

TXC Corporation

Minutes of 2019 Annual General Shareholders' Meeting

(Translation)

Time: 9:30 a.m., June 12th, 2019 (Wednesday)

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

Total number of shares issued: 309,757,040

Attendant shares: 251,117,989 (including electronic voting 163,235,363 shares) accounted for 81.06% of total shares

Attendant directors:

Chairman: Lin, Chin-Pao

Director: Lin, Wan-Shing 、 Chen, Chueh Shang-Hsin 、 Hsu, Der-Jun

Independent Director: Yu, Shang-Wu 、 Tsai, Song-Qi 、 Su, Yan-Syue 、 Wang Chuan -Fen

In attendance: CPA : Hsieh, Ming-Chung at Deloitte & Touche

Lawyer : Liu, Wen-Chung at LIU&CO.

Chairman: Lin, Chin-Pao

Recorder: Chuang, Wan-Chun

1. Call meeting to order

2. Chairman's Address (Omitted)

Report Matters

Report matter (1)

Subject : To report the business of 2018

Description :

1. The company's 2018 consolidated revenue was NT\$8,156,268 thousand, a decrease of 7.12% over last year. Net income was NT\$ 644,350 thousand, a decrease of 33.07% 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 2018 financial Statements were reviewed by Audit Committee and audited by independent auditors, Ms. Lin Yi Hui and Mr. Wong Bo Ren of Deloitte & Touche.
2. Request audit committee to read audit report and please refer to Attachment (2).

Report matter (3)

Subject : To report 2018 employees' profit sharing bonus and directors' compensation

Description :

1. The 2018 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$767,471,304, according to the Article 19 of Articles of Incorporation, the Board of Directors approved 2018 employees' profit sharing bonus is NT\$69,072,417 (9%) and directors' compensation is NT\$11,512,070(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 2018.

Recognition Matters

Recognition matter (1)

Proposed by the Board of Directors

Subject : To accept 2018 Business Report and Financial Statements

Description :

1. 2018 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, Ms. Lin Yi Hui and Mr. Wong Bo Ren of Deloitte & Touche.
3. Please accept the aforementioned.

Resolution :

The subject is voting by poll and the result is: approval votes: 244,574,000 shares accounted for 97.39% of total shares, disapproval votes: 17,294 shares, abstention votes / no votes: 6,526,695 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Recognition matter (2)

Proposed by the Board of Directors

Subject : To approve the proposal of distribution of 2018 earnings

Description :

1. Net profits for 2018 were NT\$644,350,008. 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\$2,574,634,538. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$619,514,080 (a cash dividend of NT\$ 2.0 per share) is proposed. After distribution, the undistributed profit will be NT\$1,955,120,458.
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. Please approve.

Distribution of 2018 Earnings

Unit : NT\$

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		1,896,725,285
Effect of retrospective application		102,956,722
		1,999,682,007
Adjusted beginning period undistributed profits		
Disposal of equity instruments at fair value through other comprehensive income. Total gain of disposal transferred from other equity to retained earnings.		37,943,132
Adjusted retained earnings from investments accounted for using equity method		(171,660)
Remeasurement of defined employee benefit plans to retained earnings		(10,619,972)
		2,026,833,507
Adjusted undistributed profits		2,026,833,507
Net profit after tax for this year		644,350,008
Setting aside 10% legal reserve		(64,435,001)
Setting aside special reserve		(32,113,976)
		2,574,634,538
Profits available for distribution		
Distribution Item:		
Cash Dividends (NT\$2.0 per share)	(619,514,080)	(619,514,080)
End period of undistributed profits		1,955,120,458

Note: (1) Allocation of 2018 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Paul Lin**

Manager: **Peter Lin**

Accounting Supervisor: **Hong Guan-wen**

Resolution :

The subject is voting by poll and the result is: approval votes: 245,097,902 shares accounted for 97.60% of total shares, disapproval votes: 23,393 shares, abstention votes / no votes: 5,996,694 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Discussion Matters

Discussion Matter (1)

Proposed by the Board of Directors

Subject : To Revise the "Articles of Incorporation"

Description :

1. It is proposed that certain articles of TXC's "the Articles of Incorporation" should be revised to comply with rule No.1070037184 issued by Executive Yuan on October 26th, 2018.
2. The comparison tables for the 'aforementioned are attached hereto as 2019 Annual Shareholders' Meeting Procedure Attachment (4) - Chinese version.
3. Please refer to 2019 Annual Shareholders' Meeting Procedure Attachment (10) -Chinese version for the "Articles of Incorporation" prior to amendments.
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 244,679,865 shares accounted for 97.43% of total shares, disapproval votes: 441,323 shares, abstention votes / no votes: 5,996,801 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Discussion Matter (2)

Proposed by the Board of Directors

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

Description :

1. It is proposed that certain articles of TXC's "Procedures for Acquisition or Disposal of Assets" should be revised to comply with rule No.10703410725 issued by the Financial Supervisory Commission R.O.C (Taiwan) Securities and Futures Bureau on November 26th, 2018.
2. The comparison tables for the aforementioned are attached hereto as 2019 Annual Shareholders' Meeting Procedure Attachment (5) - Chinese version.
3. Please refer to 2019 Annual Shareholders' Meeting Procedure Attachment (11) –Chinese version for the "Procedures for Acquisition or Disposal of Assets" prior to amendments.
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 245,102,878 shares accounted for 97.60% of total shares, disapproval votes: 18,307 shares, abstention votes / no votes: 5,996,804 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Discussion Matter (3)

Proposed by the Board of Directors

Subject : To revise the "Procedures for Financial Derivatives Transactions"

Description :

