

# **TXC Corporation**

## **Minutes of 2021 Annual General Shareholders' Meeting** (Translation)

**Time: 9:30 a.m., May 31, 2022 (Tuesday)**

**Place: Physically held at No.4, KungYeh 6<sup>th</sup> Rd., Pingzhen Industrial District, Taoyuan City (Meeting Room)**

Total number of shares issued: 309,757,040

Attendant shares: 191,732,982 (including electronic voting 94,847,062 shares) accounted for 61.89% of total shares

**Attendant directors:**

Chairman: Lin, Wan-Shing

Director: Lin, Jin-Bao 、 Chen Chueh, Shang-Hsin 、 Kuo, Ya-Ping 、 Huang, Hsiang-Lin 、 Hsu, Hsing-Hao 、 TLC Capital Co.,LTD (Representative : Peng, Chih-Chiang)

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

**In attendance:** CPA : Hsieh, Ming-Chung at Deloitte & Touche  
Lawyer : Liu, Wen-Chung at LIU&CO.

**Chairman:** Lin, Wan-Shing

**Recorder:** Chuang, Wan-Chun

## **1. Call meeting to order**

## **2. Chairman's Address (Omitted)**

## **3. Reported Matters**

### **Reported Matter (1)**

Subject : To report the business of 2021

Description :

1. The company's 2021 consolidated revenue was NT\$15,244,851 thousand, an increase of 37.98% over last year. Net income was NT\$ 3,116,984 thousand, an increase of 118.08% over last year.
2. Business report and related financial statements please refer to Attachment (1) and (3).

### **Reported Matter (2)**

Subject : Audit Committee's review report

Description :

1. TXC's 2021 financial Statements were reviewed by Audit Committee and audited by independent auditors, Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche.
2. Request audit committee to read audit report and please refer to Attachment (2).

### **Reported Matter (3)**

Subject : To report 2021 employees' profit sharing bonus and directors' compensation

Description :

1. The 2021 pretax profit before deducting employees' profit sharing bonus and directors' compensation is NT\$3,935,849,969 according to the Article 19 of Articles of Incorporation, the Board of Directors approved 2021 employees' profit sharing bonus is NT\$354,226,497 (9%) and directors' compensation is NT\$59,037,750 (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 2021.

### **Reported Matter (4)**

Subject : To report 2021 5<sup>th</sup> domestic unsecured convertible bond

Description :

1. In order to purchase machinery and equipment and repay bank loans, TXC has passed the resolution of the board of directors on May 10, 2021 and issued the 5th domestic unsecured convertible corporate bond of NT\$120 million, which has been completed since July 26, 2021. Funds are raised and listed on the OTC. Please see Attachment (4) for details.

## 4. Acknowledged Matters

### Acknowledged Matter (1)

### Proposed by the Board of Directors

Subject : To accept 2021 Business Report and Financial Statements

Description :

1. 2021 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 :

The subject is voting by poll and the result is: approval votes: 181,766,722 shares accounted for 95.00% of total shares, disapproval votes: 56,781 shares, abstention votes / no votes: 9,508,179 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

### Acknowledged Matter (2)

### Proposed by the Board of Directors

Subject : To approve the proposal of distribution of 2021 earnings

Description :

1. Net profits for 2021 were NT\$3,116,984,205. 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\$5,220,744,315. In consideration of capital utilization and to avoid capital inflation, a shareholder dividend issue of NT\$2,323,177,800 (a cash dividend of NT\$ 7.5 per share) is proposed. After distribution, the undistributed profit will be NT\$2,897,566,515.
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 if convertible corporate bonds are converted into ordinary shares or 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. After this proposal is submitted to the shareholders' meeting for approval, the chairman shall be authorized to set another base date for distribution of dividends.
5. The profit distribution proposal is listed as below.
6. Please approve.

Distribution of 2021 Earnings

Unit : NT\$

Item	Amount	
	Sub-total	Sum
<b>Beginning period undistributed profits</b>		<b>2,076,148,453</b>
Net profit after tax for this year	3,116,984,205	
Adjusted retained earnings from investments accounted for using equity method	(140,813)	
Remeasurement of defined employee benefit plans to retained earnings	(8,138,470)	
The amount of undistributed profits		3,108,704,922
Setting aside 10% legal reserve		(310,870,492)
Revise the setting aside special reserve		346,761,432
<b>Profits available for distribution</b>		<b>5,220,744,315</b>
Distribution Item:		
Cash Dividends (NT\$7.5 per share)		(2,323,177,800)
<b>End period of undistributed profits</b>		<b>2,897,566,515</b>

Note: Allocation of 2021 undistributed profit shall be given priority for the above profit distribution.

Chairman: **Lin, Wan-Shing**

Manager: **Kuo, Ya-Ping**

Accounting Supervisor: **Hong, Guan-Wen**

Resolution:

The subject is voting by poll and the result is: approval votes: 182,074,269 shares accounted for 95.16% of total shares, disapproval votes: 84,231 shares, abstention votes / no votes: 9,173,182 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

## 5. Discussion Matters

### Discussion Matter (1)

Proposed by the Board of Directors

Subject : To Revise the ‘‘Articles of Incorporation’’

Description :

1. It is proposed the amendments to certain provisions of TXC's ‘‘Articles of Incorporation’’ in accordance with Article 172-2, Article 240-5 and Article 241-1 of the Company Act.
2. The comparison tables for the aforementioned are attached hereto as Attachment (5) -Chinese version.
3. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 164,433,753 shares accounted for 85.94% of total shares, disapproval votes: 12,950,757 shares, abstention votes / no votes: 13,947,172 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

### Discussion Matter (2)

Proposed by the Board of Directors

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

Description :

1. It is proposed the amendments to certain provisions of TXC's ‘‘Rules and Procedures of Shareholders Meeting’’ in accordance with Article 172-2 of the Company Act.
2. The comparison tables for the aforementioned are attached hereto as Attachment (6) -Chinese version.
3. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 177,317,964 shares accounted for 92.67% of total shares, disapproval votes: 68,345 shares, abstention votes / no votes: 13,945,373 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

