

TXC Corporation

2021 Annual Shareholders' Meeting Procedure

I. Call Meeting to Order

II. Chairman's Address

III. Report Matters

IV. Recognition Matters

V. Discussion Matters

VI. Special Motions

VII. Meeting Adjourned

TXC Corporation

2021 Annual Shareholders' Meeting Agenda

Time: 9:30 a.m., May 31, 2021 (Monday)

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

1. Call meeting to order

2. Chairman's Address

3. Report Matters

- (1) To report the business of 2020
- (2) Audit Committee's review report
- (3) To report 2020 employees' profit sharing bonus and directors' compensation

4. Recognition Matters

- (1) To accept 2020 Business Report and Financial Statements
- (2) To approve the proposal of distribution of 2020 earnings

5. Discussion Matters

- (1) To Revise the "Rules and Procedures of Shareholders Meeting"
- (2) To Revise the "Procedures for Acquisition or Disposal of Assets"

6. Special Motions

7. Meeting Adjourned

Report Matters

Report matter (1)

Subject : To report the business of 2020

Description :

1. The company's 2020 consolidated revenue was NT\$11,048,392 thousand, an increase of 31.05% over last year. Net income was NT\$ 1,429,287 thousand, an increase of 112.76% over last year.
2. Business report and related financial statements please refer to Attachment (1) and (3).

Report matter (2)

Subject : Audit Committee's review report

Description :

1. TXC's 2020 financial Statements were reviewed by Audit Committee and audited by independent auditors, Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
2. Request audit committee to read audit report and please refer to Attachment (2).

Report matter (3)

Subject : To report 2020 employees' profit sharing bonus and directors' compensation

Description :

1. The 2020 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$1,816,548,546 according to the Article 19 of Articles of Incorporation, the Board of Directors approved 2020 employees' profit sharing bonus is NT\$163,489,369 (9%) and directors' compensation is NT\$27,248,228 (1.5%) which are to be distributed in cash. The employees eligible to the employee's remuneration include the full time employees of parent company and subsidiary.
2. They are no different from the expenses acknowledge of 2020.

Recognition Matters

Recognition matter (1)

Proposed by the Board of Directors

Subject : To accept 2020 Business Report and Financial Statements

Description :

1. 2020 business report and financial statements please refer to Attachment (1) and (3).
2. The above business report and financial statements were approved by the board of directions and reviewed by audit committee. The financial statements were audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
3. Please accept the aforementioned.

Resolution :

Recognition matter (2)

Proposed by the Board of Directors

Subject : To approve the proposal of distribution of 2020 earnings

Description :

1. Net profits for 2020 were NT\$1,429,287,114. After the legal reserve and special reserve were allocated according to law and the undistributed profit at the beginning of the year was added, the profit available for distribution is NT\$3,253,225,205. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$1,177,076,752 (a cash dividend of NT\$ 3.8 per share) is proposed. After distribution, the undistributed profit will be NT\$2,076,148,453.
2. According to distribution ratio, cash dividend was calculated up to dollar. Total amount of undistributed fractional shares would be recognized in non-operating income.
3. The total amount of common shares outstanding is subject to change and the ultimate cash dividend to be distributed to each common share will be adjusted accordingly should TXC subsequently buyback of company shares or transfer or 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 proposal is listed as below.
5. Please approve.

Resolution :

Distribution of 2020 Earnings

Unit : NT\$

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		1,678,401,450
Net profit after tax for this year	1,429,287,114	
Disposal of equity instruments at fair value through other comprehensive income. Total gain of disposal transferred from other equity to retained earnings	123,679,204	
Adjusted retained earnings from investments accounted for using equity method	(56,547)	
Remeasurement of defined employee benefit plans to retained earnings	(451,265)	
The amount of undistributed profits		1,552,458,506
Setting aside 10% legal reserve		(155,245,851)
Revise the setting aside special reserve		177,611,100
Profits available for distribution		3,253,225,205
Distribution Item:		
Cash Dividends (NT\$3.8 per share)		(1,177,076,752)
End period of undistributed profits		2,076,148,453

Note: Allocation of 2020 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Peter Lin**

Manager: **Kevin Kuo**

Accounting Supervisor: **Hong Guan-wen**

Resolution:

Discussion Matters

Discussion Matter (1)

Proposed by the Board of Directors

Subject : To Revise the ‘‘Rules and Procedures of Shareholders Meeting’’

Description :

1. It is proposed that certain articles of the ‘‘Rules and Procedures of Shareholders Meeting’’ should be revised to comply with rule No.1100001446 on January 28, 2021 and No. 1090009468 on June 3, 2020 both issued by the Taiwan Stock Exchange Corporation.
2. The comparison tables for the aforementioned are attached hereto as Attachment (4) -Chinese version.
3. Please approve.

