## **TXC** Corporation

## 2020 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

## 2020 Annual Shareholders' Meeting Agenda

## Time: 9:30 a.m., June 9, 2020 (Tuesday)

## Place: No.4, KungYeh 6<sup>th</sup> 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 2019
- (2) Audit Committee's review report
- (3) To report 2019 employees' profit sharing bonus and directors' compensation

### 4. Recognition Matters

- (1) To accept 2019 Business Report and Financial Statements
- (2) To approve the proposal of distribution of 2019 earnings

## **5. Discussion Matters**

- (1) To remove the restriction of non-compete agreement of directors
- (2) To reformulate the "Rules and Procedures of Shareholders Meeting" and to repeal the original

### 6. Special Motions

### 7. Meeting Adjourned

## **Report Matters**

## **Report matter (1)**

Subject: To report the business of 2019

Description :

- 1. The company's 2019 consolidated revenue was NT\$8,430,970 thousand, an increase of 3.37% over last year. Net income was NT\$ 671,782 thousand, an increase of 4.26% 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 2019 financial Statements were reviewed by Audit Committee and audited by independent auditors, Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Hsiu of Deloitte & Touche.
- 2. Request audit committee to read audit report and please refer to Attachment (2).

### **Report matter (3)**

<u>Subject</u>: To report 2019 employees' profit sharing bonus and directors' compensation

Description :

- 1. The 2019 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$795,023,904 according to the Article 19 of Articles of Incorporation, the Board of Directors approved 2019 employees' profit sharing bonus is NT\$71,552,151 (9%) and directors' compensation is NT\$11,925,359 (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 2019.

## **Recognition Matters**

### **Recognition matter (1)**

### **Proposed by the Board of Directors**

<u>Subject</u>: To accept 2019 Business Report and Financial Statements <u>Description</u>:

- 1. 2019 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**

<u>Subject</u>: To approve the proposal of distribution of 2019 earnings

Description :

- 1. Net profits for 2019 were NT\$671,782,753. 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\$2,452,794,050. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$774,392,600 (a cash dividend of NT\$ 2.5 per share) is proposed. After distribution, the undistributed profit will be NT\$1,678,401,450.
- 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.

Resolution :

## Distribution of 2019 Earnings

		$Ont \cdot N15$
	Amo	ount
Item	Sub-total	Sum
Beginning period undistributed profits		1,955,120,458
Disposal of equity instruments at fair value through		174,805,391
other comprehensive income. Total gain of disposal		
transferred from other equity to retained earnings.		
Adjusted retained earnings from investments		60,883
accounted for using equity method		
Remeasurement of defined employee benefit plans to		(12,331,894)
retained earnings		
Adjusted undistributed profits		2,117,654,838
Net profit after tax for this year		671,782,753
Setting aside 10% legal reserve		(67,178,275)
Setting aside special reserve		(269,465,266)
Profits available for distribution		2,452,794,050
Distribution Item:		
Cash Dividends (NT\$2.5 per share)	(774,392,600)	(774,392,600)
End period of undistributed profits		1,678,401,450

Note: (1) Allocation of 2019 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**

<u>Subject</u>: 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. According to Article 209 of Company Act, TXC is going to remove the restriction of non-compete agreement of directors: Peng, Chih-Chiang, Tsai, Song-Qi, Su, Yan-Syue due to an investment relationship or appointed by a legal person who holds the position of a company with the same or similar business scope as the company, and participates in the company's important business decision-making. For related information please refer Attachment (4).
- 3. Please approve.

#### **Discussion Matter (2)**

#### **Proposed by the Board of Directors**

<u>Subject</u>: To reformulate the "Rules and Procedures of Shareholders Meeting" and to repeal the original <u>Description</u>:

- 1. To strengthen corporate governance and comply with the requirements of the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", refer to the " Sample Template for Company Rules of Procedure for Shareholders Meetings " issued by the authority, and to consider the magnitude of this amendment, the comparison of the provisions is not easy. Reorganize and formulate the Company's "Rules and Procedures of Shareholders 'Meeting" and repeal the original in accordance with the regulations of the competent authority
- 2. The new formulation of the "Rules and Procedures of Shareholders Meeting" is attached hereto as Attachment (5)-Chinese version.
- 3. Please refer to Attachment (6)-Chinese version for the "Rules and Procedures of Shareholders Meeting" prior to amendments.
- 4. Please approve.

**Special Motions** 

**Meeting Adjourned** 

## TXC Corporation Business Report

The global economy was generally severely affected by the impact of the US-China trade war in 2019. Only the United States still had a strong economic performance; the deflation situation in Japan has not improved significantly; Partial emerging countries are forced to come under pressure due to the strong appreciation of the US dollar; the impacts of Britain's successful Brexit and the confrontation between Italy and the EU in the euro zone, the crisis has slowly emerged. In 2020, although the US-China trade war tends to ease and the central bank's monetary policy in major countries continues to be easing, the global economy has been affected by the spread of the coronavirus pneumonia epidemic and had lowered their GDP targets. Even though the current economic situation still has many unfavorable factors and impacts that are causing relative danger, we continue to strive to break through the industry competition situation and finally return to the starting point of growth in 2019. For the company, the dormancy of the past few years will have a good turnaround and growth this year.

#### I. 2019 Operation Results

1. Consolidated revenue and net income

The company's 2019 consolidated revenue was NT\$8,430,970 thousand, an increase of 3.37% over last year. Net income was NT\$ 671,782 thousand, an increase of 4.26% over last year. The basic EPS is NT\$2.17 increased 4.33% from EPS NT\$2.08 previous year.

2. Product and market 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. to accelerate the deployment and introduction of Tier 1 customers in the three major industries of 5G / automotive / IoT.

#### II 2020 Business Plan Summary (Objective)

- 1 Strengthening industrial deployment and increasing market share:
  - (1) Consolidate existing markets to enhance competitiveness and maintain market share
  - (2) Actively develop new markets, new industries, new applications, and new products, deepen China and strengthen the European, American and Japanese markets.
  - (3) Accelerate new product development, take root in high-end technology, and develop a blueprint for complete product technology
  - (4) Embrace future application products, actively deploy industries such as automobiles, IoT, 5G, etc. to grasp business opportunities
- 2 Optimize product mix and increase profitability:
  - (1) Improve product mix: combine production cost advantages to provide the best product mix and drive high-end, high-margin product sales
  - (2) Strengthen the advantages of each plant: through the integration of MES (Manufacturing Execution System) to improve production efficiency, cross-factory cooperation, leverage the advantages of each plant and keep flexibility.
  - (3) Smart production and management: Through intelligent technology and big data analysis to integrate the information of each plant in real time to improve production yield and reduce COPQ (Cost of Poor Quality)
  - (4) Reduce manufacturing costs: Value chain resource integration, optimized cost analysis, and improved process improvement capabilities
- 3 Strategic alliances and integration:

In the future competitive environment, the market and product life cycle are shortened, the transfer and learning speed of technology is increasingly fast. With strategic alliances and integration, we can accelerate the transfer of key technologies or capabilities and speed up the development of new products and processes to effectively enter new markets and actively seek potential cooperation opportunities. To strengthen the company's competitive advantage and expand the use of existing technologies or products to further create synergy.

Uncertainty has impacted the global economy, and the industrial competition environment is still severe. At the moment of the 5G commercial timing, we are faced with rapid response and grasping opportunities, but only rooted in technology, breakthrough innovation, and accelerated construction of intelligent platforms to improve business effectiveness to return to the growth track. We keep strengthening the competitiveness to achieve the goal of continuous growth and profit improvement and gain growth momentum to create new results.

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

## TXC Corporation Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 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-Hsiu 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.

2020 shareholder meeting of the company

Convener of the Audit Committee : <u>Yu, Shang-Wu</u>

March 23, 2020

Attachment (3)

## **TXC Corporation and Subsidiaries**

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 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 financial statements". Relevant information that should be 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 23, 2020

#### **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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

#### Sales from Hub Warehouses

Sales from Hub WarehousesTo meet the needs of major customers, TXC Corporation and its subsidiaries stock finished goods in the hub warehouses. Sales from hub warehouses are recognized when finished goods are already picked up by customers, and customers have the right to use the finished goods and bear the risk of finished goods. Since recognition of sales from hub warehouses requires more control mechanisms, we considered sales from hub warehouses as a key audit matter.

