

ADVANCED CERAMIC X CORPORATION
Financial Statements and
Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019

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Notes to Readers

The independent auditors' review 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' review report and financial statements shall prevail.

Independent Accountants' Review Report

To the Board of Directors of Advanced Ceramic X Corporation:

Introduction

We have reviewed the accompanying balance sheets of the Advanced Ceramic X Corporation of June 30, 2020 and 2019, and the related statements of comprehensive income for the three and six months ended June 30, 2020 and 2019, and the related changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies. 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 International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards NO. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and 2019, and of its financial performance for the three and six months ended June 30, 2020 and 2019, and of its cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)

August 11, 2020

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' review 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' review report and financial statements shall prevail.

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2020 and 2019

Advanced Ceramic X Corporation

Balance Sheets

June 30, 2020, December 31, 2019 and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2020		December 31, 2019		June 30, 2019				June 30, 2020		December 31, 2019		June 30, 2019	
		Reviewed		Audited		Reviewed				Reviewed		Audited		Reviewed	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current Assets :								Current Liabilities :							
1100	Cash and Cash Equivalents (Note 6(1))	\$ 1,606,832	36	1,727,244	46	2,282,087	55	2170	Accounts Payable	\$ 66,385	2	50,504	1	48,011	1
1170	Notes and Accounts Receivable, Net (Note 6(2) and (11))	252,734	6	178,135	5	189,861	5	2201	Salary and Bonus Payable	155,525	4	120,688	3	153,655	4
1180	Receivables from Related Parties (Note 6(2), (11) and 7)	225,766	5	84,294	2	95,364	2	2213	Payables to Contractors and Equipment (Note 7)	264,315	6	91,046	3	64,566	2
1310	Inventories (Note 6(3))	123,288	3	117,516	3	121,396	3	2216	Cash Dividends Payable	581,807	13	-	-	681,880	16
1476	Other Financial Assets - Current (Note 6(1) and 8)	216,012	5	216,237	6	218,109	5	2230	Income Tax Payable	95,143	2	68,006	2	85,893	2
1479	Other Current Assets	39,860	1	25,642	-	20,838	-	2399	Other Current Liabilities (Note 6(6), (11) and 7)	149,285	3	137,282	4	152,333	4
		<u>2,464,492</u>	<u>56</u>	<u>2,349,068</u>	<u>62</u>	<u>2,927,655</u>	<u>70</u>			<u>1,312,460</u>	<u>30</u>	<u>467,526</u>	<u>13</u>	<u>1,186,338</u>	<u>29</u>
Noncurrent Assets :								Noncurrent Liabilities :							
1600	Property, Plant and Equipment (Note 6(4), 7 and 8)	1,910,264	43	1,417,742	38	1,224,930	29	2600	Other Liabilities- Noncurrent	15,421	-	14,061	-	11,800	-
1780	Intangible Assets (Note 6(5))	1,516	-	1,783	-	533	-			<u>15,421</u>	<u>-</u>	<u>14,061</u>	<u>-</u>	<u>11,800</u>	<u>-</u>
1840	Deferred Tax Assets	9,497	-	9,497	-	9,409	-		Total Liabilities	<u>1,327,881</u>	<u>30</u>	<u>481,587</u>	<u>13</u>	<u>1,198,138</u>	<u>29</u>
1900	Other Assets - Noncurrent	35,579	1	-	-	-	-	Equity (Note 6(9)) :							
1980	Other Financial Assets - Noncurrent (Note 8)	592	-	447	-	20,787	1	3100	Capital Stock	690,162	16	690,162	18	690,162	16
1975	Net Defined Benefit Asset - Noncurrent (Note 6(7))	1,424	-	1,094	-	905	-	3200	Capital Surplus	573,532	13	573,532	15	573,532	14
		<u>1,958,872</u>	<u>44</u>	<u>1,430,563</u>	<u>38</u>	<u>1,256,564</u>	<u>30</u>	3300	Retained Earnings	<u>1,831,789</u>	<u>41</u>	<u>2,034,350</u>	<u>54</u>	<u>1,722,387</u>	<u>41</u>
Total Assets		<u>\$ 4,423,364</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>4,184,219</u>	<u>100</u>		Total Equity	<u>3,095,483</u>	<u>70</u>	<u>3,298,044</u>	<u>87</u>	<u>2,986,081</u>	<u>71</u>
								Total Liabilities and Equity		<u>\$ 4,423,364</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>4,184,219</u>	<u>100</u>