Discussion Matter (2)

Proposed by the Board of Directors

Subject : To Revise the ‘‘Procedures for Acquisition or Disposal of Assets’’

Description :

1. To meet the need of company’s operation, to revise certain articles of the ‘‘Procedures for Acquisition or Disposal of Assets’’
2. The comparison tables for the aforementioned are attached hereto as Attachment (5) -Chinese version.
3. Please approve.

Special Motions

Meeting Adjourned

TXC Corporation Business Report

Under the continuous impact of the new crown virus epidemic and the Sino-US trade war, the global economy and industrial supply chain in 2020 will experience unprecedented challenges and changes. Intense changes in terminal demand, tight supply and shipment of raw materials, fluctuations in market price mechanisms, maintenance of customer relationships, etc., while testing the operational flexibility and decision-making response speed of the chain organization, it also brings a new wave of development opportunities for the company's competitive differences. Benefiting from the proper implementation of the government's anti-epidemic control, all plant operations have maintained normal operations. The products have been recognized and trusted by customers and the market for a long time, and the production capacity has been continuously expanded to give full play to the benefits of mass production. Through active and effective coordination of production and sales and cost control, the overall operating performance set an exciting new record in 2020.

I. 2020 Operation Results

1. Consolidated revenue and net income

The company's 2020 consolidated revenue was NT\$11,048,392 thousand, an increase of 31.05% over last year. Net income was NT\$ 1,429,287 thousand, an increase of 112.76% over last year. The basic EPS is NT\$4.61 increased 112.44% from EPS NT\$2.17 previous year.

2. Product and market development

The company continuously developing and optimizing high-stability, high-frequency, wide-temperature, and ultra-miniaturized quartz component products, including Temperature Compensating Control Quartz Oscillator (TCXO) 、Temperature Sensing Quartz Crystal (TSX) 、Miniature Constant Temperature Control Quartz Crystal Oscillator (OCXO), Miniature Quartz Crystal (XO) 、Miniature Mobile Device Crystal(Crystal) 、Sensors...etc. to accelerate the deployment and introduction of Tier 1 customers in the three major industries of 5G / automotive / IoT.

II. 2021 Business Plan Summary (Objective)

1 Strengthening industrial deployment and increasing market share

- (1) Consolidate and steadily expand the existing market, continuously improve quality and reduce manufacturing costs.
- (2) Actively develop new markets, new industries, new applications, new products, and deploy 5G, Internet of Things and automotive markets.
- (3) Invest in the development of advanced and high-end manufacturing processes, accelerate the mass production and launch of new products, and enhance the competitive advantage.

2 Optimize cost structure and increase profitability

- (1) Improve product mix: Integrate production cost differences, optimize product mix, and expand sales of high-margin products.
- (2) Strengthen superior resources: Through group management, effective integration of resources, cross-plant coordination and cooperation, play to the advantages of each plant in different locations, and maintain organizational flexibility and response speed.
- (3) Reduce production costs: improve production yield, reduce product bad costs, strengthen production and sales coordination, improve inventory turnover, improve process improvement capabilities, and effectively use data to analyze costs and solve problems.

3 Through strategic alliances and integration of internal and external resources, accelerate the transfer of key technologies and professional capabilities, as well as the development speed of new products and new process to effectively manager risks and enters new markets.

Looking forward to the next few years, many uncertainties in the environment and regional power struggles will continue to have an impact on the global economy and industry, and business risks will remain severe. Facing the huge opportunities and challenges at hand, only by cultivating product

technology, constantly innovating and breaking through, implementing digital intelligent manufacturing, quickly and flexibly responding to market opportunities, and establishing a competitive advantage that cannot be imitated, can we respond to more intense competition and changes in the future. The management team will uphold the attitude of excellence and the spirit of entrepreneurial hard work, continue to create value for shareholders and create happiness for colleagues more rigorously and professionally, and hope to become a top enterprise with outstanding performance and sustainable operation. Value-added reengineering and new heights!

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

**TXC Corporation
Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2020 business report, 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. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche. The 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 the Corporate Act. Please examine.

