

TXC Corporation

2015 Shareholders' Meeting Agenda

Time: 9:30 a.m., June 16, 2015 (Tuesday)

Place: No. 4 Pingzhen Industrial Park 6th Rd., Pingzhen City, Taoyuan City (Meeting Room)

Attendance:

Total number of shares issued: 309,757,040

Attendant shares: 236,459,146 (including electronic voting 102,928,007 shares) accounted for 76.34% of total shares

Attendant directors:

Chairman: Paul Lin

Vice-Chairman: William Hsu

Director: Peter Lin

Director: Xiu-Xun Kuo

Director: Tian-Zhong Ge

Director: Du-an Yang

Independent Director: Shang-Wu Yu

Independent Director : Yun-Hong Peng

In attendance: CPA Shuang Xiong Gong at Deloitte & Touche CPA office
Lawyer Qiong-Wen Zhang at Ju-Xin Law Office

Chairman: Paul Lin

Recorder: Chia-Ching Kuo

1. Call meeting to order

2. Chairman's Address

3. Report Matters:

(1) Report on 2014 business report

(2) Report on audit committee's review of 2014 financial report

4. Recognition Matters:

(1) 2014 business report and financial statements

(2) Proposal for distribution of 2014 profits

5. Discussion Matters

(1) Amendments to Constitution of the Company

(2) Amendments to Election Procedure of Directors

(3) Carve-out of LED sapphire business

(4) Shareholders' meeting permits the company to release part of shares and abandon future capital increase by cash of TXC OPTECH Corporation

(5) Removing the restriction of non-compete agreement of directors

6. Special Motions

7. Meeting Adjourned

Report Matters

Report matter (1)

Subject: 2014 Business updated report

Description:

1. The company's 2014 consolidated revenue was NT\$9,526,243 thousand, an increase of 0.24% over the last year. Net income was NT\$ 995,174 thousand, an increase of 6.42% over the last year.
2. Business report and related financial statements are in Attachments (1) and (3) of this Agenda.
3. The Company has cautiously estimated 2015 revenues in the case of adjusted strategy and organization and promotion of new products, set clear performance targets and hopes that sales, growth and profits performance remains at stable level.

Report matter (2)

Subject: audit committee's review of 2014 financial reports

Description:

1. Matters regarding the board of director passage and audit committee review of the Company's 2014 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 & Touche CPA firm Taiwan.
2. Request audit committee to read audit report and see Attachment (2) in Agenda.

Recognition Matters

Recognition matter (1)

Proposed by Board of Directors

Subject: Please accept the 2014 Business Report and Financial Statements

Description:

1. See Attachments (1) and (3) of the Agenda for the prepared 2014 business report and financial statements.
2. The above 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 audit committee review. 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:

Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	221,973,831	203	13,996,833	0
(including shares of electronic voting)	90,909,184	203	12,018,620	0
% of Attendant Shares	94.07%	-	-	-

The proposal is passed.

Recognition matter (2)

Proposed by Board of Directors

Subject: To approve the distribution of 2014 profits

Description:

1. Net profits for 2014 were NT\$995,173,772. 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\$2,511,854,156. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$774,392,600 (NT\$2.5 cash dividend) is proposed. After distribution, the undistributed profit will be NT\$1,737,461,556.
2. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be accounted as other non-operating revenue.
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. The profit distribution table is listed below. Please approve.

**TXC Corporation
Profit Distribution
2014**

Unit: NTD

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		1,627,673,291
Actuarial gains and losses for retained earnings.		(11,475,530)

Adjusted undistributed profits		1,616,197,761
Net profit after tax for this year		(995,173,772)
Appropriate legal reserve (10%)		(99,517,377)

Profits available for distribution		2,511,854,156
Shareholder bonus—cash (\$2.5per share)	(774,392,600)	(774,392,600)

End period of undistributed profits		1,737,461,556
Reference:		
Employee bonus—cash	107,477,658	
Directors and supervisor remuneration—cash	17,912,943	

Note: (1) Allocation of 2014 undistributed profit shall be given priority for the above profit distribution.

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

Resolution:

Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	221,741,831	232,203	14,485,112	0
(including shares of electronic voting)	90,677,184	232,203	12,018,620	0
% of Attendant Shares	93.78%	-	-	-

The proposal is passed.

Discussion Matters

Discussion Matter (1)

Proposed by Board of Directors

Subject: To approve the amendments to the Constitution of the Company

Description:

1. It is proposed that certain articles of the Constitution of the Company be amended to comply with the authorities' policy regarding election of directors adopts nominating system and execution of electronic voting.
2. See Attachment (4) of the Agenda for the comparison chart of the amended articles of the Constitution of the Company.
3. Please approve.

Resolution:

Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	220,496,771	1,477,261	14,485,114	0
(including shares of electronic voting)	89,432,124	1,477,261	12,018,622	0
% of Attendant Shares	93.25%	-	-	-

The proposal is passed.

Discussion Matter (2)

Proposed by Board of Directors

Subject: To approve the amendments to Election Procedure of Directors

Description:

1. It is proposed that certain articles of the Election Procedure of Directors be amended because of new candidate nominating system.
2. See Attachment (5) of the Agenda for the comparison chart of the amended articles of the Election Procedure of Directors.
3. Please approve.

Resolution:

Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	220,496,770	1,477,261	14,485,115	0
(including shares of electronic voting)	89,432,123	1,477,261	12,018,623	0
% of Attendant Shares	93.25%	-	-	-

The proposal is passed.

Discussion Matter (3)**Proposed by Board of Directors**

Subject: To approve carve-out of LED sapphire business

Description:

1. In order to further improve competitiveness and operation performance, the Company is planning to carve out the LED sapphire business (including assets, liability, and sales) to be a 100% wholly owned affiliate of TXC OPTECH Corporation that will issue new shares to TXC Corporation, the parent company as a fair deal.
2. The deal is estimated at NT\$429.9 million. TXC OPTECH Corporation will issue 21.49 million shares in exchange of the business unit. The actual value will be based on the book value on the date of the carve-out.
3. The carve-out date is scheduled to take effective on Sept. 1, 2015. The Company will work out "the carve-out plan" (Attachment 6), business value appraisal (Attachment 7), and expert's opinion on the business-value-to-share ratio (Attachment 8). The division of the business unit will be conducted according to business merger law, company law, and other related laws.
4. The division project will be proposed to the shareholders' meeting. The project will go ahead after the shareholders meeting authorizes the board of directors to proceed.
5. In case factors related to the deal change, the project will be proposed to the shareholders' meeting and the board of directors be authorized to follow through. The factors which may change include the business scope of the LED Sapphire business unit, valuations (assets, liability, and other items related to the interest of the BU), other unexpected factors (including but not limited to the timetable and actual carve-out date). The unexpected change factors include the objective environments.
6. In case the carve-out project fails to get the approval from the government regulating agencies, the project will not take effective.
7. Please approve.

Resolution:

Number of shareholder 47781, 52232 and 25145 attends to shareholder meeting and submits objection in written form recorded in meeting minutes.

Number of shareholder 56871 and 86000 do not attend to shareholder meeting and submit objection in written form before shareholder meeting recorded in meeting minutes.

Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	216,608,304	3,694	16,527,576	0
(including shares of electronic voting)	87,558,689	3,694	15,365,624	0
% of Attendant Shares	92.91%	-	-	-

The proposal is passed.

Discussion Matter (4)**Proposed by Board of Directors**

Subject: Shareholders' meeting permits the company to release part of shares and abandon future capital increase by cash of TXC OPTECH Corporation

Description:

1. In order to prepare for the future public offering of TXC OPTECH Corporation, and create profits for the shareholders and the parent company (TXC Corp.), the Company is planning to release 9.5 million shares of TXC OPTECH Corporation and let employees, institutional investors, and strategic business partners to purchase the released shares. In case the newly released shares are not bought out by new investors, the chairman of the board will be authorized to sell the remaining shares to specific investors. The estimated purchase price of the soon-to-be-released shares will not be lower than the net value per share based on the latest issued balance sheet. The actual price of these shares will be decided by the board of directors with reference to the actual market situations and profitability. The price will also be decided based on the expert's opinion of reasonable price.
2. In order to cope with TXC OPTECH Corporation 's need of operations and the diversification of equity, TXC OPTECH Corporation plan to undertake a cash capital increase of 9.5 million shares. The share price will not be lower than the net value per share based on the latest issued balance sheet. The employees of TXC OPTECH Corporation are offered the opportunity to buy 10% to 15% of the soon-to-be-released shares. The Company may allow employees and the employees of affiliated companies, institutional investors, and strategic business partners to purchase these shares. In case the newly released shares are not bought out by new investors, the chairman will be authorized to sell the remaining shares to specific investors. The actual price of these shares will be decided by the board of directors with reference to the actual market situations and profitability. The price will also be decided based on the expert's opinion of reasonable price.
3. The public offering of TXC OPTECH Corporation 's shares will be conducted according to the relevant laws. Shares will be appropriated to security brokerage companies for trading. The number of shares and price to be appropriated to the brokerage companies will be determined based on relevant laws, market situations, the profitability, and negotiations with the brokerage firms.
4. The shareholders' meeting is required to authorize the board of directors to handle other matters related to the release of shares and capital increase.
5. Please approve

Resolution:Voting Results:

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	216,532,304	2,094,726	17,832,116	0
(including shares of electronic voting)	87,482,689	79,694	15,365,624	0
% of Attendant Shares	91.57	-	-	-

The proposal is passed.