### Discussion Matter (3)

Proposed by the Board of Directors

Subject : To Revise the ‘‘Election of Directors’’

Description :

1. It is proposed that certain articles of the ‘‘Election of Directors’’ should be revised to comply with rule No.1090009468 on June 3, 2020 issued by the Taiwan Stock Exchange Corporation.
2. The comparison tables for the aforementioned are attached hereto as Attachment (7) -Chinese version.
3. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 177,279,138 shares accounted for 92.65% of total shares, disapproval votes: 105,930 shares, abstention votes / no votes: 13,946,614 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

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

Description :

1. It is proposed that certain articles of the ‘‘Procedures for Acquisition or Disposal of Assets’’ should be revised to comply with rule No.1110380465 on January 28, 2022 issued by the Financial Supervisory Commission R.O.C (Taiwan).
2. The comparison tables for the aforementioned are attached hereto as Attachment (8) -Chinese version.
3. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 177,295,484 shares accounted for 92.66% of total shares, disapproval votes: 86,173 shares, abstention votes / no votes: 13,950,025 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

## 6. Election Matters

### Election Matter (1)

### Proposed by the Board of Directors

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

Description :

1. The term of directors of the Company is expiring on June 11, 2022 and it is required to re-elect totally in accordance with Article 195 of the Company Act.
2. Following the "Articles of Incorporation" of the company, there shall be eleven directors elected in this election (incl. four independent directors). The election system is Candidates Nomination System and shareholders shall elect directors from the list of candidates and they are for a term of 3 years, from May 31, 2022 to May 30, 2025. List of Candidate for Director Election (including independent directors) has been reviewed by and passed resolution in Board Meeting of the Company, and shareholders shall elect the directors for next term from the list of candidates.
3. List of Candidates for Directors (including Independent Directors) is given below.

#### Director Candidate List

As of April 2, 2022

Title	Name	Education	Experience	Holding Shares
Director	Lin, Wan-Shing	Master in Management, National Taiwan University of Science and Technology	Chairman and CEO of TXC Corporation	5,030,722
Director	Lin, Jin-Bao	MBA, West Texas A&M University, USA	Director and Founder of TXC Corporation	5,987,263
Director	Chen Chueh, Shang-Hsin	Master of management, Zhejiang University	Director and Deputy CEO of TXC Corporation	298,212
Director	Kuo, Ya-Ping	Boston University ,MBA	Director and President of TXC Corporation	430,000
Director	Huang, Hsiang-Lin	State University of New York at Albany, Master of Business Administration (MBA)	Director of TXC Corporation President of TETC CORP. NINGBO	3,789,399
Director	Hsu, Hsing-Hao	M.S. degree - Electrical and Computer Engineering, Colorado State University	Chairman of Kang-Shuo Investment Corporation Director of Golden Biotechnology Corporation R&D Manager of Chan-Yu Corporation	3,006,352
Director	TLC Capital Co., LTD	None	Director of TXC Corporation	1,977,991
Independent Director	Yu, Shang-Wu	Ph.D., Birmingham University	Independent Director of TXC Corporation Director of business and management college of Jinwen University of Science and Technology	0
Independent Director	Tsai, Song-Qi	Ph.D., Accounting Department of Shanghai University	Independent Director of TXC Corporation Certified accountant and Executive Director of KMPG Taiwan	0
Independent Director	Su, Yan-Syue	Master in Industrial Management of Carnegie Mellon University, USA	Independent Director of TXC Corporation CIO of Pegatron corporation	0
Independent Director	Wang, Chuan-Fen	Master in Law of Columbia University, USA	Independent Director of TXC Corporation Partner of Chen & Lin law firm	0

4. The nominees of independent directors, Mr. Yu, Shang-Wu and Mr. Tsai, Song-Qi, have served as independent directors of TXC for three consecutive terms. The reasons for TXC to continue to nominate Mr. Yu, Shang-Wu and Mr. Tsai, Song-Qi as independent directors are as follows:

Mr. Yu, Shang-Wu :

Considering that Mr. Yu, Shang-Wu has professional knowledge in financial and industrial management, and is familiar with the laws and practices of business and corporate governance, his rich experience can provide important advice for the company's operation and development, improve the quality of corporate governance of the board of directors, and play the role of functional committee supervision, which has obvious implications for the company. During the tenure of each board of directors, he actively participates in the operation of various functional committees and the board of directors, and has a full understanding of the company's operating matters and has specific business suggestions and contributions. When exercising the duties of independent directors, they can still use their expertise and the board of directors to supervise and provide opinions.

Mr. Tsai, Song-Qi :

Considering that Mr. Tsai, Song-Qi has accounting, auditing and taxation majors, and is familiar with relevant laws and regulations, his rich experience in corporate management can provide important advice for the company's operation and development, improve the quality of corporate governance of the board of directors and play the role of functional committee supervision, which is of great help to the company. He has actively participated in the operation of various functional committees and the board of directors during the tenure of each board of directors. He has a full understanding of the company's business affairs and has specific business suggestions and contributions. Therefore, he will continue to nominate as an independent director candidate this time, so that he can exercise When independent directors perform their duties, they can still use their expertise and the board of directors to supervise and provide opinions.

5. Please vote.



Result of Election :

Newly-elected list of directors and independent directors

Type	Name	Shares
Director	Lin, Wan-Shing	156,684,088
Director	Lin, Jin-Bao	150,843,979
Director	Kuo, Ya-Ping	150,099,955
Director	Chen Chueh, Shang-Hsin	127,670,619
Director	Huang, Hsiang-Lin	127,430,117
Director	Hsu, Hsing-Hao	124,378,445
Director	TLC Capital Co., Ltd	119,672,389
Independent Director	Yu, Shang-Wu	149,696,178
Independent Director	Su, Yan-Syue	149,624,469
Independent Director	Wang, Chuan-Fen	149,557,921
Independent Director	Tsai, Song-Qi	145,559,090

## **7. Other Proposals**

### **Other Proposal (1)**

**Proposed by the Board of Directors**

Subject : To remove the restriction of non-compete agreement of newly elected directors

Description :

1. In accordance with 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. In accordance with Article 209 of the Company Act, it is proposed the shareholders' meeting remove the restriction of non-compete agreement of new directors.
3. For newly elected directors, please refer to Attachment (9).
4. Please approve.