2021 shareholder meeting of the company

Convener of the Audit Committee : **Yu, Shang-Wu**

March 11, 2021

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

PETER LIN
Chairman

March 11, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TXC Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance 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 and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Revenue of the Group for the year ended December 31, 2020 amounted to NT\$11,048,392 thousand, which had an approximate 31% increase compared to revenue of NT\$8,430,970 thousand for the year ended December 31, 2019. In comparison with 2019, the revenue derived from specific products increased significantly on average in 2020; therefore, we considered the validity of revenue derived from some specific products as a key audit matter.

The key audit procedures that we performed in respect of revenue derived from some specific products included the following:

1. We tested and obtained an understanding of the appropriateness of the design and the implementation of internal control system that is related to revenue recognition of these specific products.
2. We selected samples from revenue details of some specific products, and checked the sales orders and delivery orders to confirm the occurrence of the sales revenue.
3. We inspected the sales returns details of specific products to check whether there is any abnormal circumstance on the occurrence of the sales returns.

Other Matter

We have audited the accompanying financial statements of TXC Corporation as of December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance 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 and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 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 independent auditors' report and consolidated financial statements shall prevail.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,681,952	16	\$ 1,986,235	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	534,489	3	758,940	6
Financial assets at amortized cost - current (Notes 4 and 9)	161,098	1	73,083	-
Notes receivable (Notes 4 and 10)	21,959	-	107,142	1
Trade receivables (Notes 4 and 10)	3,473,742	21	2,778,155	21
Trade receivables from related parties (Notes 4, 10 and 28)	30,162	-	4,038	-
Other receivables (Notes 4 and 10)	44,550	1	40,587	-
Other receivables from related parties (Notes 4 and 28)	490	-	79	-
Current tax assets (Notes 4 and 24)	8,067	-	8,176	-
Inventories (Notes 4 and 11)	2,816,838	17	2,039,498	15
Non-current assets held for sale (Notes 4 and 13)	35,892	-	-	-
Other current assets	192,633	1	149,103	1
Total current assets	<u>10,001,872</u>	<u>60</u>	<u>7,945,036</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,255	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	525,304	3	422,422	3
Financial assets measured at cost - non-current (Notes 4 and 9)	290,224	2	86,983	1
Investments accounted for using the equity method (Notes 4 and 14)	421,512	3	447,290	4
Property, plant and equipment (Notes 4 and 15)	4,808,588	29	4,054,149	30
Right-of-use assets (Notes 4 and 16)	92,303	1	96,162	1
Investment properties (Notes 4 and 17)	48,083	-	54,565	1
Other intangible assets (Note 4)	41,684	-	27,816	-
Deferred tax assets (Notes 4 and 24)	39,892	-	39,349	-
Prepayment for equipment	304,784	2	169,470	1
Other non-current assets	18,210	-	16,273	-
Total non-current assets	<u>6,599,839</u>	<u>40</u>	<u>5,423,734</u>	<u>41</u>
TOTAL	<u>\$ 16,601,711</u>	<u>100</u>	<u>\$ 13,368,770</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 18)	\$ 916,250	6	\$ 63,485	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,455	-	3,963	-
Contract liabilities - current (Notes 11 and 22)	729,079	4	68,024	1
Trade payables	1,947,598	12	1,659,086	12
Trade payables to related parties (Note 28)	3,543	-	78	-
Other payables (Note 19)	961,306	6	724,671	5
Other payables to related parties (Note 28)	1,480	-	2,850	-
Current tax liabilities (Notes 4 and 24)	117,054	1	48,135	-
Lease liabilities - current (Notes 4 and 16)	1,777	-	3,087	-
Current portion of long-term borrowings and bonds payable (Note 18)	385,287	2	209,860	2
Other current liabilities	28,461	-	13,280	-
Total current liabilities	<u>5,093,290</u>	<u>31</u>	<u>2,796,519</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,685,524	10	1,637,635	12
Deferred income tax liabilities (Notes 4 and 24)	67,032	1	123,400	1
Lease liabilities - non-current (Notes 4 and 16)	1,172	-	2,949	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	63,560	-	74,031	1
Guarantee deposits received	36,127	-	36,485	-
Total non-current liabilities	<u>1,853,415</u>	<u>11</u>	<u>1,874,500</u>	<u>14</u>
Total liabilities	<u>6,946,705</u>	<u>42</u>	<u>4,671,019</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)				
Share capital				
Ordinary shares	3,097,570	19	3,097,570	23
Capital surplus	1,668,269	10	1,666,690	13
Retained earnings				
Legal reserve	1,480,696	9	1,413,518	10
Special reserve	524,372	3	254,907	2
Unappropriated earnings	3,230,861	19	2,789,438	21
Total retained earnings	<u>5,235,929</u>	<u>31</u>	<u>4,457,863</u>	<u>33</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(523,275)	(3)	(584,617)	(4)
Unrealized gain on financial assets at fair value through other comprehensive income	176,513	1	60,245	-
Total other equity	<u>(346,762)</u>	<u>(2)</u>	<u>(524,372)</u>	<u>(4)</u>
Total equity	<u>9,655,006</u>	<u>58</u>	<u>8,697,751</u>	<u>65</u>
TOTAL	<u>\$ 16,601,711</u>	<u>100</u>	<u>\$ 13,368,770</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE (Note 22)	\$ 11,048,392	100	\$ 8,430,970	100
COST OF GOODS SOLD (Note 23)	<u>(7,715,586)</u>	<u>(70)</u>	<u>(6,423,879)</u>	<u>(76)</u>
GROSS PROFIT	<u>3,332,806</u>	<u>30</u>	<u>2,007,091</u>	<u>24</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	494,737	5	433,296	5
General and administrative expenses	450,999	4	358,881	5
Research and development expenses	769,441	7	582,776	7
Expected credit loss reversed on trade receivables	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,715,146</u>	<u>16</u>	<u>1,374,953</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>1,617,660</u>	<u>14</u>	<u>632,138</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	24,330	-	27,876	-
Other income (Note 23)	120,058	1	134,948	2
Other gains and losses (Note 23)	(62,319)	-	(21,143)	-
Finance costs (Note 23)	(21,442)	-	(23,250)	-
Share of profits of associates and joint ventures (Note 14)	<u>30,430</u>	<u>-</u>	<u>14,008</u>	<u>-</u>
Total non-operating income and expenses	<u>91,057</u>	<u>1</u>	<u>132,439</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,708,717	15	764,577	9
INCOME TAX EXPENSE (Note 24)	<u>(279,430)</u>	<u>(2)</u>	<u>(92,795)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>1,429,287</u>	<u>13</u>	<u>671,782</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(451)	-	(12,331)	-
Unrealized (gain) loss on investments in equity instruments at fair value through other comprehensive income	240,077	2	129,437	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>(186)</u>	<u>-</u>	<u>657</u>	<u>-</u>
	<u>239,440</u>	<u>2</u>	<u>117,763</u>	<u>2</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 58,311	1	\$ (216,643)	(3)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>3,031</u>	<u>-</u>	<u>(8,051)</u>	<u>-</u>
	<u>61,342</u>	<u>1</u>	<u>(224,694)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>300,782</u>	<u>3</u>	<u>(106,931)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,730,069</u>	<u>16</u>	<u>\$ 564,851</u>	<u>7</u>
EARNINGS PER SHARE (Note 25)				
From continuing and discounted operations				
Basic	<u>\$ 4.61</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 4.58</u>		<u>\$ 2.16</u>	