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation
Statements of Comprehensive Income
For the Three and Six Months Ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Three Months Ended June 30				Six Months Ended June 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4100	Net Revenue (Note 6(11) and 7)	\$ 520,785	100	429,565	100	1,001,883	100	855,417	100
5000	Cost of Sales (Note 6(3), (13) and 7)	210,595	40	173,844	40	410,485	41	342,638	40
	Gross Profit	310,190	60	255,721	60	591,398	59	512,779	60
	Operating Expenses (Note 6(13) and 7) :								
6100	Selling and Distribution Expenses	8,726	2	9,601	3	17,499	2	16,968	1
6200	General and Administrative Expenses	22,944	4	18,437	4	44,425	4	36,327	4
6300	Research and Development Expenses	30,087	6	29,218	7	61,185	6	56,181	7
6450	Expected Credit Impairment Loss (Note 6(2))	641	-	5,181	1	2,183	-	4,657	1
		62,398	12	62,437	15	125,292	12	114,133	13
	Profit from Operations	247,792	48	193,284	45	466,106	47	398,646	47
	Non-Operating Income and Expenses :								
7100	Interest Income	1,877	-	3,818	1	4,714	-	7,572	1
7190	Other Income (Note 6(12))	2,828	-	1,946	1	5,262	-	2,651	-
7230	Foreign Exchange Gain (Loss), Net	(10,810)	(2)	8,277	2	(2,025)	-	9,386	1
		(6,105)	(2)	14,041	4	7,951	-	19,609	2
7900	Profit Before Income Tax	241,687	46	207,325	49	474,057	47	418,255	49
7950	Income Tax Expense (Note 6(8))	48,337	9	41,465	10	94,811	9	83,651	10
8200	Net Income	193,350	37	165,860	39	379,246	38	334,604	39
8300	Other Comprehensive Income :								
8300	Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-
8500	Total Comprehensive Income	\$ 193,350	37	165,860	39	379,246	38	334,604	39
	Earnings Per Share (Expressed in Dollars) (Note 6(10))								
9750	Basic Earnings Per Share	\$ 2.81		2.41		5.50		4.85	
9850	Diluted Earnings Per Share	\$ 2.80		2.40		5.49		4.84	

See accompanying notes to the financial statements.

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Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Six Months Ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Capital Surplus
			Legal Reserve	Undistributed Earnings	Subtotal	
Balance at January 1, 2019	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Six Months Ended June 31, 2019	-	-	-	334,604	334,604	334,604
Other Comprehensive Income for the Six Months Ended June 30, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2019	-	-	-	334,604	334,604	334,604
Appropriation and Distribution of 2018 Earnings						
Legal Reserve	-	-	75,774	(75,774)	-	-
Cash Dividends	-	-	-	(681,880)	(681,880)	(681,880)
Balance at June 30, 2019	\$ 690,162	573,532	716,188	1,006,199	1,722,387	2,986,081
Balance at January 1, 2020	\$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Profit for the Six Months Ended June 30, 2020	-	-	-	379,246	379,246	379,246
Other Comprehensive Income for the Six Months Ended June 30, 2020	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2020	-	-	-	379,246	379,246	379,246
Appropriation and Distribution of 2019 Earnings						
Legal Reserve	-	-	64,666	(64,666)	-	-
Cash Dividends	-	-	-	(581,807)	(581,807)	(581,807)
Balance at June 30, 2020	\$ 690,162	573,532	780,854	1,050,935	1,831,789	3,095,483

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation
Statements of Cash Flows
For the Six Months Ended June 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2020	2019
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 474,057	418,255
Adjustments for :		
Depreciation Expense	72,848	74,818
Amortization Expense	507	150
Expected Credit Loss	2,183	4,657
Interest Income	(4,714)	(7,572)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	4,000	(5,000)
Total Adjustments to Reconcile Profit	<u>74,824</u>	<u>67,053</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(75,353)	(4,429)
Receivables from Related Parties	(142,901)	38,815
Inventories	(9,772)	14,012
Other Operating Current Assets	(14,218)	(1,950)
Net Defined Benefit Assets	(330)	(283)
Accounts Payable	15,881	2,307
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	46,840	52,200
Other Liabilities-Noncurrent	1,360	1,323
Total Net Changes in Operating Assets and Liabilities	<u>(178,493)</u>	<u>101,995</u>
Cash Generated from Operations	370,388	587,303
Interest Received	4,939	7,470
Income Taxes Paid	(67,674)	(99,456)
Net Cash Generated by Operating Activities	<u>307,653</u>	<u>495,317</u>
Cash Flows from Investing Activities : :		
Acquisition of Property, Plant and Equipment	(392,101)	(186,760)
Decrease (Increase) in Guarantee Deposits	(145)	54
Decrease in Other Financial Assets	-	264,260
Increase in Other Assets- Noncurrent	(4,797)	-
Increase in Prepaid of Equipment	(31,022)	-
Net Cash Flows from (Used in) Investing Activities	<u>(428,065)</u>	<u>77,554</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(120,412)	572,871
Cash and Cash Equivalents at the Beginning of Period	<u>1,727,244</u>	<u>1,709,216</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 1,606,832</u>	<u>2,282,087</u>