Discussion Matter (5)**Proposed by Board of Directors**

Subject: Removing the restriction of non-compete agreement of directors

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 remove the restriction of non-compete agreement of directors, including Paul Lin (Chairman of TXC), Peter Lin (Director of TXC), Chen Chueh Shang Shin (Director of TXC).
3. For concurrent post of director, please refer to handbook of shareholders' meeting (Attachment 9).
4. Please approve.

Resolution:

Voting Results(Paul Lin):

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	218,612,391	4,638	17,842,117	0
(including shares of electronic voting)	87,547,744	4,638	15,375,625	0
% of Attendant Shares	92.45	-	-	-

The proposal is passed.

Voting Results(Peter Lin):

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	218,612,391	4,638	17,842,117	0
(including shares of electronic voting)	87,547,744	4,638	15,375,625	0
% of Attendant Shares	92.45	-	-	-

The proposal is passed.

Voting Results(Chen Chueh Shang Shin):

	Approval Voting:	Disapproval Voting:	Abstention Voting:	Invalid Voting:
Number of Shares	218,612,391	4,638	17,842,117	0
(including shares of electronic voting)	87,547,744	4,638	15,375,625	0
% of Attendant Shares	92.45	-	-	-

The proposal is passed.

Special Motions**Meeting Adjourned**

10:37 a.m., June 16, 2015

Attachment 1

TXC Corp.

Annual Business Report for 2014

The revenue of 2014 totaled NT\$9,526 million, a growth of 0.24% over the previous year. The hit rate was 98.41%. The after-tax net profit was NT\$995 million, an increase of 6.42% over the NT\$935 million achieved the year earlier, with a target hit rate of 102.03%. The after-tax earnings per share was NT\$3.21, a growth of 6.29% over the previous year's NT\$3.02. With the new strategy, adjusted organization, and new products, the Company is expected to maintain growth in sales and profits in 2015. As Donella Meadows pointed out in Limits to Growth, there is limited to growth, and the growth is limited by the availability of resources. TXC Corp. will achieve further growths through continuing innovation, reasonable allocation of resources, the re-alignment of business goals, and changes in concepts and behaviors. The 2014 business results and 2015 operation goals are analyzed as follows:

I. 2014 Operation Results

• Combined revenue and after-tax profit

Unit: NT\$1,000

Items \ Year	2014	2013	Growth amount	Growth rate
Net revenue	9,526,243	9,503,583	22,660	0.24%
Gross Profit	2,331,149	2,194,030	137,119	6.25%
After-tax profit (loss)	995,174	935,161	60,013	6.42%

Combined statement of income and Profitability

	Year	2014	2013
Financial structure (%)	Debt/assets ratio	34.71%	35.88%
	Long-term capital/fixed asset ratio	210.14%	184.67%
Debt-paying ability (%)	Current ratio	279.63%	243.93%
	Quick ratio	215.62%	180.81%
Profitability (%)	Return on assets	7.77%	7.48%
	Return on equity	11.56%	11.57%
	Earnings per share (NT\$)	3.21	3.02

2. Execution of Budgetary Goals:

The Company only set internal budgetary goals and did not publicize financial forecast. Because of market competition, the Company's hit rate of revenue goal and profitability was higher than 98%.

3. Research and Development:

The Company continues improving its crystal products. It has also been introducing new products according to its product road map. In 2014, the company introduced many new products including 3-in-1 Proximity Sensor, Stratum-3 high precision temperature-compensated crystal oscillators,

constant temperature crystal oscillators, miniaturized temperature compensated crystal oscillator, miniaturized temperature sensing crystal (TSX), Inverted Mesa high frequency crystal chips manufacturing technology, and clock module RTC. These new products brought positive effects for the Company's sales performance and profitability.

1. Achievements of Other Projects:

(1) Green Enterprise:

The Company keeps on monitoring greenhouse gas emissions in compliance with ISO14064-1 standards, product carbon footprint (based on PAS2050), energy management systems (ISO50001), and carbon neutrality (PAS2060). The Company also helps Environmental Protection Administration (EPA) with the building of carbon footprint emission factor and baseline, and was recognized by the EPA. TXC has been active in participating in other low carbon activities in a bid to get the low carbon mark to be issued by the EPA. In order to protect the biological balance and a sustainable environment, TXC made donations to Kaohsiung after the gas pipeline explosion in 2014 for the restoration of the damaged area. The Company also took part in the beach clean-up activity sponsored by the EPA of Taoyuan government along the Zhuwei fishing harbor.

(2) Vocational Safety and Hygiene:

TXC has been driving for the certifications of OHSAS18001 vocational safety and hygiene management and the CNS 15506 vocational safety and hygiene system in Taiwan. The Company has been sponsoring health promotion activities including weight reduction, cigarette quitting, parent-children education, and stress relieving classes. The Company also sponsored "Balancing work and life program" to train employees in observation and care-offering skills. When out-of-worksites traffic accidents happen, the Company will give timely and practical assistance. The Company will keep on improving worksite safety and provide the maximal safety for employees.

(3) System Certifications:

TXC has completed the such certifications including quality management systems ISO9001, automobile quality management system ISO/TS16949, ISO14001 environment management system, CNS15506 Taiwan vocational safety and hygiene system, ISO/IEC27001 information safety system, ISO28000 supply chain safety system, ISO50001 energy management system, IECQ QC 080000:2012 hazardous substance management, OHSAS 18001:2007, and vocational safety and hygiene certification. TXC are in compliance with ISO 14064-1:2006 greenhouse gas emissions, PAS 2050:2011 product carbon footprint, PAS 2060:2010, BB series carbon neutrality and water footprint. TXC's all management systems have met international standards. With the certified operations, the Company hopes to fully satisfy customers' needs.

(4) Company Governance and Responsibility:

TXC has been driving for "Promoting Education" activities and invited school children near Pingzhen and Beitou to take field trips in order to understand the hard work of parents. The Company has been offering awards to outstanding teachers and the students who made biggest progress. The Company were awarded with "Information Security Prize", "GRC Governance Model", "Taiwan's Top 50 Enterprise Sustainability Report Prize", "Outstanding Foreign Labor Employer", "4th Place Among Corporate Citizens in Good Standing", and "A++ in Information Disclosure". These facts indicated TXC is up to international standards in terms of corporate governance and social responsibility fulfillment.

II. 2015 Operation Plan:

1. Operation Directions and Important Policies:

(1) Move aggressively into the sensing device market:

After the successful development of TSX and PA12, TXC will develop more sensing devices including e-compasses, accelerometers, gyro-sensors, and magnetometers to

cater to the demand of smart phones, tablets, and wearable devices.

(2) R&D Re-Engineering

Due to the fast market change, the R&D work group will go through a re-engineering process to cope with the modification of product development roadmap and the patent item changes. These changes are intended to respond quickly to the market change. TXC will also keep on cooperating with the academic institutions, hire higher caliber R&D talents, and strengthen the company's R&D capability.

(3) Strengthen KM System and Product Lifetime Management System:

The KM system has been in use for eight years. In order to make the system more efficient, the Company has adjusted the system's internal tree structure, updated its data, and upgraded to a new version. TXC plans to transplant the new system to its factory in China. After adopting the Oracle Agile's Product Lifetime Management (PLM) module, the module will be used in the Company's three factories (including the factory in China) to strengthen production efficiency and simplify communication flow.

(4) Corporate Governance

Owing to the suspension of information disclosure appraisal and the initiation of the corporate governance appraisal, TXC will examine the CG6010 requirements recommended by Taiwan Corporate Governance Association in order to comply with or perform better than the requirements the government expects over-the-counter companies to comply with. At the same time, TXC will keep on perform the GRI4.0 and AA1000 requirements and fully disclose its operation information and social responsibility activities.

(5) Expansion of Production Lines

In order to improve production efficiency and competitiveness, TXC is planning to increase production lines in its Ningpo and Chongqing factories to satisfy the market demand. In a bid to expand its LED business, the Company will further increase the production lines of Pattern Sapphire Substrate (PSS). This move will help to lower costs, increase production capacity, and boost customers' satisfaction, leading to bigger breakthrough of its LED business.

2. Sales Forecast and Base of the Forecast

The world economy kept on recovering, but most countries still adopted easy monetary policy. In the face of depreciation of foreign currencies and price competition, TXC still managed to achieve satisfactory results. TXC is cautiously optimistic of the prospect in 2015. In addition to the large orders from international manufacturers, the new products and optimized production process are expected to generate positive operation results. Because our products for the automobile and high precision device markets have been certified and recognized by our customers, it is expected automobile and high precision products will make great contribution to the company's revenues. With our well-established crystal technology, TXC will expand its product lines to LED and sensing devices. With TXC's focus on miniaturized, high frequency, and low power consumption products, the Company's products have gained widespread recognition. Total sales in 2015 are expected to hit 2.6 billion pieces with a world market share of 10%. The Company is expected to maintain its position as the No. 3rd supplier in the crystal industry.