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						Others		Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	309,757	\$ 3,097,570	\$ 1,665,116	\$ 1,349,083	\$ 222,793	\$ 2,671,184	\$ (359,923)	\$ 105,017	\$ 8,750,840
Appropriation of 2018 earnings (Note 21)									
Legal reserve	-	-	-	64,435	-	(64,435)	-	-	-
Special reserve	-	-	-	-	32,114	(32,114)	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(619,514)	-	-	(619,514)
Net profit for the year ended December 31, 2019	-	-	-	-	-	671,782	-	-	671,782
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(12,270)	(224,694)	130,033	(106,931)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	659,512	(224,694)	130,033	564,851
Surplus donated	-	-	1,617	-	-	-	-	-	1,617
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	(43)	-	-	-	-	-	(43)
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	174,805	-	(174,805)	-
BALANCE AT DECEMBER 31, 2019	309,757	3,097,570	1,666,690	1,413,518	254,907	2,789,438	(584,617)	60,245	8,697,751
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	-	67,178	-	(67,178)	-	-	-
Special reserve	-	-	-	-	269,465	(269,465)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	(774,393)
Net profit (loss) for the for the year ended December 31, 2020	-	-	-	-	-	1,429,287	-	-	1,429,287
Other comprehensive income (loss) for the for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(508)	61,342	239,948	300,782
Total comprehensive income (loss) for the for the year ended December 31, 2020	-	-	-	-	-	1,428,779	61,342	239,948	1,730,069
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	123,680	-	(123,680)	-
Disposal of investments in associates accounted for using the equity method	-	-	(1,068)	-	-	-	-	-	(1,068)
Surplus donated	-	-	347	-	-	-	-	-	347
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	1,219	-	-	-	-	-	1,219
Other changes in capital surplus	-	-	1,081	-	-	-	-	-	1,081
BALANCE AT DECEMBER 31, 2020	309,757	\$ 3,097,570	\$ 1,668,269	\$ 1,480,696	\$ 524,372	\$ 3,230,861	\$ (523,275)	\$ 176,513	\$ 9,655,006

