

Advanced Ceramic X Corporation 2022 Annual General Shareholders' Meeting Minutes

Time: 9:00 a.m., June 17, 2022

Place: No.16, Tzu Chiang Road, Hsinchu Industrial Park, Hukou Township, Hsinchu County, Taiwan

The number of shares of attendance:

Total outstanding ACX shares: 69,016,200 shares

Total shares represented by shareholders present in person or by proxy: 50,699,243 shares (including 14,379,344 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 73.45%

Chairman: Shuang De Investment Corporation (Rep.: Chien-Wen Kuo), the chairman of the Board of Directors

Recorder: Ching-Yao Peng

Directors present:

Shuang De Investment Corporation (Rep.: Chien-Wen Kuo), Lin Li Construction Corporation (Rep.: Te-Ti Han), Shang-Min Chin

Other present: Mei-Yu Tseng (KPMG CPA)

1. Call the Meeting to Order:

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

2. Chairman's Address: Omitted.

3. Report Items:

- (1) 2021 Business Report (see Attachment 1)
- (2) Audit Committee's Review Report of 2021 (see Attachment 2)
- (3) Distribution of directors' and employees' compensation in 2021.

Explanation:

Distribution of NT\$20,614,507 and NT\$68,715,025 in cash as compensation to directors and employees, respectively, have been approved by the meeting of Board of Directors held on February 22, 2022.

- (4) Amendments of the Corporate Social Responsibility Practice Principles (see Attachment 3)

4. Approval Items

Approval Items (1):

Subject: To accept 2021 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation:

- (1) The 2021 Financial Statements were audited by KPMG CPAs, Lu, Chien-Hui and Mei-Yu Tseng. The aforementioned and 2021 Business Report have been approved by the Audit Committee.
- (2) 2021 Business Report, Independent Auditors' Report and the Financial Statements are attached hereto as Attachments 1 and 4.

Voting Results: 50,699,243 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 50,361,555 votes (including 14,365,656 shares casted electronically)	99.33%
Votes against: 4,447 votes (including 4,447 shares casted electronically)	0%
Votes invalid: 0 votes (including 0 shares casted electronically)	0%
Votes abstained: 333,241 votes (including 9,241 shares casted electronically)	0.65%

RESOLVED, that the 2021 Business Report and Financial Statements be and hereby were accepted as submitted.

Approval Items (2):

Subject: To approve the proposal for distribution of 2021 earnings (Proposed by the Board of Directors)

Explanation:

- (1) The proposal for distribution of 2021 earnings of the Company has been submitted by the Board of Directors, in accordance with Company Act and the Articles of Incorporation of the Company. The 2021 Earnings Distribution Proposal is attached hereto as Attachment 5.
- (2) The Company plans to distribute dividends of NT\$552,129,600 to shareholders (Cash dividend NT\$8.0 per share).
- (3) The cash dividend distribution will be calculated to the nearest NT dollar, and the total amount of cash dividends less than NT\$1 was adjusted in accordance with the total amount of cash dividends.
- (4) The record date will be decided by the Chairman of the Board of Directors.
- (5) If the dividend distribution ratio is adjusted due to change of the Company's total number of outstanding common shares it is proposed that the Chairman of Board of Directors is authorized to adjust the ratio of dividend to be distributed to each common share based on the total amount approved by the 2022 Annual

General Shareholders' Meeting to be distributed and the actual number of common shares outstanding on the record date for distribution.

Voting Results: 50,699,243 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 50,353,120 votes (including 14,357,221 shares casted electronically)	99.31%
Votes against: 12,882 votes (including 12,882 shares casted electronically)	0.02%
Votes invalid: 0 votes (including 0 shares casted electronically)	0%
Votes abstained: 333,241 votes (including 9,241 shares casted electronically)	0.65%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Election Items

To elect ten directors (including four independent directors) being the ninth term of directors (Proposed by the Board of Directors)

Explanation:

- (1) The term of the office of the eighth term of directors will expire on June 17, 2022. Thus, it is proposed to elect ten directors (including four independent directors) at the 2022 Annual General Shareholders' Meeting. The tenure of newly elected directors shall be 3 years, commencing on June 17, 2022 and expiring on June 16, 2025. The term of office of the former directors shall expire upon the completion of this annual shareholders' meeting.
- (2) According to the Company's Articles of Incorporation, directors shall be elected through candidate nomination system. Shareholders shall elect the directors from the nominated candidates. The academic background, experience and relevant information of the nominated candidates are as follows:

Name	Shareholding	Education & Experience	Major Current Positions
Director Shuang De Investment Corp.	46,000	N/A	Chairman of Advanced Ceramic X Corporation
Director Kuo Chia Fu Investment Corp.	5,485,189	N/A	Director of Advanced Ceramic X Corporation
Director Hsin Chang Construction Corp.	1,552,344	N/A	Director of Advanced Ceramic X Corporation
Director Lin Li Construction Corp.	1,808,271	N/A	Director of Advanced Ceramic X Corporation
Director Johanson Technology Inc.	2,881,810	N/A	Director of Advanced Ceramic X Corporation
Director Scientific Components Corp.	3,068,477	N/A	Director of Advanced Ceramic X Corporation
Independent Director Shiuh-Kao Chiang	0	• Ph. D. in Ceramic Engineering, Ohio State University	Managing Partner of Prismark Partners LLC Independent Director of Advanced Ceramic X

		<ul style="list-style-type: none"> • EMBA in Cleveland State University • Technical director of Gould Electronics Inc. 	Corporation
Independent Director Shang-Min Chin	0	<ul style="list-style-type: none"> • Master Degree in International Management, American Graduate School • Vice President of IBM 	Independent Director of Advanced Ceramic X Corporation
Independent Director Chiu-Feng Lien	20,000	<ul style="list-style-type: none"> • Master Degree in Electronics Engineering, National Chiao Tung University • Director of Advanced Ceramic X Corporation 	Director of Explore Semiconductor Inc. Supervisor of Explore Microelectronics Inc.
Independent Director Yu-Hui Ning	0	<ul style="list-style-type: none"> • Master Degree in Accounting, University of California • Director of Advanced Ceramic X Corporation • Vice President of Advantech semiconductor Inc. 	None

Mr. Shiu-Kao Chiang and Mr. Shang-Min Chin, they were served as independent directors of the Company for three consecutive terms. In view of the expertise in business management and experience in corporate governance, which will be of significant benefit to the Company, they were nominated as one of the independent director candidates.

Election Results: The following personnel are elected as directors:

Title	Name	Elected numbers of votes
Directors	Shuang De Investment Corporation	66,401,159
Directors	Kuo Chia Fu Investment Corporation	46,124,815
Directors	Hsin Chang Construction Corporation	45,928,076
Directors	Lin Li Construction Corporation	45,861,823
Directors	Johanson Technology Inc.	45,340,248
Directors	Scientific Components Corporation	44,436,432
Independent Directors	Shiu-Kao Chiang	43,565,771
Independent Directors	Shang-Ming Chin	42,684,942
Independent Directors	Chiu-Feng Lien	41,948,521
Independent Directors	Yu-Hui Ning	33,083,914

6. Discussion Items

Discussion Items (1):

Subject: To approve the amendment to Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanation:

- (1) In accordance with permit No. 1110380465 issued by the FSC on January 28, 2022, to amend the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, it is proposed to amend the Company's Procedures for Acquisition or Disposal of Assets.
- (2) A comparison table of the Procedures for Acquisition or Disposal of Assets before and after the amendment is attached hereto as Attachment 6.

Voting Results: 50,699,243 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 47,291,882votes (including 11,295,983 shares casted electronically)	93.27%
Votes against: 9,088 votes (including 9,088 shares casted electronically)	0.01%
Votes invalid: 0 votes (including 0 shares casted electronically)	0%
Votes abstained: 3,398,273votes (including 3,074,273 shares casted electronically)	6.70%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Discussion Items (2):

Subject: To lift non-competition restrictions on newly elected board members
(Proposed by the Board of Directors)

Explanation:

- (1) According to Article 209 of the Company Act, if directors’ activities for personal or others’ interests are related to the Company’s business scope, directors shall explain the content of their activities and ask the approval from shareholders at the meeting.
- (2) The Company’s director has invested, managed or has been a director for companies of which business scope is similar to the Company’s. It will be proposed to release such directors from non-competition restrictions, were as follows:

Name	Scope of business / Released restriction
Johanson Technology Inc.	Design, manufacture and sale of high frequency capacitor products
Scientific Components Corp.	Design, manufacture and sale of RF/IF signal processing components

Voting Results: 50,699,243 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 46,331,315 votes (including 10,335,416 shares casted electronically)	91.38%
Votes against: 4,037,727 votes (including 4,037,727 shares casted electronically)	7.96%
Votes invalid: 0 votes (including 0 shares casted electronically)	0%
Votes abstained: 330,201 votes (including 6,201 shares casted electronically)	0.65%

RESOLVED, that the above proposal be and hereby was approved as proposed.

7. Extraordinary Motions: None.

8. Meeting Adjournment: The meeting was adjourned at 9:25 a.m.

Attachment 1

2021 Business Report

In 2021, the communications industry benefited from the emerging demand for 4G-to-5G smart phone and Wi-Fi6, driving strongly demand for LTCC (low-temperature cofired ceramics) and generating revenue to a new record high. Looking back at the performance for 2021, ACX's revenue was NT\$2,846,304 thousand, and net profit after tax was NT\$1,026,825 thousand, with a basic earnings per share of NT\$14.88. Net revenue and net profit increased by 29.8% and 23.7% respectively, compared with the previous year. The overall operating results are mainly attributed with the joint efforts of the management team and all staff, so that ACX can growth in profit continually.