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation

Notes to Financial Statements

June 30, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars unless otherwise indicated)

1. Company history

Advanced Ceramic X Corporation (“the Company”) was incorporated in April 15, 1998 as a company limited by shares and registered under the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is No.16, Tzu Chiang Road, Hsinchu Industrial Park, Hsinchu County, Taiwan. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

2. The authorization of financial statements

These financial statements were reported to the Board of Directors and issued on August 11, 2020.

3. Application of new standards, amendments and interpretations

(1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”)

In preparing the accompanying financial statements, the Company has adopted the following International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) issued by the International Accounting Standards Board (“IASB”) (collectively, “IFRSs”) and endorsed by the FSC with effective date from January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Per IASB</u>
Amendments to IFRS 3 “Definition of Business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19 Related Rent Concessions”	June 1, 2020

The Company believes that the initial adoption of above mentioned standards or interpretations would not have a material impact on its financial statement.

(2) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, following are the IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Subject to IASB’s announcement

Advanced Ceramic X Corporation
Notes to Financial Statements

New, Revised or Amended Standards and Interpretations	Effective Date Per IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRSs 2018 – 2020 Cycle	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the above mentioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

4. Summary of significant accounting policies

(1) Statement of compliance

The 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 and Chinese language financial statements, the Chinese version shall prevail. The accompanying financial statements have been prepared in accordance with the revised Regulation Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to the Regulations) and the guideline of IAS 34 “Interim Financial Reporting”, as endorsed and issued into effect by the FSC. The financial statements do not present all the disclosures required for a complete set of annual financial statements prepared under the IFRSs endorsed by the FSC with effective dates.

Except for the following accounting policies mentioned below, the significant accounting policies adopted in the interim financial statements is the same as those in the financial statements for the year ended December 31, 2019. For the related information, please refer note 4 of the financial statements for the year ended December 31, 2019.

(2) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(3) Income taxes

Income tax expense in the financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting.”

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by management. It is charged to profit or loss as an income tax expense.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and recognized directly in equity or other comprehensive income as tax expense.

Advanced Ceramic X Corporation
Notes to Financial Statements

5. Significant accounting assumptions and judgments and major sources of estimation uncertainty

The preparation of the financial statements in conformity with Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and approved by FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the financial statements for the year ended December 31, 2019.

6. Explanation of significant accounts

Except for the following disclosure, the significant account disclosure in the financial statements for the six months ended June 30, 2020, which compare with the financial statements for the year ended December 31, 2019, was not changed significantly. For the related information, please refer to note 6 of the financial statements for the year ended December 31, 2019.

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash	\$ 50	50	50
Cash in bank	194,107	232,103	164,224
Time deposits	<u>1,412,675</u>	<u>1,495,091</u>	<u>2,117,813</u>
	<u>\$ 1,606,832</u>	<u>1,727,244</u>	<u>2,282,087</u>

As of June 30, 2020, December 31, 2019 and June 30, 2019, the classified from cash and cash equivalents to other financial assets-current for time deposits, amounted to \$215,850 thousand, \$215,850 thousand and \$215,350, respectively.

Please refer to note 6(14) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(2) Notes and accounts receivable, net (including related parties)

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 271	1,016	664
Accounts receivable	255,016	178,918	196,166
Accounts receivable from related parties	228,046	85,145	96,327
Less: Allowance for impairment	(2,553)	(1,799)	(6,969)
Allowance for impairment from related parties	<u>(2,280)</u>	<u>(851)</u>	<u>(963)</u>
	<u>\$ 478,500</u>	<u>262,429</u>	<u>285,225</u>
Notes and accounts receivable, net	<u>\$ 252,734</u>	<u>178,135</u>	<u>189,861</u>
Accounts receivable from related parties, net	<u>\$ 225,766</u>	<u>84,294</u>	<u>95,364</u>

Advanced Ceramic X Corporation
Notes to Financial Statements

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. As of June 30, 2020, the Company recognized a loss allowance amounting to \$10,104 thousand for accounts receivable with gross carrying amount of \$5,101 thousand, as there was objective evidence indicating that, under reasonable expectation, it would not be recovered. The other loss allowance provision was determined as follows:

	June 30, 2020		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 482,703	1%~2%	4,827
Past due less than 30 days	592	1%~2%	6
Past due 31~120 days	38	1%~2%	-
	<u>\$ 483,333</u>		<u>4,833</u>

	December 31, 2019		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 264,876	1%~2%	2,648
Past due less than 30 days	181	1%~2%	2
Past due 31~120 days	22	1%~2%	-
	<u>\$ 265,079</u>		<u>2,650</u>

	June 30, 2019		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 282,750	1%~2%	2,828
Past due less than 30 days	24	1%~2%	-
Past due 31~120 days	279	1%~2%	3
	<u>\$ 283,053</u>		<u>2,831</u>

The movements of allowance for doubtful accounts were as follows:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Beginning balance	\$ 2,650	3,275
Provision of impairment loss	2,183	4,657
Ending balance	<u>\$ 4,833</u>	<u>7,932</u>

Advanced Ceramic X Corporation
Notes to Financial Statements

The payment terms granted to customers are generally 30 to 150 days from the end of the month during which the invoice is issued.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the notes and accounts receivable were not pledged as collateral.

For information on the Company's credit risk was disclosed in note 6(14).

(3) Inventories

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Raw materials and supplies	\$ 47,172	27,582	28,386
Work in process	53,296	58,279	55,821
Finished goods	<u>22,820</u>	<u>31,655</u>	<u>37,189</u>
	<u>\$ 123,288</u>	<u>117,516</u>	<u>121,396</u>

For the three months and six months ended June 30, 2020 and 2019, the amounts of inventories that were charged to cost of sales were \$210,095 thousand, \$172,844 thousand, \$406,485 thousand and \$347,638 thousand, respectively. For the three months and six months ended June 30, 2020, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted were \$500 thousand and \$4,000 thousand, respectively. For the three months ended June 30, 2019, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted were \$1,000 thousand and the reversal of inventories written down were \$5,000 thousand for the six months ended June 30, 2019.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the inventories were not pledged as collateral.

(4) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the six months ended June 30, 2020 and 2019 were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Office & Other equipment</u>	<u>Construction in progress & equipment under installation</u>	<u>Total</u>
Cost :						
Balance at January 1, 2020	\$ 248,651	359,639	2,038,877	190,527	583,434	3,421,128
Additions	-	-	5,399	1,816	558,155	565,370
Reclassifications	-	-	44,864	2,481	(47,345)	-
Disposals	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>(240)</u>	<u>-</u>	<u>(640)</u>
Balance at June 30, 2020	<u>\$ 248,651</u>	<u>359,639</u>	<u>2,088,740</u>	<u>194,584</u>	<u>1,094,244</u>	<u>3,985,858</u>
Balance at January 1, 2019	\$ 248,651	359,639	1,999,635	172,814	205,413	2,986,152
Additions	-	-	10,699	5,925	182,175	198,799
Reclassifications	-	-	32,282	8,599	(40,881)	-
Disposals	<u>-</u>	<u>-</u>	<u>(23,565)</u>	<u>(1,729)</u>	<u>-</u>	<u>(25,294)</u>
Balance at June 30, 2019	<u>\$ 248,651</u>	<u>359,639</u>	<u>2,019,051</u>	<u>185,609</u>	<u>346,707</u>	<u>3,159,657</u>

Advanced Ceramic X Corporation
Notes to Financial Statements

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Office & Other equipment</u>	<u>Construction in progress & equipment under installation</u>	<u>Total</u>
Depreciation :						
Balance at January 1, 2020	\$ -	250,847	1,611,814	140,725	-	2,003,386
Depreciation	-	6,199	59,302	7,347	-	72,848
Disposals	-	-	(400)	(240)	-	(640)
Balance at June 30, 2020	<u>\$ -</u>	<u>257,046</u>	<u>1,670,716</u>	<u>147,832</u>	<u>-</u>	<u>2,075,594</u>
Balance at January 1, 2019	\$ -	238,450	1,518,082	128,671	-	1,885,203
Depreciation	-	6,199	61,878	6,741	-	74,818
Disposals	-	-	(23,565)	(1,729)	-	(25,294)
Balance at June 30, 2019	<u>\$ -</u>	<u>244,649</u>	<u>1,556,395</u>	<u>133,683</u>	<u>-</u>	<u>1,934,727</u>
Carrying value :						
Balance at January 1, 2020	<u>\$ 248,651</u>	<u>108,792</u>	<u>427,063</u>	<u>49,802</u>	<u>583,434</u>	<u>1,417,742</u>
Balance at June 30, 2020	<u>\$ 248,651</u>	<u>102,593</u>	<u>418,024</u>	<u>46,752</u>	<u>1,094,244</u>	<u>1,910,264</u>
Balance at January 1, 2019	<u>\$ 248,651</u>	<u>121,189</u>	<u>481,553</u>	<u>44,143</u>	<u>205,413</u>	<u>1,100,949</u>
Balance at June 30, 2019	<u>\$ 248,651</u>	<u>114,990</u>	<u>462,656</u>	<u>51,926</u>	<u>346,707</u>	<u>1,224,930</u>

Pledged assets

As of June 30, 2020, December 31, 2019 and June 30, 2019, the property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note 8.