The key audit procedures that we performed in respect of sales from hub warehouses included the following:

- 1. We evaluated the appropriateness of the design of relevant procedures for the sales revenue recognition of TXC Corporation and its subsidiaries.
- 2. We selected samples to test the effectiveness of its key control operations and verified the consistency of the implementation of the control during the year.
- 3. For revenue details from warehouse sales generated from major customers in the current year, we selected samples and checked the orders and pick-up related documents which correspond to the sales revenue to confirm the occurrence of the sales revenue.

#### **Other Matter**

We have audited the accompanying financial statements of TXC Corporation as of December 31, 2019 and 2018 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 23, 2020

#### 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.

#### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASS 05         August         5         August         5           C1 ref. N1 ASS N5         5         1.05 (M + 200)         5         5         1.05 (M + 200)           Hance all seases of theme (Note 0)         7.05 (M + 200)         7.0		2010		2010		
Cala match dependents (Cone 1)         \$ 1.89.215         15         \$ 1.85.261         0           Princes latest at the the the dependent of the - score (Nate 7)         100.12         1         2.11.12	ASSETS	2019 Amount	%	2018 Amount	%	
Calan dash expensions (Control)         \$ 1.985,233         15         \$ 1.935,423         10           Princes all sear the whole holds good in the - current Nices ()         100,142         1         2.01,142         1         2.01,142         1         2.01,142         1         2.01,142         1         2.01,142         1         2.01,142         1         2.01,142         1         2.01,143	CURRENT ASSETS					
Financia large a function on the sum (Nate 2)         12,038         -         193,38         3           More recentable from (Hard) parties (Nate 1)         10,142         -         1,033         1           Other recentable from (Hard) parties (Nate 2)         0,033         -         1,034         -           Other recentable from (Hard) parties (Nate 2)         0,035         -         1,034         -           Other recentable from (Hard) parties (Nate 2)         0,035         -         1,034         -           Other recentable from (Hard) parties (Nate 2)         0,035         -         1,034         -           Other recentable from (Hard) parties (Nate 2)         0,035         -         2,035         -	Cash and cash equivalents (Note 6)					
Notes screaked: (box 10)         107,142         1         65,681         1           Table screaked: Nove 10         27,813,81         2         22,011,03         2         2         20,011,03         1         2,001,03         1         2,001,03         1			6	· · · · · · · · · · · · · · · · · · ·		
Trade scenables, Class (1)         2.78,155         9         2.53,11,63         1           Takes accounds:         40.83         -         8.50,01         -           Other accounds:         40.83         -         8.50,01         -           Other accounds:         40.83         -         8.50,01         -           Other accounds:         40.83         -         8.50,01         -           Constant assess (100,02.10)         1.11,020         -         7.96         -           Constant assess (100,02.10)         1.11,020         -         7.97         -           Constant assess (100,02.10)         1.11,020         -         7.97         -         3.07,31         -           Task constant Assess         -         2.045,026         0         7.117,380         -         3.07,31         -           Task constant Assess         -         3.07,31         -         3.07,31         -         -         -         -         -         3.07,31         -         -         -         -         -         -         3.07,31         -         -         -         -         -         -         3.07,31         -         -         -         -         -			-	· · · · · · · · · · · · · · · · · · ·		
Other sectivables         40,347         -         11,261         1           Other sectivables from relations from the product sectivation of the sectivati		· · · · · · · · · · · · · · · · · · ·				
Duber secondules from rules areachables from roles area roles aroles area roles area roles area roles area roles ar	Trade receivables from related parties (Notes 10 and 28)		-		-	
Current is assets/Noc 24)         2,029,0494         15         5,15,5         15           Programment for the US         119,102         1         2,52,000         15           Programment for the US         119,2102         1         2,52,000         15           Promotel assets in the origin of the sense concentrate (Note 7)         9,23,50         9,07,3         1           Promotel assets in the origin of the sense concentrate (Note 7)         4,05,42,11         10,10,22         3           Promotel assets in the origin of the sense concentrate (Note 7)         4,05,42,11         10,000,000         1           Programment for the origin of the sense concentrate (Note 7)         4,05,42,11         10,000,000         1           Programment for the origin of the sense concentrate (Note 7)         4,05,42,11         10,000,000,000         1           Programment for the origin of the sense concentrate (Note 7)         1,000,000,000,000,000,000,000,000,000,0			-		1	
Interaction (Note 11)         2.000.488         15         LB/16.886         15           Deprograme to leave (Note 27)         1         5.500         -         2.233         -           Total current seeks         7.000.000         9         2.117.286         -         2.233         -           Financial seeks at fair value (Puropy purofile of loss - non-current (Note 7)         9.255         -         9.207         -           Financial seeks at fair value (Purofile of Noss - non-current (Note 7)         4.000.956         1         -         -         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000         1.000.000.000         1.000.000.000         1.000.000.000         1.000.000.000         1.000.000.000         1.000.000.000         1.000.000.000.000         1.000.000.000.000         1.000.000.000.000.000         1.000.000.000.000.000.000.000.000         1.000.000.000.000.000.000.000.000.000.0			-		-	
Other current assets			15		15	
Total current asers         7.2445.02         50         7.1172.89         7.2           NON CURRENT ASSETS         9.235         -         3.075         -           Financial asers at far wate chorage option to cons-current (Nor 7)         9.235         -         3.075         -           Financial asers at far wate chorage option to cons-current (Nor 7)         9.235         -         3.075         -           Financial asers at far wate chorage option to cons-current (Nor 7)         9.0500         -         3.0537         -           Properties (Nor 16)         9.0510         3.0511         -<		-	-		-	
NN-CURRENT ASSETS         92.55         3.09.75           International action of the choice norms (Note 2)         42.22.2         3         44.32.2         4           International action of the choice norms (Note 2)         47.72.00         4         596.90         3           International action of	Other current assets		<u> </u>			
Financial assists a fair value through profit or hors - non-current (Note ?)         9,23,82         -         30,975         -           Financial assists mecannel in for curryment systems - non-current (Note ?)         6,058,01         49,83,80         -         39,380         -<		7,945,036	59	7,117,289	57	
Financial ascis a fair value through other comprehensive income - none-current (Mote 8)         42,22,3         49,142         3         -           Financial ascis meaned accis - none-current (Mote 8)         47,280         4         305,300         3           Investments accounted for using equity method (Mote 1)         47,280         4         305,300         3           Wigh of for accis equity method (Mote 1)         44,812         1         4,111,273         -           Investment properties (Note 1)         54,585         1         160,008         1           Other intragible assis         23,330         -         36,573         -           Deforming properties (Note 17)         10,474         -         -         -         0.868         1           Other intragible assis         15,233         -         12,573         -         -         -         -         0.868         1           Other intragible assis         15,2337,729         -         0.00         \$ 12,526,726         -         100           CURRNY 11/AHIN FITS         5         64,485         1         5         30,715         -           Total non-current assets         1,030,60         12         1,202,827         1         1         20,826         - </td <td></td> <td>0.255</td> <td></td> <td>20.075</td> <td></td>		0.255		20.075		
Financial seat. measured at cost. "une current (Note 1):         56,898:1         1         -         -           Investments. constant for uning query method (Note 1):         4,001,412         30         4,110,222         33           Property, plont and equiprom (Note 1):         4,001,412         30         4,110,222         33           Determing the search (Note 2):         52,566         1,600,857         1         10,012           Determing the search (Note 2):         39,349         55,574         -         12,033         -           Determing the search (Note 2):         10,0170         1         87,774         1         10,024         10,024,027         100         51,2561         100           Dotation concrete search (Note 2):         10,0170         1         87,774         -         12,2561         100           CMR INTER AND FQUITY         \$10,000-current search (Note 7):         5,63,455         1         5,07,15         -			- 3		- 4	
