convertible bond on 8 November, 2006 amounting to NTD800 million only and issued a total of 8,000 shares with a par value of NTD100,000 only. The period of issuance is from 8

November, 2006 to 8 November, 2011 with a convertible price of NTD52 per share. The current convertible price is NTD52 per share; conversion is from 9 December, 2006 to 31 March, 2007 and so far no shares have been converted to common shares.

2. Fund use implementation (2007.03.31) (Thousand NT\$)

Project Plan	Implementation		Q1 of 2007	Reasons for schedule overtaking or lagging and improvement plan
Building of new plant	Expended	planned	200,000	1. As of Q1 of 2007, fund use implementation rate reaches 91.54%, no major variation. 2. Procurement of machinery and equipment for capacity expansion will be implemented by stages in accordance with completion of facility hardware.
		actual	186,215	
	Implemented (%)	planned	66.67	
		actual	62.07	
Procurement of machinery and equipment	Expended	planned	100,000	
		actual	75,697	
	Implemented (%)	planned	28.57	
		actual	21.63	
Discharge bank loans	Expended	planned	150,000	
		actual	150,000	
	Implemented (%)	planned	100.00	
		actual	100.00	
Total	Expended	planned	450,000	
		actual	411,912	
	Implemented (%)	planned	56.25	
		actual	51.49	

Report (5)

Subject: Report on Issuance of Employee Warrant and Warrant Regulations.

Explanation:

1. To attract and retain needed technological and professional personnel and to motivate employees and enhance their loyalty, productivity and sense of belonging for mutual benefits of shareholders and employees, the Fourth Session of the Board of Directors Meeting in 2001 adopted the resolution on the First Issuance of Employee Warrant in 2001 and the Warrant Regulations and the Sixth Session of the Board of Directors Meeting in 2001 adopted the resolution on the Second Issuance of Employee Warrant in 2001 and the Warrant Regulations. To simplify the procedures for the issuance of employee warrant and to cut issuance cost, the Board of Directors adopted revision of certain articles on issuance of employee warrant and the warrant regulations on 24 December, 2003; issuance of payment receipt for warrant is being changed to direct issuance of common shares.

Status of handling of employee warrant:

Types of employee warrant	First (First phase) Employee warrant	First (Second phase) Employee warrant	Second (First phase) Employee warrant
Approval date by competent organ	90.10.08	90.10.08	91.01.10
Issuance Date	90.10.25	91.04.01	91.10.29
Issued shares (thousand share/unit)	3,500	1,500	4,000
Ratio of issued warrant to total no. issued shares (%)	2.91%	1.25%	2.91%
Issuance period	92.10.25~95.10.24	93.04.01~96.03.31	93.10.29~96.10.28
Contract fulfillment	Issue new shares	Issue new shares	Issue new shares
Service period for warrant and ratio (%)	Over 2 years 50% Over 3 years 75% Over 4 years 100%	Over 2 years 50% Over 3 years 75% Over 4 years 100%	Over 2 years 50% Over 3 years 75% Over 4 years 100%
No. of shares implemented	2,535 thousand shares	1,174 thousand shares	3,209 thousand shares
Amount implemented (NTD)	NTD41,010,900	NTD33,928,600	NTD52,304,400
No. of shares unimplemented	965 thousand shares	326 thousand shares	791 thousand shares
Ratio of implemented warrant to total no. of issued shares (%)	0.46%	0.15%	0.38%

2. For details of issuance of first employee warrant in 2001 and warrant method refer to Annex 4 of the meeting handbook.

3. For details of issuance of second employee warrant in 2001 and warrant method refer to Annex 5 of the meeting handbook.

Report (6)

Subject: Report on external guaranty endorsement and fund loans.