(5) Intangible assets

	<u>Royalty</u>
Balance at January 1, 2020	<u>\$ 1,783</u>
Balance at June 30, 2020	<u>\$ 1,516</u>
Balance at January 1, 2019	<u>\$ 683</u>
Balance at June 30, 2019	<u>\$ 533</u>

For the six months ended June 30, 2020 and 2019, there were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets. Please refer to note 12(1) for details on impairment and to note 6(5) of the financial statements for the year ended December 31, 2019 for other related information.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the intangible assets were not pledged as collateral.

Advanced Ceramic X Corporation
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(6) Other current liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Accrued expenses	\$ 113,462	92,968	110,733
Directors' remuneration payable	20,528	12,923	21,878
Other	15,295	31,391	19,722
	\$ 149,285	137,282	152,333

The above accrued expenses included material consumption, insurance, and water and electricity expense.

(7) Employee benefits

Defined benefit plans

The management believes that there was no material market volatility, material reimbursement and settlement, or other material one-time events. As a result, the pension cost in the accompanying interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

Please refer to note 12(1) for employee pension costs or expenses under defined benefit plans and defined contribution plans.

(8) Income tax

A. Income tax expense

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Income tax expense	\$ 48,337	41,465	94,811	83,651

B. As of June 30, 2020, the tax authorities have completed the examination of income tax returns of the Company through 2018.

(9) Capital and other equity

Except for the following disclosure, there were no significant change for capital and other equity for the six months ended June 30, 2020 and 2019. For the related information, please refer to note 6(9) of the financial statements for the year ended December 31, 2019.

A. Retained earnings

According to the amendment of Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- (a) Payment of taxes.
- (b) Making up loss for preceding years.
- (c) Setting aside 10% for legal reserve, except for when accumulated legal reserve has reached the total paid-up capital.
- (d) Appropriating or reversing special reserve by government officials or other regulations.
- (e) The remaining, plus the previous year's un-appropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

Advanced Ceramic X Corporation
Notes to Financial Statements

The Company conducts business to operate in its growth phase, the dividend policy shall be determined pursuant to factors such as the investment environment, capital requirements, domestic and overseas competitive environment and capital budget, as well as stockholders' interest, dividend balance and long-term financial plan. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year.

B. Earnings distribution

On June 16, 2020, the shareholders' meetings resolved to distribute the 2019 earnings. On June 18, 2019, the Company's shareholders' meetings resolved to distribute the 2018 earnings. These earnings were distributed as dividends as follows:

	2019	2018
Dividends distributed to ordinary shareholders Amount per share (NTD) :		
Cash dividends	<u><u>\$ 8.43</u></u>	<u><u>9.88</u></u>

The aforementioned appropriations of earnings for 2019 and 2018 were consistent with the resolutions of the meeting of the Board of Directors. The related information mentioned above can be found on websites such as the Market Observation Post System.

(10) Earnings per share (EPS)

For the three months and six months ended June 30, 2020 and 2019, the Company's earnings per share were calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Basic EPS :				
Net profit belonging to common shareholders	<u><u>\$ 193,350</u></u>	<u><u>165,860</u></u>	<u><u>379,246</u></u>	<u><u>334,604</u></u>
Weighted average common stock outstanding (in thousands)	<u><u>69,016</u></u>	<u><u>69,016</u></u>	<u><u>69,016</u></u>	<u><u>69,016</u></u>
Basic EPS (NTD)	<u><u>\$ 2.81</u></u>	<u><u>2.41</u></u>	<u><u>5.50</u></u>	<u><u>4.85</u></u>
Diluted EPS :				
Net profit belonging to common shareholders	<u><u>\$ 193,350</u></u>	<u><u>165,860</u></u>	<u><u>379,246</u></u>	<u><u>334,604</u></u>
Weighted average common stock outstanding (in thousands) (basic)	69,016	69,016	69,016	69,016
Employee compensation	62	93	104	152
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands) (diluted)	<u><u>69,078</u></u>	<u><u>69,109</u></u>	<u><u>69,120</u></u>	<u><u>69,168</u></u>
Diluted EPS (NTD)	<u><u>\$ 2.80</u></u>	<u><u>2.40</u></u>	<u><u>5.49</u></u>	<u><u>4.84</u></u>