1. It is proposed that certain articles of TXC's "Procedures for Financial Derivatives Transactions" should be revised to comply with rule No.10703410725 issued by the Financial Supervisory Commission R.O.C (Taiwan) Securities and Futures Bureau on November 26th, 2018.
2. The comparison tables for the aforementioned are attached hereto as 2019 Annual Shareholders' Meeting Procedure Attachment (6) -Chinese version.
3. Please refer to 2019 Annual Shareholders' Meeting Procedure Attachment (12) -Chinese version for TXC's "Procedures for Financial Derivatives Transactions" prior to amendments.
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 245,096,472 shares accounted for 97.60% of total shares, disapproval votes: 22,816 shares, abstention votes / no votes: 5,998,701 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Discussion Matter (4)

Proposed by the Board of Directors

Subject : To revise the "Procedures for Lending Funds to Other Parties"

Description :

1. It is proposed that certain articles of TXC's "Procedures for Financial Derivatives Transactions" should be revised to comply with rule No.1080304826 issued by the Financial Supervisory Commission R.O.C (Taiwan) Securities and Futures Bureau on March 7th, 2019.
2. The comparison tables for the aforementioned are attached hereto as 2019 Annual Shareholders' Meeting Procedure Attachment (7) -Chinese version.
3. Please refer to 2019 Annual Shareholders' Meeting Procedure Attachment (13) -Chinese version for TXC's "Procedures for Lending Funds to Other Parties" prior to amendments.
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 245,089,872 shares accounted for 97.59% of total shares, disapproval votes: 29,417 shares, abstention votes / no votes: 5,998,700 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Discussion Matter (5)

Proposed by the Board of Directors

Subject : To revise the "Procedures for Endorsement & Guarantee"

Description :

1. It is proposed that certain articles of TXC's "Procedures for Financial Derivatives Transactions" should be revised to comply with rule No.1080304826 issued by the Financial Supervisory Commission R.O.C (Taiwan) Securities and Futures Bureau on March 7th, 2019.
2. The comparison tables for the aforementioned are attached hereto as 2019 Annual Shareholders' Meeting Procedure Attachment (8) -Chinese version.
3. Please refer to 2019 Annual Shareholders' Meeting Procedure Attachment (14)-Chinese version for TXC's "Procedures for Endorsement & Guarantee" prior to amendments.
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 245,091,470 shares accounted for 97.60% of total shares, disapproval votes: 27,819 shares, abstention votes / no votes: 5,998,700 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Election Matters

Election Matter (1)

Proposed by the Board of Directors

Subject : To elect eleven Directors (including four independent directors)

Title	Name	Educational background	Experience	Holding Shares
Director	Lin, Jin-Bao	MBA, West Texas A&M University, USA	Chairman of TXC Corporation	6,071,263
Director	Lin, Wan-Shing	Master in Management, National Taiwan University of Science and Technology	Director and President of TXC Corporation	4,980,722
Director	Chen, Chueh Shang-Hsin	Master of management, Zhejiang University	Director and Vice President of TXC Corporation	282,212
Director	Kuo, Ya-Ping	Boston University ,MBA	Vice President of Management Center of TXC Corporation	300,000
Director	Hsu, Hsing-Hao	M.S. degree - Electrical and Computer Engineering, Colorado State University	Chairman of Kang-Shuo Investment Corporation R&D Manager of Chan-Yu Corporation	2,601,352
Director	TLC Capital Co.,LTD	None	Director of TXC Corporation	1,977,991
Director	Huang, Hsiang-Lin	State University of New York at Albany, Master of Business Administration (MBA)	Sales Director of Marketing Center of TXC Corporation	4,097,399
Independent Director	Yu, Shang-Wu	Ph.D., Birmingham University	Independent Director of TXC Corporation Director of business and management college of Jinwen University of Science and Technology	0
Independent Director	Tsai, Song-Qi	Ph.D., Accounting Department of Shanghai University	Independent Director of TXC Corporation Certified accountant and Executive Director of KMPG Taiwan	0
Independent Director	Su, Yan-Syue	Master in Industrial Management of Carnegie Mellon University, USA	Independent Director of TXC Corporation CIO of Pegatron corporation	0
Independent Director	Wang, Chuan-Fen	Master in Law of Columbia University, USA	Independent Director of TXC Corporation Partner of Chen & Lin law firm	0

Description :

1. The term of directors of the Company is expiring on June 6th 2019 and it is required to re-elect totally pursuant to Clause 195 of the Company Act.
2. Following the provision of Articles of Association of the Company, there shall be eleven directors elected in this election (incl. four independent directors). The election system is Candidates Nomination System and shareholders shall elect directors from the list of candidates and they are for a term of 3 years, from June 12th 2019 to June 11th 2022. List of Candidate for Director Election (including independent directors) has been reviewed by and passed resolution in Board Meeting of the Company, and shareholders shall elect the directors for next term from the list of candidates.
3. List of Candidates for Directors (including Independent Directors) is given below.
4. Please vote.

Director Candidate List

As of 04/13/2019

Reason of continuing to nominate candidates who have served consecutively as independent directors for three consecutive terms as independent directors of the company

The company continued to nominate Yu, Shang-Wu as independent director candidate for the fourth terms for the following reason: Yu, Shang-Wu is professional in finance and industrial management, and is familiar with business and corporate governance laws and practices. TXC will rely on his relevant knowledge and management vision to continuously improve the corporate governance of board of directors and play the supervisory function of the audit committee.