ACX is the first design and manufacturing company in Taiwan dedicated to RF front-end devices and modules, providing advanced value-added solutions for wireless communications products using advanced ceramic and circuit design techniques and module packaging technologies. Looking back over the past year, almost every element of society was touched by the upheaval of the COVID-19 pandemic occurring around the world, despite the global economic slowdown due to COVID-19, and ACX has continued insisting on product innovation and technology upgrades. As transmission volume and transmission rates continue to increase, ACX continues to tap into Internet of Things, wearable and automotive and mmWave related applications in broadband applications, and has successfully developed multi-frequency multi-mode integration components that meet customer needs. In addition, ACX can provide the solutions needed for LTE smart phones due to the continuous upgrade of handsets in China and emerging markets. Furthermore, ACX continues to actively develop a variety of WiFi, NBIoT, mobile-related RF front-end (FEM) modules, system-in-package (SiP) modules, high-power device for base station, and advanced LTCC antenna substrate and filter for 5G mmWave to complement the product portfolio and significantly improve product technology. In this way, ACX hopes to further enhance ACX's long-term competitive advantage.

The world's fifth-generation mobile communication technology (5G) still keeps constantly evolving and 6G could be ready to take off soon. They are expected to bring huge economic benefits. The future demand for automotive networks, Internet of Things, self driving cars, smart cities and Low-Earth Orbit will also drive the development of 5G and 6G. In the future, ACX will continue to invest in research and development resources and widely deploy wireless communication applications. With advanced core technologies in RF circuit design, material development, process design and product testing, ACX can provide customers with diverse, miniaturized and modular products and services as well as new products from new technology applications in response to the communications market for future development.

Looking forward, the application of wireless products will be more diversified and popularized, and the rapid growth of transmission rate specifications, coupled with the miniaturization of terminal products and the trend of component integration, etc., the market demand of communication applications for RF integrated components and modules required will increase. ACX will continue to focus on the wireless communications arena, developing new technologies solutions, providing customers with high value-added integrated services by accelerating technological innovation and product upgrades. With the joint efforts of the team, we will actively develop domestic and foreign customers based on advance R&D technology and production strength, strengthen strategic partnerships, and comprehensively expand the company's operating scale and market share in order to create new business achievements.

With our moderate and pragmatic business philosophy, every colleague will do our best to maximize the company's overall value. And finally, we would like to appreciate for your supporting as usually.

Advanced Ceramic X Corporation
Chairman: Shuang De Investment Corporation
Representative: Chien-Wen Kuo
President: Chien-Wen Kuo
CFO: Hsien-Liang Chou

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 business report, financial statements and earnings distribution proposal. The financial statements were audited by independent auditors, Chien-Hui Lu and Mei-Yu Tseng, of KPMG with independent auditors' reports issued.

The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Advanced Ceramic X Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Advanced Ceramic X Corporation
Chairman of the Audit Committee: Shiu-Kao Chiang
February 22, 2022

Attachment 3

Comparison Table of the Corporate Social Responsibility Practice Principles Before and After Amendment

Before amendment	After amendment	Reason of amendment
<u>Corporate Social Responsibility Practice Principles</u>	<u>Sustainable Development Practice Principles</u>	In accordance with letter No.1100375814 issued by the FSC
<p>Article 1 The Company adopts the Principles to be followed by Taiwan Stock Exchange Corporation ("TWSE") and Taipei Exchange ("TPEX") listed companies, to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development. <u>Corporate Social Responsibility Practice Principles</u> apply to manage economic, environmental and social risks and impact.</p>	<p>Article 1 The Company adopts the Principles to be followed by Taiwan Stock Exchange Corporation ("TWSE") and Taipei Exchange ("TPEX") listed companies, to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development. <u>Sustainable Development Practice Principles</u> apply to manage economic, environmental and social risks and impact.</p>	In accordance with letter No.1100375814 issued by the FSC
<p>Article 2 The Principles apply to operations of company and business group. The Company shall to actively fulfill <u>corporate social responsibility</u> in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>corporate social responsibility</u>.</p>	<p>Article 2 The Principles apply to operations of company and business group. The Company shall to actively fulfill <u>sustainable development</u> in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>sustainable development</u>.</p>	In accordance with letter No.1100375814 issued by the FSC
<p>Article 3 In <u>fulfilling corporate social responsibility</u> initiatives, the Company shall in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. The Company shall in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.</p>	<p>Article 3 In <u>promotion sustainable development</u> initiatives, the Company shall in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance. The Company shall in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.</p>	In accordance with letter No.1100375814 issued by the FSC