Resolution :

The subject is voting by poll and the result is: approval votes: 176,411,606 shares accounted for 92.20% of total shares, disapproval votes: 948,000 shares, abstention votes / no votes: 13,972,076 shares, invalid votes: 0 share. Because the approval votes exceeded statutory votes, the subject is passed.

## **8. Extemporary Motions**

None

## **9. Meeting Adjourned**

Time: 10:10 a.m., May 31, 2022

## **TXC Corporation Business Report**

Continuing the opportunity created by the changes in the global economy and supply chain in the previous year, driven by the strong demand from supply chain end customers and new technology applications in 2021, TXC's quarterly revenue has shown substantial growth, and the overall operating performance of the year has reached a historical peak.

In 2021, TXC's consolidated operating income was NT\$15.245 billion (including real estate development income of approximately NT\$984 million), an increase of approximately 37.98% over the previous year's consolidated operating income of NT\$11.048 billion; net profit after tax was NT\$3.117 billion, an increase of about 118.08% compared with the previous year's after-tax net profit of NT\$1.429 billion; the basic after-tax earnings per share was NT\$10.06 (including property development benefits of about NT\$0.7), an increase of approximately 118.22% over the previous year's earnings per share of NT\$4.61.

In order to maintain the leading position in the industry, TXC specializes in advanced operation management and engineering technology research and development to establish a long-term competitive advantage. The R&D team continues to develop and optimize high-stability, high-frequency, wide-temperature, and ultra-miniaturized quartz components, strengthen the product technology portfolio, and provide the market with more diverse and high-value products. Therefore, TXC officially launched the upgrade and development of wafer-level advanced processes and digital systems in 2021, and moved towards the goal of intelligent manufacturing in an all-round way. The investment results are expected to gradually ferment in the next few years, through which TXC can improve its operational performance in a more comprehensive way, enter new markets such as 5G/automotive electronics/Internet of Things more quickly and effectively, and create long-term revenue growth and profits.

In addition to the impact of political economy and industrial supply chain, the greenhouse gas emission crisis is triggering another change in the global industrial economy. The serious warning raised by the global climate change conference COP26 has attracted the attention and actions of governments and businesses around the world. The European Union, China and other countries in the world have successively issued net-zero emissions of carbon neutrality targets, and have also spawned relevant tax collection regulations or carbon rights market trading mechanisms. TXC is in a preeminent position in the global frequency component industry and has been committed to fulfilling corporate social responsibility for a long time. Therefore, it also took the lead in formulating six 5-year plans, and adapted the corporate social responsibility report that has been published for more than ten years into a corporate sustainability report. And in December 2021 the board of directors approved the long-term goal of carbon neutrality.

In 2022, with the change of the new crown epidemic policies of various countries, the impact of global inflation, the expected deferred effect accumulated in the supply chain, and the turbulence of geopolitics and economy, many factors have gradually increased the market risk, and the overall supply chain challenge of the industry will be more severe. TXC will also closely follow up and respond to changes in the market, strengthen the control of inventory and costs, and accelerate the realization of investment benefits in technology research and development.

Looking to the future, various challenges and rapid changes are at hand, not only the norm but also the crisis. TXC will adhere to the attitude of excellence and the spirit of entrepreneurship, quick and flexible response and insight into market opportunities, continuous innovation and change of thinking, deep cultivation of technology, advanced breakthroughs, and implementation of intelligent manufacturing, in response to more intense competition and more changes. The management team has the confidence to continue to create more value for shareholders, create happiness for colleagues, and move towards an enterprise with excellent performance and sustainable operation.

Chairman: **Lin, Wan-Shing**

Manager: **Kuo, Ya-Ping**

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

The Board of Directors has prepared the Company's 2021 business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution, of which the consolidated financial statements and the individual financial statements have been audited by independent auditors Mr. Hsieh, Ming-Chung and Ms. Su, Yu-Shiou of Deloitte & Touche. The business report, consolidated financial statements, the individual financial statements and proposal of earnings distribution have been recognized by Audit Committee according to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act. Pleas examine.

2022 shareholder meeting of the company

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

March 7, 2022

**TXC Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2021 and 2020 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, 2021 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 Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TXC CORPORATION

By

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PETER LIN  
Chairman

March 25, 2022

## **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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

The revenue from sale of goods of the Group for the year ended December 31, 2021 amounted to NT\$14,261,153 thousand, which had an approximate 29% increase compared to revenue of NT\$11,048,392 thousand for the year ended December 31, 2020. In comparison with 2020, the revenue derived from specific products increased significantly on average in 2021; therefore, we considered the validity of revenue derived from some specific products as a key audit matter.

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

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

#### **Other Matter**

We have audited the accompanying financial statements of TXC Corporation as of December 31, 2021 and 2020 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, 2021 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 audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-shiou Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 25, 2022