The year of 2014 was a very challenging year. The Company has been aiming at the sales target of NT\$10 billion without lowering profitability. Though the profits and profitability of 2014 met expectations, TXC was unable to break through the NT\$10 billion sales target. Thus, we will speed up the R&D's response to market changes, and make new products which can meet the changing requirements of the market. The focus in 2015 is to get used to the swift changes of the market and make our production and products according to the market's needs.

TXC expects its employees to "make brave break-through and dare to innovate" in the micro-profit age. The Company anticipates the employees to take changes for granted. For 2015, we would ask the question: How can we simplify the competition decision process? Professor Chen Ming-zhe once said, "We must be able to identify effective competitive actions, and make such actions generate realistic effects." Undoubtedly, in an industry characterized by small quantity production of wide product variety, we have to make quick adjustments and identify opportunities, and then focus our resources on the strategy and measures which are different from those adopted by our competitors. By doing so, we will achieve our equilibrium and get prepared for the future. Both opportunities and threats exist in front of us. Let's fully make use of our strengths and improve our shortcomings. Let's make all-out efforts with our full power to face challenges and competition. By so doing, we will continue playing a dominant role in our product lines.

Attachment 2

TXC Corporation Audit Report of Audit Committee

Board of Directors of the company has made business report of 2014, consolidated financial statements, the individual financial statements and proposal of earnings distribution, of which the consolidated financial statements and the individual financial statements have been audited by independent auditors Mr. Gong Shuang-xiong and Mr. Wong Bo-ren of Deloitte Taiwan. The above business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution have been recognized by audit committee according to Article 14-4 of the Securities Exchange Act and Article 219 of Corporate Law. Pleas examine.

2015 shareholder meeting of the company

Convener of Audit Committee Yu Shang Wu

2015. 05.04

Attachment 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TXC Corporation

We have audited the accompanying consolidated balance sheets of TXC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

March 23, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,768,404	13	\$ 1,829,536	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,149,004	9	445,807	4
Available-for-sale financial assets - current (Notes 4 and 8)	20,800	-	49,414	-
Notes receivable (Notes 4, 5 and 12)	42,961	-	20,521	-
Accounts receivable (Notes 4, 5 and 12)	2,918,461	21	2,636,402	20
Receivables from related parties (Notes 4, 5, 12 and 31)	6,870	-	9,416	-
Other receivables (Notes 4 and 12)	59,122	1	81,263	1
Other receivables from related parties (Notes 4, 12 and 31)	628	-	704	-
Inventories (Notes 4 and 13)	1,657,491	12	1,652,913	13
Prepayments	17,057	-	8,307	-
Prepaid rental (Notes 4 and 17)	2,564	-	2,538	-
Other financial assets - current (Note 11)	53,244	-	24,443	-
Other current assets - other (Note 18)	109,962	1	97,375	1
Total current assets	<u>7,806,568</u>	<u>57</u>	<u>6,858,639</u>	<u>53</u>
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	44,510	-	44,510	-
Held-to-maturity financial assets (Notes 4, 5 and 9)	47,840	-	47,840	-
Financial assets carried at cost (Notes 4 and 10)	111,998	1	198,245	2
Investments accounted for using equity method (Notes 4 and 14)	64,335	1	61,747	1
Property, plant and equipment (Notes 4 and 15)	5,153,830	38	5,508,064	42
Investment properties (Notes 4 and 16)	55,173	1	55,693	1
Deferred income tax assets (Notes 4, 5 and 26)	29,489	-	29,043	-
Prepayment for equipment	50,635	-	12,014	-
Refundable deposits (Notes 4 and 30)	11,961	-	4,384	-
Long-term prepaid rent (Note 17)	119,352	1	115,225	1
Other noncurrent assets (Note 18)	126,556	1	48,126	-
Total noncurrent assets	<u>5,815,679</u>	<u>43</u>	<u>6,124,891</u>	<u>47</u>
TOTAL	<u>\$ 13,622,247</u>	<u>100</u>	<u>\$ 12,983,530</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 19)	\$ 425,585	3	\$ 707,268	5
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	15,352	-	17,329	-
Accounts payable (Note 21)	1,068,131	8	886,627	7
Accounts payables to related parties (Notes 21 and 32)	321	-	177	-
Other payables (Note 22)	606,921	4	594,959	5
Other payables to related parties (Note 32)	1,139	-	1,027	-
Current tax liabilities (Notes 4 and 26)	73,576	1	67,919	1
Current portion of long-term bank loans (Note 19)	538,300	4	489,415	4
Other current liabilities (Note 22)	62,449	1	46,968	-
Total current liabilities	<u>2,791,774</u>	<u>21</u>	<u>2,811,689</u>	<u>22</u>
NONCURRENT LIABILITIES				
Bonds payable (Note 20)	782,139	6	765,337	6
Long-term bank loans (Note 19)	944,025	7	887,500	7
Deferred income tax liabilities (Notes 4 and 26)	138,976	1	130,540	1
Accrued pension cost (Notes 4 and 23)	39,891	-	34,163	-
Guarantee deposits received (Notes 4, 22 and 29)	30,866	-	29,418	-
Total noncurrent liabilities	<u>1,935,897</u>	<u>14</u>	<u>1,846,958</u>	<u>14</u>
Total liabilities	<u>4,727,671</u>	<u>35</u>	<u>4,658,647</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Capital stock (Note 24)				
Common stock	3,097,570	23	3,097,570	24
Capital surplus	1,662,181	12	1,662,181	13
Retained earnings				
Appropriated as legal capital reserve	957,864	7	864,348	7
Appropriated as special capital reserve	222,793	2	222,793	2
Unappropriated earnings	2,611,372	19	2,402,655	18
Total retained earnings	3,792,029	28	3,489,796	27
Other equity				
Exchange differences on translating foreign operations	341,996	2	75,336	-
Unrealized loss on available-for-sale financial assets	800	-	-	-
Total other equity	342,796	2	75,336	-
Total equity attributable to owners of the parent	<u>8,894,576</u>	<u>65</u>	<u>8,324,883</u>	<u>64</u>
Total equity	<u>8,894,576</u>	<u>65</u>	<u>8,324,883</u>	<u>64</u>
TOTAL	<u>\$ 13,622,247</u>	<u>100</u>	<u>\$ 12,983,530</u>	<u>100</u>

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
SALES (Note 4)	\$ 9,526,243	100	\$ 9,503,583	100
COST OF GOODS SOLD (Note 25)	<u>(7,195,094)</u>	<u>(75)</u>	<u>(7,309,553)</u>	<u>(77)</u>
GROSS PROFIT	<u>2,331,149</u>	<u>25</u>	<u>2,194,030</u>	<u>23</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	517,442	5	473,499	5
General and administrative expenses	374,002	4	339,735	4
Research and development expenses	<u>435,683</u>	<u>5</u>	<u>429,642</u>	<u>4</u>
Total operating expenses	<u>1,327,127</u>	<u>14</u>	<u>1,242,876</u>	<u>13</u>
INCOME FROM OPERATIONS	<u>1,004,022</u>	<u>11</u>	<u>951,154</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 25)	95,433	1	91,970	1
Other gains and losses (Note 25)	73,985	1	51,025	1
Finance costs (Notes 4 and 25)	(46,989)	(1)	(45,830)	(1)
Share of profits of associates and joint venture (Note 14)	<u>19,304</u>	<u>-</u>	<u>13,446</u>	<u>-</u>
Total non-operating income and expenses	<u>141,733</u>	<u>1</u>	<u>110,611</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,145,755	12	1,061,765	11
INCOME TAX EXPENSE (Note 26)	<u>(150,581)</u>	<u>(2)</u>	<u>(126,604)</u>	<u>(1)</u>
NET INCOME	<u>995,174</u>	<u>10</u>	<u>935,161</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences arising on translation of foreign operations	266,660	3	172,667	2
Unrealized loss on available-for-sale financial assets	800	-	13,105	-
Actuarial loss from defined benefit plans	(13,826)	-	(10,164)	-
Income tax related to actuarial defined benefits	<u>2,350</u>	<u>-</u>	<u>3,432</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>255,984</u>	<u>3</u>	<u>179,040</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,251,158</u>	<u>13</u>	<u>\$ 1,114,201</u>	<u>12</u>
EARNINGS PER SHARE				
Basic	<u>\$ 3.21</u>		<u>\$ 3.02</u>	
Diluted	<u>\$ 3.04</u>		<u>\$ 2.82</u>	