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,708,717	\$ 764,577
Adjustments for:		
Depreciation expenses	842,687	760,317
Amortization expenses	7,073	7,241
Expected credit loss reversed on trade receivables	(31)	-
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(38,124)	(14,680)
Finance costs	21,442	23,250
Interest income	(24,330)	(27,876)
Dividend income	(1,755)	(2,385)
Share of profit of associates and joint ventures	(30,430)	(14,008)
Loss (gain) on disposal of property, plant and equipment	1,639	(230)
Loss on disposal of associates	6,106	-
Reversal of impairment loss on property, plant and equipment	1,584	(2,369)
Gain on disposal of subsidiaries	(27,921)	-
Changes in operating assets and liabilities		
Notes receivable	85,183	(21,481)
Trade receivables	(695,500)	(146,853)
Trade receivables from related parties	(26,124)	4,957
Other receivables	(4,026)	70,863
Other receivables from related parties	(411)	717
Inventories	(777,290)	(222,230)
Other current assets	(43,530)	(44,066)
Contract liabilities-current	661,055	68,024
Trade payables	288,512	332,264
Trade payables to related parties	3,465	(19)
Other payables	236,418	160,985
Other payables to related parties	(1,370)	(267)
Other current liabilities	15,181	(8,486)
Net defined benefit liabilities	(11,035)	(6,333)
Cash generated from operations	2,197,185	1,681,912
Interest paid	(21,225)	(23,210)
Income tax paid	(275,769)	(146,866)
Net cash generated from operating activities	<u>1,900,191</u>	<u>1,511,836</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	267,976	151,790
Purchase of financial assets at fair value through other comprehensive income	(5,000)	(27,108)
Proceeds from sale of financial assets at fair value through other comprehensive income	165,952	241,715
Purchase of financial assets at amortized cost	(398,669)	(163,614)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from financial assets at amortized cost	\$ 112,087	\$ 188,411
Purchase of investments accounted for using the equity method	(9,877)	(67,083)
Payments for property, plant and equipment	(1,567,995)	(684,499)
Proceeds from disposal of property, plant and equipment	22,669	5,689
Payments for intangible assets	(20,771)	(14,070)
Payments for investment properties	(544)	-
Increase in other non-current assets	(1,937)	(3,700)
Increase in prepayment for equipment	(135,314)	(82,296)
Interest received	24,393	28,877
Dividends received	<u>18,625</u>	<u>22,832</u>
Net cash used in investing activities	<u>(1,528,405)</u>	<u>(403,056)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	853,377	35,257
Proceeds from long-term borrowings	316,181	2,235,661
Repayments of long-term borrowings	(88,125)	(1,996,875)
Proceeds from guarantee deposits received	-	10,328
Refund of guarantee deposits received	(358)	-
Repayment of the principal portion of lease liabilities	(3,087)	(2,857)
Dividends paid to owners of the Company	(774,393)	(619,514)
Other changes in capital surplus	<u>1,428</u>	<u>1,617</u>
Net cash generated from (used in) financing activities	<u>305,023</u>	<u>(336,383)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>18,908</u>	<u>(91,564)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	695,717	680,833
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,986,235</u>	<u>1,305,402</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,681,952</u>	<u>\$ 1,986,235</u>

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

(Concluded)

TXC Corporation

**Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TXC Corporation

Opinion

We have audited the accompanying financial statements of TXC Corporation (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows:

Revenue of the Company for the year ended December 31, 2020 amounted to NT\$11,048,392 thousand, which had an approximate 31% increase compared to revenue of NT\$8,430,970 thousand for the year ended December 31, 2019. In comparison with 2019, the revenue derived from specific products increased significantly on average in 2020; therefore, we considered the validity of revenue derived from specific products as a key audit matter.