#### Notice to Readers

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

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,631,645	17	\$ 2,218,277	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	723,028	4	534,489	3
Financial assets at amortized cost - current (Notes 4 and 9)	133,186	1	210,502	1
Notes receivable (Notes 4 and 10)	4,679	-	21,959	-
Trade receivables (Notes 4 and 10)	4,004,421	19	3,473,742	21
Trade receivables from related parties (Notes 4, 10 and 31)	30,894	-	30,162	-
Other receivables (Note 4)	71,073	-	44,550	1
Other receivables from related parties (Notes 4 and 31)	1,179	-	490	-
Current tax assets (Notes 4 and 25)	-	-	8,067	-
Inventories (Notes 4 and 11)	2,639,289	13	2,816,838	17
Non-current assets held for sale (Notes 4 and 13)	6,979	-	35,892	-
Other current assets	123,479	1	192,633	1
Total current assets	11,369,852	55	9,587,601	58
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,080	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,710,092	8	525,304	3
Financial assets measured at cost - non-current (Notes 4 and 9)	135,907	1	704,495	4
Investments accounted for using the equity method (Notes 4 and 14)	431,301	2	421,512	3
Property, plant and equipment (Notes 4 and 15)	5,843,828	28	4,808,588	29
Right-of-use assets (Notes 4 and 16)	209,079	1	92,303	1
Investment properties (Notes 4 and 17)	494,368	3	48,083	-
Other intangible assets (Note 4)	51,890	-	41,684	-
Deferred tax assets (Notes 4 and 25)	49,979	-	39,892	-
Prepayment for equipment	488,534	2	304,784	2
Other non-current assets	17,358	-	18,210	-
Total non-current assets	9,433,416	45	7,014,110	42
<b>TOTAL</b>	<b>\$ 20,803,268</b>	<b>100</b>	<b>\$ 16,601,711</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Note 18)	\$ 562,508	3	\$ 916,250	6
Short-term bills payables (Note 18)	86,974	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,383	-	1,455	-
Contract liabilities - current (Notes 11 and 23)	10,814	-	729,079	4
Trade payables	2,089,471	10	1,947,598	12
Trade payables to related parties (Note 31)	2,140	-	3,543	-
Other payables (Note 20)	1,479,312	7	961,306	6
Other payables to related parties (Note 31)	3,495	-	1,480	-
Current tax liabilities (Notes 4 and 25)	330,380	2	117,054	1
Lease liabilities - current (Notes 4 and 16)	3,051	-	1,777	-
Deferred revenue - current (Notes 20 and 27)	23,717	-	-	-
Current portion of long-term borrowings and bonds payable (Note 18)	280,343	1	385,287	2
Other current liabilities	21,114	-	28,461	-
Total current liabilities	4,894,702	24	5,093,290	31
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 19)	1,172,721	6	-	-
Long-term borrowings (Note 18)	1,674,959	8	1,685,524	10
Deferred income tax liabilities (Notes 4 and 25)	93,456	1	67,032	1
Lease liabilities - non-current (Notes 4 and 16)	4,685	-	1,172	-
Deferred revenue - non-current (Notes 20 and 27)	70,772	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	61,789	-	63,560	-
Guarantee deposits received	70,490	-	36,127	-
Total non-current liabilities	3,148,872	15	1,853,415	11
Total liabilities	8,043,574	39	6,946,705	42
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 22)</b>				
Share capital				
Ordinary shares	3,097,570	15	3,097,570	19
Capital surplus	1,696,784	8	1,668,269	10
Retained earnings				
Legal reserve	1,635,942	8	1,480,696	9
Special reserve	346,761	1	524,372	3
Unappropriated earnings	5,184,854	25	3,230,861	19
Total retained earnings	7,167,557	34	5,235,929	31
Other equity				
Exchange differences on translating the financial statements of foreign operations	(559,579)	(3)	(523,275)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	1,357,362	7	176,513	1
Total other equity	797,783	4	(346,762)	(2)
Total equity	12,759,694	61	9,655,006	58
<b>TOTAL</b>	<b>\$ 20,803,268</b>	<b>100</b>	<b>\$ 16,601,711</b>	<b>100</b>

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
REVENUE (Note 23)	\$ 15,244,851	100	\$ 11,048,392	100
COST OF GOODS SOLD (Note 24)	<u>(9,617,622)</u>	<u>(63)</u>	<u>(7,715,586)</u>	<u>(70)</u>
GROSS PROFIT	<u>5,627,229</u>	<u>37</u>	<u>3,332,806</u>	<u>30</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	581,974	4	494,737	5
General and administrative expenses	625,293	4	450,999	4
Research and development expenses	<u>945,213</u>	<u>6</u>	<u>769,441</u>	<u>7</u>
Expected credit loss reversed on trade receivables	<u>4</u>	<u>-</u>	<u>(31)</u>	<u>-</u>
Total operating expenses	<u>2,152,484</u>	<u>14</u>	<u>1,715,146</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>3,474,745</u>	<u>23</u>	<u>1,617,660</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	20,872	-	24,330	-
Other income (Note 24)	174,384	1	120,058	1
Other gains and losses (Note 24)	54,631	-	(62,319)	-
Finance costs (Note 24)	(41,553)	-	(21,442)	-
Share of profits of associates and joint ventures (Note 14)	<u>13,764</u>	<u>-</u>	<u>30,430</u>	<u>-</u>
Total non-operating income and expenses	<u>222,098</u>	<u>1</u>	<u>91,057</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,696,843	24	1,708,717	15
INCOME TAX EXPENSE (Note 25)	<u>(579,859)</u>	<u>(4)</u>	<u>(279,430)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>3,116,984</u>	<u>20</u>	<u>1,429,287</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(8,138)	-	(451)	-
Unrealized (gain) loss on investments in equity instruments at fair value through other comprehensive income	1,180,893	8	240,077	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>(185)</u>	<u>-</u>	<u>(186)</u>	<u>-</u>
	<u>1,172,570</u>	<u>8</u>	<u>239,440</u>	<u>2</u>

(Continued)

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
Item that maybe reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (35,567)	-	\$ 58,311	1
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(737)	-	3,031	-
	<u>(36,304)</u>	<u>-</u>	<u>61,342</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,136,266</u>	<u>8</u>	<u>300,782</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 4,253,250</u>	<u>28</u>	<u>\$ 1,730,069</u>	<u>16</u>
<b>EARNINGS PER SHARE (Note 26)</b>				
From continuing and discounted operations				
Basic	<u>\$ 10.06</u>		<u>\$ 4.61</u>	
Diluted	<u>\$ 9.91</u>		<u>\$ 4.58</u>	

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

(Concluded)

