

TXC Corporation

Agenda for 2013 General Meeting of Shareholders

Time: 09:30am 19 June (Wednesday), 2013

Venue: No.4, Kung Yeh 6th Rd., Ping Cheng Industrial District, Ping Cheng City 324, Tao Yuan Hsien.

Attend: Present number of share of stock to add up to: 250,593,068 shares, 80.90% of 309,757,040 shares.

Observer: CPA Gong Shuang Xiong at Deloitte & Touche CPA office.

Chairman: Lin, Jin-Bao

Recorder: Kuo, Chia-Ching

Report Items

Report item (1)

Subject: 2012 Business update report

Description:

1. The company's 2012 revenue was NT\$9,477,481 thousand, an increase of 6.3% over the previous year, consolidated revenue was NT\$10,928,495 thousand, an increase of 10.5% over the previous year. Net income was NT\$1,148,886 thousand, an increase of 9.4% over the previous year.
2. Business report and related financial statements are in Attachments (1) and (3) of this Agenda.
3. The Company has cautiously estimated 2013 revenues, set clear performance targets and hopes that sales, growth and profits performance surpass industry benchmarks.

Report item (2)

Subject: Supervisor review of 2012 financial reports

Description:

1. Matters regarding the board of director passage and supervisor audit of the Company's 2012 financial report and audit report submission of which the financial reports were audited by independent auditors Mr. Gong Shuang-xiong and Mr. Wong Bo-ren of Deloitte Taiwan.
2. Request supervisors to read audit report, see Attachment (2) in Agenda.

Report Item (3)

Subject: Report on fourth domestic issuance of unsecured corporate bond related matters

Description:

1. The Board of Directors of the Company passed resolution for the fourth domestic issuance of NT\$800 million in unsecured convertible bonds for the purchase of machinery and equipment and repayment of bank loans on November 5, 2012. The fund raising and listed was completed on January 25, 2013. Related information is provided below:

Item	Fourth domestic issuance of unsecured convertible bonds
Total amount of offering	NT\$800 million
Quantity	8000 sheets
Term	3 years
Coupon (%)	0%
Conversion price at time of offering	NT\$49.20
Conversion period	From Feb. 26, 2013 to Jan. 15, 2016
Repayment method	Cash repayment in one lump sum according to bond face value at end of term.

(1) Scheduled progress

Unit: NT\$ thousand

Plan item	Scheduled Date completed	Required Total funds	Capital utilization progress schedule				
			2013			2014	
			Q2	Q3	Q4	Q1	Q2
Purchase of machinery and equipment	Q2 2014	439,500	100,000	100,000	50,000	50,000	139,500
Repayment of bank loans	Q2 2013	400,000	400,000	-	-	-	-
Total		839,500	500,000	100,000	50,000	50,000	139,500

(2) Actual current progress:

NT\$: Thousand \$

Plan item	Implementation status		2013 Q1 Current	As of 2013 As of Q1	Reason for being ahead or behind schedule and improvement plan
	Allocated amount	Scheduled			
Purchase of machinery and equipment	Allocated amount	Scheduled	-	-	Implemented ahead of time of original progress schedule
		Actual	14,514	14,514	
	Implementation progress (%)	Scheduled			
		Actual	3.30%	3.30%	
Repayment of bank loans	Allocated amount	Scheduled	-	-	Implementation completed ahead of time of original progress schedule
		Actual	400,000	400,000	
	Implementation progress (%)	Scheduled	-	-	
		Actual	100.00%	100.00%	
Total	Allocated amount	Scheduled	-	-	Implemented ahead of time of original progress schedule
		Actual	414,514	414,514	
	Implementation progress (%)	Scheduled	-	-	
		Actual	49.38%	49.38%	

Report Item (4)

Subject: Report on amendment to the Code of Ethical Business Management.

Description:

1. Amend certain articles of the Code of Ethical Business Management to reflect Audit Committee establishment.
2. See the Agenda for the comparison chart of the amended articles of the Code of Ethical Business Management.
3. See the Agenda for the unamended Code of Ethical Business Management.