Advanced Ceramic X Corporation
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(11) Operating revenue from contracts with customers

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Primary geographic markets				
China	\$ 159,543	149,637	310,271	287,407
United States	152,267	136,129	274,616	275,484
Taiwan	136,559	67,696	211,083	131,196
Hong Kong	47,157	42,936	140,747	94,595
Other	25,259	33,167	65,166	66,735
	<u>\$ 520,785</u>	<u>429,565</u>	<u>1,001,883</u>	<u>855,417</u>
Main Product				
RF Front-End devices and modules	<u>\$ 520,785</u>	<u>429,565</u>	<u>1,001,883</u>	<u>855,417</u>

Contract balances :

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 271	1,016	664
Accounts receivable	255,016	178,918	196,166
Accounts receivable from related parties	228,046	85,145	96,327
Less: Allowance for impairment	(2,553)	(1,799)	(6,969)
Allowance for impairment from related parties	(2,280)	(851)	(963)
	<u>\$ 478,500</u>	<u>262,429</u>	<u>285,225</u>
Notes and accounts receivable, net	<u>\$ 252,734</u>	<u>178,135</u>	<u>189,861</u>
Accounts receivable from related parties, net	<u>\$ 225,766</u>	<u>84,294</u>	<u>95,364</u>

For details on trade receivables and allowance for impairment, please refer to note 6(2).

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company contract liabilities amount was \$13,654 thousand, \$28,895 thousand and \$18,517 thousand, respectively. Contract liabilities are included in other current liabilities.

The major change in the balance of contract liabilities is unearned sales revenue to be contracts; the Company recognizes revenue when it satisfies a performance obligation by transferring control of goods to a customer. The amount of revenue recognized for the six months ended June 30, 2020 and 2019 that was included in the contract liabilities balance at the beginning for the period was \$28,895 thousand and \$9,779 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the RF Front-End devices and modules sales contracts, for which revenue is recognized when products are delivered to customers.

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(12) Non-operating income and expenses

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Government grants income	\$ 2,677	1,904	4,876	2,439
Other income	151	42	386	212
	<u>\$ 2,828</u>	<u>1,946</u>	<u>5,262</u>	<u>2,651</u>

(13) Remuneration of employees and directors

According to the Company Articles of Incorporation, the Company should distribute remuneration to employees and directors not less than 5% and not more than 1.5% of annual profits, respectively, after offsetting accumulated deficits, if any. The aforementioned profit is the net profit before income tax excluding the remuneration to employees and directors for each period. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash. For the three months and six months ended June 30, 2020 and 2019, the Company estimated the remuneration to employees amounting to \$12,925 thousand, \$11,087 thousand, \$25,351 thousand and \$22,367 thousand, respectively, and remuneration to directors amounting to \$3,877 thousand, \$3,326 thousand, \$7,605 thousand and \$6,710 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were included in the operating costs or operating expenses of the six months ended June 30, 2020 and 2019. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimated and recognized in profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors. Remuneration to employees for 2019 and 2018 in the amounts of \$43,077 thousand and \$50,560 thousand, respectively, and remuneration to director for 2019 and 2018 in the amounts of \$12,923 thousand and \$15,168 thousand, respectively, in cash for payment has been approved in the meeting of Board of Directors. The aforementioned approved amounts are the same as the amounts charged against earnings of 2019 and 2018. The information about the Company's remuneration to employees and directors is available at the Market Observation Post System website.

(14) Financial instruments

Except for the following disclosure, there was no significant change in the fair value of the Company's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(14) of the financial statement for the year ended December 31, 2019.

A. Credit risk

(a) Exposure of credit risk

The carrying amount of financial and contract assets represents the maximum credit exposure.

Advanced Ceramic X Corporation
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(b) Concentration of credit risk

The major customers of the Company are centralized in the electronics industry. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company's notes and account receivable (including related parties) were both concentrated on 5 customers, whose accounts represented 68%, 59% and 60% of the account receivables, respectively. For the information of credit risk exposure of notes and accounts receivable, please refer to note 6(2).

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company's cash in bank and time deposits were both concentrated on one financial institution, whose accounts represented 63%, 65% and 70% of the cash and cash equivalents and other financial assets, respectively. Thus, credit risk is significantly centralized. To reduce cash risk, the Company evaluates financial institutions' financial positions and credit rating periodically. After the assessment, management does not expect significant losses.