**TXC CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent						Others		Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	309,757	\$ 3,097,570	\$ 1,666,690	\$ 1,413,518	\$ 254,907	\$ 2,789,438	\$ (584,617)	\$ 60,245	\$ 8,697,751
Appropriation of 2019 earnings (Note 22)									
Legal reserve	-	-	-	67,178	-	(67,178)	-	-	-
Special reserve	-	-	-	-	269,465	(269,465)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	(774,393)
Net profit (loss) for the for the year ended December 31, 2020	-	-	-	-	-	1,429,287	-	-	1,429,287
Other comprehensive income (loss) for the for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(508)	61,342	239,948	300,782
Total comprehensive income (loss) for the for the year ended December 31, 2020	-	-	-	-	-	1,428,779	61,342	239,948	1,730,069
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	123,680	-	(123,680)	-
Disposal of investments in associates accounted for using the equity method	-	-	(1,068)	-	-	-	-	-	(1,068)
Surplus donated	-	-	347	-	-	-	-	-	347
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	1,219	-	-	-	-	-	1,219
Other changes in capital surplus	-	-	1,081	-	-	-	-	-	1,081
BALANCE AT DECEMBER 31, 2020	309,757	3,097,570	1,668,269	1,480,696	524,372	3,230,861	(523,275)	176,513	9,655,006
Appropriation of 2020 earnings (Note 22)									
Legal reserve	-	-	-	155,246	-	(155,246)	-	-	-
Special reserve	-	-	-	-	(177,611)	177,611	-	-	-
Cash dividends distributed by the company	-	-	-	-	-	(1,177,077)	-	-	(1,177,077)
Net profit for the year ended December 31, 2021	-	-	-	-	-	3,116,984	-	-	3,116,984
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(8,279)	(36,304)	1,180,849	1,136,266
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,108,705	(36,304)	1,180,849	4,253,250
Equity component of convertible bonds issued by the Company	-	-	28,431	-	-	-	-	-	28,431
Other changes in capital surplus	-	-	84	-	-	-	-	-	84
BALANCE AT DECEMBER 31, 2021	<u>309,757</u>	<u>\$ 3,097,570</u>	<u>\$ 1,696,784</u>	<u>\$ 1,635,942</u>	<u>\$ 346,761</u>	<u>\$ 5,184,854</u>	<u>\$ (559,579)</u>	<u>\$ 1,357,362</u>	<u>\$ 12,759,694</u>

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

# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,696,843	\$ 1,708,717
Adjustments for:		
Depreciation expenses	1,040,515	842,687
Amortization expenses	15,823	7,073
Expected credit loss recognized (reversed) on trade receivables	4	(31)
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(21,740)	(38,124)
Finance costs	41,553	21,442
Interest income	(20,872)	(24,330)
Dividend income	(2,682)	(1,755)
Share of profit of associates and joint ventures	(13,764)	(30,430)
Loss (gain) on disposal of property, plant and equipment	(2,507)	1,639
Loss on disposal of associates	-	6,106
Impairment loss recognized on property, plant and equipment	2,606	1,584
Write-down of inventories	16,370	17,439
Loss on disposal of non-current assets held for sale	1,575	-
Gain on disposal of subsidiaries	-	(27,921)
Changes in operating assets and liabilities		
Notes receivable	17,280	85,183
Trade receivables	(530,697)	(695,500)
Trade receivables from related parties	(733)	(26,124)
Other receivables	(26,557)	(4,026)
Other receivables from related parties	(689)	(411)
Inventories	(293,140)	(794,729)
Other current assets	68,188	(43,530)
Contract liabilities-current	(718,265)	661,055
Trade payables	141,873	288,512
Trade payables to related parties	(1,403)	3,465
Other payables	519,049	236,418
Other payables to related parties	2,015	(1,370)
Other current liabilities	(7,347)	15,181
Deferred revenue	94,489	-
Net defined benefit liabilities	(11,944)	(11,035)
Cash generated from operations	4,005,843	2,197,185
Interest paid	(38,057)	(21,225)
Income tax paid	(340,060)	(275,769)
Net cash generated from operating activities	<u>3,627,726</u>	<u>1,900,191</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	(159,082)	-
Proceeds from sale of financial assets at fair value through profit or loss	-	267,976

(Continued)



# TXC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at fair value through other comprehensive income	\$ (5,359)	\$ (5,000)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	165,952
Purchase of financial assets at amortized cost	-	(748,984)
Proceeds from sale of financial assets at amortized cost	644,774	-
Purchase of investments accounted for using the equity method	(14,166)	(9,877)
Proceeds from disposal of non-current assets held for sale	27,338	-
Payments for property, plant and equipment	(2,112,820)	(1,567,995)
Proceeds from disposal of property, plant and equipment	39,544	22,669
Payments for intangible assets	(22,921)	(20,771)
Payments for right-of-use assets	(115,206)	-
Payments for investment properties	-	(544)
Increase in other non-current assets	-	(1,937)
Decrease in other non-current assets	852	-
Increase in prepayment for equipment	(183,750)	(135,314)
Interest received	20,906	24,393
Dividends received	19,662	18,625
	<u>(1,860,228)</u>	<u>(1,990,807)</u>
Net cash used in investing activities		
	<u>(1,860,228)</u>	<u>(1,990,807)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	853,377
Repayments of short-term borrowings	(298,035)	-
Increase in short-term bills payable	86,974	-
Proceeds from issuance of convertible bonds	1,194,573	-
Proceeds from long-term borrowings	480,000	316,181
Repayments of long-term borrowings	(646,932)	(88,125)
Proceeds from guarantee deposits received	34,363	-
Refund of guarantee deposits received	-	(358)
Repayment of the principal portion of lease liabilities	(3,066)	(3,087)
Dividends paid to owners of the Company	(1,177,077)	(774,393)
Other changes in capital surplus	84	1,428
	<u>(329,116)</u>	<u>305,023</u>
Net cash (used in) generated from financing activities		
	<u>(329,116)</u>	<u>305,023</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(25,014)</u>	<u>17,635</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,413,368	232,042
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
	<u>2,218,277</u>	<u>1,986,235</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,631,645</u>	<u>\$ 2,218,277</u>

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

(Concluded)

# **TXC Corporation**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

The revenue of the Company for the year ended December 31, 2021 amounted to NT\$11,680,702 thousand, which had an approximate 28% increase compared to revenue of NT\$9,140,414 thousand for the year ended December 31, 2020. In comparison with 2020, the revenue derived from specific products increased significantly on average in 2021; therefore, we considered the validity of revenue derived from specific products as a key audit matter.