Report Item (5)

Subject: Report on the amendment to the Code of Conduct.

Description:

1. Amend certain articles of the Code of Conduct to reflect the establishment of the Audit Committee.
2. See the comparison chart of the amended articles of the Code of Conduct.
3. See the Agenda for the unamended Code of Conduct.

Matters of concurrence

Proposed Resolution (1)

Proposed by Board of Directors

Subject: Please accept the 2012 Business Report and Financial Statements

Description:

1. See Attachments (1) and (3) of the Agenda for the prepared 2012 business report and financial statements.
2. The above financial statements (consolidated financial statements) including balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and business report passed by resolution of the board of directions and submitted for supervisor review. See Attachment (2) of the Agenda for the Supervisor Report. The financial statements were audited by independent auditors Mr. Gong Shuang-xiong and Mr. Wong Bo-ren of Deloitte Taiwan.
3. Please accept the aforementioned.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Proposed Resolution (2)

Proposed by Board of Directors

Subject: To approve the distribution of 2012 profits

Description:

1. Net profits for 2012 were NT\$1,148,885,866. After the legal reserve was allocated according to law and the undistributed profit at the beginning of the year was added, the profit available for distribution is NT\$2,165,069,575. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$681,465,488 is proposed. After distribution, the undistributed profit will be NT\$1,483,604,087.
2. Allocation of a NT\$2.2 cash dividend is proposed for the shareholder dividend.
3. If there is a change in the payout ratio due to the number of outstanding shares being affected by

subsequent convertible bond conversion into common shares, restricted stock awards, buyback of company shares or transfer, cancellation of treasury stock or capital increase by cash, a proposal shall be made at the shareholders' meeting to authorize the board of directors to handle related matters.

4. First time adoption of International Financial Reporting Standards (hereinafter abbreviated as IFRSs) by the Company affected retained earnings and allocated special reserve:
 - (1) According to regulations in statement 3 of Jin-Guan-Zheng-Fa letter no. 1010012865 announced by the Financial Supervisory Commission on April 6, 2012, the Company shall allocate a first time adoption special reserve for the year in which the IFRSs is first adopted and report the adjustments to the distributable profits and allocated special reserve amount at the shareholders' meeting to notify shareholders of these effects.
 - (2) According the provisions in statement 2 (1) of the abovementioned letter, a NT\$264,762 thousand cumulative translation amount listed on the transition date for first-time adoption of IFRSs by the Company was transferred to retained earnings due to a waiver item in IFRS 1 First-time Adoption of International Financial Reporting Standards but when there is insufficient allowance of retained earnings on the transition date from first time adoption of IFRS, only the increased retained earnings amount due to transition to IFRSs is entered so there was a increase in net retained earnings of NT\$222,793 thousand on January 1, 2012 (transition date) and allocated special reserve was NT\$222,793 on January 1, 2013 (billing date).
 - (3) Net retained earnings as of January 1, 2012 (transition date) increased by NT\$222,793 thousand due to adoption of IFRSs for the preparation of the financial report and accumulated retained earnings increased NT\$213,415 thousand as of January 1, 2013 (transition date).
5. The profit distribution table is listed below. Please approve.

**TXC Corporation
Profit Distribution
2012**

Unit: NTD

Item	Amount	
	Subtotal	Total
Undistributed profit at the beginning of the period:		1,131,072,296
Add:		
Current net income	1,148,885,866	
Less:		
Allocation of legal reserve (10%):	(114,888,587)	
Total profit available for distribution		2,165,069,575
Distribution items:		
Shareholder dividend - Cash dividend (NT\$2.2 per share)	681,465,488	
Distribution item subtotal		(681,465,488)
Undistributed profit at the end of the period		1,483,604,087
Attachments:		
Employee bonus - Cash	124,078,878	
Director and supervisor remuneration - Cash	20,679,813	

Note: (1) Allocation of 2012 undistributed profit shall be given priority for the above profit distribution.