<p>Article 4 To implement <u>corporate social responsibility</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> 1. Exercise corporate governance. 2. Foster a sustainable environment. 3. Preserve public welfare. 4. Enhance disclosure of <u>corporate social responsibility</u> information. 	<p>Article 4 To implement <u>sustainable development</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> 1. Exercise corporate governance. 2. Foster a sustainable environment. 3. Preserve public welfare. 4. Enhance disclosure of <u>sustainable development</u> information. 	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 5 The Company shall take into consideration the correlation between the development of domestic and international <u>corporate social responsibility</u> principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for <u>corporate social responsibility</u> programs, which shall be approved by the board of directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving <u>corporate social responsibility</u>, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	<p>Article 5 The Company shall take into consideration the correlation between the development of domestic and international <u>sustainable development</u> principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> programs, which shall be approved by the board of directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving <u>sustainable development</u>, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 7 The directors shall exercise the due care of good administrators to urge the company to perform its <u>corporate social responsibility</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its <u>corporate social responsibility</u> policies. The board of directors is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's <u>performance</u> of its <u>corporate social responsibility</u> initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's <u>corporate social responsibility</u> mission or vision, and declaring its <u>corporate social responsibility</u> policy, systems or relevant management guidelines; 2. Making <u>corporate social responsibility</u> the guiding principle of the company's operations and development, and ratifying concrete promotional plans for <u>corporate social responsibility</u> initiatives; and 	<p>Article 7 The directors shall exercise the due care of good administrators to urge the company to perform its <u>sustainable development</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its <u>sustainable development</u> policies. The board of directors is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's <u>promotion</u> of its <u>sustainable development</u> initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's <u>sustainable development</u> mission or vision, and declaring its <u>sustainable development</u> policy, systems or relevant management guidelines; 2. Making <u>sustainable development</u> the guiding principle of the company's operations and development, and ratifying concrete promotional plans for <u>sustainable development</u> initiatives; and 	<p>In accordance with letter No.1100375814 issued by the FSC</p>

<p>3. Enhancing the timeliness and accuracy of the disclosure of <u>corporate social responsibility</u> information. The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	<p>3. Enhancing the timeliness and accuracy of the disclosure of <u>sustainable development</u> information. The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	
<p>Article 8 The Company is advised to on a regular basis organize education and training on the <u>implementation of corporate social responsibility</u> initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.</p>	<p>Article 8 The Company is advised to on a regular basis organize education and training on the <u>promotion of sustainable development</u> initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 9 For the purpose of managing <u>corporate social responsibility</u> initiatives, the Company is advised to establish an exclusively dedicated unit to be in charge of proposing and enforcing the <u>corporate social responsibility</u> policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis. The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. The Company is advised that the employee performance evaluation system be combined with <u>corporate social responsibility</u> policies, and that a clear and effective incentive and discipline system be established.</p>	<p>Article 9 For the purpose of managing <u>sustainable development</u> initiatives, the Company <u>shall establish a governance structure to promote sustainable development, and is</u> advised to establish an exclusively (<u>or concurrently</u>) dedicated unit to be in charge of proposing and enforcing the <u>sustainable development</u> policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis. The Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders. The Company is advised that the employee performance evaluation system be combined with <u>sustainable development</u> policies, and that a clear and effective incentive and discipline system be established.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 10 The Company shall based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important <u>corporate social responsibility</u> issues which they are concerned about.</p>	<p>Article 10 The Company shall based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important <u>sustainable development</u> issues which they are concerned about.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>

<p>Article 12 The Company is advised to endeavor to <u>utilize all resources</u> more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.</p>	<p>Article 12 The Company is advised to endeavor to <u>consume energy</u> more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 17 The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt <u>climate related</u> measures. The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <ol style="list-style-type: none"> 1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company. 2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally <u>purchased or acquired</u> electricity, heating, or steam. <p>The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The Company' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.</p>	<p>Article 17 The Company is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt <u>relevant</u> measures. The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <ol style="list-style-type: none"> 1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company. 2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally <u>imported</u> electricity, heating, or steam. 3. <u>Other indirect emissions: Emissions generated by corporate activities that are not indirect emissions from energy use, but come from emission sources owned or controlled by other companies.</u> <p>The Company is advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The Company' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 28 The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to their <u>corporate social responsibility</u> initiatives to improve information transparency. Relevant information relating to <u>corporate social responsibility</u> which the Company shall disclose includes:</p>	<p>Article 28 The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to their <u>sustainable development</u> initiatives to improve information transparency. Relevant information relating to <u>sustainable development</u> which the Company shall disclose includes:</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>