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

TXC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of The Parent								Others		Total Equity
	Shares (In Thousands)	Common Stock	Advance Receipts for Common Stock	Certificates on Bond-to-stock Conversion	Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available- for-sale Financial Assets	
						Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2013	309,757	\$ 3,022,423	\$ 24,460	\$ 50,687	\$ 1,616,549	\$ 749,459	\$ -	\$ 2,493,373	\$ (97,331)	\$ (13,105)	\$ 7,846,515
Appropriation of 2012 earnings											
Legal reserve	-	-	-	-	-	114,889	-	(114,889)	-	-	-
Special capital reserve	-	-	-	-	-	-	222,793	(222,793)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Equity component of convertible bonds issued by the Company	-	-	-	-	45,632	-	-	-	-	-	45,632
Net income for the year ended December 31, 2013	-	-	-	-	-	-	-	935,161	-	-	935,161
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	(6,732)	172,667	13,105	179,040
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	-	928,429	172,667	13,105	1,114,201
Convertible bonds converted to ordinary shares	-	50,687	-	(50,687)	-	-	-	-	-	-	-
Share-based payment transaction	-	24,460	(24,460)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	309,757	3,097,570	-	-	1,662,181	864,348	222,793	2,402,655	75,336	-	8,324,883
Appropriation of 2013 earnings											
Legal reserve	-	-	-	-	-	93,516	-	(93,516)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Net income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	995,174	-	-	995,174
Other comprehensive income for the for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	(11,476)	266,660	800	255,984
Total comprehensive income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	983,698	266,660	800	1,251,158
BALANCE AT DECEMBER 31, 2014	309,757	\$ 3,097,570	\$ -	\$ -	\$ 1,662,181	\$ 957,864	\$ 222,793	\$ 2,611,372	\$ 341,996	\$ 800	\$ 8,894,576

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,145,755	\$ 1,061,765
Adjustments for:		
Bad debt expense	1,306	706
Depreciation expense	926,535	886,327
Amortization expense	21,874	43,714
Net gain on fair value change of financial liabilities at fair value through profit or loss	(37,489)	(2,714)
Interest expense	46,989	45,830
Share of profits of associates and joint venture	(19,304)	(13,446)
Interest income	(21,850)	(13,887)
Impairment loss of financial assets	47,569	21,072
Loss on valuation of inventories	20,528	7,912
Impairment loss of property, plant and equipment	10,219	875
Gain on disposal of investments accounted for using equity method	(6,621)	-
Gain on disposal of property, plant and equipment	(3,611)	(1,264)
Dividend income	(1,118)	(1,035)
Loss (gain) on disposal of investment	27,324	(6,368)
Changes in operating assets and liabilities:		
Financial asset or liability held for trading	(334,988)	(455,332)
Notes receivable	(22,552)	(3,304)
Accounts receivables	(283,424)	816,843
Receivables from related parties	2,561	1,050
Other receivables	23,535	(10,168)
Other receivables from related parties	76	(122)
Inventories	(24,521)	(176,930)
Prepayments	(8,750)	8,755
Other current assets	(12,587)	(30,632)
Accounts payable	181,504	(528,776)
Accounts payable to related parties	144	(2,118)
Other payables	11,023	49,450
Other payables to related parties	112	1,015
Other current liabilities	15,481	(23,261)
Accrued pension costs	(8,098)	(7,423)
Cash generated from operations	1,697,622	1,668,534
Interest paid	(29,248)	(28,542)
Income taxes paid	(134,111)	(104,602)
Net cash generated by operating activities	<u>1,534,263</u>	<u>1,535,390</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of net gain or loss arising on financial assets classified as held for trading recognized originally	(4,366,187)	(1,913,892)
Disposal of net loss arising on financial assets classified as held for trading recognized originally	4,089,723	1,924,782

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
Purchase of investment accounted for using equity method	(65,000)	-
Disposal of investment accounted for using equity method	70,824	-
Purchase of available-for-sale financial assets	(89,617)	(179,665)
Disposal of available-for-sale financial assets	122,468	186,034
Financial assets carried at cost	7,917	-
Purchase of held-to-maturity financial assets	-	(47,840)
Payments for property, plant and equipment	(474,248)	(763,200)
Disposal of property, plant and equipment	34,967	58,575
Increase in refundable deposits	(7,577)	(179)
Increase in other financial assets	(28,801)	(24,443)
Increase in other noncurrent assets	(97,338)	(45,224)
Increase in prepayment for equipment	(38,621)	-
Decrease in prepayment for equipment	-	166,701
Interest received	20,456	12,189
Dividend received	<u>18,160</u>	<u>1,035</u>
Net cash used in investing activities	<u>(802,874)</u>	<u>(625,127)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in short-term loans	-	416,519
Decrease in short-term loans	(80,006)	-
Proceeds from issuance of convertible bonds	-	800,000
Repayment of bonds	-	(556,100)
Proceeds from long-term borrowings	450,000	750,000
Repayments of long-term borrowings	(576,773)	(1,393,471)
Guarantee deposits received	1,448	1,527
Payments of cash dividend	<u>(681,465)</u>	<u>(681,465)</u>
Net cash used in financing activities	<u>(886,796)</u>	<u>(662,990)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>94,275</u>	<u>11,516</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(61,132)	258,789
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>1,829,536</u>	<u>1,570,747</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 1,768,404</u>	<u>\$ 1,829,536</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TXC Corporation

We have audited the accompanying balance sheets of TXC Corporation as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of TXC Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TXC Corporation as of December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The accompanying schedules of major accounting items of TXC Corporation as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 23, 2015

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TXC CORPORATION

BALANCE SHEETS DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,139,506	9	\$ 1,068,203	9
Available-for-sale financial assets - current (Notes 4 and 8)	20,800	-	49,414	-
Notes receivable (Notes 4, 5 and 12)	23,533	-	1,184	-
Accounts receivable (Notes 4, 5 and 12)	2,517,663	19	2,333,245	19
Receivables from related parties (Notes 4, 5, 12 and 30)	125,317	1	113,216	1
Other receivables (Notes 4 and 12)	20,685	-	50,770	-
Other receivables from related parties (Notes 4 and 30)	33,131	-	98,603	1
Inventories (Notes 4 and 13)	1,092,321	9	1,182,362	9
Other financial assets - current (Note 11)	53,244	1	24,443	-
Other current assets - other (Note 17)	16,563	-	9,668	-
Total current assets	<u>5,042,763</u>	<u>39</u>	<u>4,931,108</u>	<u>39</u>
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	44,510	-	44,510	-
Held-to-maturity financial assets (Notes 4, 5 and 9)	47,840	1	47,840	1
Financial assets carried at cost (Notes 4 and 10)	111,998	1	198,245	2
Investments accounted for using equity method (Notes 4 and 14)	4,931,094	38	4,263,503	34
Property, plant and equipment (Notes 4 and 15)	2,739,181	21	3,013,892	24
Investment properties (Notes 4 and 16)	6,472	-	6,601	-
Deferred income tax assets (Notes 4, 5 and 25)	20,681	-	23,692	-
Prepayment for equipment	47,558	-	5,470	-
Refundable deposits (Notes 4 and 27)	1,061	-	1,056	-
Other noncurrent assets (Note 17)	4,939	-	7,853	-
Total noncurrent assets	<u>7,955,334</u>	<u>61</u>	<u>7,612,662</u>	<u>61</u>
TOTAL	<u>\$ 12,998,097</u>	<u>100</u>	<u>\$ 12,543,770</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 18)	\$ 151,777	1	\$ 92,498	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	12,488	-	17,329	-
Accounts payable (Note 20)	555,849	4	404,028	3
Accounts payables to related parties (Note 30)	708,330	6	855,260	7
Other payables (Note 21)	462,073	4	529,821	4
Other payables to related parties (Note 30)	1,139	-	1,027	-
Current tax liabilities (Notes 4 and 25)	57,560	-	59,371	1
Current portion of bonds payable and long-term bank loans (Notes 18 and 19)	475,000	4	400,000	3
Other current liabilities (Note 21)	13,346	-	13,685	-
Total current liabilities	<u>2,437,562</u>	<u>19</u>	<u>2,373,019</u>	<u>19</u>
NONCURRENT LIABILITIES				
Bonds payable (Note 19)	782,139	6	765,337	6
Long-term bank loans (Note 18)	675,000	5	887,500	7
Deferred income tax liabilities (Notes 4 and 25)	138,976	1	130,540	1
Accrued pension cost (Notes 4 and 22)	39,891	1	34,163	1
Guarantee deposits received (Notes 4, 21 and 27)	29,953	-	28,328	-
Total noncurrent liabilities	<u>1,665,959</u>	<u>13</u>	<u>1,845,868</u>	<u>15</u>
Total liabilities	<u>4,103,521</u>	<u>32</u>	<u>4,218,887</u>	<u>34</u>
EQUITY				
Capital stock (Note 23)				
Common stock	3,097,570	24	3,097,570	25
Capital surplus	1,662,181	13	1,662,181	13
Retained earnings				
Appropriated as legal capital reserve	957,864	7	864,348	7
Appropriated as special capital reserve	222,793	2	222,793	2
Unappropriated earnings	2,611,372	20	2,402,655	19
Total retained earnings	<u>3,792,029</u>	<u>29</u>	<u>3,489,796</u>	<u>28</u>
Other equity				
Exchange differences on translating foreign operations	341,996	2	75,336	-
Unrealized loss on available-for-sale financial assets	800	-	-	-
Total other equity	<u>342,796</u>	<u>2</u>	<u>75,336</u>	<u>-</u>
Total equity	<u>8,894,576</u>	<u>68</u>	<u>8,324,883</u>	<u>66</u>
TOTAL	<u>\$ 12,998,097</u>	<u>100</u>	<u>\$ 12,543,770</u>	<u>100</u>