Result of Election :

Newly-elected list of directors and independent directors

Type	Acct. No. (ID NO.)	Name	Shares
Director	6	Lin, Wan-Shing	215,303,668
Director	1	Lin, Jin-Bao	195,913,420
Director	44	Chen, Chueh Shang-Hsin	152,252,649
Director	13173	Hsu, Hsing-Hao	151,964,374
Director	83	Kuo, Ya-Ping	149,833,776
Director	25055	Huang, Hsiang-Lin	149,187,786
Director	44269	TLC Capital Co., Ltd	145,117,243
Independent Director	J120*****	Yu, Shang-Wu	193,793,164
Independent Director	F103*****	Tsai, Song-Qi	191,950,707
Independent Director	S221*****	Su, Yan-Syue	191,870,219
Independent Director	A220*****	Wang, Chuan-Fen	150,521,160

Other Matters

Other Matter (1)

Proposed by the Board of Directors

Subject : To remove the restriction of non-compete agreement of newly elected 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 new directors.
3. For newly elected directors, please refer to Attachment (9).
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 244,679,032 shares accounted for 97.43% of total shares, disapproval votes: 46,678 shares, abstention votes / no votes: 6,392,279 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

Special Motions

None

Meeting Adjourned

Time: 10:19 a.m., June 12th, 2019

TXC Corp. Business Report

In 2018, the global economy was almost the most turbulent year since the financial crisis. In addition, the US tariff policy and the corresponding retaliatory measures of other economic entities have also slowed down the overall economic growth. Only the United States still has strong economic performance, be an important engine for global growth; in the case of Japan's failure of monetary policy, the economy has not improved significantly; emerging countries have been forced to bear pressure with the appreciation of the dollar; in the Eurozone, Brexit, the impact of Italy's confrontation with the EU, some crisis incrementally emerged. The overall economic environment does not seem optimistic. There are also many unfavorable changes in the company's operations. For example, market competition has led to an increase in the volume of existing product mix, but prices have fallen, imbalances in supply and demand have led to unreasonable price cuts and alternative competition in the industry, product application technology has been accelerate replaced, tariff disputes impact customers' strategy for production base. The demand of handset industry has stagnated due to no new product application to stimulate consumption, Networking and information products market demand is not as expected, trade war affects the overall automotive supply chain and consumption, coupled with the failure of the company's new products to be developed in time and in line with customer needs, has led to a decline in our revenue and profitability.

I. 2018 Operation Results

1. Consolidated revenue and net income

The company's 2018 consolidated revenue was NT\$8,156,268 thousand, a decrease of 7.12% over last year, and then resulted to achieving the operation target of 90.38%. Net income was NT\$ 644,249 thousand, a decrease of 33.07% over last year. The basic EPS is NT\$2.08, decreased from EPS NT\$3.11, -33.12% from previous year.

2. Product development

The company continuously enhancing 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) 、 Light sensors...etc. The development of miniaturized products focuses on the technologies such as wafer design and manufacturing and packaging testing, in response to the demand for high-drive, high-frequency and high-stability products. The development of new Sensor products will be developed towards miniaturization, integration and feature optimization to meet the needs of customers and the market. In terms of market development, we will focus resources on developing high-end products including AOM (high frequency), ACAP (vehicle products) and Sensors (sensing components), including new applications, new industries, new customers, and new product opportunities, in order to optimize product mix and increase growth momentum, and actively deploy the relevant customers of the 5G industry and the Internet of Things application, laying the foundation for the subsequent market growth momentum..

II 2019 Business Plan Summary

- 1 Strengthening industrial deployment and increasing market share:** Consolidate existing markets to enhance competitiveness and maintain market share, actively develop new markets, new industries, new applications, and new products, deepen China and strengthen the European, American and Japanese markets.
- 2 Optimize product mix and increase profitability:** Combine production cost advantages to provide the best product mix and drive high-end, high-margin product sales. Through intelligent technology and big data analysis, we can instantly integrate information from various production bases to improve production yield and reduce quality costs.
- 3 Technical cooperation, strategic alliances, mergers and acquisitions and integration:** The future competitive market, shortened product life cycle, technology transfer and learning speed, accelerate the transfer of key technologies or capabilities and new technologies through technical cooperation, strategic alliances, mergers and acquisitions and integration The development speed of products and new processes can effectively enter new markets, enabling enterprises to have competitive

advantages and expand the application of existing technologies or products to create synergies.

Looking forward 2019, with intelligent production, lean management and light asset management, the company hopes to face the challenges of this year with innovative thinking and efficient execution! Although the overall economic environment is still steep, we are convinced that the company with the efforts of the management team, we will be able to break through the status quo, open up new opportunities, and move forward.

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

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

Board of Directors of the company has made business report of 2018, 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 Ms. Lin Yi Hui and Mr. Wong Bo Ren 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. Pleas examine.

2019 shareholder meeting of the company

Convener of Audit Committee

Yu Shang Wu

2019, April 25th

Director candidates' non-competitive activities list

Title	Name	Position for Other Companies	
Director	Lin, Jin-Bao	Liang Shing EcLife Corp.	Chairman
		Tai Shing Electronics Components Corporation	Director
		uPI Semiconductor Corp	Director
		Hantic precision technology , Inc	Juristic-person director representative
		Godsmith Sensor Inc.	Juristic-person director representative
Director	Lin, Wan-Shing	Tai Shing Electronics Components Corporation	Chairman
		Nanjing Information Corporation	Director
Director	Chen Chueh, Shang-Hsin	TSE Technology (Ningbo) Corporation	Chairman
		Tai Shing Electronics Components Corporation	Director
		Wei Lida Technology Co., Ltd	Director
		Ningbo Longying Semiconductor Co., Ltd	Vice Chairman and Juristic-person director representative
Director	TLC Capital Co., LTD	Simplo Technology Co.,Ltd.	Director
Independent Director	Yu, Shang-Wu	Taisun Int'l (Holding) Corp.	Independent Director
Independent Director	Su Yan-Syue	Kinsus Interconnect Technology Corp.	Juristic-person director representative
		Zhong Yang Technology Co., Ltd	Independent Director

TXC Directors' Shareholdings & Minimum Shareholdings Required

As of 04/13/2019

Title	Name	Holding Shares
Chairman	Lin, Jin-Bao	6,071,263
Director	Hsu, Der-Jun	4,304,603
Director	Lin, Wan-Shing	4,980,722
Director	Chen Chueh, Shang-Hsin	282,212
Director	Go, Tien-Chong	823,608
Director	TLC Capital Co., LTD	1,977,991
Director	Golden Talent Investment Holding co., Limited	1,588,000
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 13th 2019, the total shareholdings of all directors are 20,028,399 shares.

TXC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 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, 2018 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

PAUL LIN
Chairman

March 27, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TXC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TXC Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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.

