

ADVANCED CERAMIC X CORPORATION

Financial Statements and
Independent Auditors' Review Report
For the Nine Months Ended September 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 as of September 30, 2020 and 2019, and the related statements of comprehensive income for the three and nine months ended September 30, 2020 and 2019, and the related changes in equity and cash flows for the nine months ended September 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 September 30, 2020 and 2019, and of its financial performance for the three and nine months ended September 30, 2020 and 2019, and of its cash flows for the nine months ended September 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)

November 10, 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 September 30, 2020 and 2019

Advanced Ceramic X Corporation

Balance Sheets

September 30, 2020, December 31, 2019 and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019		September 30, 2020		December 31, 2019		September 30, 2019		
	Reviewed		Audited		Reviewed		Reviewed		Audited		Reviewed		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Assets							Liabilities and Equity						
Current Assets :							Current Liabilities :						
1100 Cash and Cash Equivalents (Note 6(1))	\$ 1,009,860	25	1,727,244	46	1,675,692	46	2170 Accounts Payable	\$ 82,601	2	50,504	1	52,480	2
1170 Notes and Accounts Receivable, Net (Note 6(2) and (11))	235,485	6	178,135	5	189,662	5	2201 Salary and Bonus Payable	175,262	4	120,688	3	166,897	5
1180 Receivables from Related Parties (Note 6(2), (11) and 7)	187,247	5	84,294	2	74,970	2	2213 Payables to Contractors and Equipment (Note 7)	231,999	6	91,046	3	83,813	2
1310 Inventories (Note 6(3))	132,239	3	117,516	3	130,908	4	2230 Income Tax Payable	65,222	2	68,006	2	28,960	1
1476 Other Financial Assets - Current (Note 6(1) and 8)	215,945	5	216,237	6	216,215	6	2399 Other Current Liabilities (Note 6(6), (11) and 7)	170,262	4	137,282	4	147,963	4
1479 Other Current Assets	48,130	1	25,642	-	26,318	1		725,346	18	467,526	13	480,113	14
	<u>1,828,906</u>	<u>45</u>	<u>2,349,068</u>	<u>62</u>	<u>2,313,765</u>	<u>64</u>	Noncurrent Liabilities :						
Noncurrent Assets :							2600 Other Liabilities- Noncurrent	16,102	-	14,061	-	13,399	-
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	2,189,466	55	1,417,742	38	1,310,052	36		16,102	-	14,061	-	13,399	-
1780 Intangible Assets (Note 6(5))	1,883	-	1,783	-	1,183	-	Total Liabilities	741,448	18	481,587	13	493,512	14
1840 Deferred Tax Assets	9,497	-	9,497	-	9,409	-	Equity (Note 6(9)) :						
1900 Other Assets - Noncurrent	7,037	-	-	-	-	-	3100 Capital Stock	690,162	17	690,162	18	690,162	19
1980 Other Financial Assets - Noncurrent (Note 8)	632	-	447	-	446	-	3200 Capital Surplus	573,532	14	573,532	15	573,532	15
1975 Net Defined Benefit Asset - Noncurrent (Note 6(7))	1,593	-	1,094	-	1,047	-	3300 Retained Earnings	2,033,872	51	2,034,350	54	1,878,696	52
	<u>2,210,108</u>	<u>55</u>	<u>1,430,563</u>	<u>38</u>	<u>1,322,137</u>	<u>36</u>	Total Equity	3,297,566	82	3,298,044	87	3,142,390	86
Total Assets	<u>\$ 4,039,014</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>3,635,902</u>	<u>100</u>	Total Liabilities and Equity	<u>\$ 4,039,014</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>3,635,902</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 Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>Three Months Ended September 30</u>				<u>Nine Months Ended September 30</u>			
	<u>2020</u>		<u>2019</u>		<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 Net Revenue (Note 6(11) and 7)	\$ 555,236	100	415,061	100	1,557,119	100	1,270,478	100
5000 Cost of Sales (Note 6(3), (13) and 7)	233,415	42	170,158	41	643,900	41	512,796	40
Gross Profit	<u>321,821</u>	<u>58</u>	<u>244,903</u>	<u>59</u>	<u>913,219</u>	<u>59</u>	<u>757,682</u>	<u>60</u>
Operating Expenses (Note 6(13) and 7) :								
6100 Selling and Distribution Expenses	9,431	2	9,919	2	26,930	2	26,887	2
6200 General and Administrative Expenses	24,432	4	20,072	5	68,857	4	56,399	5
6300 Research and Development Expenses	31,616	5	28,128	7	92,801	6	84,309	7
6450 Losses (Gains) on Expected Credit Impairment (Note 6(2))	(563)	-	802	-	1,620	-	5,459	-
	<u>64,916</u>	<u>11</u>	<u>58,921</u>	<u>14</u>	<u>190,208</u>	<u>12</u>	<u>173,054</u>	<u>14</u>
Profit from Operations	<u>256,905</u>	<u>47</u>	<u>185,982</u>	<u>45</u>	<u>723,011</u>	<u>47</u>	<u>584,628</u>	<u>46</u>
Non-Operating Income and Expenses :								
7100 Interest Income	1,390	-	3,601	1	6,104	-	11,173	1
7190 Other Income (Note 6(12))	2,157	-	3,196	1	7,419	-	5,847	-
7230 Foreign Exchange Gains (Losses), Net	(9,597)	(2)	(305)	-	(11,622)	(1)	9,081	1
7610 Gains on Disposal of Property, Plant and Equipment, Net	1,750	-	100	-	1,750	-	100	-
	<u>(4,300)</u>	<u>(2)</u>	<u>6,592</u>	<u>2</u>	<u>3,651</u>	<u>(1)</u>	<u>26,201</u>	<u>2</u>
7900 Profit Before Income Tax	252,605	45	192,574	47	726,662	46	610,829	48
7950 Income Tax Expense (Note 6(8))	50,522	9	36,265	9	145,333	9	119,916	9
8200 Net Income	<u>202,083</u>	<u>36</u>	<u>156,309</u>	<u>38</u>	<u>581,329</u>	<u>37</u>	<u>490,913</u>	<u>39</u>
8300 Other Comprehensive Income :								
8300 Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-
8500 Total Comprehensive Income	<u>\$ 202,083</u>	<u>36</u>	<u>156,309</u>	<u>38</u>	<u>581,329</u>	<u>37</u>	<u>490,913</u>	<u>39</u>
Earnings Per Share (Expressed in Dollars) (Note 6(10))								
9750 Basic Earnings Per Share	<u>\$ 2.93</u>		<u>2.26</u>		<u>8.42</u>		<u>7.11</u>	
9850 Diluted Earnings Per Share	<u>\$ 2.92</u>		<u>2.26</u>		<u>8.41</u>		<u>7.10</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 Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Capital Surplus	
			Legal Reserve	Undistributed Earnings		
Balance at January 1, 2019	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Other Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Appropriation and Distribution of 2018 Earnings :						
Legal Reserve	-	-	75,774	(75,774)	-	-
Cash Dividends	-	-	-	(681,880)	(681,880)	(681,880)
Balance at of September 30, 2019	\$ 690,162	573,532	716,188	1,162,508	1,878,696	3,142,390
Balance at January 1, 2020	\$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Profit for the Nine Months Ended September 30, 2020	-	-	-	581,329	581,329	581,329
Other Comprehensive Income for the Nine Months Ended September 30, 2020	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2020	-	-	-	581,329	581,329	581,329
Appropriation and Distribution of 2019 Earnings :						
Legal Reserve	-	-	64,666	(64,666)	-	-
Cash Dividends	-	-	-	(581,807)	(581,807)	(581,807)
Balance at of September 30, 2020	\$ 690,162	573,532	780,854	1,253,018	2,033,872	3,297,566