Investments accound for sing capture method (Note 13)       477.200       4       396,3500       3         Property, Jean ed capture method (Note 14)       90,162       1       100,085       -         Property, Jean ed capture method (Note 15)       30,162       1       100,085       -         Determent googenetic method (Note 17)       37,140       1       100,085       1         Determent googenetic method (Note 17)       -       -       39,868       1         Other googenetic method (Note 17)       -       -       93,868       1         Other googenetic method (Note 17)       -       -       93,868       1         Other googenetic method (Note 16)       100,223       -       102,231       -         Total non current assets       5,455,734       41       5,441,457       43         Other googenetic not					-	
Right of size assess(Nois 15)         06.112         1         -         -           Differ intringible avest         27,848         -         27,848         -           Differ intringible avest         27,848         -         27,848         -           Differ intringible avest         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,848         -         27,858         1         00,838         1         00         00         10,938,879         00         27,2561,726         00           LABLITES AND EQUITY         113,398,770         00         \$12,2561,726         00         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         100         27,2561,726         12,256,726         12,	Investments accounted for using equity method (Note 13)			396,390	3	
Investment properties (Note 16)         53,555         1         1400.088         1           Default at a seak (Note 17)         39,333         -         36,543         -           Default at a seak (Note 24)         169,273         -         22,316         -           Default at a seak (Note 24)         169,273         -         22,327         -         -           Default cont-current assets         16223         -         12,253         -         -           TOTAL         \$13,298,270         100         \$12,256,275         100           CREENT LIABILITIES           Source (Note 7)           Source (Note 7)         5         5,345         1         \$30,715         -           CREENT LIABILITIES         5         5,345,67         4         \$30,715         -           Source (Note 7)         \$3,845         1         \$30,715         -           Tool concent labilities (Note 23)         1,679,906         12,266,922         1           Concent colspan="2">Concent colspan="2"           Conc				4,110,722	33	
Other intangible assart       27,816       -       21,81       -         Deferred ta sast (Not 24)       39,349       -       36,574       -         Data for tangetyme for leage (Not 17)       109,470       1       85,174       1         Data for tangetyme for leage (Not 17)       109,470       1       85,174       1         Total non-current asset       -       6243,174       41       5444,172       42         Total non-current asset       -       5431,174       41       5441,174       41       5441,174       41       5441,174       41       5441,174       41       5441,174       41       5441,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,174       41       541,175       541,174       541,175       541,174       541,174       541,174       541,174       541,174       541,174       541,174       541,174       541,174 <td< td=""><td></td><td></td><td></td><td>-</td><td>-</td></td<>				-	-	
Deferration tark asses (Note 29)         39,349         -         36,574         -           Proprymet for equipment         109,709         1         87,174         1           Long term preprymet for base (Note 17)         -         -         93,888         1           Other mon-current assets         5,453,253         -         -         93,888         1           TOTAL         \$11,298,270         100         \$12,253         -         -           CURRENT LIABLITIES         -         -         -         -         -           Short-sem frame (Note 18)         7         -         -         -         -           Trade poysibles         7         5         50,715         -         -         -           Financi liabilities at fair value through port or los - current (Note 7)         7         -         97         -           Trade poysibles         1         15,90,86         12         1,326,822         10           Other paysibles to related parties (Note 23)         7         -         97         -         97         -         97         -         1,326,8322         10         -         24,601         -         1,317         -         -         -         -			1	· · ·	1	
Prepayment for equipment         169470         1         \$7,174         1           Long-term prepayment for lass Note 17;         -         93,868         1           Other non-current assets         5,153,731         .11         \$5,142,72            TOTAL         \$115298,720         100         \$12561,726            CRENT LIABILITIES         5         \$3,015             Short-current assets         \$3,015              CORRENT LIABILITIES         \$000,800,801         \$1,326,822         11            Short-current assets         \$3,015               Other polyables (Note 19)         \$3,268,82         1         \$3,015            Other polyables (Note 19)         \$3,268,92         11             Other polyables (Note 19)         \$2,460         \$3,17             Other polyables (Note 24)         \$2,460         \$3,17             Current tas liabilities (Note 24)         \$3,087              Current tascalisabilities (Note 24)         \$3,047 <t< td=""><td></td><td></td><td>-</td><td></td><td>-</td></t<>			-		-	
Other non-current assets         16.273          12.573            Total non-current assets         5.453.273               Total non-current assets         5.13.298.770               CURRENT LIABLITIES                 Short-sem facts (Note 28)                 Other populses (Note 28)                 Current tars failing (Note 28)                  Other populses to related partics (Note 28)  .			1	,	1	
Total non-current assets         5.453.73         4         4         5.444.437           TOTAL         \$13.398.770         1.00         \$12.561.226         1.00           LIGUENTI LABILITIES           Short-tern loans (Noie 18)         \$3.0715         -         -           Haracial labilities at far value through profit or loss - current (Noie 7)         \$3.036         1         \$3.0715         -           Trade payables         1.659.086         12         1.326,822         11           Other payables to related parties (Noie 28)         7         9         -         9         -           Other payables to related parties (Noie 28)         2.350.767         4         2.350.767         4           Other payables to related parties (Noie 28)         2.350.771         5         56.3676         4           Other payables to related parties (Noie 28)         2.350.771         5         56.3676         4           Other payables to related parties (Noie 28)         2.350.771         5         56.3676         4           Other payables to related parties (Noie 28)         2.31.171.7         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071         1.31.071 </td <td>Long-term prepayment for lease (Note 17)</td> <td>-</td> <td>-</td> <td></td> <td>1</td>	Long-term prepayment for lease (Note 17)	-	-		1	
TOTAL       \$13,398,720       1.00       \$12,561,726       1.00         CURRENT LIGNED FOUTS         CURRENT LIGNED FOUTS         Status for those Nore 18)       \$ 6,64,85       1       \$ 30,715       1         Financial liabilities of trait value fromgin port or loss - current (Nore 7)       \$ 724,671       5       \$ 563,576       4         Other payables to related parties (Nore 28)       \$ 724,671       5       \$ 563,576       4         Other payables to related parties (Nore 28)       \$ 724,671       5       \$ 563,576       4         Current tab liabilities to related parties (Nore 28)       \$ 2,880       3,117       1       2,1206       1         Current tab liabilities (Nore 28)       \$ 2,296,519       2,1       2,008,600       1       2,1206       1         Current tab liabilities (Nore 24)       \$ 1,457,465       12       1,482,446       12       1         Current tab liabilities (Nore 24)       \$ 1,457,465       12       1,482,446       12       1         Current tab liabilities (Nore 24)       \$ 1,457,465       12       1,482,446       12       1         Current tab liabilities (Nore 24)       \$ 1,457,455       12       1,482,446       12       1       1       1	Other non-current assets	16,273		12,573		
LUBLITIES AND EQUITY         CURRENT LIABLITIES         Short-tem basis (Note 18)         Trade payabes         Trade cavered liabilities         Current liabilities         Trade cavered liabilities         Trade cavered liabilities         Trade cavered liabilities (Note 24)         Less liabilities ano current (Note 15)         Current liabilities         Current liabilities         Trade payabes         Trade payabes         Trade payabes         Trade payabes         Trade payabes         Trade cavered liabilitities         Trad	Total non-current assets	5,453,734	41	5,444,437	43	
CURRENT LIABILITIES         So 63,485         1         \$ 30,715         -           Financial liabilities a fair value through profit or loss - current (Note 7)         1,659,086         12         1,226,822         11           Trade payables         78         97         -         78         97         -           Other payables to related parties (Note 28)         78         97         -	TOTAL	<u>\$ 13,398,770</u>		<u>\$ 12,561,726</u>		
Short-erm laws (Nucl 18)       \$ 63,485       1       \$ 30,715       -         Finance II labilities a fair value through profit or loss - current (Note 7)       3963       -       -         Trade payables       1,650,8066       12       1,326,822       11         Trade payables to located parties (Note 28)       78       97       -         Other payables to located parties (Note 28)       2,850       -       3,117       -         Current tax labilities (note 24)       44,135       -       3,647       -       -         Lease Iabilities current (Note 15)       3,087       -<	LIABILITIES AND EQUITY					