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

TXC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 2 and 30)				
Sales	\$ 8,248,029	101	\$ 8,460,339	102
Less: Sales returns	14,704	-	57,405	1
Less: Sales allowances	<u>54,746</u>	<u>1</u>	<u>65,955</u>	<u>1</u>
Net operating revenue	8,178,579	100	8,336,979	100
COST OF GOODS SOLD (Notes 24 and 30)	<u>6,701,406</u>	<u>82</u>	<u>6,827,004</u>	<u>82</u>
GROSS PROFIT	1,477,173	18	1,509,975	18
UNREALIZED INTER-COMPANY GAIN	(2,110)	-	(1,546)	-
UNREALIZED GAIN ON INTER AFFILIATE ACCOUNTS	<u>1,546</u>	<u>-</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,476,609</u>	<u>18</u>	<u>1,508,429</u>	<u>18</u>
OPERATING EXPENSES (Notes 4 and 30)				
Selling and marketing expenses	347,661	4	342,597	4
General and administrative expenses	185,016	2	179,228	2
Research and development expenses	<u>304,974</u>	<u>4</u>	<u>308,144</u>	<u>4</u>
Total operating expenses	<u>837,651</u>	<u>10</u>	<u>829,969</u>	<u>10</u>
INCOME FROM OPERATIONS	<u>638,958</u>	<u>8</u>	<u>678,460</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	43,334	-	50,904	1
Other gains and losses (Note 24)	32,029	-	14,931	-
Finance costs (Notes 4 and 24)	(30,699)	-	(36,139)	(1)
Share of profits of associates and joint venture	<u>400,095</u>	<u>5</u>	<u>315,423</u>	<u>4</u>
Total non-operating income and expenses	<u>444,759</u>	<u>5</u>	<u>345,119</u>	<u>4</u>
INCOME BEFORE INCOME TAX	1,083,717	13	1,023,579	12
INCOME TAX EXPENSE (Note 25)	<u>88,543</u>	<u>1</u>	<u>88,418</u>	<u>1</u>
NET INCOME	<u>995,174</u>	<u>12</u>	<u>935,161</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

TXC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
Exchange differences arising on translation of foreign operations	266,660	3	172,667	2
Unrealized loss on available-for-sale financial assets	800	-	13,105	-
Actuarial loss from defined benefit plans	(13,826)	-	(10,164)	-
Income tax related to actuarial defined benefits	<u>2,350</u>	-	<u>3,432</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>255,984</u>	<u>3</u>	<u>179,040</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,251,158</u>	<u>15</u>	<u>\$ 1,114,201</u>	<u>13</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.21</u>		<u>\$ 3.02</u>	
Diluted	<u>\$ 3.04</u>		<u>\$ 2.82</u>	

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

(Concluded)

TXC CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								Others		Total Equity
	Shares (In Thousands)	Common Stock	Advance Receipts for Common Stock	Certificates on Bond-to-stock Conversion	Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for- sale Financial Assets	
						Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2013	309,757	\$ 3,022,423	\$ 24,460	\$ 50,687	\$ 1,616,549	\$ 749,459	\$ -	\$ 2,493,373	\$ (97,331)	\$ (13,105)	\$ 7,846,515
Appropriation of 2012 earnings											
Legal capital reserve	-	-	-	-	-	114,889	-	(114,889)	-	-	-
Special capital reserve	-	-	-	-	-	-	222,793	(222,793)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Equity component of convertible bonds issued by the Company	-	-	-	-	45,632	-	-	-	-	-	45,632
Net income for the year ended December 31, 2013	-	-	-	-	-	-	-	935,161	-	-	935,161
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	(6,732)	172,667	13,105	179,040
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	-	-	928,429	172,667	13,105	1,114,201
Convertible bonds converted to ordinary shares	-	50,687	-	(50,687)	-	-	-	-	-	-	-
Share-based payment transaction	-	24,460	(24,460)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	309,757	3,097,570	-	-	1,662,181	864,348	222,793	2,402,655	75,336	-	8,324,883
Appropriation of 2013 earnings											
Legal reserve	-	-	-	-	-	93,516	-	(93,516)	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(681,465)	-	-	(681,465)
Net income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	995,174	-	-	995,174
Other comprehensive income for the for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	(11,476)	266,660	800	255,984
Convertible bonds converted to ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transaction	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the for the year ended December 31, 2014	-	-	-	-	-	-	-	983,698	266,660	800	1,251,158
BALANCE AT DECEMBER 31, 2014	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,662,181</u>	<u>\$ 957,864</u>	<u>\$ 222,793</u>	<u>\$ 2,611,372</u>	<u>\$ 341,996</u>	<u>\$ 800</u>	<u>\$ 8,894,576</u>

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,083,717	\$ 1,023,579
Adjustments for:		
Bad debt expense	1,133	54
Depreciation expense	494,967	469,315
Amortization expense	4,562	27,775
Net loss on fair value change of financial liabilities at fair value through profit or loss	12,488	17,647
Interest expense	30,699	36,139
Gain on unrealized inter-company	2,110	1,546
Share of profits of associates and joint venture	(400,095)	(315,423)
Interest income	(11,844)	(7,211)
Impairment loss of financial assets	47,569	21,072
Loss on valuation of inventories	17,819	10,069
Dividend income	(1,118)	(1,035)
Gain on disposal of investment	27,324	(6,368)
Gain on realized inter -company	(1,546)	-
Changes in operating assets and liabilities:		
Notes receivable	(22,461)	(669)
Accounts receivables	(185,439)	636,164
Receivables from related parties	(12,101)	(58,506)
Other receivables	31,479	(21,006)
Other receivables from related parties	65,472	(65,534)
Inventories	72,222	(169,464)
Other current assets	(6,895)	6,684
Available-for-sale financial liabilities	(17,329)	(26,019)
Accounts payable	151,821	(321,979)
Accounts payable to related parties	(146,930)	127,790
Other payables	(68,062)	37,984
Other payables to related parties	112	941
Other current liabilities	(339)	(5,574)
Accrued pension costs	(8,098)	(7,423)
Cash generated from operations	1,161,237	1,410,548
Interest paid	(13,583)	(20,613)
Income taxes paid	(76,557)	(67,324)
Net cash generated by operating activities	<u>1,071,097</u>	<u>1,322,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investment accounted for using equity method	(65,000)	-
Purchase of available-for-sale financial assets	(89,617)	(179,665)
Disposal of available-for-sale financial assets	122,468	186,034
Disposal of held-to-maturity financial assets	7,917	-
Purchase of held-to-maturity financial assets	-	(47,840)
Payments for property, plant and equipment	(235,562)	(273,253)

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

	2014	2013
Disposal of property, plant and equipment	15,435	34,148
Increase in refundable deposits	(5)	(146)
Increase in other financial assets	(28,801)	(24,443)
Increase in other noncurrent assets	(1,648)	(26,543)
Increase in prepayment for equipment	(42,088)	-
Decrease in prepayment for equipment	-	136,378
Interest received	10,450	5,513
Dividend received	<u>64,718</u>	<u>1,035</u>
Net cash used in investing activities	<u>(241,733)</u>	<u>(188,782)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term loans	59,279	(42,834)
Proceeds from issuance of convertible bonds	-	800,000
Repayment of bonds	-	(556,100)
Proceeds from long-term borrowings	450,000	750,000
Repayments of long-term borrowings	(587,500)	(1,348,938)
Guarantee deposits received	1,625	1,499
Payments of cash dividend	<u>(681,465)</u>	<u>(681,465)</u>
Net cash used in financing activities	<u>(758,061)</u>	<u>(1,077,838)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,303	55,991
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,068,203</u>	<u>1,012,212</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,139,506</u>	<u>\$ 1,068,203</u>

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

(Concluded)

Amended provisions of Corporate Constitution

Provision	Amended provisions	Original provision	Reason for amendment
Provision 1 of Article 11	<u>At the shareholders' meeting, stockholders may exercise voting right in writing or electronically. Stockholders exercising voting right in writing or electronically shall be deemed attendance to the shareholders' meeting in person. Any amendment to the interim motion or original proposal at the shareholders' meeting shall be deemed abstention of his or her voting right. Exercise of relevant matters shall follow provisions of the current laws and decrees.</u>		According to the Company Law, voting right may be exercised electronically.
Article 13	The Company shall have 11 directors, for a term of 3 years. <u>The candidate nomination system shall be adopted for director election</u> at the shareholders' meeting and may serve for successive terms if re-elected. The equities holding percentage of all directors shall be as prescribed by the Securities Competent Authority.	The Company shall have 11 directors to be <u>decided by the board of directors</u> for a term of 3 years. The shareholders' meeting shall elect those with civil capacity to be directors and shall continue to serve if re-elected. The equities holding percentage of all directors shall be as prescribed by the Securities Competent Authority.	Amended wordings: Election of directors shall adopt the candidate's nomination system.
Provision 1 of Article 13	As prescribed by provision 2 of Article 4 of the Securities Trading Law, there shall be at least 3 independent directors in aforementioned total number of directors. The professional qualifications, equities holding, and restrictions on holding of concurrent posts of independent directors and its nomination and election method and relevant applicable matters shall follow that prescribed by the Securities Competent Authority. <u>Regarding the voting right for</u>	As prescribed by provision 2 of Article 4 of the Securities Trading Law, there shall be at least 3 independent directors in aforementioned total number of directors. <u>The shareholders' meeting shall elect the independent directors from the list of candidates.</u> The professional qualifications, equities holding, and restrictions on holding of concurrent posts of independent	In line with the Company Law and for enhancing the image of corporate governance.