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 Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2020	2019
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 726,662	610,829
Adjustments for :		
Depreciation Expense	111,562	111,465
Amortization Expense	920	250
Expected Credit Loss	1,620	5,459
Interest Income	(6,104)	(11,173)
Gain on Disposal of Property, Plant and Equipment, Net	(1,750)	(100)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(500)	(4,700)
Total Adjustments to Reconcile Profit	<u>105,748</u>	<u>101,201</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(57,930)	(5,238)
Receivables from Related Parties	(103,993)	59,415
Inventories	(14,223)	4,200
Other Operating Current Assets	(22,488)	(7,430)
Net Defined Benefit Assets	(499)	(425)
Accounts Payable	32,097	6,776
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	87,554	61,072
Other Liabilities-Noncurrent	2,041	2,922
Total Net Changes in Operating Assets and Liabilities	<u>(77,441)</u>	<u>121,292</u>
Cash Inflow Generated from Operations	754,969	833,322
Interest Received	6,396	11,465
Income Taxes Paid	<u>(148,117)</u>	<u>(192,654)</u>
Net Cash Flows from Operating Activities	<u>613,248</u>	<u>652,133</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(742,333)	(289,282)
Proceeds from Disposal of Property, Plant and Equipment	1,750	100
Decrease (Increase) in Guarantee Deposits	(185)	55
Acquisition of Intangible Assets	(500)	(750)
Decrease in Other Financial Assets	-	286,100
Increase in Other Assets- Noncurrent	(7,207)	-
Increase in Prepaid of Equipment	(350)	-
Net Cash Flows Used in Investing Activities	<u>(748,825)</u>	<u>(3,777)</u>
Cash Flows from Financing Activities :		
Cash Dividends	<u>(581,807)</u>	<u>(681,880)</u>
Net Cash Flows Used in Financing Activities	<u>(581,807)</u>	<u>(681,880)</u>
Net Decrease in Cash and Cash Equivalents	(717,384)	(33,524)
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>\$ 1,009,860</u>	<u>1,675,692</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