Short-erm laam (Note 18)         \$ 63,485         1         \$ 30,715            Financial Links or fair value through profit or loss - current (Note 7)         3,963             Trade payables         1,650,086         12         1,326,822         11           Trade payables to located parties (Note 28)         78          97            Other payables to located parties (Note 28)         2,850          3,117            Current tax liabilities current (Note 7)         3,087              Current tax liabilities current (Note 28)         2,850              Current tax liabilities current (Note 15)         3,087              Current liabilities current (Note 15)         2,096,800         2         139,020         1           Current liabilities current (Note 15)         2,12         2,088,800         1         4,82,346         12           Deforest income tax liabilities one-current (Note 20)         1,637,635         12         1,482,246         12           Deforest income tax liabilities one-current (Note 20)         74,031         1         6,803         1           Guarantee deposits received						
Financial liabilities and fair value through profit or loss - current (Note 7)       3,963       -       -       -         Trade payables       1,650,086       12,126,522       11         Trade payables (note 19)       78       -       97       -         Other payables (note 19)       2,850       -       3,117       -         Current tabilities (Note 28)       2,850       -       3,117       -         Current tabilities (Note 24)       2,850       -       3,017       -         Current tabilities (Note 15)       3,087       -       -       -         Current tabilities       2,1796,519       21       2,088,860       _       _         Other current liabilities monocurrent liabilities monocurrent liabilities (Note 18)       2,098,860       _       _       _         Current tabilities monocurrent liabilities non-current liabilities monocurrent liabilities monocurrent liabilities non-current liabilities monocurrent (Note 20)       1,457,635       12       1,482,346       12         Current portione (Note 15)       1,23,400       1       145,490       1         Lease liabilities monocurrent (Note 20)       74,031       1       68,033       1         Guarantee deposits received       36,465       -       26,157       -		\$ 63.485	1	\$ 30.715		
Trade payables       1.659.086       12       1.326.822       11         Trade payables to related parties (Note 28)       78       -       97         Other payables to related parties (Note 28)       724.671       5       553.676       4         Other payables to related parties (Note 28)       2.850       -       3.17       -         Current tax liabilities (Note 24)       48,135       -       3.647       -         Lease tabilities (Note 15)       209,850       2       139,020       1         Other cayables			-	φ 50,715 -	_	
Other payables (Note 19)         724,671         5         563,676         4           Other payables to related parties (Note 28)         2,880         -         3,177         -           Current tax liabilities (Note 24)         48,135         -         3,647         -           Current portion of long-term borrowings and bonds payable (Note 18)         209,860         2         139,020         1           Other current liabilities - current Notrowings (Note 18)         209,860         2         1,2766         _           Total current liabilities - current Notrowings (Note 18)         209,860         1         2,1766         _           NON-CURRENT LIABILITIES			12	1,326,822	11	
Other pupales to related parties (Note 28)         2.850         .         3.1/7         .           Current tabilities (Note 15)         3.087         .         .         .           Current tabilities (Note 15)         3.087         .         .         .           Current tabilities (Note 15)         209.860         2         13.00.00         1           Other current liabilities         2.1766         .         .         .           Total current liabilities         2.1766         .         .         .         .           Deferred income tax liabilities (Note 18)         1.637.635         12         1.482.346         12         .			-		-	
Current iza liabilities (Noie 24)         48.135         -         3.647         -           Lease liabilities current (Noie 15)         3.087         -         -           Other current liabilities current (Noie 15)         209,860         2         139,020         1           Other current liabilities current Noie 15         2,796,519         21         2,088,860         -           Total current liabilities current Noie 15         2,796,519         21         4,823,46         12           Long-iterm borrowings (Noie 18)         1,637,635         12         1,482,346         12           Deferred income tax liabilities - non-current (Note 24)         1,23,400         1         145,490         1           Lease liabilities - non-current (Note 20)         74,031         1         68,033         1           Guarante depoists received         3,6465         -         26,157         -           Total non-current liabilities         1,672,059         3         3,108,86         30           EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)         -         -         -         -           Share capital         1,666,699         13         1,666,616         13         -           Retained carrings         1,249,083         11			5		4	
Lease liabilities-current (Note 15)       3.087       -       -         Current portion of Ong-term borrowings and bonds payable (Note 18)       200,860       2       13.000       1         Other current liabilities       2.790,519       2.1       2.088,860       16         NON-CURRENT LIABLITTES       1.637,635       12       1.482,346       12         Deferred income tax liabilities (Note 24)       123,400       1       145,490       1         Lease liabilities- ono-current (Note 15)       2.949       -       -       -         Total ono-current liabilities - non-current (Note 20)       74,4031       1       1.722,026       .14         Guarantee deposits received       36,465       -       26,157       -       -         Total non-current liabilities       1.874,480       14       1.722,026       .14         Total non-current liabilities       3.097,570       23       3.097,570       .25         Captital surplus       3.097,570       23       3.097,570       .25         Captital surplus harces       3.097,570       23       3.097,570       .25         Captital surplus larces       1.413,518       10       1.349,083       11         Legal reserve       2.25,907       23 <td></td> <td></td> <td>-</td> <td></td> <td>-</td>			-		-	
Current portion of long-term borrowings and bonds payable (Note 18)       209,860       2       139,020       1         Other current liabilities       2,796,519       21       2,088,860       16         NON-CURRENT LIABILITIES       1       2,249,619       2       1,482,346       12         Long-term borrowing (Note 18)       1,637,635       12       1,482,346       12         Deferred income tax liabilities - non-current (Note 15)       2,449       -       -         Lease liabilities - non-current (Note 15)       2,449       -       -         Net defined benefit liabilities - non-current (Note 20)       74,031       1       68,033       1         Guarantee deposits received       36,665       -       26,157       -         Total non-current liabilities       1,874,480       14       1,722,026       14         Total liabilities       1,660,029       35       3,810,886       30         EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)       Share capital       1       1,349,083       11         Ordinary shares       2,097,570       23       3,097,570       25       26       1,431,518       10       1,349,083       11         Legal reserve       2,249,017       2,22,793,22       2			-	5,047	-	
Other current liabilities $81,304$ $1$ $21,766$ $-$ Total current liabilities $2.796,519$ $21$ $2.088,860$ $16$ NON-CURRENT LIABILITIES $1.637,635$ $12$ $1.482,346$ $12$ Deferred income tax liabilities - non-current(Note 15) $2.949$ $ -$ Net defined benefit liabilities - non-current (Note 20) $74,031$ $1$ $68,033$ $-$ Guarantee deposits received $36,465$ $ 26,157$ $-$ Total non-current liabilities $1.874,480$ $14$ $1.722,026$ $14$ Total iabilities $1.874,480$ $14$ $1.722,026$ $14$ Total iabilities $1.874,480$ $14$ $1.722,026$ $14$ Total unon-current liabilities $1.874,480$ $14$ $1.722,026$ $14$ Total unon-current liabilities $1.874,480$ $14$ $1.722,026$ $14$ Total unon-current liabilities $1.874,480$ $14$ $1.722,026$ $14$ Materiane dennings $1.874,480$ $14$ $1.722,026$ $12$ Ordinary shares<			2	139,020	1	
NON-CURRENT LIABILITIES         1,637,635         12         1,482,346         12           Lease liabilities (Note 18)         123,400         1         145,490         1           Lease liabilities -non-current (Note 15)         2,949         -         -           Net defined benefit liabilities -non-current (Note 20)         74,031         1         68,033         1           Guarantee deposits received         36,465         -         26,157         -           Total non-current liabilities         4,670,999         35         3,810,886         .30           EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)         Share capital         3,097,570         23         3,097,570         .25           Capital surplus         1,666,690         13         1,665,116         .13           Retained earnings         1,413,518         10         1,349,083         11           Special reserve         2,218,9438         21         2,671,184         21           Other equity         2,249,07         2         222,793         2           Unapproprinted earnings         1,453,518         10         1,349,083         11           Special reserve         2,218,9438         21         2,671,184         21				21,766		