The key audit procedures that we performed in respect of sales derived from specific products included the following:

1. We tested and obtained an understanding of the appropriateness of the design and the implementation of internal control system that is related to revenue recognition of these specific products.
2. We selected samples from revenue details of specific products, and checked the sales orders and delivery orders to confirm the occurrence of the sales revenue.
3. We inspected the sales returns details of some specific products to check whether there is any abnormal circumstance on the occurrence of the sales returns.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 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 independent auditors' report and financial statements shall prevail.

TXC CORPORATION

BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,300,005	9	\$ 672,110	6
Financial assets at amortized cost - current (Notes 4 and 9)	66,424	1	43,052	-
Notes receivable (Notes 4 and 10)	162	-	813	-
Trade receivables (Notes 4 and 10)	2,959,055	21	2,199,290	18
Trade receivables from related parties (Notes 4, 10 and 27)	72,598	1	51,691	1
Other receivables (Notes 4 and 10)	19,094	-	14,371	-
Other receivables from related parties (Notes 4 and 27)	9	-	42,888	-
Current tax assets (Note 23)	-	-	8,176	-
Inventories (Notes 4 and 11)	1,073,090	7	870,180	7
Non-current assets held for sale (Notes 4 and 12)	35,892	-	-	-
Other current assets	64,521	-	22,074	-
Total current assets	<u>5,590,850</u>	<u>39</u>	<u>3,924,645</u>	<u>32</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,255	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	213,736	2	185,477	2
Right-of-use assets (Notes 4 and 15)	2,931	-	6,024	-
Investments accounted for using equity method (Notes 4 and 13)	6,107,268	42	5,862,128	49
Property, plant and equipment (Notes 4 and 14)	2,328,906	16	1,961,704	16
Investment properties (Notes 4 and 16)	21,511	-	26,881	-
Other intangible assets (Note 4)	8,984	-	3,692	-
Deferred tax assets (Notes 4 and 23)	34,387	-	33,066	-
Prepayment for equipment	112,372	1	89,157	1
Refundable deposits	2,508	-	2,508	-
Total non-current assets	<u>8,841,858</u>	<u>61</u>	<u>8,179,892</u>	<u>68</u>
TOTAL	<u>\$ 14,432,708</u>	<u>100</u>	<u>\$ 12,104,537</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 17)	\$ 526,986	3	\$ 3,525	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,455	-	3,963	-
Trade payables	699,223	5	503,621	4
Trade payables to related parties (Note 27)	1,017,833	7	797,801	7
Other payables (Note 18)	563,091	4	431,397	4
Other payables to related parties (Note 27)	1,482	-	4,449	-
Current tax liabilities (Notes 4 and 23)	112,834	1	38,273	-
Lease liabilities - current (Notes 4 and 15)	1,777	-	3,087	-
Current portion of long-term borrowings and bonds payable (Note 17)	100,000	1	-	-
Other current liabilities	11,659	-	7,948	-
Total current liabilities	<u>3,036,340</u>	<u>21</u>	<u>1,794,064</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	1,600,000	11	1,400,000	11
Lease liabilities - non-current (Notes 4 and 15)	1,172	-	2,949	-
Deferred tax liabilities (Notes 4 and 23)	67,032	1	123,400	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	63,560	-	74,031	1
Guarantee deposits received	9,598	-	12,342	-
Total non-current liabilities	<u>1,741,362</u>	<u>12</u>	<u>1,612,722</u>	<u>13</u>
Total liabilities	<u>4,777,702</u>	<u>33</u>	<u>3,406,786</u>	<u>28</u>
EQUITY (Note 20)				
Share capital				
Ordinary shares	3,097,570	21	3,097,570	25
Capital surplus	1,668,269	12	1,666,690	14
Retained earnings				
Legal reserve	1,480,696	10	1,413,518	12
Special reserve	524,372	4	254,907	2
Unappropriated earnings	3,230,861	22	2,789,438	23
Total retained earnings	5,235,929	36	4,457,863	37
Other equity				
Exchange differences on translating the financial statements of foreign operations	(523,275)	(3)	(584,617)	(5)
Unrealized gain on financial assets at fair value through other comprehensive income	176,513	1	60,245	1
Total other equity	(346,762)	(2)	(524,372)	(4)
Total equity	<u>9,655,006</u>	<u>67</u>	<u>8,697,751</u>	<u>72</u>
TOTAL	<u>\$ 14,432,708</u>	<u>100</u>	<u>\$ 12,104,537</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 21)				
Sales	\$ 9,219,457	101	\$ 6,778,865	102
Less: Sales returns	39,113	-	32,011	1
Less: Sales allowances	<u>39,930</u>	<u>1</u>	<u>74,783</u>	<u>1</u>
Net operating revenue	9,140,414	100	6,672,071	100
COST OF GOODS SOLD (Notes 11 and 22)	<u>7,193,029</u>	<u>79</u>	<u>5,596,803</u>	<u>84</u>
GROSS PROFIT	1,947,385	21	1,075,268	16
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(2,022)	-	(1,364)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES /AND JOINT VENTURES	<u>1,364</u>	<u>-</u>	<u>1,064</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,946,727</u>	<u>21</u>	<u>1,074,968</u>	<u>16</u>
OPERATING EXPENSES (Notes 4 and 22)				
Selling and marketing expenses	253,830	2	252,422	3
General and administrative expenses	164,331	2	123,024	2
Research and development expenses	<u>550,247</u>	<u>6</u>	<u>396,050</u>	<u>6</u>
Total operating expenses	<u>968,408</u>	<u>10</u>	<u>771,496</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>978,319</u>	<u>11</u>	<u>303,472</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	4,477	-	6,506	-
Other income (Notes 4 and 22)	54,438	1	57,162	1
Other gains and losses (Note 22)	(74,424)	(1)	(23,982)	(1)
Finance costs (Notes 4 and 22)	(9,676)	-	(12,472)	-
Share of profit of associates and joint ventures (Note 13)	<u>672,677</u>	<u>7</u>	<u>380,860</u>	<u>6</u>
Total non-operating income and expenses	<u>647,492</u>	<u>7</u>	<u>408,074</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	1,625,811	18	711,546	11
INCOME TAX EXPENSE (Note 23)	<u>196,524</u>	<u>2</u>	<u>39,764</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,429,287</u>	<u>16</u>	<u>671,782</u>	<u>10</u>