September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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 November 10, 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.

New, Revised or Amended Standards and Interpretations	Effective Date Per IASB
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 abovementioned standards or interpretations would not have a material impact on its financial statement.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

New, Revised or Amended Standards and Interpretations	Effective Date Per IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Company assesses that the adoption of the abovementioned amendments would not have any material impact on its financial statements.

Advanced Ceramic X Corporation
Notes to Financial Statements

- (3) The impact of IFRS issued by IASB but not yet endorsed by the FSC
As of the date, the following IFRSs that have been issued by the IASB, but not yet to be 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current	January 1, 2023
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 Standards 2018 – 2020 Cycle	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. 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.

Advanced Ceramic X Corporation
Notes to Financial Statements

(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.

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 nine months ended September 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash	\$ 50	50	50
Cash in bank	326,759	232,103	164,256
Time deposits	<u>683,051</u>	<u>1,495,091</u>	<u>1,511,386</u>
	<u>\$ 1,009,860</u>	<u>1,727,244</u>	<u>1,675,692</u>

As of September 30, 2020, December 31, 2019 and September 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 \$215,850, 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.

Advanced Ceramic X Corporation
Notes to Financial Statements

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

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 62	1,016	1,381
Accounts receivable	237,802	178,918	196,258
Accounts receivable from related parties	189,138	85,145	75,727
Less: Allowance for impairment	(2,379)	(1,799)	(7,977)
Allowance for impairment from related parties	(1,891)	(851)	(757)
	<u>\$ 422,732</u>	<u>262,429</u>	<u>264,632</u>
Notes and accounts receivable, net	<u>\$ 235,485</u>	<u>178,135</u>	<u>189,662</u>
Accounts receivable from related parties, net	<u>\$ 187,247</u>	<u>84,294</u>	<u>74,970</u>

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 September 30, 2020, the Company recognized a loss allowance amounting to \$6,145 thousand for accounts receivable with gross carrying amount of \$14,458 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:

	September 30, 2020		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 419,028	1%~2%	4,190
Past due less than 30 days	7,883	1%~2%	79
Past due 31~120 days	91	1%~2%	1
	<u>\$ 427,002</u>		<u>4,270</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>

Advanced Ceramic X Corporation
Notes to Financial Statements

	September 30, 2019		
	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 258,860	1%~2%	2,589
Past due less than 30 days	48	1%~2%	-
	\$ 258,908		2,589

The movements of allowance for doubtful accounts were as follows:

	Nine months ended September 30	
	2020	2019
Beginning balance	\$ 2,650	3,275
Provision of impairment loss	1,620	5,459
Ending balance	\$ 4,270	8,734

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 September 30, 2020, December 31, 2019 and September 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

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials and supplies	\$ 50,164	27,582	32,510
Work in process	65,400	58,279	63,881
Finished goods	16,675	31,655	34,517
	\$ 132,239	117,516	130,908

For the three months and nine months ended September 30, 2020 and 2019, the amounts of inventories that were charged to cost of sales were \$237,915 thousand, \$169,858 thousand, \$644,400 thousand and \$517,496 thousand, respectively. For the three months and nine months ended September 30, 2020, the reversals of inventories written down were \$4,500 thousand and \$500 thousand, respectively. For the three months ended September 30, 2019, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted were \$300 thousand and the reversal of inventories written down were \$4,700 thousand for the nine months ended September 30, 2019.