<ol style="list-style-type: none"> 1. The policy, systems or relevant management guidelines, and concrete promotion plans for <u>corporate social responsibility</u> initiatives, as resolved by the board of directors. 2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare. 3. Goals and measures for realizing the <u>corporate social responsibility</u> initiatives established by the companies, and <u>performance</u> in implementation. 4. Major stakeholders and their concerns. 5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues. 6. Other information relating to <u>corporate social responsibility</u> initiatives. 	<ol style="list-style-type: none"> 1. The policy, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> initiatives, as resolved by the board of directors. 2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare. 3. Goals and measures for realizing the <u>sustainable development</u> initiatives established by the companies, and <u>promotional</u> in implementation. 4. Major stakeholders and their concerns. 5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues. 6. Other information relating to <u>sustainable development</u> initiatives. 	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 29 The Company shall adopt internationally widely recognized standards or guidelines when producing <u>corporate social responsibility</u> reports, to disclose the status of their implementation of the <u>corporate social responsibility</u> policy.</p> <p>It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:</p> <ol style="list-style-type: none"> 1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing <u>corporate social responsibility</u> initiatives. 2. Major stakeholders and their concerns. 3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development. 4. Future improvements and goals. 	<p>Article 29 The Company shall adopt internationally widely recognized standards or guidelines when producing <u>sustainable development</u> reports, to disclose the status of their implementation of the <u>sustainable development</u> policy.</p> <p>It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:</p> <ol style="list-style-type: none"> 1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing <u>sustainable development</u> initiatives. 2. Major stakeholders and their concerns. 3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development. 4. Future improvements and goals. 	<p>In accordance with letter No.1100375814 issued by the FSC</p>
<p>Article 30 The Company shall at all times monitor the development of domestic and foreign <u>corporate social responsibility</u> standards and the change of business environment so as to examine and improve their established <u>corporate social responsibility</u> framework and to obtain better results from the implementation of the <u>corporate social responsibility</u> policy.</p>	<p>Article 30 The Company shall at all times monitor the development of domestic and foreign <u>sustainable development</u> standards and the change of business environment so as to examine and improve their established <u>sustainable development</u> framework and to obtain better results from the implementation of the <u>sustainable development</u> policy.</p>	<p>In accordance with letter No.1100375814 issued by the FSC</p>

<p><u>(New)</u></p>	<p><u>Article 31</u> <u>The Principles shall be adopted by the approval of the board of directors and shall be reported to shareholders' meeting. The same procedure shall be followed when the principles have been amended.</u></p>	<p>Add rules for established and amended by this Principles</p>
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Attachment 4

Independent Auditors' Report

To the Board of Directors of Advanced Ceramic X Corporation:

Opinion

We have audited the financial statements of Advanced Ceramic X 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 ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 matters we communicated in the auditors’ report are as follows:

1. Revenue recognition

Please refer to note 4(11) “Revenue” for accounting principles, and note 6(11) “Operating revenue from contracts with customers” for significant accounts to the financial statements.

Description of key audit matter:

Revenue is recognized when the risks and rewards specified in each individual contract with customers are transferred. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the significant risks and rewards of ownership have been transferred. Therefore, the accuracy and appropriateness of revenue recognition is a key matter when conducting our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understandings the Company's main revenue types, shipping terms, its related sales agreements, and sales terms; on a sample basis, inspecting customers' orders and sales terms and assessing whether the accounting treatment of the sales terms is applied appropriately; performing a test of details of sales revenue for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before and after the balance sheet date; assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Evaluation of inventory

Please refer to note 4(7) "Inventories" for accounting principles, note 5 for valuation of inventories, and note 6(3) "Inventories" for significant accounts to the financial statements.

Description of key audit matter:

The inventories are measured at the lower of cost or net realizable value at the reporting date; therefore, the Company needs to use judgments and estimates to determine the net realizable value of the inventory on the financial reporting date. With the rapid development of technology and introduction of new products, these may significantly impact market demand, as well as the products themselves, which can lead to product obsolescence that may result in the cost of inventory to be higher than the net realizable value. Therefore, the impairment of inventory is one of the key areas in our audit.

How the matter was addressed in our audit:

Our audit procedures included: evaluating the reasonableness of the assessment policy including data basis, assumptions, functions, and verifying whether it is properly applied; inspecting the assessment on supporting documentation whether the estimation of provision for inventory obsolescence and devaluation loss is accurate; using sampling skills to verify inventory aging or testing age report; assessing whether the inventory allowance rate is reasonable and accurate, And assessing the reasonableness of the provision based on erosion and disposal of the obsolescence inventory.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed 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 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 (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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. Obtained 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. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated 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.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

KPMG

Taipei, Taiwan (Republic of China)

February 22, 2022

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English version and Chinese version, the Chinese-language independent auditors' report and financial statements shall prevail.