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, 2018 and 2017, 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, 2018. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Key Audit Matter

Inventory of the Group as of December 31, 2018 was NT\$1,816,896 thousands, accounted for 14% of the total assets in the consolidated financial statements. The valuation of inventory is subjected to fluctuation of market demand and technology changing rapidly. It may result in the impairment of inventory. The management determines the inventory book value and the allowance for inventories at lower of cost or net realize value in accordance with IAS 2 "Inventory". Since the value of inventory is subject to management's judgement and significant in the consolidated financial statements, the inventory valuation is identified as a key audit matter.

Refer to Notes 4, 5 and 15 for a summary of the significant accounting policies.

Our key audit procedures performed in respects of the above area included the following:

1. Tested the net realized value of inventories on the balance sheet date. Sampled testing the price on the latest purchase order and sales order to verify whether the net realized value of inventories is reasonable.
2. Verified the accuracy of the inventory aging report by testing the inventory's aging details. Obtained the list of inferior goods and spoilage to understand the slow moving inventory and evaluate whether the impairment for inventories is appropriate.
3. Performing physical count, in order to assess the appropriateness regarding write-downs of the inventories.

Other Matter

We have audited the accompanying financial statements of TXC Corporation as of December 31, 2018 and 2017 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, 2018 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 Yi-Hui Lin and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,305,402	10	\$ 2,331,366	18
Financial assets at fair value through profit or loss - current (Note 7)	902,869	7	1,007,122	8
Available-for-sale financial assets - current (Note 10)	-	-	39,657	-
Held-to-maturity financial assets - current (Note 11)	-	-	45,680	-
Financial assets at amortized cost - current (Note 9)	189,588	2	-	-
Notes receivable (Note 14)	85,661	1	65,656	1
Trade receivables (Note 14)	2,631,163	21	2,578,552	19
Trade receivables from related parties (Notes 14 and 33)	8,995	-	6,735	-
Other receivables	112,451	1	147,077	1
Other receivables from related parties (Note 33)	796	-	772	-
Current tax assets (Note 28)	5,245	-	-	-
Inventories (Note 15)	1,816,896	15	1,504,066	11
Prepayment for lease (Note 21)	2,323	-	2,371	-
Non-current Assets Held for Sale (Note 16)	-	-	60,816	1
Debt investments with no active market - current (Note 13)	-	-	39,200	-
Other current assets	55,900	-	154,122	1
Total current assets	<u>7,117,289</u>	<u>57</u>	<u>7,983,192</u>	<u>60</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 7)	30,975	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	494,242	4	-	-
Available-for-sale financial assets - non-current (Note 10)	-	-	512,967	4
Financial assets measured at cost - non-current (Note 12)	-	-	197,202	1
Investments accounted for using equity method (Note 18)	396,390	3	96,189	1
Property, plant and equipment (Note 19)	4,110,722	33	4,369,810	33
Investment properties (Note 20)	160,088	1	49,957	-
Other intangible assets	21,831	-	8,013	-
Deferred tax assets (Note 28)	36,574	-	48,199	-
Prepayment for equipment	87,174	1	23,139	-
Long-term prepayment for lease (Note 21)	93,868	1	98,184	1
Other noncurrent assets	12,573	-	15,947	-
Total noncurrent assets	<u>5,444,437</u>	<u>43</u>	<u>5,419,607</u>	<u>40</u>
TOTAL	<u>\$ 12,561,726</u>	<u>100</u>	<u>\$ 13,402,799</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 22)	\$ 30,715	-	\$ 549	-
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	1,265	-
Notes payable	-	-	276	-
Trade payables	1,326,822	11	1,226,991	9
Trade payables to related parties (Note 33)	97	-	24	-
Other payables (Note 23)	563,676	4	700,743	6
Other payables to related parties (Note 33)	3,117	-	1,821	-
Current tax liabilities (Note 28)	3,647	-	30,043	-
Current portion of long-term borrowings and bonds payable (Note 22)	139,020	1	286,362	2
Other current liabilities	21,766	-	28,728	-
Total current liabilities	<u>2,088,860</u>	<u>16</u>	<u>2,276,802</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 22)	1,482,346	12	1,696,875	13
Deferred income tax liabilities (Note 28)	145,490	1	182,393	1
Net defined benefit liabilities - non-current (Note 24)	68,033	1	62,024	1
Guarantee deposits received	26,157	-	20,114	-
Total non-current liabilities	<u>1,722,026</u>	<u>14</u>	<u>1,961,406</u>	<u>15</u>
Total liabilities	<u>3,810,886</u>	<u>30</u>	<u>4,238,208</u>	<u>32</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 25)				
Share capital				
Ordinary shares	3,097,570	25	3,097,570	23
Capital surplus	1,665,116	13	1,665,224	12
Retained earnings				
Legal reserve	1,349,083	11	1,252,818	9
Special reserve	222,793	2	222,793	2
Unappropriated earnings	2,671,184	21	2,767,383	21
Total retained earnings	<u>4,243,060</u>	<u>34</u>	<u>4,242,994</u>	<u>32</u>
Other equity				
Exchange differences on translating foreign operations	(359,923)	(3)	(264,137)	(2)
Unrealized gain on Financial assets at fair value through other comprehensive income	105,017	1	-	-