	Total current liabilities	2,796,519	21	2,088,860	16	
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	NON-CURRENT LIABILITIES					
Less liabilities - non-current (Note 15) $2,949$ $  -$ Net defined benefit liabilities - non-current (Note 20) $74,031$ 1 $68,033$ 1Guarante deposits received $36,465$ $ 26,157$ $-$ Total non-current liabilities $1.874,480$ 14 $1.722,026$ 14Total iabilities $4.670,999$ $35$ $3.810,886$ $30$ EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)Share capital $3.097,570$ $23$ $3.097,570$ $25$ Capital surplus $\frac{3.097,570}{1.666,690}$ $13$ $1.665,116$ $13$ Retained earnings $\frac{3.097,570}{2.24,907}$ $222,793$ $2$ Unappropriated earnings $2.789,438$ $21$ $2.611,184$ $21$ Unappropriated earnings $2.789,438$ $21$ $2.611,184$ $21$ Unappropriated earnings $2.789,438$ $21$ $2.611,184$ $21$ Unappropriated earnings $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unappropriated earnings $(584,617)$ $(4)$ $(254,906)$ $(2)$ Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8.697,751$ $65$ $8,750,840$ $70$ Total equity $8.697,751$ $65$ $8,750,840$ $70$						
Net defined benefit liabilities - non-current (Note 20) $74,031$ 1 $68,033$ 1         Guarantee deposits received $36,465$ - $26,157$ -         Total non-current liabilities $1.874,480$ 14 $1.722,026$ 14         Total liabilities $4.670,999$ $35$ $3.810,886$ $30$ EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)       Share capital $3.097,570$ $23$ $3.097,570$ $25$ Capital surplus $3.097,570$ $23$ $3.097,570$ $25$ $2.09,093$ $11$ Retained earnings $1.413,518$ 10 $1.349,083$ $11$ Legal reserve $2.445,907$ $2$ $22.793$ $2$ Unappropriated earnings $2.789,438$ $21$ $2.671,184$ $21$ Total retained earnings $2.4457,863$ $33$ $4.243,000$ $34$ Other equity $1.524,372$ $-4$ $(254,906)$ $2(2)$ Total other equity $1.524,372$ $-4$ $(254,906)$ $2(2)$ Total other equity $1.524,372$ $-4$ $(254,906)$ $2(2)$			1	145,490	1	
Guarantee deposits received $36,465$ $ 26,157$ $-$ Total non-current liabilities $1.874,480$ $14$ $1.722.026$ $14$ Total liabilities $4.670.999$ $35$ $3.810.886$ $30$ EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)Share capitalOrdinary sharesCapital surplus $3.097.570$ $23$ $3.097.570$ $25$ Capital surplus $1.666.690$ $13$ $1.665.116$ $13$ Retained earnings $1.413.518$ $10$ $1.349.083$ $11$ Special reserve $2.789.438$ $21$ $2.671.184$ $21$ Unappropriated earnings $2.789.438$ $21$ $2.671.184$ $21$ Other equity $4.457.863$ $33$ $4.243.060$ $34$ Other equity $60.245$ $ 105.017$ $1$ Total other equity $(584.617)$ $(4)$ $(359.923)$ $(3)$ Urrealized gain on financial statements of foreign operations $(584.617)$ $(4)$ $(254.906)$ $(2)$ Total other equity $(584.617)$ $(4)$ $(254.906)$ $(2)$ Total equity attributable to owners of the Company $8.697.751$ $65$ $8.750.840$ $70$ Total equity $8.697.751$ $65$ $8.750.840$ $70$			-	- 68 033	-	
Total liabilities $4.670.999$ $35$ $3.810.886$ $30$ EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)Share capitalOrdinary shares $3.097.570$ $23$ $3.097.570$ $25$ Capital surplus $3.097.570$ $213$ $1.665.116$ $113$ Retained earnings $1.413.518$ $10$ $1.349.083$ $11$ Legal reserve $254.907$ $222.793$ $2$ Unappropriated earnings $2.789.438$ $21$ $2.671.184$ $21$ Total retained earnings $4.457.863$ $33$ $4.243.060$ $34$ Other equityExchange differences on translating the financial statements of foreign operations $(584.617)$ $(4)$ $(359.923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60.245$ $ 105.017$ $1$ Total equity $(524.372)$ $(4)$ $(254.906)$ $(2)$ Total equity attributable to owners of the Company $8.697.751$ $65$ $8.750.840$ $70$						
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)         Share capital       0rdinary shares       3.097,570       23       3.097,570       25         Capital surplus       1.666.690       13       1.665.116       13         Retained earnings       1.413,518       10       1.349,083       11         Special reserve       1.413,518       10       1.349,083       11         Special reserve       2.789,438       21       2.671,184       21         Total retained earnings       2.789,438       21       2.671,184       21         With requity       4.457,863       33       4.243,060       34         Other equity       0       105,017       1         Total other equity       (584,617)       (4)       (359,923)       (3)         Unrealized gain on financial statements of foreign operations       (584,617)       (4)       (254,906)       (2)         Total other equity       (524,372)       (4)       (254,906)       (2)         Total equity attributable to owners of the Company       8,697,751       65       8,750,840       70         Total equity       8,697,751       65       8,750,840       70	Total non-current liabilities	1,874,480	14	1,722,026	14	
Share capital Ordinary shares $3.097,570$ $23$ $3.097,570$ $25$ Capital surplus $1.666,690$ $13$ $1.665,116$ $13$ Retained earnings $1.413,518$ $10$ $1.349,083$ $11$ Special reserve $254,907$ $2$ $222,793$ $2$ Unappropriated earnings $2.789,438$ $21$ $2.671,184$ $21$ Total retained earnings $2.789,438$ $21$ $2.671,184$ $21$ Other equity $4.457,863$ $33$ $4.243,060$ $34$ Other equity $50,245$ $ 105,017$ $1$ Total other equity $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ $ 105,017$ $1$ Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$ $70$	Total liabilities	4,670,999	35	3,810,886	30	
Ordinary shares $3.097,570$ $23$ $3.097,570$ $25$ Capital surplus $1.666,690$ $13$ $1.665,116$ $13$ Retained earnings $1.413,518$ $10$ $1.349,083$ $11$ Special reserve $1.413,518$ $10$ $1.349,083$ $11$ Special reserve $254,907$ $2$ $222,793$ $2$ Unappropriated earnings $2.789,438$ $21$ $2.671,184$ $21$ Total retained earnings $4.457,863$ $33$ $4.243,060$ $34$ Other equity $4.457,863$ $33$ $4.243,060$ $34$ Other equity $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ $ 105,017$ $1$ Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$						
Capital surplus Retained earnings $1.666.690$ $13$ $1.665.116$ $13$ Legal reserve $1.413.518$ $10$ $1.349.083$ $11$ Special reserve $254,907$ $2$ $222.793$ $2$ Unappropriated earnings $2.789.438$ $21$ $2.671.184$ $21$ Total retained earnings $4.457.863$ $33$ $4.243.060$ $34$ Other equity $584.617$ ) $(4)$ $(359.923)$ $(3)$ Exchange differences on translating the financial statements of foreign operations $(584.617)$ $(4)$ $(359.923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60.245$ - $105.017$ 1Total other equity $(524.372)$ $(4)$ $(254.906)$ $(2)$ Total equity attributable to owners of the Company $8.697.751$ $65$ $8.750.840$ $70$ Total equity $8.697.751$ $65$ $8.750.840$ $70$		2 007 570	22	2 007 570	25	
Retained earningsImage: legal reserveImage: legal reserveImage: legal reserveLegal reserve $1,413,518$ 10 $1,349,083$ 11Special reserve $254,907$ $2$ $222,793$ $2$ Unappropriated earnings $2,789,438$ $21$ $2,671,184$ $21$ Total retained earnings $4,457,863$ $33$ $4,243,060$ $34$ Other equityExchange differences on translating the financial statements of foreign operations $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ - $105,017$ 1Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$			<u></u> 13		<u></u> 13	
Legal reserve $1,413,518$ 10 $1,349,083$ 11Special reserve $254,907$ $2$ $222,793$ $2$ Unappropriated earnings $2,789,438$ $21$ $2,671,184$ $21$ Total retained earnings $4,457,863$ $33$ $4,243,060$ $34$ Other equityExchange differences on translating the financial statements of foreign operations $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ - $105,017$ $1$ Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$		1,000,070	1.5	1,005,110	15	
Unappropriated earnings $2,789,438$ $21$ $2,671,184$ $21$ Total retained earnings $4,457,863$ $33$ $4,243,060$ $34$ Other equityExchange differences on translating the financial statements of foreign operations $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ - $105,017$ 1Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$	Legal reserve					
Total retained earnings $4,457,863$ $33$ $4,243,060$ $34$ Other equityExchange differences on translating the financial statements of foreign operations $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ $ 105,017$ $1$ Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$						
Other equity Exchange differences on translating the financial statements of foreign operations(584,617)(4)(359,923)(3)Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ $ 105,017$ $1$ Total other equity(524,372)(4)(254,906)(2)Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$			21		21	
Exchange differences on translating the financial statements of foreign operations $(584,617)$ $(4)$ $(359,923)$ $(3)$ Unrealized gain on financial assets at fair value through other comprehensive income $60,245$ - $105,017$ 1Total other equity $(524,372)$ $(4)$ $(254,906)$ $(2)$ Total equity attributable to owners of the Company $8,697,751$ $65$ $8,750,840$ $70$ Total equity $8,697,751$ $65$ $8,750,840$ $70$		<u></u>		<u> </u>	<del>_</del>	
Unrealized gain on financial assets at fair value through other comprehensive income60,245-105,0171Total other equity(524,372)(4)(254,906)(2)Total equity attributable to owners of the Company8,697,751658,750,84070Total equity8,697,751658,750,84070	Exchange differences on translating the financial statements of foreign operations	(584,617)	(4)	(359,923)	(3)	
Total equity attributable to owners of the Company       8,697,751       65       8,750,840       70         Total equity       8,697,751       65       8,750,840       70	Unrealized gain on financial assets at fair value through other comprehensive income	60,245		105,017	1	
Total equity <u>8,697,751</u> <u>65</u> <u>8,750,840</u> <u>70</u>	Total other equity	(524,372)	<u>(4</u> )	(254,906)	<u>(2</u> )	
	Total equity attributable to owners of the Company	8,697,751	65	8,750,840	70	
TOTAL <u>\$13,368,750</u> <u>100</u> <u>\$12,561,726</u> <u>100</u>	Total equity	8,697,751	65	8,750,840	70	
	TOTAL	<u>\$ 13,368,750</u>	_100	<u>\$ 12,561,726</u>	_100	