Advanced Ceramic X Corporation
Balance Sheets
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets								Liabilities and Equity			
Current Assets :								Current Liabilities :			
1100	Cash and Cash Equivalents (Note 6(1))	\$ 452,010	10	1,050,489	25	2170	Accounts Payable	\$ 32,774	1	111,282	3
1170	Notes and Accounts Receivable, Net (Note 6(2))	251,712	6	233,184	5	2201	Salary and Bonus Payable	174,719	4	145,239	3
1180	Receivables from Related Parties (Note 6(2) and 7)	304,524	7	145,800	3	2213	Payables to Contractors and Equipment	103,550	2	164,772	4
1310	Inventories (Note 6(3))	318,947	7	173,522	4	2230	Income Tax Payable	157,289	3	124,719	3
1476	Other Current Financial Assets (Note 6(1))	215,875	5	215,975	5	2399	Other Current Liabilities (Note 6(6) and 7)	<u>209,431</u>	<u>5</u>	<u>191,720</u>	<u>5</u>
1479	Other Current Assets	<u>21,741</u>	<u>-</u>	<u>34,039</u>	<u>1</u>			<u>677,763</u>	<u>15</u>	<u>737,732</u>	<u>18</u>
		<u>1,564,809</u>	<u>35</u>	<u>1,853,009</u>	<u>43</u>						
Noncurrent Assets :								Noncurrent Liabilities :			
1600	Property, Plant and Equipment (Note 6(4) and 8)	2,931,883	65	2,400,773	56	2600	Other Noncurrent Liabilities	<u>18,049</u>	<u>-</u>	<u>16,783</u>	<u>-</u>
1780	Intangible Assets (Note 6(5))	2,788	-	2,692	-			<u>18,049</u>	<u>-</u>	<u>16,783</u>	<u>-</u>
1840	Deferred Tax Assets (Note 6(8))	10,727	-	7,275	-			<u>695,812</u>	<u>15</u>	<u>754,515</u>	<u>18</u>
1900	Other Noncurrent Assets	9,478	-	34,473	1						
1980	Other Noncurrent Financial Assets	1,246	-	632	-						
1975	Net Defined Benefit Asset- Noncurrent (Note 6(7))	<u>850</u>	<u>-</u>	<u>293</u>	<u>-</u>						
		<u>2,956,972</u>	<u>65</u>	<u>2,446,138</u>	<u>57</u>						
	Total Assets	<u>\$ 4,521,781</u>	<u>100</u>	<u>4,299,147</u>	<u>100</u>						
								Total Liabilities			
								Equity (Note 6(9)) :			
						3100	Capital Stock	690,162	15	690,162	16
						3200	Capital Surplus	573,532	13	573,532	13
						3300	Retained Earnings	<u>2,562,275</u>	<u>57</u>	<u>2,280,938</u>	<u>53</u>
								<u>3,825,969</u>	<u>85</u>	<u>3,544,632</u>	<u>82</u>
								<u>\$ 4,521,781</u>	<u>100</u>	<u>4,299,147</u>	<u>100</u>

Advanced Ceramic X Corporation
Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 Net Revenue (Note 6(11) and 7)	\$ 2,846,304	100	2,192,650	100
5000 Cost of Sales (Note 6(3), (7), (13) and 7)	<u>1,211,435</u>	<u>43</u>	<u>898,597</u>	<u>41</u>
Gross Profit	<u>1,634,869</u>	<u>57</u>	<u>1,294,053</u>	<u>59</u>
Operating Expenses (Note 6(7), (13) and 7) :				
6100 Selling and Distribution Expenses	45,673	1	32,370	1
6200 General and Administrative Expenses	137,268	5	94,677	4
6300 Research and Development Expenses	150,171	5	121,671	6
6450 Losses on Expected Credit Impairment (Note 6(2))	<u>1,790</u>	<u>-</u>	<u>1,178</u>	<u>-</u>
	<u>334,902</u>	<u>11</u>	<u>249,896</u>	<u>11</u>
Gross Profit from Operations	<u>1,299,967</u>	<u>46</u>	<u>1,044,157</u>	<u>48</u>
Non-Operating Income and Expenses :				
7101 Interest Income	3,717	-	7,044	-
7190 Other Income (Note 6(12))	5,735	-	8,406	-
7230 Foreign Exchange Losses, Net	(24,448)	(1)	(24,439)	(1)
7610 Gains on Disposal of Property, Plant and Equipment, Net	<u>-</u>	<u>-</u>	<u>1,750</u>	<u>-</u>
	<u>(14,996)</u>	<u>(1)</u>	<u>(7,239)</u>	<u>(1)</u>
7900 Profit Before Income Tax	1,284,971	45	1,036,918	47
7950 Less : Income Tax Expense (Note 6(8))	<u>258,146</u>	<u>9</u>	<u>207,052</u>	<u>9</u>
8200 Net Income	<u>1,026,825</u>	<u>36</u>	<u>829,866</u>	<u>38</u>
8300 Other Comprehensive Income :				
8310 Components of Other Comprehensive Income that Will Not Be Reclassified to Profit or Loss				
8311 Losses on Remeasurements of Defined Benefit Plans (Note 6(7))	<u>(113)</u>	<u>-</u>	<u>(1,471)</u>	<u>-</u>
8300 Other Comprehensive Income, Net of Tax	<u>(113)</u>	<u>-</u>	<u>(1,471)</u>	<u>-</u>
8500 Total Comprehensive Income	<u><u>\$ 1,026,712</u></u>	<u><u>36</u></u>	<u><u>828,395</u></u>	<u><u>38</u></u>
Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750 Basic Earnings Per Share	<u><u>\$ 14.88</u></u>		<u><u>12.02</u></u>	
9850 Diluted Earnings Per Share	<u><u>\$ 14.84</u></u>		<u><u>12.01</u></u>	