Explanation :

1. Report on guaranty endorsement for affiliated enterprises up till end of March 2007:

Unit: Thousand NTD

Company name	Guaranty amount	Relation with company	Reasons for guaranty
TXC International Development Co, Ltd.	33,089	100% owned subsidiary	Financed by bank to meet operation demand
Growing Profits Trading Ltd.	158,827	100% owned subsidiary	Financed by bank to meet operation demand
TXC (Ningbo) Electronics Co, Ltd.	97,365	100% owned subsidiary	Financed by bank for material procurement and to meet operation demand of Ningbo plant in China

2. As of 31 March, 2007, no loans to others.

Report (7)

Subject: Report on abrogation of Rules on Board of Directors Meetings and formulation of new Regulations Governing the Board of Directors Meetings.

Explanation:

In accordance with article 2 of meeting method of board of directors of publicly-listed companies, the Company has formulated the rules for board of directors meetings and since the name has changed and the content of the articles show substantial variations with the content of the articles, it is therefore planned to abrogate the former rules and be replaced with the new Board of Directors Meeting Regulations as per Annex 6 of the Meeting Handbook.

Report (8)

Subject: Report on formulation of Conduct and Morality Guideline.

Explanation:

In line with applicable laws and decrees of the competent organ, and to conform to principles of corporate governance, the Company added Conduct and Morality Guideline; refer to Annex 7 of the Meeting Handbook.

Report(9)

Subject: Shareholder motions not listed into the motions of shareholders' meeting.

Explanation:

No shareholder motions in this year's shareholders' meeting.

Matters of concurrence**Matters of concurrence (1)****Presented by Board of Directors**

Subject: Concurrence for final accounts of 2006.

Explanation:

- 1.Refer to Annex (1) and (3) in the meeting handbook regarding the report on operation in 2006 and the financial statement.
2. Foregoing Assets/Liabilities Statement, Profit and Loss Statement, Shareholders Equities Changes and Cash Flow Report, etc. (including the consolidated reports) have been duly examined by accountants and adopted by the first session and the third session of the board of directors meetings with the sales report submitted to the auditors for due examination (Auditors' examination report is published in Annex 2 of the meetings handbook.)
- 3.You are invited for concurrence.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Matters of concurrence (2)**Presented by Board of Directors**

Subject: Concurrence of surplus allocation in 2006.

Explanation :

1. Surplus in 2006 was allocated in accordance with article 19 of the company charter.
2. The company's net profit after tax in 2006 was NTD842,240,452 and the unallocated surplus at the beginning of the year was NTD136,479,052, thereby the total accumulated surplus available for allocation was NTD978,719,504元; after appropriation of legal reserve amounting to NTD84,224,045, the balance available surplus for allocation was NTD894,495,459; we plan to allocate to shareholders bonus amounting to NTD618,096,844, employee bonus amounting to NTD70,238,280 and reward for directors and auditors amounting to NTD14,047,655, making up a total of surplus allocation amounting to NTD702,382,779, leaving the year-end unallocated surplus at NTD192,112,680.
3. We plan to allocate Employee bonus totaling NTD70,238,280, and employee bonus for recapitalization of new shares totaling NTD35,119,140, with the balance being allocated in cash amounting to NTD35,119,140元; Shareholder bonus NTD618,096,844 wherein NTD206,032,280 will be allocated in stock at 100 shares per 1000 shares, the remaining NTD412,064,564 will be allocated in cash at NTD2 per share; Reward for directors and auditors amounting to NTD14,047,655 will be allocated wholly in cash.
4. As of 31 March, 2007, the number of shares circulated outside was 206,032,282 shares; the shareholders' meeting authorized the board of directors to make changes accordingly due to change in stock allocation after conversion of convertible bonds and implementation of employee warrant.
5. You are invited to concur on the surplus allocation table shown below:

TXC Corporation
Surplus Allocation Table for 2006

Unit: NTD

Item	Amount	
	Amount	Total
Unallocated surplus at beginning of year		136,479,052
plus:		
Net profit after tax in 2006	842,240,452	
Minus:		
Appropriation of legal reserve (10%)	(84,224,045)	
Total of available surplus for allocation		894,495,459
Allocation breakdown:		
Shareholder bonus—bonus in stock (NTD1 at par value per share, that is, 100 shares per 1000 shares)	206,032,280	
Shareholder bonus—bonus in cash (NTD2 per share)	412,064,564	
Employee bonus—to be allocated at par value of stock	35,119,140	
Employee bonus—to be allocated in cash	35,119,140	
Reward for directors and auditors—to be allocated in cash	14,047,655	
Total of allocation		(702,382,779)
Year-end unallocated surplus		192,112,680

NOTE:

1. Surplus allocation for 2006 will be allocated from surplus in 2006 first.
2. Regarding allocation in cash, the shareholders' meeting will adopt resolution to authorize the board of directors to set the base day for dividend.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussions and election

Discussion (1)

Presented by Board of Directors

Subject: Plans for surplus and employee bonus recapitalization, you are invited to concur.

Explanation:

- 1.Plans for surplus recapitalization with shareholder bonus of NTD206,032,280 for issuance of 20,603,228 new shares, that is allocation for free 100 shares per 1000 shares. Shareholders are required to make up the decimal shares into whole shares and go to Yuanta Securities for handling within 5 days from the base day; decimal shares unable to make whole shares will be allocated in cash up to NTD1 according to the par value (less than NTD1 will be deleted) and the Chairman is authorized to have specified shareholders to buy the shares at par value.
- 2.Appropriate employee bonus amounting to NTD35,119,140 for recapitalization and issue 3,511,914 new shares.
- 3.Surplus recapitalization and recapitalization from employee bonus totaled NTD241,151,420 for issuing 24,115,142 new shares with each share at NTD10; the benefit and obligations remain the same as other former shares, and the general meeting of shareholders' will authorize the board of directors to set up the base day for dividend for implementation after approval by the competent government organ and will be announced separately.
- 4.The shareholders' meeting will authorize the board of directors with full discretion on issuance and allocation of stock and recapitalization plan if the applicable laws and decrees of the competent organ changes or the objective environment changes or if needed in reality.
- 5.You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussion (2)

Presented by Board of Directors

Subject: Plans for revision of certain articles of the company charter. You are invited to concur.

Explanation:

- 1.In consideration of operation development and to accommodate the Securities and Futures Bureau for promotion of corporate governance, it is planned to add two additional clauses to Article 5 of Chapter 2 of the company charter, and to revise Item 1 of Article 13 of Chapter 4, Article 17 of Chapter 5, Article 19 of Chapter 6, annex of Chapter 7 and certain items of Article 22 of annex of Chapter 7.
- 2.Table of comparison for revised articles vs original articles of the company charter as follows:

Content of Original Article	Content of Revised Article	Reasons for Revision
	<p>Item 1 of Article 5: In accordance with Item 1 of Article 56 and Article 76 on capitalization and issuance of securities, endorsement is obtained from more than two third of shareholders in attendance to the shareholders meeting from shareholders representing over half of the total number of shares issued to issue employee warrant at a price lower than the closing price on the issuance day.</p> <p>Article 5: In accordance with Article 10-1 and Article 13, on repurchase of stock by the publicly-listed company, endorsement is obtained from more than two third of shareholders in attendance to the shareholders meeting from shareholders representing over half of the total number of shares issued to buy back at a price lower than median price for transfer to employees.</p>	Revised in accordance with the securities law and regulations.
<p><u>Item 1 of Article 13:</u> In accordance with stipulation of Article 183 of the Securities Transaction Law, the two independent directors shall be elected by shareholders' meeting from among the nominated candidates. As regards the professional qualifications, stock holdings and restrictions on concurrent jobs, nomination and election method and other matters shall follow applicable laws of the securities competent organ.</p>	<p><u>Item 1 of Article 13:</u> In accordance with Item 2 of Article 14 of the securities transaction law, the number of independent directors is 2~3 persons and shall be nominated by the shareholders' meeting from among the nominated candidates. As regards the professional qualifications, stock holdings and restrictions on concurrent jobs, nomination and election method and other matters shall follow applicable laws of the securities competent organ.</p>	Revised to add independent directors
<p>Article 17: The Company shall have one general manager adopted by the executive board of directors to oversee the company operation and shall have a number of deputy general managers whose appointment and dismissal shall be in accordance with Article 29 of the company law.</p>	<p>Article 17: In accordance with the resolution of the board of directors, the Company shall have one CEO, one deputy CEO and one general manager to implement resolutions of the board of directors, oversee company operation and with a number of deputy general managers whose appointment and dismissal shall be in accordance with Article 29 of the company law.</p>	To be revised in accordance with the need of operation.