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

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018			
	Amount	%	Amount	%		
REVENUE (Note 22)	\$ 8,430,970	100	\$ 8,156,268	100		
COST OF GOODS SOLD (Note 23)	(6,423,879)	<u>(76</u> )	(6,328,642)	<u>(77</u> )		
GROSS PROFIT	2,007,091	24	1,827,626	23		
OPERATING EXPENSES (Note 23) Selling and marketing expenses General and administrative expenses Research and development expenses Expected credit loss reversed on trade receivables	433,296 358,881 582,776	5 5 7	442,479 332,453 519,906 (513)	6 4 6		
-	1 274 052	17		16		
Total operating expenses	<u>1,374,953</u>	<u>    17</u>	1,294,325	<u>16</u>		
PROFIT FROM OPERATIONS	632,138	7	533,301	7		
NON-OPERATING INCOME AND EXPENSES Other income (Note 23) Other gains and losses (Note 23) Finance costs (Note 23) Share of profits of associates and joint ventures (Note 13)	162,824 (21,143) (23,250) 14,008	2 - -	145,629 64,841 (20,400) <u>10,126</u>	2 1 (1)		
Total non-operating income and expenses	132,439	2	200,196	2		
PROFIT BEFORE INCOME TAX	764,577	9	733,497	9		
INCOME TAX EXPENSE (Note 24)	(92,795)	<u>(1</u> )	(89,248)	<u>(1</u> )		
NET PROFIT FOR THE YEAR	671,782	8	644,249	8		
OTHER COMPREHENSIVE INCOME (LOSS) Item that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit plans Unrealized (gain) loss on investments in equity instruments at fair value through other	(12,331)	-	(10,620)	-		
comprehensive income Share of the other comprehensive income of	129,437	2	(140,093)	(2)		
associates accounted for using the equity method	657		<u>(257</u> ) (Con	<u>-</u> ntinued)		

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018		
-	Amount	%	Amount	%	
Item that maybe reclassified subsequently to profit or loss:	117,763	2	(150,970)	<u>(2</u> )	
Exchange differences on translating the financial statements of foreign operations Share of the other comprehensive loss of associates accounted for using the equity	(216,643)	(3)	(94,043)	(1)	
method	(8,051) (224,694)	<u> </u>	(1,743) (95,786)	<u></u> (1)	
Other comprehensive loss for the year, net of income tax	(106,931)	(1)	(246,756)	<u>(3</u> )	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 564,851</u>	7	<u>\$ 397,493</u>	5	
NET PROFIT ATTRIBUTABLE TO: Owners of the Company Non-controlling interests	\$    671,782	8	\$ 644,350 (101)	8	
	<u>\$ 671,782</u>	8	<u>\$ 644,249</u>	8	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company Non-controlling interests	\$    564,851 	7	\$ 397,594 (101)	5	
	<u>\$ 564,851</u>	7	<u>\$ 397,493</u>	5	
EARNINGS PER SHARE (Note 25) From continuing and discounted operations Basic Diluted	<u>\$2.17</u> <u>\$2.16</u>		<u>\$2.08</u> <u>\$2.06</u>		

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
-					Retained Earnings		Exchange Differences on Translating	Others Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other	Unrealized Gain (Loss) on Available-for-			
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations	Comprehensive Income	sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	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	<u> </u>	283,139	(381,048)	5,048	<u> </u>	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 (Note 21) Legal reserve Cash dividends distributed by the Company	-	-	-	96,265	- -	(96,265) (774,393)	-	-	-	(774,393)	-	(774,393)
Net profit (loss) 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	<u> </u>	<del>_</del>		<u> </u>	<u>-</u>	(10,792)	(95,786)	(140,178)	<u>-</u>	(246,756)	<u>-</u>	(246,756)
Total comprehensive income (loss) for the for the year ended December 31, 2018		<u>-</u>		<u> </u>	<u>-</u>	633,558	(95,786)	(140,178)	<u>-</u>	397,594	(101)	397,493
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(41,791)	(41,791)
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	37,944	-	(37,944)	-	-	-	-
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method		<u>-</u>	(108)	<u>-</u>	<u>-</u>	<u>-</u>		<u> </u>	<u>-</u>	(108)	<u>-</u>	(108)
BALANCE AT DECEMBER 31, 2018	309,757	3,097,570	1,665,116	1,349,083	222,793	2,671,184	(359,923)	105,017	-	8,750,840	-	8,750,840
Appropriation of 2018 earnings (Note 21) Legal reserve Special reserve Cash dividends distributed by the company	-	- -	- -	64,435	32,114	(64,435) (32,114) (619,514)	-	- -	- -	(619,514)	- -	(619,514)
Net profit for the year ended December 31, 2019	-	-	-	-	-	671,782	-	-	-	671,782	-	671,782
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(12,270)	(224,694)	130,033	<u>-</u>	(106,931)	<u>-</u>	(106,931)
Total comprehensive income (loss) for the year ended December 31, 2019	<u> </u>				<u> </u>	659,512	(224,694)	130,033	<u> </u>	564,851	<u> </u>	564,851
Surplus donated	-	-	1,617	-	-	-	-	-	-	1,617	-	1,617
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	<u> </u>	<u>-</u>	(43)		<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	(43)	<u>-</u>	(43)
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	<u>-</u>	<u>-</u>		<u> </u>	<u>-</u>	174,805	<u> </u>	(174,805)	<u>-</u>		<u> </u>	
BALANCE AT DECEMBER 31, 2019	309,757	<u>\$ 3,097,570</u>	<u>\$ 1,666,690</u>	<u>\$ 1,413,518</u>	<u>\$ 254,907</u>	<u>\$ 2,789,438</u>	<u>\$ (584,617</u> )	<u>\$ 60,245</u>	<u>\$</u>	<u>\$ 8,697,751</u>	<u>\$</u>	<u>\$ 8,697,751</u>

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

#### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$	764,577	\$	733,497
Adjustments for:	+		Ŧ	,
Depreciation expenses		760,317		814,031
Amortization expenses		7,241		2,121
Amortization of prepayments for lease		-		2,354
Expected credit loss reversed on trade receivables		-		(513)
Net gain on fair value change of financial assets and liabilities at fair				
value through profit or loss		(14,680)		(29,802)
Finance costs		23,250		20,400
Interest income		(27,876)		(21,088)
Dividend income		(2,385)		(1,527)
Share of profit of associates and joint ventures		(14,008)		(10,126)
Loss on disposal of property, plant and equipment		(230)		(2,016)
Gain on disposal of investment property		-		(26,629)
Gain on disposal of non-current assets held for sales		-		(3,152)
Impairment loss on property, plant and equipment		(2,369)		(2,961)
Changes in operating assets and liabilities				
Financial assets mandatorily classified as at fair value through profit or loss		158,731		123,407
Notes receivable		(21,481)		(20,006)
Trade receivables		(146,853)		(51,997)
Trade receivables from related parties		4,957		(2,288)
Other receivables		70,863		(5,282)
Other receivables from related parties		717		(24)
Inventories		(222,230)		(312,687)
Other current assets		(44,066)		52,241
Financial liabilities mandatorily classified as at fair value through				
profit or loss		(6,941)		(1,265)
Notes payable		-		(276)
Trade payables		332,264		99,831
Trade payables to related parties		(19)		73
Other payables		160,985		(136,822)
Other payables to related parties		(267)		1,296
Other current liabilities		59,538		(6,962)
Net defined benefit liabilities		(6,333)		(4,611)
Cash generated from operations		1,833,702		1,209,217
Interest paid		(23,210)		(20,645)
Income tax paid		(146,866)		(120,099)
Net cash generated from operating activities		1,663,626		1,068,473
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at fair value through profit or loss		(27,108)		-
				(Continued)

#### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from sale of financial assets at fair value through other		
comprehensive income	241,715	53,886
Purchase of financial assets at amortized cost	(163,614)	(191,646)
Proceeds from financial assets at amortized cost	188,411	89,480
Purchase of investments accounted for using equity method	(67,083)	(294,842)
Payments for property, plant and equipment	(684,499)	(774,529)
Proceeds from investment property	-	38,897
Proceeds from disposal of property, plant and equipment	5,689	58,136
Payments for intangible assets	(14,070)	(15,994)
(Increase)decrease in other non-current assets	(3,700)	3,374
Increase in prepayment for equipment	(82,296)	(15,126)
Proceeds from disposal of non-current assets held for sale	-	97,837
Interest received	28,877	21,701
Other dividends received	22,832	4,732
Net cash used in investing activities	(554,846)	(924,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	35,257	30,166
Proceeds from long-term borrowings	2,235,661	409,611
Repayments of long-term borrowings	(1,996,875)	(776,604)
Proceeds from guarantee deposits received	10,328	6,043
Refund of guarantee deposits received	(2,857)	-
Dividends paid to owners of the Company	(619,514)	(774,393)
Return of shareholders' cash dividends	1,617	-
Decrease in non-controlling interests		(41,791)
Net cash used in financing activities	(336,383)	(1,146,968)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(91,564)	(23,375)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	680,833	(1,025,964)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,305,402	2,331,366
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,986,235</u>	<u>\$ 1,305,402</u>

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

(Concluded)

## **TXC** Corporation

Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 matters identified in the Company's financial statements for the year ended December 31, 2019 are stated as follows:

#### Sales from Hub Warehouses

To meet the needs of major customers, TXC Corporation stock finished goods in the hub warehouses. Sales from hub warehouses are recognized when finished goods are already picked up by customers, and customers have the right to use the finished goods and bear the risk of finished goods. Since recognition of sales from hub warehouses requires more control mechanisms, we considered sales from hub warehouses as a key audit matter.

The key audit procedures that we performed in respect of sales from hub warehouses included the following:

- 1. We evaluated the appropriateness of the design of relevant procedures for the sales revenue recognition of TXC Corporation.
- 2. We selected samples to test the effectiveness of its key control operations and verified the consistency of the implementation of the control during the year.
- 3. For revenue details from warehouse sales generated from major customers in the current year, we selected samples and checked the orders and pick-up related documents which correspond to the sales revenue to confirm the occurrence of the sales revenue.

# 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, 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 23, 2020

#### 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.

#### BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018		
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
CORRENTASSETS Cash and cash equivalents (Notes 4 and 6)	\$ 672,110	6	\$ 557,442	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	φ 072,110	-	\$ 557, <del>41</del> 2 86	5
Financial assets at amortized cost - current (Note 9)	43,052	-	68,946	1
Notes receivable (Notes 4, 5 and 10)	813	-	1,293	-
Trade receivables (Notes 4, 5 and 10)	2,199,290	18	2,121,827	18
Trade receivables from related parties (Notes 4, 10 and 26)	51,691	1	110,001	1
Other receivables (Notes 4 and 10)	14,371	-	17,784	-
Other receivables from related parties (Notes 4 and 26)	42,888	-	6,458	
Current tax assets (Note 22)	8,176	-	5,245	
Inventories (Notes 4 and 11)	870,180	7	997,780	8
Other current assets	22,074		9,352	
Total current assets	3,924,645	32	3,896,214	33
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,255	-	30,975	
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	185,477	2	330,925	,
Right-of-use assets (Notes 4 and 14)	6,024	-	-	
Investments accounted for using equity method (Notes 4 and 12)	5,862,128	49	5,604,216	4′
Property, plant and equipment (Notes 4 and 13)	1,961,704	16	1,894,487	1
Investment properties (Notes 4 and 15)	26,881	-	115,474	
Other intangible assets (Note 4)	3,692	-	170	
Deferred tax assets (Notes 4, 5 and 22)	33,066	-	28,654	
Prepayment for equipment	89,157	1	50,827	
Refundable deposits	2,508		1,008	
Total non-current assets	8,179,892	68	8,056,736	6
TOTAL	<u>\$ 12,104,537</u>	_100	<u>\$ 11,952,950</u>	_100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES	¢ 2.525		<b>.</b>	
Short-term loans (Note 16)	\$ 3,525	-	\$ -	
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,963	-	-	
Trade payables	503,621	4	577,266	
Trade payables to related parties (Note 26)	797,801	1	635,993	
Other payables (Note 17)	431,397	4	354,404	
Other payables to related parties (Note 26) Current tax liabilities (Notes 4 and 22)	4,449 38,273	-	3,221	
Lease liabilities - current (Notes 4 and 14)	3,087	-	-	
Current portion of long-term borrowings and bonds payable (Note 16)	5,007	_	46,875	
Other current liabilities	7,948	- 	8,486	
Total current liabilities	1,794,064	15	1,626,245	1
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	1,400,000	11	1,350,000	1
Lease liabilities - non-current (Notes 4 and 14)	2,949	-	-	
Deferred tax liabilities (Notes 4 and 22)	123,400	1	145,490	
Net defined benefit liabilities - non-current (Notes 4 and 18)	74,031	1	68,033	
Guarantee deposits received	12,342		12,342	
Total non-current liabilities	1,612,722	13	1,575,865	1.
Total liabilities	3,406,786	28	3,202,110	2
EQUITY (Note 19)				
Share capital				
Ordinary shares	3,097,570	25	3,097,570	2

Ordinary shares			5,097,570	20
Capital surplus	1,666,690	14	1,665,116	14
Retained earnings				
Legal reserve	1,413,518	12	1,349,083	11
Special reserve	254,907	2	222,793	2
Unappropriated earnings	2,789,438	23	2,671,184	22
Total retained earnings	4,457,863	37	4,243,060	35
Other equity				
Exchange differences on translating the financial statements of foreign operations	(584,617)	(5)	(359,923)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	60,245	1	105,017	1
Total other equity	(524,372)	<u>(4</u> )	(254,906)	<u>(2</u> )
Total equity	8,697,751	72	8,750,840	73
TOTAL	<u>\$ 12,104,537</u>	100	<u>\$ 11,952,950</u>	100

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

#### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Note 20)				
Sales	\$ 6,778,865	102	\$ 6,657,254	101
Less: Sales returns	32,011	1	17,427	_
Less: Sales allowances	74,783	1	82,921	1
Net operating revenue	6,672,071	100	6,556,906	100
COST OF GOODS SOLD (Notes 11 and 21)	5,596,803	84	5,542,656	84
GROSS PROFIT	1,075,268	16	1,014,250	16
UNREALIZED GAIN ON INTERCOMPANY TRANSACTIONS	(1,364)	-	(1,064)	-
REALIZED GAIN ON TRANSACTIONS WITH INTER AFFILIATES	1,064		2,634	
REALIZED GROSS PROFIT	1,074,968	16	1,015,820	16
OPERATING EXPENSES (Notes 4 and 21)				
Selling and marketing expenses	252,422	3	245,375	4
General and administrative expenses	123,024	2	119,397	2
Research and development expenses	396,050	6	327,119	5
Expected credit loss reversed on trade receivables	<u> </u>	<u> </u>	(513)	
Total operating expenses	771,496	11	691,378	11
PROFIT FROM OPERATIONS	303,472	5	324,442	5
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4 and 21)	63,668	1	54,715	1
Other gains and losses (Note 21)	(23,982)	(1)	6,580	-
Finance costs (Notes 4 and 21)	(12,472)	-	(12,443)	-
Share of profit of associates and joint ventures	380,860	6	313,593	5
Total non-operating income and expenses	408,074	6	362,445	6
PROFIT BEFORE INCOME TAX	711,546	11	686,887	11
INCOME TAX EXPENSE (Note 22)	39,764	1	42,537	1
NET PROFIT FOR THE YEAR	671,782	10	<u> </u>	<u>10</u> ntinued)

(Continued)

#### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount %		Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to				
profit or loss: Remeasurement of defined benefit plans Unrealized (gain) loss on investments in equity instruments at fair value through other	(12,331)	-	(10,620)	-
comprehensive income Share of the other comprehensive income of associates accounted for using the equity	74,642	1	(146,774)	(2)
method	55,452		6,424	
Items that may be reclassified subsequently to profit or loss: Exchange differences on translating the financial statements of foreign operations Share of the other comprehensive loss of	(216,643)	<u>2</u> (4)	<u>(150,970</u> ) (94,043)	<u>(2</u> )
associates accounted for using the equity method	(8,051) (224,694)	<u> </u>	<u>(1,743</u> ) <u>(95,786</u> )	<u>-</u> (2)
Other comprehensive loss for the year, net of income tax	(106,931)	<u>(2</u> )	(246,756)	<u>(4</u> )
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$    564,851</u>	8	<u>\$ 397,594</u>	<u>6</u>
EARNINGS PER SHARE (Note 23) From continuing and discontinued operations Basic Diluted	<u>\$ 2.17</u> <u>\$ 2.16</u>		<u>\$2.08</u> <u>\$2.06</u>	