Advanced Ceramic X Corporation
Statements of Changes in Equity
Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Capital Surplus	
			Legal Reserve	Undistributed Earnings		Subtotal
Balance at January 1, 2020	\$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Net income in 2020	-	-	-	829,866	829,866	829,866
Other Comprehensive Income, Net of Tax	-	-	-	(1,471)	(1,471)	(1,471)
Total Comprehensive Income for the Year	-	-	-	828,395	828,395	828,395
Appropriation and Distribution of 2019 Earnings :						
Legal Reserve	-	-	64,666	(64,666)	-	-
Cash Dividends	-	-	-	(581,807)	(581,807)	(581,807)
Balance at December 31, 2020	690,162	573,532	780,854	1,500,084	2,280,938	3,544,632
Net income in 2021	-	-	-	1,026,825	1,026,825	1,026,825
Other Comprehensive Income, Net of Tax	-	-	-	(113)	(113)	(113)
Total Comprehensive Income for the Year	-	-	-	1,026,712	1,026,712	1,026,712
Appropriation and Distribution of 2020 Earnings :						
Legal Reserve	-	-	82,840	(82,840)	-	-
Cash Dividends	-	-	-	(745,375)	(745,375)	(745,375)
Balance at December 31, 2021	\$ 690,162	573,532	863,694	1,698,581	2,562,275	3,825,969

Advanced Ceramic X Corporation
Statements of Cash Flows
Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 1,284,971	1,036,918
Adjustments for :		
Depreciation Expense	277,435	152,403
Amortization Expense	3,006	1,536
Expected Credit Loss	1,790	1,178
Interest Income	(3,717)	(7,044)
Gain on Disposal of Property, Plant and Equipment, Net	-	(1,750)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	21,550	(1,468)
Total Adjustments to Reconcile Profit	300,064	144,855
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(18,715)	(55,605)
Receivables from Related Parties	(160,327)	(62,128)
Inventories	(166,975)	(54,538)
Other Operating Current Assets	12,298	(8,397)
Net Defined Benefit Assets	(670)	(670)
Accounts Payable	(78,508)	60,778
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	47,191	78,989
Other Noncurrent Liabilities	1,266	2,722
Total Net Changes in Operating Assets and Liabilities	(364,440)	(38,849)
Cash Inflow Generated from Operations	1,220,595	1,142,924
Interest Received	3,817	7,306
Income Taxes Paid	(229,028)	(148,117)
Net Cash Flows from Operating Activities	995,384	1,002,113
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(842,449)	(1,061,708)
Proceeds from Disposal of Property, Plant and Equipment	-	1,750
Increase in Guarantee Deposits	(614)	(185)
Acquisition of Intangible Assets	(900)	(1,500)
Increase in Other Noncurrent Assets	(4,525)	(8,100)
Increase in Prepaid of Equipment	-	(27,318)
Net Cash Flows Used in Investing Activities	(848,488)	(1,097,061)
Cash Flows from Financing Activities :		
Cash Dividends	(745,375)	(581,807)
Net Cash Flows Used in Financing Activities	(745,375)	(581,807)
Net Decrease in Cash and Cash Equivalents	(598,479)	(676,755)
Cash and Cash Equivalents at the Beginning of Period	1,050,489	1,727,244
Cash and Cash Equivalents at the End of Period	\$ 452,010	1,050,489

Attachment 5

Advanced Ceramic X Corporation Earnings Distribution Proposal Year 2021

(Unit: New Taiwan Dollars)

Unappropriated retained earnings of previous	\$ 671,869,755
Net income of 2021	1,026,825,256
Less: Adjustments to remeasurement on the net defined benefit liability	(113,447)
Adjusted comprehensive income of 2021	<u>1,026,711,809</u>
Less: 10% provision as legal reserve	(102,671,181)
Retained earnings available for distribution	1,595,910,383
Less: Cash Dividends to Shareholders (Cash dividend NT\$8.0 per share)	(552,129,600)
Unappropriated retained earnings	<u>\$ 1,043,780,783</u>
Note: Earnings in 2021 are distributed first.	