Content of original article	Content of articles after revision	Reasons for revision
<p>Article 19: In the event of surplus from final accounts in this year, the surplus must first be used to pay tax, then to make up for past deficits, followed by 10% as legal reserve, and also appropriate or divert special surplus reserve in accordance with applicable law while the remaining unallocated surplus be allocated according to following percentages after retaining an appropriate amount for operation.</p> <p>(1) Employee bonus 3% to 15%.</p> <p>(2) Reward for directors and auditors 2%.</p> <p>(3) Shareholder bonus comes from the entire amount after deducting employee bonus and reward for directors and auditors for the year.</p> <p>Moreover, the objects of employee bonus should comprise employees of affiliated companies under specific conditions and authorize the board of directors to formulate the stipulations.</p>	<p>Article 19: In the event of surplus from final accounts in this year, the surplus must first be used to pay tax, then to make up for past deficits, followed by 10% as legal reserve, with the exception that legal reserve has accumulated up to the amount of actual total income, and also appropriate or divert special surplus reserve in accordance with applicable law while the remaining unallocated surplus be allocated according to following percentages after retaining an appropriate amount for operation.</p> <p>(1) Employee bonus must not be less than 3%.</p> <p>(2) Reward for directors and auditors must not be over 2%.</p> <p>(3) Shareholder bonus comes from the entire amount after deducting employee bonus and reward for directors and auditors for the year.</p> <p>Moreover, the objects of employee bonus should comprise employees of affiliated companies under specific conditions and authorize the board of directors to formulate the stipulations.</p>	<p>Revised for requirement of operation and in accordance with stipulations of the company law.</p>
<p>Article 22: This charter was established on 6 December, 1983.</p> <p>First revised on 10 February, 1984.</p> <p>No. 25 revision was done on 15 June, 2006.</p>	<p>Article 22: This charter was established on 6 December, 1983.</p> <p>First revised on 10 February, 1984.</p> <p>No. 25 revision was done on 15 June, 2006.</p> <p>No. 26 revision will be revised on 13 June 2007.</p>	<p>Add revision</p>

3. Refer to Annex 8 of the meeting handbook for the company charter.

4. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussion (3)**Presented by Board of Directors**

Subject: Plan for abrogating Election Method for Directors and Auditors and formulate Election Procedures for Directors and Auditors. You are invited to concur.

Explanation :

1. Since the formerly formulated Election Method for Directors and Auditors has changed in name and there are substantial differences between contents of articles with foregoing method, we hereby decide to abrogate the Election Method for Directors and Auditors and newly formulate the Election Procedures for Directors and Auditors.
2. For details of the newly formulated Election Procedures for Directors and Auditors refer to Annex 9 of the meeting handbook.
3. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussion (4)**Presented by Board of Directors**

Subject: Plan for revision of the Rules for Shareholders' Meeting. You are invited to concur.

Explanation:

1. To accommodate the applicable law of the competent organ, plan to revise portions of the Rules for Shareholders' Meeting.
2. Refer to Annex 10 in the meeting handbook for Rules for Shareholders' Meeting.
3. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussion (5)**Presented by Board of Directors**

Subject: Plan for revision of Handling Procedures for Acquisition and Disposal of Assets. You are invited to concur.