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 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 audits resulting in this independent auditors' report are Ming-Chung Hsieh and Yu-Shiou Su.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 25, 2022

Notice to Readers

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

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

# TXC CORPORATION

## BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,270,993	12	\$ 899,988	6
Financial assets at amortized cost - current (Notes 4 and 9)	53,719	1	52,170	-
Notes receivable (Notes 4 and 10)	2,827	-	162	-
Trade receivables (Notes 4 and 10)	3,383,659	18	2,959,055	21
Trade receivables from related parties (Notes 4, 10 and 28)	160,655	1	72,598	1
Other receivables (Notes 4 and 10)	43,349	-	19,094	-
Other receivables from related parties (Notes 4 and 28)	375	-	9	-
Inventories (Notes 4 and 11)	1,344,912	7	1,073,090	7
Non-current assets held for sale (Notes 4 and 12)	6,979	-	35,892	-
Other current assets	27,986	-	64,521	1
Total current assets	<u>7,295,454</u>	<u>39</u>	<u>5,176,579</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,080	-	9,255	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,476,734	8	213,736	2
Financial assets at amortized cost - noncurrent (Notes 4 and 9)	-	-	414,271	3
Right-of-use assets (Notes 4 and 15)	7,704	-	2,931	-
Investments accounted for using equity method (Notes 4 and 13)	7,050,255	37	6,107,268	42
Property, plant and equipment (Notes 4 and 14)	2,621,486	14	2,328,906	16
Investment properties (Notes 4 and 16)	19,966	-	21,511	-
Other intangible assets (Note 4)	15,190	-	8,984	-
Deferred tax assets (Notes 4 and 24)	30,472	-	34,387	-
Prepayment for equipment	310,078	2	112,372	1
Refundable deposits	2,566	-	2,508	-
Total non-current assets	<u>11,535,531</u>	<u>61</u>	<u>9,256,129</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 18,830,985</u>	<u>100</u>	<u>\$ 14,432,708</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Note 17)	\$ -	-	\$ 526,986	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,383	-	1,455	-
Trade payables	607,896	3	699,223	5
Trade payables to related parties (Note 28)	1,020,783	6	1,017,833	7
Other payables (Note 19)	942,545	5	563,091	4
Other payables to related parties (Note 28)	3,864	-	1,482	-
Current tax liabilities (Notes 4 and 24)	301,233	2	112,834	1
Lease liabilities - current (Notes 4 and 15)	3,051	-	1,777	-
Current portion of long-term borrowings and bonds payable (Note 17)	238,754	1	100,000	1
Other current liabilities	12,932	-	11,659	-
Total current liabilities	<u>3,132,441</u>	<u>17</u>	<u>3,036,340</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 18)	1,172,721	6	-	-
Long-term borrowings (Note 17)	1,619,507	9	1,600,000	11
Lease liabilities - non-current (Notes 4 and 15)	4,685	-	1,172	-
Deferred tax liabilities (Notes 4 and 24)	70,598	-	67,032	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	61,789	-	63,560	-
Guarantee deposits received	9,550	-	9,598	-
Total non-current liabilities	<u>2,938,850</u>	<u>15</u>	<u>1,741,362</u>	<u>12</u>
Total liabilities	<u>6,071,291</u>	<u>32</u>	<u>4,777,702</u>	<u>33</u>
<b>EQUITY (Note 21)</b>				
Share capital				
Ordinary shares	<u>3,097,570</u>	<u>17</u>	<u>3,097,570</u>	<u>21</u>
Capital surplus	<u>1,696,784</u>	<u>9</u>	<u>1,668,269</u>	<u>12</u>
Retained earnings				
Legal reserve	1,635,942	9	1,480,696	10
Special reserve	346,761	2	524,372	4
Unappropriated earnings	<u>5,184,854</u>	<u>27</u>	<u>3,230,861</u>	<u>22</u>
Total retained earnings	<u>7,167,557</u>	<u>38</u>	<u>5,235,929</u>	<u>36</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(559,579)	(3)	(523,275)	(3)
Unrealized gain on financial assets at fair value through other comprehensive income	<u>1,357,362</u>	<u>7</u>	<u>176,513</u>	<u>1</u>
Total other equity	<u>797,783</u>	<u>4</u>	<u>(346,762)</u>	<u>(2)</u>
Total equity	<u>12,759,694</u>	<u>68</u>	<u>9,655,006</u>	<u>67</u>
<b>TOTAL</b>	<u>\$ 18,830,985</u>	<u>100</u>	<u>\$ 14,432,708</u>	<u>100</u>

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

# TXC CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)				
Sales	\$ 11,819,803	101	\$ 9,219,457	101
Less: Sales returns	105,934	1	39,113	-
Less: Sales allowances	<u>33,167</u>	<u>-</u>	<u>39,930</u>	<u>1</u>
Net operating revenue	11,680,702	100	9,140,414	100
COST OF GOODS SOLD (Notes 11 and 23)	<u>8,277,289</u>	<u>71</u>	<u>7,193,029</u>	<u>79</u>
GROSS PROFIT	3,403,413	29	1,947,385	21
UNREALIZED GAIN ON ASSOCIATES/AND JOINT VENTURES	(8,662)	-	(2,022)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES /AND JOINT VENTURES	<u>2,022</u>	<u>-</u>	<u>1,364</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>3,396,773</u>	<u>29</u>	<u>1,946,727</u>	<u>21</u>
OPERATING EXPENSES (Notes 4 and 23)				
Selling and marketing expenses	268,235	2	253,830	2
General and administrative expenses	248,665	2	164,331	2
Research and development expenses	<u>647,016</u>	<u>6</u>	<u>550,247</u>	<u>6</u>
Total operating expenses	<u>1,163,916</u>	<u>10</u>	<u>968,408</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>2,232,857</u>	<u>19</u>	<u>978,319</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 23)	8,033	-	4,477	-
Other income (Notes 4 and 23)	48,989	-	54,438	1
Other gains and losses (Note 23)	7,361	-	(74,424)	(1)
Finance costs (Notes 4 and 23)	(11,769)	-	(9,676)	-
Share of profit of associates and joint ventures (Note 13)	<u>1,237,115</u>	<u>11</u>	<u>672,677</u>	<u>7</u>
Total non-operating income and expenses	<u>1,289,729</u>	<u>11</u>	<u>647,492</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	3,522,586	30	1,625,811	18
INCOME TAX EXPENSE (Note 24)	<u>405,602</u>	<u>4</u>	<u>196,524</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>3,116,984</u>	<u>26</u>	<u>1,429,287</u>	<u>16</u>