Provision	Amended provisions	Original provision	Reason for amendment
	<p><u>each share corresponding to the number of directors to be elected, the election of directors may concentrate on one person or to be allocated among a number of persons. Representatives with more votes shall be elected as directors. The election of independent directors and non-independent directors shall be concurrently carried out and respectively calculate the number of elected.</u></p>	<p>directors and its nomination and election method and relevant applicable matters shall follow that prescribed by the Securities Competent Authority.</p>	
Article22	<p>This constitution was formulated on December 6, 1983. ... 31st amendment made on June 19, 2013. <u>32nd amendment to be made on June 16, 2015.</u></p>	<p>This constitution was formulated on December 6, 1983. ... 31st amendment made on June 19, 2013.</p>	Added this amendment date

Amended provisions of Directors Election Procedure

Article	Amended article	Original article	Amendment description
Article 6	The election of the <u>Company's</u> <u>directors</u> (including independent directors) shall follow the candidate nomination system and procedure as prescribed in provision 1 of Article 192 of the Company Law.	The election of the Company's directors (including independent directors) shall follow the candidate nomination system and procedure as prescribed in provision 1 of Article 192 of the Company Law.	Wordings amended corresponding to adoption of the candidate nomination system for all directors
Article 7	Election of company directors shall adopt the single candidate cumulative voting. The voting right of each share shall correspond to the number of directors to be elected and may be concentrated on one person or to be allocated among a number of persons.	Election of company directors adopts the single candidate cumulative voting. The voting right of each share shall correspond to the number of directors to be elected and may be concentrated on one person or to be allocated among a number of persons.	Wordings amended
Article 13	Upon completion of voting, the ballots will be counted on site and the chairman presiding over will announce the namelist of the elected. Ballots for the aforementioned election shall be properly sealed and signed by the scrutineer for safe storage and shall be kept for at least one year. According to Article 189 of the Company Law, ballots related to litigation shall be kept until termination of litigation.	Upon completion of voting, the ballots will be counted on site and the chairman presiding over will announce the namelist of the elected.	Added storage method for ballots

**TXC Corporation
Carve-Out Plan**

To enhance its competitiveness and operation performance, TXC Corporation (hereinafter referred to as TXC) will carry out reorganization and professional division of work. It plans to carve-out and transfer relevant businesses (including assets, liabilities and revenue) of the LED sapphire business of TXC 100% owned TXC OPTECH Corporation (hereinafter referred to as TOCH) using current carve-out method as equivalence to the issuance of new shares of TOCH to TXC (hereinafter referred to as this carve-out project). This Carve-out Plan (hereinafter referred to as This Plan) is formulated in accordance with the enterprise merger and acquisition law, the Company Law and relevant laws and decrees of the Republic of China as follows:

Article 1: Carve-out method and companies engaged in this carve-out plan

This carve-out plan has adopted the current carve-out method, that is, TXC carve-out and transfers relevant businesses (including assets, liabilities and revenue) of its LED sapphire business to TXC hundred percent owned TOCH where latter issues new shares to TXC as equivalence. Company engaged in this carve-out project is as follows:

Carve-out Company: TXC Corporation

Existing company in operation: TXC OPTECH Corporation

Article 2: TOCH constitution

For details refer to Attachment (6)-1.

Article 3: Business scope, business value, assets and liabilities to be split and transferred by TXC Corporation

1. Business scope to be split and transferred:

- (1) Business, relevant production, sales and personnel of the LED sapphire business of TXC Corporation.
- (2) The required machinery, equipment, inventory, bank deposits, receivables and relevant assets (including tangible and non-tangible assets) and pertinent liabilities of the LED sapphire business of TXC Corporation.
- (3) Relevant contracts (including but not limited to sales contracts, technology licensing contracts, technical service contracts, loan contracts and other pertinent contracts), litigation cases, legal relations, legal position, licenses, permits and pertinent rights and benefits of the LED sapphire business of TXC Corporation. Transfer of contracts requires consent of corresponding persons of the contracts and becomes valid only with agreement of the corresponding persons.

- (4) The technology, software and special know-how researched and owned by TXC prior to the date of carve-out of TXC and business secrets belonging to the LED sapphire business shall be split and transferred to TOCH in whole. TXC and TOCH shall mutually assist each other with regard to the transfer formalities of aforementioned intellectual property rights, technology, and maintenance formalities of rights and benefits, and provision of relevant information, documents and programs so as to facilitate exercise of relevant rights and benefits by the other party. TOCH shall solely be responsible for the rights and benefits and maintenance fees after the carve-out date. Such split of intellectual property rights shall not affect the rights and benefits licensed to other parties prior to carve-out and due confidential obligations. The relevant patent rights and licensing or transfer of pending applications of the LED sapphire business shall be mutually negotiated by both parties.
- (5) Relevant assets, liabilities, rights and obligations, rights and benefits, of the LED sapphire business of TXC to be split and transferred and the businesses/properties in existence but not yet expired or the not yet off-set rental awards, licenses, permits and relevant legal relations and factual relations and positions.
2. Business value to be split and transferred: Calculated by assets of division and transfer minus liabilities and is estimated to be NT\$429,900,000.
3. Assets to be split and transferred: Per Attachment 7, the estimated assets to be split and transferred are estimated at NT\$500,000,000.
4. Liabilities to be split and transferred: Per Attachment 7, the liabilities to be split and transferred are estimated at NT\$70,100,000.
5. The aforementioned business value, the amount of assets and liabilities to be split and transferred shall be based on the book value of the financial statement of TXC at March 31, 2015 but the actual amount shall be based on the book value of TXC on the carve-out date.
6. The aforementioned assets and liabilities to be split and transferred may be adjusted by the board of directors of the shareholders' meeting of TXC if adjustment is required. This also applies to the adjustment of business value or newly issued shares of the newly set up company.

Article 4: The business value, assets and liabilities of the company to be split and transferred for exchanging the number of issued shares of the current company and the calculation method

1. Percentage of share exchange: The business value of TXC to be split and transferred is NT\$429,900,000. Accordingly, each share is approximately equivalent to NT\$20 for exchange of one newly issued common share of TOCH. TXC shall exchange a total of 21,490,000 common shares of TOCH. In the event of insufficiency for exchange of one share, TOCH shall pay cash to TXC at one time within 30 days upon completion of registration of TOCH for exchange of the business value.
2. Basis of calculation: Aforementioned percentage of share exchange referenced the book value of the assets and liabilities of TXC to be split and transferred and the net value of each share and the percentage of share exchange is set forth in accordance with opinions of

the expert. For details, refer to Attachment 8.

Article 5: The business value, assets and liabilities of the company to be split and transferred for exchange of the number of issued shares and proportional adjustment of the current company accepting the business.

In the event of following circumstances for exchange of TOCH newly issued shares pertinent to this carve-out plan, TXC shareholders' meeting may authorize its shareholders' meeting to change the number of issued shares and/or price of each share while TOCH shall also adjust accordingly its acquired business value from carve-out:

1. Business transferred according to the carve-out plan on the carve-out date if required to adjust by increasing or decreasing its business value due to change in the scope of assets or liabilities or change of value or other reasons.
2. Assets and liabilities of TXC planned to be split and transferred due to change breakdown or amount of assets reassessment, depreciation, amortization, addition or reduction.
3. If required to adjust the percentage of the number of issued shares of TOCH per Article 4 due to change in law or instructions of relevant competent authority.

Article 6: Total number of issued shares, type and quantity of the company accepting the business

1. The business value accepted by TOCH from the carve-out plan is NT\$429,900,000 and former shall issue 21,490,000 common shares for TXC.
2. Upon completion of change of registration and issuance of common shares to TXC according to the law in the wake of the carve-out date, TXC shall own hundred percent of the shares of TOCH upon completion of this carve-out plan.

Article 7: Purchase and write-off of shares by shareholders in objection

Regarding shareholders of TXC who are in objection to relevant matters of this carve-out project or plan according to the law, TXC shall buy back all the shares owned by the shareholders in objection. Henceforth, the bought back shares may be disposed off according to the law with permission of the competent authority or proceed with write-off and change registration.