(Continued)

TXC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (451)	-	\$ (12,331)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	174,625	2	74,642	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>65,266</u>	<u>-</u>	<u>55,452</u>	<u>1</u>
	<u>239,440</u>	<u>2</u>	<u>117,763</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	58,311	1	(216,643)	(4)
Share of the other comprehensive loss of associates accounted for using the equity method	<u>3,031</u>	<u>-</u>	<u>(8,051)</u>	<u>-</u>
	<u>61,342</u>	<u>1</u>	<u>(224,694)</u>	<u>(4)</u>
Other comprehensive loss for the year, net of income tax	<u>300,782</u>	<u>3</u>	<u>(106,931)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,730,069</u>	<u>19</u>	<u>\$ 564,851</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
From continuing and discontinued operations				
Basic	<u>\$ 4.61</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 4.58</u>		<u>\$ 2.16</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Others		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2019	309,757	\$ 3,097,570	\$ 1,665,116	\$ 1,349,083	\$ 222,793	\$ 2,671,184	\$ (359,923)	\$ 105,017	\$ 8,750,840
Appropriation of 2018 earnings (Note 20)									
Legal reserve	-	-	-	64,435	-	(64,435)	-	-	-
Special reserve	-	-	-	-	32,114	(32,114)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(619,514)	-	-	(619,514)
Net profit for the year ended December 31, 2019	-	-	-	-	-	671,782	-	-	671,782
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(12,270)	(224,694)	130,033	(106,931)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	659,512	(224,694)	130,033	564,851
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	174,805	-	(174,805)	-
Surplus donated	-	-	1,617	-	-	-	-	-	1,617
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	(43)	-	-	-	-	-	(43)
BALANCE AT DECEMBER 31, 2019	309,757	3,097,570	1,666,690	1,413,518	254,907	2,789,438	(584,617)	60,245	8,697,751
Appropriation of 2019 earnings (Note 20)									
Legal reserve	-	-	-	67,178	-	(67,178)	-	-	-
Special reserve	-	-	-	-	269,465	(269,465)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	(774,393)
Net profit for the for the year ended December 31, 2020	-	-	-	-	-	1,429,287	-	-	1,429,287
Other comprehensive loss for the for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(508)	61,342	239,948	300,782
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,428,779	61,342	239,948	1,730,069
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	123,680	-	(123,680)	-
Disposal of investments accounted for using the equity method	-	-	(1,068)	-	-	-	-	-	(1,068)
Surplus donated	-	-	347	-	-	-	-	-	347
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	1,219	-	-	-	-	-	1,219
Other changes in capital surplus	-	-	1,081	-	-	-	-	-	1,081
BALANCE AT DECEMBER 31, 2020	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,668,269</u>	<u>\$ 1,480,696</u>	<u>\$ 524,372</u>	<u>\$ 3,230,861</u>	<u>\$ (523,275)</u>	<u>\$ 176,513</u>	<u>\$ 9,655,006</u>