The payout ratio per share was calculated based on the 309,757,040 outstanding shares on April 21, 2013. If there is a change in the payout ratio due to the number of outstanding shares being affected by subsequent convertible bond conversion into common shares, restricted stock awards, buyback of company shares or transfer, cancellation of treasury stock or capital increase by cash, a proposal shall be made at the shareholders' meeting to authorize the board of directors to handle related matters.

(2) There was no difference in the proposed amount allocated as employee bonus expenses and director remuneration in the 2012 financial accounts so there is no need for profit / loss adjustment.

Chairman: **Paul Lin** Manager: **Peter Lin** Accounting Supervisor: **Hong Guan-wen**

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters

Discussion and Election Matters (1)

Proposed by Board of Directors

Subject: Amendment of certain articles of the Articles of Incorporation

Description:

1. Certain articles of the Company's Articles of Incorporation were amended to comply with the establishment of the audit committee.
2. Comparison chart of the amended articles of the Company's Articles of Incorporation attached.

Company Articles of Incorporation Amendment Comparison Chart

Article No.	Amended Article	Original Article	Reason for Amendment
Article 4	Board of directors	Directors <u>and supervisors</u>	Text amended to comply with establishment of audit committee to replace supervisor position.
Article 11	<u>Except when stipulated otherwise</u> under the law, the shareholders of the Company shall be entitled to one vote per share.	Except when <u>the shares are restricted or have no voting rights under Article 179 of the Company Act</u> , the shareholders of the Company shall be entitled to one vote per share.	Amendment to the text.
Article 13	The Company shall have <u>11 directors</u> . The Board of Directors is authorized to determine the number of directors. Directors shall serve a term of three years, shall be elected from persons of capacity at the shareholders' meeting and may serve consecutive terms. The total shareholding percentage of the entire board of directors shall conform to competent securities authorities.	The Company shall have <u>9 to 12 directors and 3 supervisors</u> . The Board of Directors is authorized to determine the number of directors. Directors shall serve a term of three years, shall be elected from persons of capacity at the shareholders' meeting and may serve consecutive terms. The total shareholding percentage of the entire board of directors shall conform to competent securities authorities.	Text amended to comply with establishment of audit committee to replace supervisor position.
Article 13-1	In Accordance with <u>Article 14-2</u> of the Securities and Exchange Act, <u>at least 3</u> independent directors shall be selected from the Company's above director list. A candidate nomination system is used and candidates are selected from the independent director candidate list at the shareholder's meeting. Regulations governing professional qualifications, shareholdings, concurrent position restrictions, nomination method, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.	In accordance with <u>Article 14-2</u> of the Securities and Exchange Act, <u>2 to 3 independent directors</u> shall be selected from the Company's above director list. A candidate nomination system is used and candidates are selected from the independent director candidate list at the shareholder's meeting. Regulations governing professional qualifications, shareholdings, concurrent position restrictions, nomination method, and other matters for compliance with respect to independent directors shall be prescribed by the competent authority.	Number of independent directors amended to comply with the establishment of audit committee.