Unrealized loss on available-for-sale financial assets	-	-	381,048	3
Total other equity	<u>(254,906)</u>	<u>(2)</u>	<u>116,911</u>	<u>1</u>
Total equity attributable to owners of the company	8,750,840	70	9,122,699	68
NON-CONTROLLING INTERESTS				
Total equity	<u>8,750,840</u>	<u>70</u>	<u>9,164,591</u>	<u>68</u>
TOTAL	<u>\$ 12,561,726</u>	<u>100</u>	<u>\$ 13,402,799</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, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
SALES (Note 26)	\$ 8,156,268	100	\$ 8,781,552	100
COST OF GOODS SOLD (Note 27)	<u>(6,328,642)</u>	<u>(77)</u>	<u>(6,595,475)</u>	<u>(75)</u>
GROSS PROFIT	<u>1,827,626</u>	<u>23</u>	<u>2,186,077</u>	<u>25</u>
OPERATING EXPENSES (Note 27)				
Selling and marketing expenses	442,479	6	466,267	6
General and administrative expenses	332,453	4	377,505	4
Research and development expenses	519,906	6	540,249	6
Expected credit loss reversed on trade receivables	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,294,325</u>	<u>16</u>	<u>1,384,021</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>533,301</u>	<u>7</u>	<u>802,056</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	145,629	2	109,835	1
Other gains and losses (Note 27)	64,841	1	173,361	2
Finance costs (Note 27)	(20,400)	(1)	(21,937)	-
Share of profits of associates and joint venture (Note 18)	<u>10,126</u>	<u>-</u>	<u>11,618</u>	<u>-</u>
Total non-operating income and expenses	<u>200,196</u>	<u>2</u>	<u>272,877</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	733,497	9	1,074,933	12
INCOME TAX EXPENSE (Note 28)	<u>(89,248)</u>	<u>(1)</u>	<u>(123,916)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>644,249</u>	<u>8</u>	<u>951,017</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(10,620)	-	(15,255)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(140,093)	(2)	-	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>(257)</u>	<u>-</u>	<u>(187)</u>	<u>-</u>
	<u>(150,970)</u>	<u>(2)</u>	<u>(15,442)</u>	<u>-</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (94,043)	(1)	\$ (101,905)	(1)
Unrealized loss on available-for-sale financial assets	-	-	(573,997)	(7)
Share of the other comprehensive income of associates accounted for using the equity method	(1,743)	-	(944)	-
	<u>(95,786)</u>	<u>(1)</u>	<u>(676,846)</u>	<u>(8)</u>
Other comprehensive loss for the year, net of income tax	<u>(246,756)</u>	<u>(3)</u>	<u>(692,288)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 397,493</u>	<u>5</u>	<u>\$ 258,729</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 644,350	8	\$ 962,655	11
Non-controlling interests	<u>(101)</u>	<u>-</u>	<u>(11,638)</u>	<u>-</u>
	<u>\$ 644,249</u>	<u>8</u>	<u>\$ 951,017</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 397,594	5	\$ 270,367	3
Non-controlling interests	<u>(101)</u>	<u>-</u>	<u>(11,638)</u>	<u>-</u>
	<u>\$ 397,493</u>	<u>5</u>	<u>\$ 258,729</u>	<u>3</u>
EARNINGS PER SHARE (Note 29)				
From continuing and discounted operations				
Basic	<u>\$2.08</u>		<u>\$3.11</u>	
Diluted	<u>\$2.06</u>		<u>\$3.07</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent						Others			Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
				Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2017	309,757	\$ 3,097,570	\$ 1,665,224	\$ 1,151,202	\$ 222,793	\$ 2,789,106	\$ (161,346)	\$ -	\$ 955,103	\$ 9,719,652	\$ 53,530	\$ 9,773,182
Appropriation of 2016 earnings												
Legal reserve	-	-	-	101,616	-	(101,616)	-	-	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(867,320)	-	-	-	(867,320)	-	(867,320)
Net profit for the year ended December 31, 2017	-	-	-	-	-	962,655	-	-	-	962,655	(11,638)	951,017
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(15,442)	(102,791)	-	(574,055)	(692,288)	-	(692,288)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	947,213	(102,791)	-	(574,055)	270,367	(11,638)	258,729
BALANCE AT DECEMBER 31, 2017	309,757	3,097,570	1,665,224	1,252,818	222,793	2,767,383	(264,137)	-	381,048	9,122,699	41,892	9,164,591
Effect of retrospective application and retrospective restatement	-	-	-	-	-	102,957	-	283,139	(381,048)	5,048	-	5,048
BALANCE AT JANUARY 1, 2018 AS RESTATED	309,757	3,097,570	1,665,224	1,252,818	222,793	2,870,340	(264,137)	283,139	-	9,127,747	41,892	9,169,639
Appropriation of 2017 earnings												
Legal reserve	-	-	-	96,265	-	(96,265)	-	-	-	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(774,393)	-	-	-	(774,393)	-	(774,393)
Net profit for the for the year ended December 31, 2018	-	-	-	-	-	644,350	-	-	-	644,350	(101)	644,249
Other comprehensive loss for the for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(10,792)	(95,786)	(140,178)	-	(246,756)	-	(246,756)
Total comprehensive income (loss) for the for the year ended December 31, 2018	-	-	-	-	-	633,558	(95,786)	(140,178)	-	397,594	(101)	397,493
Other changes in capital surplus	-	-	-	-	-	-	-	-	-	-	(41,791)	(41,791)
Actual disposal or acquisition of interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	37,944	-	(37,944)	-	-	-	-
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	(108)	-	-	-	-	-	-	(108)	-	(108)
BALANCE AT DECEMBER 31, 2018	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,665,116</u>	<u>\$ 1,349,083</u>	<u>\$ 222,793</u>	<u>\$ 2,671,184</u>	<u>\$ (359,923)</u>	<u>\$ 105,017</u>	<u>\$ -</u>	<u>\$ 8,750,840</u>	<u>\$ -</u>	<u>\$ 8,750,840</u>