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

Advanced Ceramic X Corporation
Notes to Financial Statements

(4) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the nine months ended September 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	-	486	7,781	3,782	871,237	883,286
Reclassifications	-	-	85,338	11,537	(96,875)	-
Disposals	-	-	(94,165)	(640)	-	(94,805)
Balance at September 30, 2020	<u>\$ 248,651</u>	<u>360,125</u>	<u>2,037,831</u>	<u>205,206</u>	<u>1,357,796</u>	<u>4,209,609</u>
Balance at January 1, 2019	\$ 248,651	359,639	1,999,635	172,814	205,413	2,986,152
Additions	-	-	14,660	6,374	299,534	320,568
Reclassifications	-	-	40,456	10,703	(51,159)	-
Disposals	-	-	(26,167)	(1,729)	-	(27,896)
Balance at September 30, 2019	<u>\$ 248,651</u>	<u>359,639</u>	<u>2,028,584</u>	<u>188,162</u>	<u>453,788</u>	<u>3,278,824</u>
Depreciation :						
Balance at January 1, 2020	\$ -	250,847	1,611,814	140,725	-	2,003,386
Depreciation	-	9,307	91,205	11,050	-	111,562
Disposals	-	-	(94,165)	(640)	-	(94,805)
Balance at September 30, 2020	<u>\$ -</u>	<u>260,154</u>	<u>1,608,854</u>	<u>151,135</u>	<u>-</u>	<u>2,020,143</u>
Balance at January 1, 2019	\$ -	238,450	1,518,082	128,671	-	1,885,203
Depreciation	-	9,298	91,859	10,308	-	111,465
Disposals	-	-	(26,167)	(1,729)	-	(27,896)
Balance at September 30, 2019	<u>\$ -</u>	<u>247,748</u>	<u>1,583,774</u>	<u>137,250</u>	<u>-</u>	<u>1,968,772</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 September 30, 2020	<u>\$ 248,651</u>	<u>99,971</u>	<u>428,977</u>	<u>54,071</u>	<u>1,357,796</u>	<u>2,189,466</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 September 30, 2019	<u>\$ 248,651</u>	<u>111,891</u>	<u>444,810</u>	<u>50,912</u>	<u>453,788</u>	<u>1,310,052</u>

Pledged assets

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

Advanced Ceramic X Corporation
Notes to Financial Statements

(5) Intangible assets

	Royalty
Balance at January 1, 2020	\$ 1,783
Balance at September 30, 2020	\$ 1,883
Balance at January 1, 2019	\$ 683
Balance at September 30, 2019	\$ 1,183

For the nine months ended September 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 September 30, 2020, December 31, 2019 and September 30, 2019, the intangible assets were not pledged as collateral.

(6) Other current liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Accrued expenses	\$ 135,026	92,968	113,490
Directors' remuneration payable	11,658	12,923	9,799
Other	23,578	31,391	24,674
	\$ 170,262	137,282	147,963

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.

Advanced Ceramic X Corporation
Notes to Financial Statements

(8) Income tax

A. Income tax expense

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Income tax expense	\$ 50,522	38,515	145,333	122,166
Adjustment for prior periods	-	(2,250)	-	(2,250)
	\$ 50,522	36,265	145,333	119,916

B. As of September 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 nine months ended September 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.

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	\$ 8.43	9.88

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.

Advanced Ceramic X Corporation
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(10) Earnings per share (EPS)

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

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Basic EPS :				
Profit attributable to ordinary shareholders	\$ 202,083	156,309	581,329	490,913
Weighted average number of outstanding share of common stock (in thousands)	69,016	69,016	69,016	69,016
Basic EPS (in dollars)	\$ 2.93	2.26	8.42	7.11
Diluted EPS :				
Profit belonging to common shareholders	\$ 202,083	156,309	581,329	490,913
Weighted average number of outstanding shares of common stock (in thousands) (basic)	69,016	69,016	69,016	69,016
Employee compensation	99	127	127	167
Weighted average number of common stock (in thousands) (diluted)	69,115	69,143	69,143	69,183
Diluted EPS (in dollars)	\$ 2.92	2.26	8.41	7.10

(11) Operating revenue from contracts with customers

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Primary geographic markets				
China	\$ 268,058	154,139	578,329	441,546
United States	121,649	111,675	396,265	387,159
Taiwan	128,485	74,124	339,568	205,320
Hong Kong	11,746	40,006	152,493	134,601
Other	25,298	35,117	90,464	101,852
	\$ 555,236	415,061	1,557,119	1,270,478
Main Product				
RF Front-End devices and modules	\$ 555,236	415,061	1,557,119	1,270,478

Advanced Ceramic X Corporation
Notes to Financial Statements

Contract balances :

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 62	1,016	1,381
Accounts receivable	237,802	178,918	196,258
Accounts receivable from related parties	189,138	85,145	75,727
Less: Allowance for impairment	(2,379)	(1,799)	(7,977)
Allowance for impairment from related parties	<u>(1,891)</u>	<u>(851)</u>	<u>(757)</u>
	<u>\$ 422,732</u>	<u>262,429</u>	<u>264,632</u>
Notes and accounts receivable, net	<u>\$ 235,485</u>	<u>178,135</u>	<u>189,662</u>
Accounts receivable from related parties, net	<u>\$ 187,247</u>	<u>84,294</u>	<u>74,970</u>

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

As of September 30, 2020, December 31, 2019 and September 30, 2019, the Company contract liabilities amount was \$21,635 thousand, \$28,895 thousand and \$23,295 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 nine months ended September 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.