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

(Concluded)

#### STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

									Un (Los A Va
		Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings Special Reserve	Unappropriated Earnings	Differences on Translating Foreign Operations	Co
BALANCE AT JANUARY 1, 2018		309,757	\$ 3,097,570	\$ 1,665,224	\$ 1,252,818	\$ 222,793	\$ 2,767,383	\$ (264,137)	\$
Effect of retrospective application and ret	rospective restatements				<u> </u>		102,957		_
BALANCE AT JANUARY 1, 2019 AS R	ESTATED	309,757	3,097,570	1,665,224	1,252,818	222,793	2,870,340	(264,137)	
Appropriation of 2017 earnings (Note 19) Legal reserve Cash dividends distributed by the Comp		-	- -	-	96,265	-	(96,265) (774,393)	- -	
Net profit for the for the year ended Decer	mber 31, 2018	-	-	-	-	-	644,350	-	
Other comprehensive loss for the for the y 2018, net of income tax	ear ended December 31,	<del>_</del>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	(10,792)	(95,786)	-
Total comprehensive income (loss) for the 31, 2018	e year ended December		<u> </u>	<u>-</u> _	<u> </u>	<u> </u>	633,558	(95,786)	_
Disposal of equity instruments at fair valu comprehensive income (Note 8)	e through other	-	-	-	-	-	37,944	-	
Changes in capital surplus from investmen ventures accounted for using the equity		<u> </u>	<u> </u>	(108)		<u> </u>	<u> </u>	<u> </u>	-
BALANCE AT DECEMBER 31, 2018		309,757	3,097,570	1,665,116	1,349,083	222,793	2,671,184	(359,923)	
Appropriation of 2018 earnings (Note 19) Legal reserve Special reserve Cash dividends distributed by the Comp		- - -	- - -	- - -	64,435	32,114	(64,435) (32,114) (619,514)	- - -	
Net profit for the year ended December 3	1, 2019	-	-	-	-	-	671,782	-	
Other comprehensive income (loss) for th 31, 2019, net of income tax	e year ended December	<u>-</u>		<u> </u>		<u> </u>	(12,270)	(224,694)	-
Total comprehensive income (loss) for the 31, 2019	e year ended December	<u> </u>				<u> </u>	659,512	(224,694)	-
Disposal of equity instruments at fair valu comprehensive income (Note 8)	e through other	-	-	-	-	-	174,805	-	
Surplus donated		-	-	1,617	-	-	-	-	
Changes in capital surplus from investmen ventures accounted for using the equity		<u>-</u>		(43)		<u> </u>	<u> </u>	<u>-</u>	-
BALANCE AT DECEMBER 31, 2019		309,757	<u>\$ 3,097,570</u>	<u>\$ 1,666,690</u>	<u>\$ 1,413,518</u>	<u>\$ 254,907</u>	<u>\$ 2,789,438</u>	<u>\$ (584,617</u> )	<u>\$</u>

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

Exchange Differences on Translating Foreign Operations	Others Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total Equity
\$ (264,137)	\$-	\$ 381,048	\$ 9,122,699
	283,139	(381,048)	5,048
(264,137)	283,139	-	9,127,747
-	-	-	(774,393)
-	-	-	644,350
<u>(95,786</u> )	(140,178)	<u> </u>	(246,756)
(95,786)	(140,178)	<u> </u>	397,594
-	(37,944)	-	-
<u> </u>		<u> </u>	(108)
(359,923)	105,017	-	8,750,840
- - -	- - -	- - -	- - (619,514)
-	-	-	671,782
(224,694)	130,033	<u>-</u>	(106,931)
(224,694)	130,033		564,851
-	(174,805)	-	-
-	-	-	1,617
<u> </u>	<u> </u>	<u> </u>	<u>(43</u> ) <u>\$ 8,697,751</u>

#### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	\$	711,546	\$	686,887
Adjustments for:	Ŷ	, 11,010	Ŷ	000,007
Depreciation expenses		323,026		316,062
Amortization expenses		4,809		558
Expected credit loss reversed on trade receivables		-		(513)
Net loss (gain) on fair value change of financial assets and liabilities				()
designated as at fair value through profit or loss		4,055		(1,414)
Finance costs		12,472		12,443
Interest income		(6,506)		(8,103)
Dividend income		(2,385)		(1,527)
Share of profit of associates and joint ventures		(380,860)		(313,593)
Gain on disposal of property, plant and equipment		(885)		(1,232)
Unrealized gain on the transactions with subsidiaries, associates and		()		() - /
joint ventures		1,364		1,064
Realized gain on the transactions with subsidiaries, associates and		-,		-,
joint ventures		(1,064)		(2,634)
Changes in operating assets and liabilities:		() )		() /
Financial assets mandatorily classified as at fair value through profit				
or loss		21,714		10,010
Notes receivable		480		(211)
Trade receivables		(77,463)		(48,753)
Trade receivables from related parties		58,310		(40,090)
Other receivables		(519)		(9,217)
Other receivables from related parties		(36,430)		13,324
Inventories		127,600		(41,627)
Other current assets		(12,722)		2,369
Decrease in financial liabilities mandatorily classified as at fair				
value through profit or loss		-		(1,265)
Notes payable		-		(276)
Trade payables		(73,645)		148,853
Trade payables to related parties		161,808		(66,538)
Other payables		77,119		(42,186)
Other payables to related parties		1,228		247
Other current liabilities		(538)		(2,498)
Defined benefit liabilities - non-current		(6,333)		(4,611)
Cash generated from operations		906,181		605,529
Interest paid		(12,721)		(12,931)
Income taxes paid		(49,466)		(64,010)
Net cash generated from operating activities		843,994		528,588
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of financial assets at fair value through other				
comprehensive income		241,715		53,886
				(Continued)

#### STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Purchase of financial assets at amortized cost	(43,052)	(71,004)
Proceeds from sale of financial assets at amortized cost	68,946	89,480
Acquisition of associates	(67,083)	(234,302)
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	(299,849)	(104,393)
Proceeds from disposal of property, plant and equipment	1,923	25,846
(Decrease) increase in refundable deposits	(1,500)	1,720
Payments for intangible assets	(8,331)	(185)
Increase in prepayment for equipment	(38,330)	(43,887)
Interest received	7,507	8,716
Dividend received from associates	20,447	3,205
Other dividends received	2,385	1,527
Net cash (used in) generated from investing activities	(115,222)	370,068
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	3,525	-
Decrease in short-term borrowings	-	(549)
Proceeds from long-term borrowings	1,400,000	400,000
Repayments of long-term borrowings	(1,396,875)	(762,500)
Proceeds from guarantee deposits received	-	8
Payments for right-of-use assets	(2,857)	-
Dividends paid to owners of the Company	(619,514)	(774,393)
Return of shareholders' cash dividends	1,617	
Net cash used in financing activities	(614,104)	(1,137,434)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u> </u>	(2,541)
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS	114,668	(241,319)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	557,442	798,761
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 672,110</u>	<u>\$ 557,442</u>

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

(Concluded)

## Attachment (4)

Title	Name	Position for Other Companies	
Director	Peng, Chih-Chiang	Crystalwise Technology Inc.	Juristic-person director representative
		Topoint Technology Co., Ltd.	Juristic-person director representative
Independent Director	Tsai, Song-Qi	DISCOVERY FORMOSA INTERNATIONAL INC.	Chairman
		Gsmile Co., LTD.	Chairman
		e-Force Taiwan Co., Ltd.	Director
Independent Director	Su, Yan-Syue	AU Optronics Corp.	Independent Director

## Directors' non-competitive activities list

## Attachment (8)

## **TXC Directors' Shareholdings & Minimum Shareholdings Required**

T:(1-		Uolding Shores
Title	Name	Holding Shares
Chairman	Lin, Wan-Shing	5,030,722
Director	Lin, Jin-Bao	6,071,263
Director	Chen Chueh, Shang-Hsin	282,212
Director	Kuo, Ya-Ping	380,000
Director	Huang, Hsiang-Lin	5,789,399
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

Record Date : April 11, 2020

Note:

1. TXC's legal holding of all directors in number of shares are 12,390,281 shares.

2. As of April 11, 2020, the total shareholdings of all directors are 22,537,939 shares.