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 733,497	\$ 1,074,933
Adjustments for:		
Depreciation expenses	788,289	808,352
Depreciation expenses of investment properties	25,742	3,973
Amortization expenses	2,121	2,722
Amortization of prepayments for lease	2,354	2,338
Expected credit loss reversed on trade receivables	(513)	-
Impairment loss reversed on accounts receivables	-	(2,437)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(29,802)	(47,211)
Finance costs	20,400	21,937
Interest income	(21,088)	(18,607)
Dividend income	(1,527)	(2,288)
Share of profit of associates and joint ventures	(10,126)	(11,618)
Loss on disposal of property, plant and equipment	(2,016)	(1,754)
Gain on disposal of investment property	(26,629)	(50,061)
Gain on disposal of non-current assets held for sales	(3,152)	-
Gain on disposal of investment	-	(228,666)
Impairment loss recognized on financial assets	-	9,971
Write-down of inventories	6,763	-
Impairment loss reversed on property, plant and equipment	(2,961)	(3,202)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	123,407	-
Financial asset held for trading	-	306,430
Notes receivable	(20,006)	(14,414)
Trade receivables	(51,997)	447,529
Trade receivables from related parties	(2,288)	2,914
Other receivables	(5,282)	(1,914)
Other receivables from related parties	(24)	(63)
Inventories	(319,450)	16,241
Other current assets	52,241	(37,444)
Financial liabilities held or trading	-	(13,445)
Financial liabilities mandatorily classified as at fair value through profit or loss	(1,265)	-
Notes payable	(276)	(480)
Trade payables	99,831	(168,666)
Trade payables to related parties	73	(1,578)
Other payables	(136,822)	(174,648)
Other payables to related parties	1,296	849
Other current liabilities	(6,962)	(16,272)
Net defined benefit liabilities	(4,611)	(9,542)
Cash generated from operations	1,209,217	1,893,879

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Interest paid	\$ (20,645)	\$ (21,902)
Income tax paid	<u>(120,099)</u>	<u>(208,503)</u>
Net cash generated from operating activities	<u>1,068,473</u>	<u>1,663,474</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	-	(2,246,052)
Proceeds from sale of financial assets at fair value through profit or loss	-	2,824,366
Proceeds from sale of financial assets at fair value through other comprehensive income	53,886	-
Purchase of financial assets at amortized cost	(191,646)	-
Proceeds from financial assets at amortized cost	89,480	-
Proceeds from sale of debt investments with no active market	-	(39,200)
Proceeds from sale of available-for-sale financial assets	-	214,181
Purchase of sale of financial assets measured at cost	-	(161,587)
Proceeds from sale of financial assets measured at cost	-	87,237
Purchase of investment accounted for using equity method	(294,842)	(26,540)
Payments for property, plant and equipment	(774,529)	(997,727)
Proceeds from Investment property	38,897	56,653
Proceeds from disposal of property, plant and equipment	58,136	7,312
Payments for intangible assets	(15,994)	(1,281)
Decrease in other noncurrent assets	3,374	3,972
Increase in prepayment for equipment	(15,126)	-
Proceeds from disposal of non-current assets held for sale	97,837	-
Interest received	21,701	18,685
Dividends received from associates	3,205	6,067
Other dividends received	<u>1,527</u>	<u>2,288</u>
Net cash used in investing activities	<u>(924,094)</u>	<u>(251,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	30,166	-
Repayments of short-term borrowings	-	(19,731)
Proceeds from long-term borrowings	409,611	500,000
Repayments of long-term borrowings	(776,604)	(693,535)
Proceeds from guarantee deposits received	6,043	-
Refund of guarantee deposits received	-	(21,079)
Dividends paid to owners of the Company	(774,393)	(867,320)
Decrease in non-controlling	<u>(41,791)</u>	<u>-</u>
Net cash used in financing activities	<u>(1,146,968)</u>	<u>(1,101,665)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(23,375)</u>	<u>(71,714)</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (1,025,964)	\$ 238,469
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,331,366</u>	<u>2,092,897</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,305,402</u>	<u>\$ 2,331,366</u>

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

(Concluded)

TXC Corporation

**Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TXC Corporation

Opinion

We have audited the accompanying financial statements of TXC Corporation (the Company), which comprise the balance sheets as of December 31, 2018 and 2017, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, 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, 2018. 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.

Key Audit Matter

Inventory of the Company as of December 31, 2018 was NT\$997,780 thousands, accounted for 8.3% of the total assets in the financial statements. The valuation of inventory is subjected to fluctuation of market demand and technology changing rapidly. It may result in the impairment of inventory. The management determines the inventory book value and the allowance for inventories at lower of cost or net realize value in accordance with IAS 2 "Inventory". Since the value of inventory is subject to management's judgement and significant in the financial statements, the inventory valuation is identified as a key audit matter.

Refer to Notes 4, 5 and 15 for a summary of the significant accounting policies and refer to Note 15 for the amount of the allowance for inventories.

Our key audit procedures performed in respects of the above area included the following:

1. Tested the net realized value of inventories on the balance sheet date. Sampled testing the price on the latest purchase order and sales order to verify whether the net realized value of inventories is reasonable.
2. Verified the accuracy of the inventory aging report by testing the inventory's aging details. Obtained the list of inferior goods and spoilage to understand the slow moving inventory and evaluate whether the impairment for inventories is appropriate.
3. Performing physical count, in order to assess the appropriateness regarding write-downs of the inventories.

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, 2018 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 Yi Hui Lin and Po-Jen Weng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2019