Article 8: Debtor notification and obligation publication

1. Upon passing carve-out by the TXC shareholders' meeting by resolution, it is required to immediately compile an assets and liabilities chart and properties directory and respectively notifies the debtors and make public the carve-out resolution, and specifies that debtors should raise objection within a limited period of over 30 days. If debtors raise objections within the limited period, TXC shall handle in accordance with the law.
2. If debt clearance of debtors who have raised objections according to aforementioned provision belongs to the scope of split and transfer of this carve-out plan, then the TXC board of directors will be authorized to adjust the business scope, business value, assets and liabilities as stipulated in Article 3, thereby it is necessary to adjust the percentage of TOCH

new share issuance or its price.

Article 9: Assumption of the rights and benefits after carve-out and relevant matters

1. Starting from the carve-out date, TOCH shall be responsible for general assumption of all assets, liabilities and all valid rights and benefits to be split and transferred by TXC up to the carve-out date. And TXC will assist with relevant required formalities.
2. Except for divisible debts of TXC prior to split and transfer of liabilities, TOCH shall assume liabilities of TXC before its division within the scope of its paid up capital in accordance with provision 6 of Article 32 of the Enterprise Merger and Acquisition Law and shall assume associated debt service of TXC. However, the right for request of associated debt service by the debtors will terminate if not exercised within two years from the carve-out date.

Article 10: Handling of employees transferred

Relevant employees of the LED sapphire business of TXC will continue to be in the employ by TOCH and latter recognizes the years of service of such employees.

Article 11: Carve-out date

1. Upon passing the resolution on the carve-out case on the carve-out day by TXC shareholders' meeting, and obtaining permit or approval by relevant competent authorities (including the Financial Supervisory Commission and Taiwan Stock Exchange Corporation and so on), TXC hereby authorizes the board of directors to decide. Presently, it is temporarily set forth on September 1, 2015. If required to adjust the carve-out day, the TXC board of directors is authorized to set forth the carve-out day.
2. On the carve-out day TXC shall transfer the sales, staff, equipment and other relevant assets and other related assets and liabilities to TOCH.

Article 12: Progress for execution of the plan is estimated to be completed on the daily schedule and handling for expiration of the scheduled completion date

1. This carve-out project is estimated to pass resolution by the shareholders' meeting to be convened on June 16, 2015, but TXC board of directors may set the shareholders' meeting date in line with actual circumstances.
2. Failing to complete the execution progress on carve-out day and expiration of the division plan, it is necessary to convene the board of directors meeting or shareholders' meeting according to the law and authorize the TXC board of directors for setting the meeting days and so forth.

Article 13: Taxation and expense sharing

1. Unless stipulated otherwise in this plan, all taxes or expenses from signing of this plan or entailed expenses thereof shall be split for sharing by both parties except for exemption of taxes or prescribed for exemption. TXC shall assume the incurred attorney's fees, accountant charges and relevant expenses in the event this plan fails to pass by the shareholders' meeting

or fails to approve by the competent authority or fails to become valid because of other reasons.

2. Both parties shall assist each other in obtaining rental tax discount for the plan.

Article 14: Change of paid-in capital by the carve-out company

Except for capital reduction as prescribed by the law, the paid-in capital of TXC shall maintain its original share capital upon completion of carve-out and shall not have capital reduction.

Article 15: Applicable laws

This carve-out plan shall abide by relevant laws of the Republic of China and Taiwan Taipei District Court shall be the first tribunal for jurisdiction in the event of any disputes arising thereof.

Article 16: Other matters

1. Any provisions of this plan in conflict with relevant laws and decrees and rendered invalid shall apply to the portion in conflict only and other provisions shall remain valid. As regards the invalid provisions which are in conflict with relevant laws and decrees, TXC shareholders' meeting shall authorize its board of directors for discussion within the lawful scope in accordance with relevant laws and decrees.
2. If any provisions of this plan require change according to instructions of the relevant competent authority, it is necessary to directly amend according to the instruction of the relevant competent authority or the TXC board of directors made amendment according to the instruction of relevant competent authority.
3. This plan shall become valid only upon submitting to and passing resolution by the shareholders' meeting. This plan will become valid only upon approval or ratification by the relevant competent authority.

Article 17: Follow relevant laws and decrees requirement of the competent authority in the event of ambiguities in the plan, or at the discretion of the TXC shareholders' meeting authorizing the board of directors for handling if not prescribed by the laws and decrees and the competent authority.

Company to be carve-out:

TXC Corporation

Chairman: Lin Jingbao

Existing company accepting business:
TXC OPTECH CORPORATION

Chairman: Lin Jingbao

Supervisor: Hong Guanwen

April 24, 2015

TXC OPTECH CORPORATION

Chapter One: General Principle

Article 1: In accordance with the Company Law, this company is named: TXC OPTECH Corporation °

Article 2: Business scope of the Company is as follows:

1. CB01010 machinery and equipment manufacturing
2. CC01070 wireless telecommunications equipment manufacturing
3. CC01080 electronic components manufacturing
4. CC01110 computer and its peripherals manufacturing
5. CE01010 general instruments manufacturing
6. CE01030 optical instruments manufacturing
7. F119010 electronic components wholesaling
8. F401010 international trade
9. I301010 information software service
10. I501010 product design
11. ZZ99999 operates in businesses not prohibited or restricted by the law aside from the permitted businesses.

Article 3: The Company is headquartered in Taoyuan City and may set up domestic and overseas offices if required and with resolution by the board of directors. The Company will provide external mutual guaranty within the same trade and among the affiliated enterprises.

Article 4: The Company may become a shareholder of other companies with limited liability with resolution by the board of directors. Unless stipulated by law, its total investment will not be restricted by forty percent of its paid-in capital.

Resolution by aforementioned board of directors shall have agreement by over half of the directors present at meeting with over two-third of the directors attending.

Chapter Two: Share

Article 5: The authorized capitalization of the Company is NT\$500 million to be divided into 50 million shares with a face value of NT\$10 for each share and to be issued by installment. In aforementioned capitalization NT\$50 million will be reserved for employees as voucher for buying the shares, totaling 5 million shares. The board of directors will be authorized for issuing the unissued shares by installment.

Article 6: The transfer, mortgaging, loss and damage to the stocks will be handled in accordance with the Company Law and relevant laws and decrees.

Article 7: The Company may not issue shares prior to paid-in capital less than that required by the central competent authority. In issuing the shares, all shares are to be registered with the name of the owner to be signed or applied chop by over three directors, and to be issued upon certification by the law.

Article 8: Stock interest and bonus or other benefits shall stop within five days of the base day for regular shareholders' meeting in 30 days and shareholders interim meeting in 15 days.

Chapter Three: Shareholders' meeting

Article 9: Shareholders' meeting shall be divided into two types, namely regular and interim meetings. The regular meeting shall be convened at least once every year and to be held within six months upon termination of each accounting year by the board of directors while interim meetings may be convened in accordance with the law as required.

Regular shareholders' meeting shall be convened twenty days prior to the meeting, and interim meetings shall be convened 10 days in advance. The shareholders shall be notified the meeting date, venue and proposals either in writing or electronically.

Article 10: For reasons a shareholder cannot attend the shareholders' meeting, he or she may assign a proxy in writing for attending the meeting with signature or chop and state the scope of authority. When one proxy is entrusted by more than two shareholders (inclusive) its proxy voting right shall not be more than 3% of the total voting right of issued shares and will not count if the voting right is in excess. One shareholder should produce one letter of authorization and limited to one proxy. The letter of authorization should arrive at the company 5 days in advance before the shareholders' meeting. In the event of duplication of authorization letters, the letter arrived first has precedence. However, this does not apply to declared cancellation of authorization letter.

Article 11: Unless stipulated otherwise, each share of the shareholders of the Company has one voting right.

Article 12: Unless stipulated otherwise by relevant laws and decrees, resolution of shareholders should represent more than half of attendance by shareholders of the total issued number of shares and obtaining consent by over half of the attendees with voting right. All decisions should be recorded in the meeting minutes and handled in accordance with Article 183 of the Company Law.

Article 13: If the shareholder of the Company is only one institutional shareholder, the right and power of the Company will be exercised by the board of directors and will not apply to this constitution pursuant to the shareholders' meeting.

Chapter Four: Director, supervisor and manager

- Article 14: The Company has 3~5 directors and one supervisor. The number of directors will be decided by the board of directors meeting for a term of 3 years. The shareholders' meeting will elect persons with civil capacity and will continue to serve if re-elected.
- Article 15: The directors will organize a board of directors. The managing director will be elected by over half of the attending directors at a meeting attended by over two-third of the directors. If required by business, a deputy managing director may be elected. The managing director represents the company.
- Article 16: The board of directors meeting may be convened with reasons stated and notify all directors 7 days in advance. The board of directors meeting may be convened at any time at emergencies. The meeting may be notified in writing, email or facsimile.
- Article 17: The managing director is the chairman of the board of directors. In the event the managing director takes leave or fails to exercise its right and power due to certain reasons, its proxy will act in accordance with Article 208 of the Company Law. A director may entrust another director to act as his proxy in attending the board of directors meeting. Each time it is required to produce a letter of authorization and list reasons for convening the meeting and the scope of authorization. Aforementioned proxy is limited to authorization by one person only. Also, the board of directors meeting may be conducted by video conference and directors' participation in the video conference is considered attendance at the meeting.
- Article 18: The Company shall buy liability insurance for all directors and supervisors to protect their rights and benefits and minimize the operation risk of the company. Remuneration for directors and supervisors may differ in accordance with role played, function, and contributions made by referencing the standard of domestic and overseas industries. The board of directors will be authorized to set the different reasonable remuneration.
- Article 19: The Company will have one general manager for executing resolutions of the board of directors and overseeing the company business. The appointment, discharge and remuneration will follow Article 29 of the Company Law.