(c) Credit risk of financial assets measured at amortized cost

The Company financial assets at amortized cost include cash and cash equivalents, notes and receivables, and time deposits on other financial assets. About their information of credit risk exposure, please refer note 6(1) and (2).

The above-mentioned of financial assets are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the Company's assessment on whether credit risk is to be of low risk, please refer note 4(6) of the financial statements for the year ended December 31, 2019.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments impact.

	Carrying amount (Contractual cash flows)	Within 6 months	6 to 12 months
June 30, 2020			
Non-derivative financial liabilities			
Accounts payable	\$ 66,385	66,385	-
Payables to contractors and equipment	264,315	264,315	-
Cash Dividends Payable	581,807	581,807	-
	\$ 912,507	912,507	-
December 31, 2019			
Non-derivative financial liabilities			
Accounts payable	\$ 50,504	50,504	-
Payables to contractors and equipment	91,046	91,046	-
	\$ 141,550	141,550	-

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	Carrying amount (Contractual cash flows)	Within 6 months	6 to 12 months
June 30, 2019			
Non-derivative financial liabilities			
Accounts payable	\$ 48,011	48,011	-
Payables to contractors and equipment	64,566	34,890	29,676
Cash Dividends Payable	681,880	681,880	-
	<u>\$ 794,457</u>	<u>764,781</u>	<u>29,676</u>

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) The Company's significant exposure to foreign currency risk was as follows:

	June 30, 2020			December 31, 2019			June 30, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 21,897	29.580	647,713	13,548	29.930	405,492	9,692	31.010	300,549
JPY	574,551	0.2731	156,910	729,144	0.2740	199,785	512,887	0.2866	146,993
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,215	29.680	36,061	566	30.030	16,997	461	31.110	14,342
JPY	29,885	0.2771	8,281	23,352	0.2780	6,492	25,776	0.2906	7,491

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, accounts payable, and payables to contractors and equipment. Depreciation or appreciation of the NTD by 1% against USD and JPY at June 30, 2020 and 2019, while all other variables were remained constant, would have increased (decreased) the net profit after tax by \$6,082 thousand and \$3,406 thousand, respectively. The analysis is performed on the same basis for both periods.

(c) Gains or losses on monetary item

Since the Company has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the six months ended June 30, 2020 and 2019, foreign exchange gain (loss), including realized and unrealized portions, amounted to (\$2,025) thousand and \$9,386 thousand, respectively.

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D. Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivatives and non-derivatives financial instruments on the reporting date. For variable rate instrument, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Company's internal management reported the increases (decreases) in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

The Company's exposure to Interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by \$7,291 thousand and \$10,079 thousand for the six months ended June 30, 2020 and 2019, all other variable factors that remain constant.

E. Fair value

The carrying amounts of the Company's non-derivative financial instruments-current, including financial assets at amortized cost, such as cash and cash equivalents, notes and receivables (including related parties), and other financial assets, and financial liabilities at amortized cost, such as accounts payable and payables to contractors and equipment, were considered to approximate their fair value due to their short-term nature.

(15) Financial risk management

There were no significant change in the Company's financial risk management and policies as disclosed in note 6(15) of the financial statements for the year ended December 31, 2019.

(16) Capital management

The objectives and policies of capital management of the Company have been applied consistently with those described in the financial statements for the year ended December 31, 2019. Also, there were no significant changes in the Company's capital management information as disclosed in the financial statements for the year ended December 31, 2019. Refer to note 6(16) of the financial statements for the year ended December 31, 2019 for the relevant information.

7. Related-party transactions:

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements.

<u>Names of the related parties</u>	<u>Relationships</u>
Johanson Technology Inc. (JOHANSON)	The Company's director
Scientific Components Corporation (doing business as <u>Mini-Circuits(MINI-CKT)</u>)	The Company's director
Hsin Chang Construction Corporation	The Company's director

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(2) Significant transactions with related parties

A. Operating revenue

The amounts of significant sales transactions between the Company and related parties were as follow:

	Three months ended June 30,		Six months ended June 30	
	2020	2019	2020	2019
	Key management personnel – JOHANSON	\$ 108,262	94,398	207,300
Key management personnel – MINI-CKT	42,802	40,749	65,952	78,561
	\$ 151,064	135,147	273,252	272,891

B. Receivables from related parties

Categories	Account	June 30, 2020	December 31, 2019	June 30, 2019
Key management personnel – JOHANSON	Receivables from related parties	\$ 204,841	75,455	74,834
	Bad Debt Provision	(2,048)	(754)	(748)
Key management personnel – MINI-CKT	Receivables from related parties	23,205	9,690	21,493
	Bad Debt Provision	(232)	(97)	(215)
		\$ 225,766	84,294	95,364

The selling price and collection terms of sales to related parties were determined in the economic environment and market competition, payment terms are 30 to 150 days.