(Continued)



# TXC CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (8,138)	-	\$ (451)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,257,640	11	174,625	2
Share of the other comprehensive income of associates accounted for using the equity method	<u>(76,932)</u>	<u>(1)</u>	<u>65,266</u>	<u>-</u>
	<u>1,172,570</u>	<u>10</u>	<u>239,440</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(35,567)	-	58,311	1
Share of the other comprehensive loss of associates accounted for using the equity method	<u>(737)</u>	<u>-</u>	<u>3,031</u>	<u>-</u>
	<u>(36,304)</u>	<u>-</u>	<u>61,342</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>1,136,266</u>	<u>10</u>	<u>300,782</u>	<u>3</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 4,253,250</u>	<u>36</u>	<u>\$ 1,730,069</u>	<u>19</u>
<b>EARNINGS PER SHARE (Note 25)</b>				
From continuing and discontinued operations				
Basic	<u>\$ 10.06</u>		<u>\$ 4.61</u>	
Diluted	<u>\$ 9.91</u>		<u>\$ 4.58</u>	

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

(Concluded)

# TXC CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Shares (In Thousands)	Share Capital	Capital Surplus	Retained Earnings			Others		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	309,757	\$ 3,097,570	\$ 1,666,690	\$ 1,413,518	\$ 254,907	\$ 2,789,438	\$ (584,617)	\$ 60,245	\$ 8,697,751
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	-	67,178	-	(67,178)	-	-	-
Special reserve	-	-	-	-	269,465	(269,465)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	(774,393)
Net profit for the for the year ended December 31, 2020	-	-	-	-	-	1,429,287	-	-	1,429,287
Other comprehensive loss for the for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(508)	61,342	239,948	300,782
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,428,779	61,342	239,948	1,730,069
Disposal of equity instruments at fair value through other comprehensive income (Note 8)	-	-	-	-	-	123,680	-	(123,680)	-
Disposal of investments accounted for using the equity method	-	-	(1,068)	-	-	-	-	-	(1,068)
Surplus donated	-	-	347	-	-	-	-	-	347
Changes in capital surplus from investment in associates and joint ventures accounted for using the equity method	-	-	1,219	-	-	-	-	-	1,219
Other changes in capital surplus	-	-	1,081	-	-	-	-	-	1,081
BALANCE AT DECEMBER 31, 2020	309,757	3,097,570	1,668,269	1,480,696	524,372	3,230,861	(523,275)	176,513	9,655,006
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	-	155,246	-	(155,246)	-	-	-
Special reserve	-	-	-	-	(177,611)	177,611	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,177,077)	-	-	(1,177,077)
Net profit for the year ended December 31, 2021	-	-	-	-	-	3,116,984	-	-	3,116,984
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(8,279)	(36,304)	1,180,849	1,136,266
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,108,705	(36,304)	1,180,849	4,253,250
Equity component of convertible bonds issued by the Company	-	-	28,431	-	-	-	-	-	28,431
Other changes in capital surplus	-	-	84	-	-	-	-	-	84
BALANCE AT DECEMBER 31, 2021	309,757	\$ 3,097,570	\$ 1,696,784	\$ 1,635,942	\$ 346,761	\$ 5,184,854	\$ (559,579)	\$ 1,357,362	\$ 12,759,694

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

# TXC CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 3,522,586	\$ 1,625,811
Adjustments for:		
Depreciation expenses	442,154	370,757
Amortization expenses	11,001	4,379
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	7,557	1,455
Finance costs	11,769	9,676
Interest income	(8,033)	(4,477)
Dividend income	(2,682)	(1,635)
Share of profit of associates and joint ventures	(1,237,115)	(672,677)
Gain on disposal of property, plant and equipment	(1,093)	(4,584)
Disposal of losses on non-current assets held for sale	1,575	-
Loss on disposal of investments accounted for using the equity method	-	6,106
Write-down of inventories	15,532	22,821
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	8,662	2,022
Realized gain on the transactions with subsidiaries, associates and joint ventures	(2,022)	(1,364)
Changes in operating assets and liabilities:		
Notes receivable	(2,665)	651
Trade receivables	(424,604)	(759,765)
Trade receivables from related parties	(88,057)	(20,907)
Other receivables	(24,289)	(4,786)
Other receivables from related parties	(366)	42,879
Inventories	(287,354)	(225,731)
Other current assets	36,535	(42,447)
Trade payables	(91,327)	195,602
Trade payables to related parties	2,950	220,032
Other payables	379,833	131,799
Other payables to related parties	2,382	(2,967)
Other current liabilities	1,273	3,711
Defined benefit liabilities - non-current	(11,944)	(11,035)
Cash generated from operations	2,262,258	885,326
Interest paid	(7,609)	(9,743)
Income taxes paid	(207,687)	(179,982)
Net cash generated from operating activities	<u>2,046,962</u>	<u>695,601</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through profit or loss	-	(3,963)
Proceeds from sale of financial assets at fair value through profit or loss	2,255	-

(Continued)