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 557,442	5	\$ 798,761	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	86	-	-	-
Available-for-sale financial assets - current (Notes 4 and 10)	-	-	39,657	-
Held-to-maturity financial assets - current (Notes 4, 5 and 11)	-	-	45,680	1
Financial assets at amortized cost - current (Note 9)	68,946	1	-	-
Notes receivable (Notes 4, 5 and 14)	1,293	-	1,083	-
Trade receivables (Notes 4, 5 and 14)	2,121,827	18	2,072,532	16
Trade receivables from related parties (Notes 4, 5, 14 and 30)	110,001	1	69,939	1
Other receivables (Notes 4 and 14)	17,784	-	14,425	-
Other receivables from related parties (Notes 4 and 30)	6,458	-	19,782	-
Current tax assets (Note 25)	5,245	-	-	-
Inventories (Notes 4 and 15)	997,780	8	956,153	8
Debt investments with no active market - current (Note 13)	-	-	39,200	-
Other current assets	9,352	-	11,721	-
Total current assets	<u>3,896,214</u>	<u>33</u>	<u>4,068,933</u>	<u>32</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	30,975	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	330,925	3	-	-
Available-for-sale financial assets - non-current (Notes 4 and 10)	-	-	512,967	4
Financial assets measured at cost - non-current (Notes 4 and 12)	-	-	37,322	-
Investments accounted for using equity method (Notes 4 and 16)	5,604,216	47	5,786,886	46
Property, plant and equipment (Notes 4 and 17)	1,894,487	16	2,109,112	17
Investment properties (Notes 4 and 18)	115,474	1	137,132	1
Other intangible assets (Note 4)	170	-	543	-
Deferred tax assets (Notes 4, 5 and 25)	28,654	-	42,271	-
Prepayment for equipment	50,827	-	6,940	-
Refundable deposits	1,008	-	2,728	-
Total non-current assets	<u>8,056,736</u>	<u>67</u>	<u>8,635,901</u>	<u>68</u>
TOTAL	<u>\$ 11,952,950</u>	<u>100</u>	<u>\$ 12,704,834</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 19)	\$ -	-	\$ 549	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	1,265	-
Notes payable	-	-	276	-
Trade payables	577,266	5	428,413	3
Trade payables to related parties (Note 30)	635,993	5	702,531	6
Other payables (Note 22)	354,404	3	395,778	3
Other payables to related parties (Note 30)	3,221	-	2,974	-
Current tax liabilities (Notes 4 and 25)	-	-	23,239	-
Current portion of long-term borrowings and bonds payable (Note 19)	46,875	1	62,500	1
Other current liabilities	8,486	-	10,984	-
Total current liabilities	<u>1,626,245</u>	<u>14</u>	<u>1,628,509</u>	<u>13</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 19)	1,350,000	11	1,696,875	13
Deferred tax liabilities (Notes 4 and 25)	145,490	1	182,393	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	68,033	1	62,024	1
Guarantee deposits received	12,342	-	12,334	-
Total non-current liabilities	<u>1,575,865</u>	<u>13</u>	<u>1,953,626</u>	<u>15</u>
Total liabilities	<u>3,202,110</u>	<u>27</u>	<u>3,582,135</u>	<u>28</u>
EQUITY (Note 22)				
Share capital				
Ordinary shares	3,097,570	26	3,097,570	24
Capital surplus	1,665,116	14	1,665,224	13
Retained earnings				
Legal reserve	1,349,083	11	1,252,818	10
Special reserve	222,793	2	222,793	2
Unappropriated earnings	2,671,184	22	2,767,383	22
Total retained earnings	<u>4,243,060</u>	<u>35</u>	<u>4,242,994</u>	<u>34</u>
Other equity				
Exchange differences on translating foreign operations	(359,923)	(3)	(264,137)	(2)
Unrealized gain on Financial assets at fair value through other comprehensive income	105,017	1	-	-
Unrealized gain or loss on available-for-sale financial assets	-	-	381,048	3
Total other equity	<u>(254,906)</u>	<u>(2)</u>	<u>116,911</u>	<u>1</u>
Total equity	<u>8,750,840</u>	<u>73</u>	<u>9,122,699</u>	<u>72</u>
TOTAL	<u>\$ 11,952,950</u>	<u>100</u>	<u>\$ 12,704,834</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, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Note 23)				
Sales	\$ 6,657,254	101	\$ 7,158,878	101
Less: Sales returns	17,427	-	20,397	-
Less: Sales allowances	<u>82,921</u>	<u>1</u>	<u>83,517</u>	<u>1</u>
Net operating revenue	6,556,906	100	7,054,964	100
COST OF GOODS SOLD (Notes 15 and 24)	<u>5,542,656</u>	<u>84</u>	<u>5,800,259</u>	<u>82</u>
GROSS PROFIT	1,014,250	16	1,254,705	18
UNREALIZED INTER-COMPANY GAIN	(1,064)	-	(2,634)	-
REALIZED GAIN ON INTER AFFILIATE ACCOUNTS	<u>2,634</u>	<u>-</u>	<u>4,718</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,015,820</u>	<u>16</u>	<u>1,256,789</u>	<u>18</u>
OPERATING EXPENSES (Notes 4 and 24)				
Selling and marketing expenses	245,375	4	283,204	4
General and administrative expenses	119,397	2	152,821	2
Research and development expenses	327,119	5	367,948	5
Expected credit loss reversed on trade receivables	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>691,378</u>	<u>11</u>	<u>803,973</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>324,442</u>	<u>5</u>	<u>452,816</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 24)	54,715	1	49,977	1
Other gains and losses (Note 24)	6,580	-	176,895	2
Finance costs (Notes 4 and 24)	(12,443)	-	(15,267)	-
Share of profit of associates and joint ventures	<u>313,593</u>	<u>5</u>	<u>361,249</u>	<u>5</u>
Total non-operating income and expenses	<u>362,445</u>	<u>6</u>	<u>572,854</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	686,887	11	1,025,670	15
INCOME TAX EXPENSE (Note 25)	<u>42,537</u>	<u>1</u>	<u>63,015</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>644,350</u>	<u>10</u>	<u>962,655</u>	<u>14</u>

(Continued)