The payment terms granted to routine sales customers are advance receipt or 30 to 120 days base on trading experience and credit assessment.

C. Consulting Service for Construction Engineering

As of December 31, 2019, Hsin Chang Construction Corporation provided consulting service for construction engineering amounted to \$800 thousand.

	Construction and equipment payable		
	June 30, 2020	December 31, 2019	June 30, 2019
	Hsin Chang Construction Corporation	0	800

D. Other

The transaction amount paid by the Company to its related parties for purchase spare parts and design service expenses and the related unpaid balances were as follows:

	Transaction amount				Other current liabilities		
	Three months ended June 30		Six months ended June 30		June 30,	December 31,	June 30,
	2020	2019	2020	2019	2020	2019	2019
Key management personnel – JOHANSON	\$ 273	1,406	663	2,478	45	359	923

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(3) Transactions with key management personnel

The key management personnel compensation was comprised as follows:

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 24,314	21,114	48,600	42,490
Post-employment benefits	27	27	54	54
	\$ 24,341	21,141	48,654	42,544

8. Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledge assets	Pledged to secure	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (Other financial assets-current)	Customs duty guarantee	\$ -	-	2,000
Time deposits (Other financial assets-noncurrent)	Performance bonds for government grants provided to technology projects	-	-	20,340
Land (Property, plant and equipment)	Short-term borrowings	168,944	168,944	168,944
		\$ 168,944	168,944	191,284

9. Commitments and contingencies:

- (1) As of June 30, 2020, December 31, 2019 and June 30, 2019, the outstanding letters of credit for the Company's purchases of machinery and equipment and raw materials amounted to \$34,253 thousand, \$3,392 thousand and \$4,557 thousand, respectively.
- (2) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Company purchased machinery and equipment and the unpaid amount was \$380,729 thousand, \$302,185 thousand and \$415,872 thousand, respectively.
- (3) Bank guarantees of the Company's purchases of raw materials, machinery and equipment amounted to \$2,000 thousand, as of June 30, 2020.
- (4) On June 30, 2020, the Company requested the bank to open performance bonds for the technology projects, guarantee period from April 7, 2019 to April 30, 2022, which amounted to \$20,340 thousand.

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10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other:

(1) The employee benefits, depreciation and amortization expenses, categorized by function, were as follows:

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	33,903	30,944	64,847	27,175	26,618	53,793
Labor and health insurance	2,914	1,721	4,635	2,374	1,559	3,933
Pension	1,171	877	2,048	905	787	1,692
Directors remuneration	3,529	396	3,925	3,027	413	3,440
Others	1,370	708	2,078	1,187	617	1,804
Depreciation	32,124	4,236	36,360	33,160	4,179	37,339
Amortization	219	125	344	-	75	75

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	64,784	61,539	126,323	53,311	53,743	107,054
Labor and health insurance	5,565	3,408	8,973	4,794	3,136	7,930
Pension	2,211	1,734	3,945	1,837	1,580	3,417
Directors remuneration	6,921	780	7,701	6,106	772	6,878
Others	2,621	1,378	3,999	2,374	1,237	3,611
Depreciation	63,971	8,877	72,848	66,625	8,193	74,818
Amortization	240	267	507	-	150	150

(2) Seasonality of operations:

The operations are not affected by seasonal factors or cyclical factors.

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13. Other disclosures:

(1) Information on significant transactions:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.

D. Individual securities acquired or disposed off with accumulated amount exceeding the lower of NTD\$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The company	New construction plant	2017.11.7	663,695	524,227	Xu Yuan Construction Corp.	-	N/A	N/A	N/A	-	Bidding	Manufacturing purpose	None

F. Disposal of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD\$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The company	JOHANSON	Corporate director	(Sales)	207,300	21%	150 days	Note	Note	204,841	43%	

Note: Please refer Note 7(2)

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
The company	JOHANSON	Corporate director	204,841	2.96	-		36,763 Note	2,048

Note: Until the July 10, 2020.

I. Trading in derivative instruments: None.

(2) Information on investments: None.

(3) Information on investment in Mainland China: None.

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(4) Information of major shareholders as of June 30, 2020:

Shareholder name	Number of shares	Percentage of ownership (%)
Kuo Chia Fu Investment Corporation	5,485,189	7.94%

The major shareholders list of 5% or more is provided by the Taiwan Depository & Clearing Corporation.

14. Segment information:

The profit or loss, assets and liabilities of the operation segment were consistent with the related accounts shown in the balance sheet and comprehensive income statement of the Company.