Chapter Five: Accountant

- Article 20: At the end of each accounting year of the Company, the board of directors should compile following forms and charts to be submitted to the supervisor for review 30 days in advance of the regular shareholders' meeting and to be forwarded to the regular shareholders' meeting for recognition.
1. Business report.
 2. Financial report.

3. Surplus distribution or motion for loss allocation.

Article 21: If there is surplus in the annual general final account, it is necessary first to pay the taxes and make up for loss and appropriate 10% as legal surplus reserve. However, if the legal surplus reserve has reached the total paid-in capital, it is exempted from further appropriation. Make appropriation in accordance with the law or circumvent the special reserve. Then, appropriate the remaining surplus not more than 2% as remuneration for the directors and supervisors and not less than 3% as bonus for employees. And distribute shareholder bonus in accordance with resolution by the shareholders' meeting together with the unallocated surplus in consideration of the status of operation after retaining an appropriate amount.

Distribution of employee bonus may include employees of affiliated companies conforming to certain conditions and the board of directors should be authorized for formulation.

Chapter Six: Attachment

Article 22: The Company Law shall be followed in the event of ambiguities in the constitution.

Article 23: This constitution was formulated on March 23, 2015.

TXC Corporation

Carve-out value

Unit: NT\$1,000	Amount
Asset	
Current assets	276,319
Fund and long-term investment	-
Fixed assets	223,681
Intangible assets	-
Other assets	-
Total assets (1)	500,000
Liabilities	
Current liabilities	70,100
Long-term liabilities	-
Other liabilities	-
	70,100
Total liabilities (2)	
Business value (1)-(2)	429,900

TXC Corporation

Experts' opinion for reasonable percentage of share exchange for carve-out

To reorganize and focus on work specialization so as to enhance competitiveness and operation performance, TXC Corporation (hereinafter referred to as TXC) plans to carve out the relevant business (including assets, liabilities and business) of the LED sapphire business using the current carve-out method. The carve-out business will be transferred to TXC OPTECH Corporation (hereinafter referred to as TOCH), a hundred percentage owned subsidiary of TXC. TOCH will take up all businesses of TXC's LED sapphire business in whole. At the same time, TOCH will issue new shares as equivalency for TXC.

I. Calculation of percentage of exchange of shares for carve-out

1. The business value (including assets and liabilities) of the planned carve-out of TXC is the book value of relevant assets and liabilities of the planned carve-out referenced the financial report as of March 31, 2015.
2. The asset book value of the planned carve-out of TXC is NT\$500,000,000 with NT\$70,100,000 liabilities, thereby its business value is NT\$429,900,000. As of March 31, 2015, the assets and liabilities book value of the planned carve-out of TXC is as follows:

Unit: NT\$1,000	Amount
Asset	
Current assets	276,319
Fund and long-term investment	-
Fixed assets	223,681
Intangible assets	-
Other assets	-
Total assets (1)	500,000
Liabilities	
Current liabilities	70,100
Long-term liabilities	-
Other liabilities	-
Total liabilities (2)	70,100
Business value (1)-(2)	429,900

Source of information: Provided by TXC Corporation

3. TOCH issues a total of 21,490,000 common shares to TXC with each share at a price of NT\$20 as exchange for transfer of TXC's split of relevant business.

II. Briefing on reasonable percentage of exchange of shares for carve-out business

Through carve-out, TXC transfers relevant businesses, assets and liabilities of its LED sapphire

business to its hundred percent owned TOCH while latter issues 21,490,000 common shares to TXC as equivalency. Henceforth, the percentage of share exchange for carve-out hinges on assessment of the split value of TXC and the calculated price of the issued shares of TOCH and is explained below:

1. The primary purpose of carve-out is reorganization of TXC and not actual trading. According to Jimizi No.128 letter dated June 14, 2002 by the ROC Accounting Research Development Fund, if the transferor company and the transferee company are affiliated companies its nature is reorganization when one enterprise (transferor company) transfers its business to another company (transferee company) and gets its issued shares as prescribed by the accounting principle for company carve-out. By accounting, the net amount from its original assets book value (in the event of asset depreciation, the amount should be based on writing off losses) minus liabilities as the cost for obtaining equities while not listing the exchange benefits. The transferee company should also obtain the assets and liabilities cost from the book value of the original assets and liabilities of the transferor company (in the event of asset depreciation, the amount should be based on writing off losses) and has the net amount of the two as the basis with the face value as capital and the excess as capital reserve. Therefore, it is reasonable for TXC transferring the book value of the split assets and liabilities to TOCH.
2. TOCH issues 21,490,000 new shares with each share at approximately NT\$20. This represents a net amount of NT\$429,900,000 which is equivalent to the business value of NT\$429,900,000 of relevant assets and liabilities from TXC's carve-out business. Since TOCH is a hundred percent owned subsidiary of TXC, and its total net value after transferring is equivalent to the business value of the carve-out business. Hence, the percentage of share exchange for carve-out is reasonable.

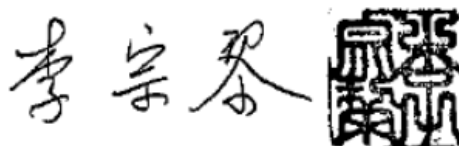
III. In summation, the share exchange percentage for the carve-out LED sapphire business of TXC is based on the book value of assets and liabilities contained in the financial report dated March 31, 2015 of TXC. Referencing the Accounting Research Development Fund interpretation letter, it is reasonable that TOCH uses the issued 21,490,000 common shares with each share at approximately NT\$20 as exchange for TXC's carve-out business. Moreover, since the transferee company TOCH is a hundred percent owned subsidiary of TXC, thereby the shareholder interest of TXC is not affected by this carve-out.

IV. Rational assessment of this carve-out project is based on the TXC financial report dated March 31, 2015 but the actual carve-out amount is based on the book value of the TXC carve-out base day. However, if adjustment is required because of major change to relevant business value, this independent expert will update his opinion using the latest information upon assignment by TXC.

Information listed in the opinion is provided by TXC Corporation. The independent expert carries out assessment as a third party for the percentage of share exchange for carve-out and he did not actually participate in the progress of trading and content planning between both parties for the carve-out project.

This document of opinion is for reference by the TXC board of directors and shareholders' meeting or for submission to the competent authority, and must not be used for other purposes.

Independent expert: Li Zongli



(Opinions for reasonable percentage of share exchange for carve-out of TXC Corporation)

April 24, 2015

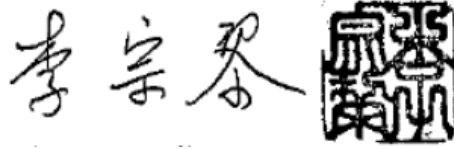
Declaration of independent opinion

To: TXC Corporation

I hereby was assigned to give expert opinions on the reasonable percentage on exchange of shares for carve-out of TXC Corporation (hereinafter referred to as TXC). TXC and I have no direct or indirect interest which could affect my fair and independent statement. I hereby solemnly declare as follows:

1. I and my spouse are not in the employ of aforementioned company, not engaging in regular work or accepting a fixed salary from the company.
2. I and my spouse have not worked as staff in aforementioned company and departed for less than two years.
3. The company I and my spouse worked for has no special relation with the aforementioned company.
4. I have no lineal relation of second degree with the responsible person of the aforementioned company or with the spouse of the general manager.
5. I and my spouse have no investment or profit sharing with aforementioned company.
6. The company I and my spouse worked for has no business relation with the aforementioned company.

The opinions given above and its conclusion are only for use in this assessment and its conclusion must not be used for other purposes.



By: Li Zongli

April 24, 2015

Resume of independent expert

Name: Li Zongli

Gender: Male

Date of birth: March 23, 1952

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Place of birth: Taipei City, Taiwan Province

Education background: Faculty of International Trade, Department of Commerce,
National Taiwan University

Commerce Research Institute, National Taiwan University

MBA, Drexel University, USA

Doctor of Wharton College, Pennsylvania University, USA

Work Experience:

Standing Committee Member of the ROC Federation of Certified Accountants Association
(81~84)

Chairman of the Education Committee of the ROC Federation of Certified Accountants
Association (81~84)

Vice Chairman of the Business Assessment Committee of the ROC Federation of Certified
Accountants (81~89)

Current job: Director of Cheng Yeh United Certified Accountants Office (from 1972 up till today)