Explanation :

1. To accommodate laws and regulations of the competent organ, plan for revision of certain articles for Acquisition and Disposal of Assets.
2. For details on revised Handling Procedures for Acquisition and Disposal of Assets refer to Annex 11 of the meeting handbook.
3. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Discussion (6)**Presented by Board of Directors**

Subject : Re-election of this year's directors and supervisors.

Explanation :

1. Tenure of this year's directors and auditors will expire on 23 June,2007 and shall be re-elected according to the law; the shareholders' meeting will elect 9 directors (including 2 independent directors) and 3 auditors in accordance with the company charter and the tenure of the former directors and auditors will continue until new directors and auditors are elected.
2. The newly elected directors and auditors shall assume office immediately upon election and the tenure will be from 13 June, 2007 to 12 June, 2010 for a period of 3 years.
3. Refer to Annex 12 of the meeting handbook for the candidates list for indepent auditors and their education background, work experience and holdings of the number of stock.

Resolution:

The elected list of the Directs :

Number	Votes	Name	Notes
1	170,950,927	Lin, Jin-Bao	
7	161,365,927	Hsu, Der-Jun	
6	158,937,790	Lin, Wan-Shing	
8	151,305,592	Kuo, Shu-Hsin	
2	151,241,790	Kuo, Fa-Jin	
21	151,235,437	Kuo, Je-Hsiun	
45	151,168,369	Go, Tien-Chong	

The elected list of the Independent Directs :

Number	Votes	Name	Notes
H101242626	62,197,380	Shen, Chi-Fong	
J120315449	62,079,363	Yu, Shang-Wu	

The elected list of the Supervisors :

Number	Votes	Name	Notes
18	142,460,306	Yang, Du-An	
5	142,155,467	Yang, Min-shou	
N101256919	122,211,752	Liu, Cheng-Yi	

Discussion (7)**Presented by Board of Directors**

Subject: Plan for waiving restrictions on prohibition of competition among the newly elected directors and auditors. You are invited to concur.

Explanation :

1. In accordance with Article 209 of the company law, directors should explain to the shareholders' meeting on his/her behalf or others on conduct of competition within company business scope and obtain permission; plans to get endorsement of the board of directors to waive prohibition on competition

2. All newly elected directors of this year have the necessity of competition on his/her behalf or other persons regarding competition within the company business scope, plans to have the endorsement of the shareholders' meeting on waiving prohibition on competition by appointed representatives of directors and legal directors.

3. You are invited to concur.

Waiving restriction lists :

Corporation	Position	Name	Corporation	Position
TXC Corporation	Chairman/ Directors	Lin, Jin-Bao	TXC TECHNOLOGY INC	Directors (Corporation representative)
			TXC Japan Corporation	Directors (Corporation representative)
	Vice-Chairman/ Directors	Hsu, Der-Jun	Taiwan Crystal Technology International Limited	Chairman
			Taiwan Crystal Technology International Limited	Directors (Corporation representative)
	President/ Directors	Lin, Wan-Shing	GROWING PROFITS TRADING LTD	Chairman
			GROWING PROFITS TRADING LTD	Directors (Corporation representative)
			TXC (NGB) Electronic Co., Ltd. corporation	Chairman
			TXC (NGB) Electronic Co., Ltd. corporation	Directors (Corporation representative)
			TXC TECHNOLOGY INC	Chairman
			TXC Japan Corporation	Directors (Corporation representative)

Resolution: This case is sought and asked the full attendance shareholder without demur by the Chairman, the case passing.

Other motions and ad hoc motions.

Number 1258 of the shareholder quizzes operation conditions , development plan about the subsidiary in China and vision of the future of this year of company, through The chairman's answer, the shareholder learns.

Dismissal