TXC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (10,620)	-	\$ (15,255)	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(146,774)	(2)	-	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>6,424</u>	<u>-</u>	<u>(187)</u>	<u>-</u>
	<u>(150,970)</u>	<u>(2)</u>	<u>(15,442)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(94,043)	(2)	(101,905)	(2)
Share of the other comprehensive income of associates accounted for using the equity method	(1,743)	-	(944)	-
Unrealized loss on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(573,997)</u>	<u>(8)</u>
	<u>(95,786)</u>	<u>(2)</u>	<u>(676,846)</u>	<u>(10)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(246,756)</u>	<u>(4)</u>	<u>(692,288)</u>	<u>(10)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ 397,594</u>	<u>6</u>	<u>\$ 270,367</u>	<u>4</u>
EARNINGS PER SHARE (Note 26)				
From continuing and discontinued operations				
Basic	<u>\$ 2.08</u>	=	<u>\$ 3.11</u>	=
Diluted	<u>\$ 2.06</u>	=	<u>\$ 3.07</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Others		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2017	309,757	\$ 3,097,570	\$ 1,665,224	\$ 1,151,202	\$ 222,793	\$ 2,789,106	\$ (161,346)	\$ -	\$ 955,103	\$ 9,719,652
Appropriation of 2016 earnings										
Cash dividends distributed by the Company	-	-	-	-	-	(867,320)	-	-	-	(867,320)
Legal reserve	-	-	-	101,616	-	(101,616)	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(15,442)	(102,791)	-	(574,055)	(692,288)
Net profit for the year ended December 31, 2017	-	-	-	-	-	962,655	-	-	-	962,655
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	947,213	(102,791)	-	(574,055)	270,367
BALANCE AT DECEMBER 31, 2017	309,757	3,097,570	1,665,224	1,252,818	222,793	2,767,383	(264,137)	-	381,048	9,122,699
Effect of retrospective application and retrospective restatements	-	-	-	-	-	102,957	-	283,139	(381,048)	5,048
BALANCE AT JANUARY 1, 2018 AS RESTATED	309,757	3,097,570	1,665,224	1,252,818	222,793	2,870,340	(264,137)	283,139	-	9,127,747
Appropriation of 2017 earnings										
Legal reserve	-	-	-	96,265	-	(96,265)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	-	(774,393)
Net profit for the for the year ended December 31, 2018	-	-	-	-	-	644,350	-	-	-	644,350
Other comprehensive loss for the for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(10,792)	(95,786)	(140,178)	-	(246,756)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	633,558	(95,786)	(140,178)	-	397,594
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	37,944	-	(37,944)	-	-
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	(108)	-	-	-	-	-	-	(108)
BALANCE AT DECEMBER 31, 2018	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,665,116</u>	<u>\$ 1,349,083</u>	<u>\$ 222,793</u>	<u>\$ 2,671,184</u>	<u>\$ (359,923)</u>	<u>\$ 105,017</u>	<u>\$ -</u>	<u>\$ 8,750,840</u>

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 686,887	\$ 1,025,670
Adjustments for:		
Depreciation expenses	294,404	367,396
Depreciation expenses of investment properties	21,658	22,255
Amortization expenses	558	1,255
Expected credit loss reversed on trade receivables	(513)	-
Impairment loss recognized on accounts receivables	-	(2,223)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(1,414)	306
Finance costs	12,443	15,267
Interest income	(8,103)	(7,217)
Dividend income	(1,527)	(2,288)
Share of profit of associates and joint ventures	(313,593)	(361,249)
Gain on disposal of property, plant and equipment	(1,232)	(66)
Gain on disposal of investment property	-	(50,061)
Gain on disposal of investment	-	(228,666)
Impairment loss recognized on financial assets	-	9,971
Write-down of inventories	4,995	-
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	1,064	2,634
Realized gain on the transactions with subsidiaries, associates and joint ventures	(2,634)	(4,718)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	10,010	-
Notes receivable	(211)	1,281
Trade receivables	(48,753)	351,689
Trade receivables from related parties	(40,090)	25,480
Other receivables	(9,217)	17,074
Other receivables from related parties	13,324	(18,765)
Inventories	(46,622)	(28,808)
Other current assets	2,369	47,073
Decrease in financial liabilities mandatorily classified as at fair value through profit or loss	(1,265)	-
Financial liabilities held or trading	-	(13,445)
Notes payable	(276)	(480)
Trade payables	148,853	(176,762)
Trade payables to related parties	(66,538)	5,278
Other payables	(42,186)	(184,867)
Other payables to related parties	247	2,711

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Other current liabilities	\$ (2,498)	\$ (14,407)
Defined benefit liabilities - non-current	<u>(4,611)</u>	<u>(9,542)</u>
Cash generated from operations	605,529	791,776
Interest paid	(12,931)	(14,828)
Income taxes paid	<u>(64,010)</u>	<u>(143,870)</u>
Net cash generated from operating activities	<u>528,588</u>	<u>633,078</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	53,886	-
Purchase of financial assets at amortized cost	(71,004)	-
Proceeds on sale of financial assets at amortized cost	89,480	-
Increase in other financial assets	-	(39,200)
Proceeds from sale of available-for-sale financial assets	-	214,181
Proceeds on sale of financial assets at fair value through profit or loss	-	110,911
Purchase of financial assets measured at cost	-	(1,772)
Proceeds from sale of financial assets measured at cost	-	87,237
Acquisition of associates	(234,302)	(26,540)
Net cash outflow on acquisition of associates(Note 16)	(1,746)	-
Net cash inflow on disposal of associates (Note 16)	641,205	-
Payments for property, plant and equipment	(104,393)	(340,765)
Proceeds from disposal of property, plant and equipment	25,846	1,272
Proceeds from disposal of investment property	-	56,674
Decrease in refundable deposits	1,720	11
Payments for intangible assets	(185)	-
Increase in prepayment for equipment	(43,887)	-
Interest received	8,716	7,295
Dividend received from associates	3,205	66,487
Other dividends received	<u>1,527</u>	<u>2,288</u>
Net cash generated from investing activities	<u>370,068</u>	<u>138,079</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(549)	(19,731)
Proceeds from long-term borrowings	400,000	500,000
Repayments of long-term borrowings	(762,500)	(512,500)
Proceeds from guarantee deposits received	8	-
Refunds of guarantee deposits received	-	(13,973)
Dividends paid to owners of the Company	<u>(774,393)</u>	<u>(867,320)</u>
Net cash used in financing activities	<u>(1,137,434)</u>	<u>(913,524)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(2,541)</u>	<u>4,534</u>

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (241,319)	\$ (137,833)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>798,761</u>	<u>936,594</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 557,442</u>	<u>\$ 798,761</u>

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

(Concluded)