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,625,811	\$ 711,546
Adjustments for:		
Depreciation expenses	370,757	323,026
Amortization expenses	4,379	4,809
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	1,455	4,055
Finance costs	9,676	12,472
Interest income	(4,477)	(6,506)
Dividend income	(1,635)	(2,385)
Share of profit of associates and joint ventures	(672,677)	(380,860)
Gain on disposal of property, plant and equipment	(4,584)	(885)
Loss on disposal of investments accounted for using the equity method	6,106	-
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	2,022	1,364
Realized gain on the transactions with subsidiaries, associates and joint ventures	(1,364)	(1,064)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	-	21,714
Notes receivable	651	480
Trade receivables	(759,765)	(77,463)
Trade receivables from related parties	(20,907)	58,310
Other receivables	(4,786)	(519)
Other receivables from related parties	42,879	(36,430)
Inventories	(202,910)	127,600
Other current assets	(42,447)	(12,722)
Decrease in financial liabilities mandatorily classified as at fair value through profit or loss	(3,963)	-
Trade payables	195,602	(73,645)
Trade payables to related parties	220,032	161,808
Other payables	131,799	77,119
Other payables to related parties	(2,967)	1,228
Other current liabilities	3,711	(538)
Defined benefit liabilities - non-current	(11,035)	(6,333)
Cash generated from operations	881,363	906,181
Interest paid	(9,743)	(12,721)
Income taxes paid	(179,982)	(49,466)
Net cash generated from operating activities	<u>691,638</u>	<u>843,994</u>

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 165,952	\$ 241,715
Purchase of financial assets at amortized cost	(66,424)	(43,052)
Proceeds from sale of financial assets at amortized cost	43,052	68,946
Acquisition of associates	(9,877)	(67,083)
Payments for property, plant and equipment	(730,344)	(299,849)
Proceeds from disposal of property, plant and equipment	5,976	1,923
Payments for investment properties	(544)	-
Decrease in refundable deposits	-	(1,500)
Payments for intangible assets	(9,671)	(8,331)
Increase in prepayment for equipment	(23,215)	(38,330)
Interest received	4,540	7,507
Dividend received from associates	491,890	20,447
Other dividends received	<u>18,505</u>	<u>2,385</u>
Net cash used in investing activities	<u>(110,160)</u>	<u>(115,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	523,461	3,525
Proceeds from long-term borrowings	300,000	1,400,000
Repayments of long-term borrowings	-	(1,396,875)
Proceeds from guarantee deposits received	(2,744)	-
Payments for right-of-use assets	(3,125)	(2,857)
Dividends paid to owners of the Company	(774,393)	(619,514)
Other changes in capital surplus	<u>1,428</u>	<u>1,617</u>
Net cash generated from (used in) financing activities	<u>44,627</u>	<u>(614,104)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>1,790</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	627,895	114,668
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>672,110</u>	<u>557,442</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,300,005</u>	<u>\$ 672,110</u>

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

(Concluded)

TXC Directors' Shareholdings & Minimum Shareholdings Required

Record Date : April 2, 2021

Title	Name	Holding Shares
Chairman	Lin, Wan-Shing	5,030,722
Director	Lin, Jin-Bao	6,007,263
Director	Chen Chueh, Shang-Hsin	298,212
Director	Kuo, Ya-Ping	430,000
Director	Huang, Hsiang-Lin	4,139,399
Director	Hsu, Hsing-Hao	3,006,352
Director	TLC Capital Co., LTD	1,977,991
Independent Director	Yu, Shang-Wu	0
Independent Director	Tsai, Song-Qi	0
Independent Director	Su, Yan-Syue	0
Independent Director	Wang, Chuan -Fen	0

Note:

1. TXC's legal holding of all directors in number of shares are 12,390,281 shares.
2. As of April 2, 2021, the total shareholdings of all directors are 20,889,939 shares.