Article No.	Amended Article	Original Article	Reason for Amendment
Article 13-2	<u>The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of the entire number of independent directors and be responsible for implementing the provisions regarding supervisors in the Company Act, Securities and Exchange Act and other laws and regulations.</u>		Article added to comply with establishment of audit committee to replace supervisor position.
Article 14-1	The reason for the convening of the Board of Directors shall be stated and the directors shall be notified 7 days prior to the meeting. If a board of directors meeting is convened at once in the event of an emergency, notification may be conducted in writing, by e-mail or by facsimile.	The reason for the convening of the Board of Directors shall be stated and the directors <u>and supervisors</u> shall be notified 7 days prior to the meeting. If a board of directors meeting is convened at once in the event of an emergency, notification may be conducted in writing, by e-mail or by facsimile.	The word supervisor deleted to comply with establishment of audit committee to replace supervisor position.
Article 16	The Company may purchase liability insurance for the entire board of directors to guarantee shareholder rights and reduce Company operation risk. The board of directors is authorized to set differing and reasonable compensation for directors depending on the role, function and level of contribution and with reference to domestic and international industry standards.	The Company may purchase liability insurance for the all directors <u>and supervisors</u> to guarantee shareholder rights and reduce Company operation risk. The board of directors is authorized to set differing and reasonable compensation for directors and <u>supervisors</u> depending on the role, function and level of contribution and with reference to domestic and international industry standards.	The word supervisor deleted to comply with establishment of audit committee to replace supervisor position.
Article 18	At the end of each accounting year, the Company's board of directors shall prepare (1) business report (2) financial statements (3) profit distribution or loss offsetting proposal for submission to the shareholders' meeting for adoption in accordance with the law.	At the end of each accounting year, the Company's board of directors shall prepare (1) business report (2) financial statements (3) profit distribution or loss offsetting proposal <u>for provision to the supervisors for review thirty days prior to the convening of the shareholders' meeting and then</u> submission to the shareholders' meeting for adoption in accordance with the law.	The word supervisor deleted to comply with establishment of audit committee to replace supervisor position.

Article No.	Amended Article	Original Article	Reason for Amendment
Article 19	If there is a profit at the final settling of accounts after paying all taxes and offsetting of losses from previous years, the Company shall first set aside ten percent of the profits as legal reserve. This shall not apply when the legal reserve amounts to the total authorized capital. Director remuneration shall be no more than 2% and employee bonus shall be no lower than 3% of the special reserve allocated from the profits in accordance with the law or after reversal. The remainder together with undistributed earnings from previous periods after an appropriate amount is reserved depending on operating conditions is distributed as shareholder dividends as resolved by the shareholders' meeting. The board of directors is authorized to determine the counterparts for employee stock dividend distribution which include those company employees that conform to certain conditions.	If there is a profit at the final settling of accounts after paying all taxes and offsetting of losses from previous years, the Company shall first set aside ten percent of the profits as legal reserve. This shall not apply when the legal reserve amounts to the total authorized capital. Director <u>and</u> supervisor remuneration shall be no more than 2% and employee bonus shall be no lower than 3% of the special reserve allocated from the profits in accordance with the law or after reversal. The remainder together with undistributed earnings from previous periods after an appropriate amount is reserved depending on operating conditions is distributed as shareholder dividends as resolved by the shareholders' meeting. The board of directors is authorized to determine the counterparts for employee stock dividend distribution which include those company employees that conform to certain conditions.	The word supervisor deleted to comply with establishment of audit committee to replace supervisor position.
Article 22	These articles were established on December 6, 1983. ... The 30th amendment was made on June 13, 2012. The 31st amendment was made on June 19, 2013.	These articles were established on December 6, 1983. ... The 30th amendment was made on June 13, 2012.	Most recent amendment date added.

3. See the Agenda for the Articles of Incorporation prior to amendment.

4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (2)

Proposed by Board of Directors

Subject: To approve the amendments to the Procedures for Acquisition or Disposal of Assets

Description:

1. It is proposed that certain articles of the Procedures for Acquisition or Disposal of Assets be amended to comply with the establishment of the audit committee.
2. See the Agenda for the comparison chart of the amended articles of the Procedures for Acquisition or Disposal of Assets.
3. See the Agenda for the articles of the Procedures for Acquisition or Disposal of Assets prior to amendment.
4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (3)

Proposed by Board of Directors

Subject: To approve the amendments to the Procedures for Endorsement and Guarantee

Description:

1. It is proposed that certain articles of the Procedures for Endorsement and Guarantee be amended to comply with amendments to competent authority regulations and the establishment of the audit committee.
2. See the Agenda for the comparison chart of the amended articles of the Procedures for Endorsement and Guarantee.
3. See the Agenda for the articles of the Procedures for Endorsement and Guarantee prior to amendment.
4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (4)

Proposed by Board of Directors

Subject: To approve the amendments to the Procedures for Lending Funds to Other Parties

Description:

1. It is proposed that certain articles of the Procedures for Lending Funds to Other Parties be amended to comply with amendments to competent authority regulations and the establishment of the audit committee.
2. See the Agenda for the comparison chart of the amended articles of the Procedures for Lending Funds to Other Parties.
3. See the Agenda for the articles of the Procedures for Lending Funds to Other Parties prior to amendment.
4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (5)

Proposed by Board of Directors

Subject: To approve the amendments to the Policies and Procedures for Financial Derivatives Transactions

Description:

1. It is proposed that certain articles of the Policies and Procedures for Financial Derivatives Transactions be amended to comply with the establishment of the audit committee.
2. See the Agenda for the comparison chart of the amended articles of the Policies and Procedures for Financial Derivatives Transactions
3. See the Agenda for articles of the Procedures for Lending Funds to Other Parties prior to amendment.
4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (6)

Proposed by Board of Directors

Subject: To approval the amendments to the Procedures for Election of Directors and Supervisors

Description:

1. It is proposed that certain articles of the Procedures for Election of Directors and Supervisors be amended to comply with the establishment of the audit committee to substitute for the supervisor positions and amend the name of the procedure to Procedure for Election of Directors. .
2. See the Agenda for the comparison chart of the amended articles of the Procedures for Election of Directors and Supervisors.
3. See the Agenda for articles of the Procedures for Election of Directors and Supervisors prior to amendment.
4. Please approve.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Discussion and Election Matters (7)

Proposed by Board of Directors

Subject: Election of directors.

Description:

1. The term of the Company's directors and supervisors will expire on June 14, 2013. It is proposed that the election be held at this year's shareholders meeting.
2. The Company has established an audit committee in accordance with the Securities and Exchange Act. Supervisors will no longer be elected as allowed by law. The audit committee shall be comprised of all of the Company's independent directors and their number may be no less than three. After the Company's Articles of Incorporation are amended, the audit committee comprised of all independent directors shall take the place of the supervisors.
3. The Company's amended Articles of Incorporation states the Company shall have 11 directors. The Board of Directors is authorized to determine the number of directors. Directors shall serve a term of three years and may serve consecutive terms. At least 3 independent directors shall be selected from the Company's above director list. A candidate nomination system is used. Eleven directors shall be chosen at this election (including three independent directors). The term of the

new directors shall be three years from June 19, 2013 to June 18, 2016. The new directors shall take office immediately upon election.

4. See the Agenda for the list of independent directors, their academic background and shareholdings.
5. Please vote.

Election result:

New Directors

Position	Shareholder ID	Name	Shares-Elect
Directors	1	Lin Jio-Bao	196,180,700
Directors	7	Hsu De-Yun	194,400,820
Directors	6	Lin Wan-Xing	194,234,820
Directors	8	Kuo Xiu-Xun	194,129,627
Directors	45	Ge Tian-Zhong	192,348,663
Directors	18	Yang Du-an	191,354,663
Directors	44269	TLC Capital Co.,LTD.	190,720,307
Directors	44	Chen-Chueh, Shebg Shin	190,649,023
Independent Directors	J12031XXXX	Yu Shang-Wu	135,737,623
Independent Directors	F10315XXXX	Cai Song-Chi	135,678,367
Independent Directors	H10025XXXX	Peng Yun-Hong	135,653,401

Discussion and Election Matters (8)

Proposed by Board of Directors

Subject: To approve the release of the prohibition on newly-elected directors from participation in competitive business

Description:

1. Pursuant to Article 209 of the Company Act, “a director engaging, either for himself or on behalf of another person that are within the scope of the company's business, shall explain to the meeting of shareholders the essential details of such activities and secure its approval.”
2. It is proposed the shareholders' meeting release the prohibition on newly-elected directors and representatives from participation in competitive business lift in accordance with the law.
3. Please approve.

Content of release of the prohibition on newly-elected directors from participation in competitive business

Name	Name of other company	Position of other company
Lin Jin-Bao	UPI Technologies Corporation	Director

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman; the case is passed.

Other proposals and motions

Dismiss