# TXC CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Purchase of financial assets at fair value through other comprehensive income	\$ (5,359)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	-	165,952
Purchase of financial assets at amortized cost	-	(439,928)
Proceeds from sale of financial assets at amortized cost	414,271	14,254
Acquisition of associates	(14,166)	(9,877)
Proceeds from disposal of non-current assets held for sale	27,338	-
Payments for property, plant and equipment	(731,775)	(730,344)
Proceeds from disposal of property, plant and equipment	2,759	5,976
Payments for investment properties	-	(544)
Decrease in refundable deposits	(58)	-
Payments for intangible assets	(17,207)	(9,671)
Increase in prepayment for equipment	(197,706)	(23,215)
Interest received	8,067	4,540
Dividend received from associates	171,440	491,890
Other dividends received	<u>19,662</u>	<u>18,505</u>
Net cash used in investing activities	<u>(320,479)</u>	<u>(516,425)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	523,461
Repayments of short-term borrowings	(524,993)	-
Proceeds from issuance of convertible bonds	1,194,573	-
Proceeds from long-term borrowings	480,000	300,000
Repayments of long-term borrowings	(321,739)	-
Proceeds from guarantee deposits received	(48)	(2,744)
Payments for right-of-use assets	(3,066)	(3,125)
Dividends paid to owners of the Company	(1,177,077)	(774,393)
Other changes in capital surplus	<u>84</u>	<u>1,428</u>
Net cash (used in) generated from financing activities	<u>(352,266)</u>	<u>44,627</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(3,212)</u>	<u>4,075</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,371,005</b>	<b>227,878</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>899,988</u>	<u>672,110</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 2,270,993</u>	<u>\$ 899,988</u>

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

(Concluded)

## TXC Corporation 2021 5<sup>th</sup> Domestic Unsecured Convertible Bond Report

## 1、Handling of corporate bonds

Types of corporate bonds	The 5 <sup>th</sup> domestic unsecured conversion of corporate bonds
Board Resolution Date	May 10, 2021
Financial Supervisory Commission R.O.C (Taiwan) Approval No.	Rule No. 1100347527 on July 1, 2021
Issue date	July 26, 2021
Fair Value	NT\$100,000 per bond
Issue price	Issued at full face value
Total Value	NT\$1.2 billion
Rate	The coupon rate is 0%
Issue period	3 years (expiration date July 26, 2024)
During conversion	From October 27, 2021 to July 26, 2024
Repayment Method	The bonds held by the bondholders will be repaid in cash in one lump sum within seven business days from the day following the maturity date according to the bond face value
Outstanding principal amount	NT\$1.2 billion (as of December 31, 2021)
Converted ordinary shares	0 shares (as of December 31, 2021)

## 2、Implementation situation

## (1)、Estimated progress

Unit : NT thousand

Project	Estimated Completion Date	Funds Required	Estimated progress of fund utilization			
			2021		2022	
			Q3	Q4	Q1	Q2
Repay bank loan	Q3'2021	600,000	600,000	—	—	—
Purchase machinery and equipment	Q2'2022	679,399	50,000	200,000	200,000	229,399
Total		1,279,399	650,000	200,000	200,000	229,399

## (2) 、 Actual implementation as of the Q4' 2021

Unit : NT thousand

Project	Implementation status		Q4'2021	As of the Q4' 2021	Reasons for being ahead or behind and improvement plan
Repay bank loan	Amount	Plan	—	600,000	Completed as planned
		Actual	—	600,000	
	Status	Plan	—	100%	
		Actual	—	100%	
Purchase machinery and equipment	Amount	Plan	200,000	250,000	Due to the long acceptance period of the relevant purchased equipment, the follow-up payment has not yet been paid
		Actual	12,686	80,860	
	Status	Plan	29.44%	36.80%	
		Actual	1.87%	11.90%	
Total	Amount	Plan	200,000	850,000	Due to the long acceptance period of the relevant purchased equipment, the follow-up payment has not yet been paid
		Actual	12,686	680,860	
	Status	Plan	15.63%	66.44%	
		Actual	0.99%	53.22%	

## 3 、 Conversion situation

According to Article 9 of TXC's Convertible Corporate Bond Issuance and Conversion Law, the bondholders will be valid from October 27, 2021 (the day following the expiration of three months after the issuance date of this bond) to July 26, 2024 (until the expiry date), except (1) the period during which the transfer of ordinary shares is suspended in accordance with the law; (2) the date of the suspension of the transfer of TXC's free allotment of shares, the date of the suspension of the transfer of cash dividends, or the 15 business days before the date of the suspension of the transfer of the cash dividend subscription. (3) From the base date of capital reduction for capital reduction to the day before the trading day before the capital reduction and exchange of shares; (4) From the start date of the suspension of conversion for changing the denomination of the stock to the day before the trading day before the new share exchange shares In addition to not requesting conversion, TXC may request the company to convert the convertible corporate bonds into ordinary shares of the company in accordance with these regulations at any time, which shall be handled in accordance with the provisions of Articles 10, 13 and 15 of these regulations.

As of December 31, 2021, none of the convertible corporate bonds has been exercised for conversion.

**TXC Corporation**  
**Director candidates' non-competitive activities list**

Title	Name	Position for Other Companies	
Director	Lin, Wan-Shing	Tai Shing Electronics Components Corporation	Chairman
		Liang Shing EcLife Corp.	Chairman
		RFIC TECHNOLOGY CORPORATION	Juristic-person director representative
Director	Lin, Jin-Bao	Tai Shing Electronics Components Corporation	Director
		Liang Shing EcLife Corp.	Director
		uPI Semiconductor Corp	Juristic-person director representative
		Hantic precision technology , Inc	Juristic-person director representative
Director	Chen Chueh, Shang-Hsin	Tai Shing Electronics Components Corporation	Director
		TSE Technology (Ningbo) Corporation	Chairman
		Ningbo Longying Semiconductor Co., Ltd	Vice Chairman and Juristic-person director representative
Director	TLC Capital Co., LTD	Simplo Technology Co.,Ltd.	Director
Independent Director	Yu, Shang-Wu	Taisun Int'l (Holding) Corp.	Independent Director
		VISGENEER INC.	Independent Director
Independent Director	Tsai, Song-Qi	EMCC Human Capital Solutions Inc	Chairman
		Shangai Management Consulting Co., Ltd.	Chairman
		Daming Investment Development Co., Ltd.	Chairman
		DISCOVERY FORMOSA INTERNATIONAL INC.	Chairman
		Zhishimei co., ltd.	Chairman
		e-Force Taiwan Co., Ltd.	Director

Title	Name	Position for Other Companies	
Independent Director	Su Yan-Syue	AU Optronics Corp.	Independent Director
		Eslite spectrum Corporation	Independent Director
		Cowell e Holdings Inc	Independent Director