Attachment 6

Comparison Table of the Procedures for Acquisition or Disposal of Assets Before and After Amendment

Before amendment	After amendment	Reason of amendment
<p>Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working 	<p>Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of their respective allied associations and</u> the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working 	<p>In accordance with letter No.1110380465 issued by the FSC</p>

<p>papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate,</u> and that they have complied with applicable laws and regulations.</p>	<p>papers.</p> <p>3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	
<p>Article 8 Disposition procedures of acquiring or disposing of real property, equipment or right-of-use assets thereof</p> <p>(Omitted)</p> <p>4. Appraisal report for property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the</p>	<p>Article 8 Disposition procedures of acquiring or disposing of real property, equipment or right-of-use assets thereof</p> <p>(Omitted)</p> <p>4. Appraisal report for property or equipment In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the</p>	<p>In accordance with letter No.1110380465 issued by the FSC</p>

<p>transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 9 Disposition procedures of acquiring or disposing of securities</p> <p>(Omitted)</p> <p>4. Professional Appraisal Where the Company acquires or disposes of securities, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</u></p>	<p>Article 9 Disposition procedures of acquiring or disposing of securities</p> <p>(Omitted)</p> <p>4. Professional Appraisal Where the Company acquires or disposes of securities, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>However, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</u></p>	<p>In accordance with letter No.1110380465 issued by the FSC</p>

<p>Article 10 Disposition procedures of acquiring or disposing of membership, intangible asset or right-of-use assets thereof</p> <p>(Omitted)</p> <p>4. Professional Appraisal Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></p>	<p>Article 10 Disposition procedures of acquiring or disposing of membership, intangible asset or right-of-use assets thereof</p> <p>(Omitted)</p> <p>4. Professional Appraisal Where the Company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>In accordance with letter No.1110380465 issued by the FSC</p>
<p>Article 12 Disposition procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedures. The calculation of the transaction amount referred above shall be made in accordance with Article 11 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Procedure of evaluation and operation When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or</p>	<p>Article 12 Disposition procedures of related party transactions</p> <p>1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedures. The calculation of the transaction amount referred above shall be made in accordance with Article 11 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2. Procedure of evaluation and operation When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or</p>	<p>In accordance with letter No.1110380465 issued by the FSC</p>

<p>subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and board of directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, subparagraph 3 to 4 of this Article.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>The calculation of the transaction amounts referred above shall be made in accordance with Article 16, paragraph 1, subparagraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all audit committee members and submitted to the board of directors for a resolution need not be counted toward the transaction amount.</u></p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and</p>	<p>subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and board of directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, subparagraph 3 to 4 of this Article.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>G. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and</p>	
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<p>subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>(Omitted)</p>	<p>subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification</p> <p>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>B. Acquisition or disposal of real property right-of-use assets held for business use. <u>If the Company or its subsidiary that is not a domestic public offering company conducts a transaction outlined in this paragraph, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the materials listed in this paragraph to the shareholders meeting for approval before it may sign the transaction contract and make payments. However, transactions between the Company and its subsidiaries or between its subsidiaries shall not be subject to this provision.</u> <u>The calculation of the transaction amounts referred above shall be made in accordance with Article 16, paragraph 1, subparagraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by shareholders meeting, more than half of all audit committee members and submitted to the board of directors for a resolution need not be counted toward the transaction amount.</u></p> <p>(Omitted)</p>	
<p>Article 16</p> <p>1. Items and standards for public announcement and reporting:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on</p>	<p>Article 16</p> <p>1. Items and standards for public announcement and reporting:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on</p>	<p>In accordance with letter No.1110380465 issued by the FSC</p>

<p>individual contracts set out in this Procedures.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> a. Trading of domestic government bonds. b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules 	<p>individual contracts set out in this Procedures.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> a. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. b. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> a. Trading of domestic government bonds <u>or the foreign government bonds with a credit rating not lower than our country's sovereign rating.</u> b. Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds, or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of Exchange-Traded Note</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending 	
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<p>of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>G. The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this article need not be counted toward the transaction amount.</p> <p>(Omitted)</p>	<p>securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>G. The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this article need not be counted toward the transaction amount.</p> <p>(Omitted)</p>	
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