(12) Non-operating income and expenses

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Government grants income	\$ 2,132	3,196	7,008	5,635
Other income	25	-	411	212
	<u>\$ 2,157</u>	<u>3,196</u>	<u>7,419</u>	<u>5,847</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.

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For the three months and nine months ended September 30, 2020 and 2019, the Company estimated the remuneration to employees amounting to \$13,508 thousand, \$10,298 thousand, \$38,859 thousand and \$32,665 thousand, respectively, and remuneration to directors amounting to \$4,053 thousand, \$3,089 thousand, \$11,658 thousand and \$9,799 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 nine months ended September 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.

(b) Concentration of credit risk

The major customers of the Company are centralized in the electronics industry. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Company's notes and account receivable (including related parties) were both concentrated on 5 customers, whose accounts represented 62%, 59% and 57% 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Company's cash in bank and time deposits were both concentrated on one financial institution, whose accounts represented 54%, 65% and 64% 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).

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The abovementioned 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
September 30, 2020			
Non-derivative financial liabilities			
Accounts payable	\$ 82,601	82,601	-
Payables to contractors and equipment	231,999	231,999	-
	\$ 314,600	314,600	-
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	-
September 30, 2019			
Non-derivative financial liabilities			
Accounts payable	\$ 52,480	52,480	-
Payables to contractors and equipment	83,813	42,825	40,988
	\$ 136,293	95,305	40,988

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:

	September 30, 2020			December 31, 2019			September 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	\$ 18,434	29.050	535,508	13,548	29.930	405,492	10,825	30.990	335,467
JPY	1,121,117	0.2736	306,738	729,144	0.2740	199,785	500,424	0.2858	143,021

Advanced Ceramic X Corporation
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	September 30, 2020			December 31, 2019			September 30, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	2,886	29.150	84,127	566	30.030	16,997	545	31.090	16,944
JPY	34,645	0.2776	9,617	23,352	0.2780	6,492	29,446	0.2898	8,533

(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 September 30, 2020 and 2019, while all other variables were remained constant, would have increased (decreased) the net profit after tax by \$5,988 thousand and \$3,624 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 nine months ended September 30, 2020 and 2019, foreign exchange gain (loss), including realized and unrealized portions, amounted to (\$11,622) thousand and \$9,081 thousand, respectively.

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 \$7,354 thousand and \$11,349 thousand for the nine months ended September 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, and accounts payable and payables to contractors and equipment, were considered to approximate their fair value due to their short-term nature.

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Notes to Financial Statements

(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.

Names of the related parties	Relationships
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

(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		Nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Key management personnel – JOHANSON	\$ 76,892	79,243	284,192	273,573
Key management personnel – MINI-CKT	42,912	30,795	108,864	109,356
	<u>\$ 119,804</u>	<u>110,038</u>	<u>393,056</u>	<u>382,929</u>

B. Receivables from related parties

Categories	Account	September 30, 2020	December 31, 2019	September 30, 2019
Key management personnel – JOHANSON	Receivables from related parties	\$ 163,127	75,455	60,892
	Bad Debt Provision	(1,631)	(754)	(609)
Key management personnel – MINI-CKT	Receivables from related parties	26,011	9,690	14,835
	Bad Debt Provision	(260)	(97)	(148)
		<u>\$ 187,247</u>	<u>84,294</u>	<u>74,970</u>

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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		
	September 30, 2020	December 31, 2019	September 30, 2019
Hsin Chang Construction Corporation	0	800	0

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 September 30		Nine months ended September 30		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019	2020	2019	2019
Key management personnel—							
JOHANSON	\$ 344	1,231	1,007	3,709	0	359	858

(3) Transactions with key management personnel

The key management personnel compensation was comprised as follows:

	Three months ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
	Short-term employee benefits	\$ 25,390	19,833	73,990
Post-employment benefits	27	27	81	81
	\$ 25,417	19,860	74,071	62,404

8. Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledge assets	Pledged to secure	September 30, 2020	December 31, 2019	September 30, 2019
Land				
(Property, plant and equipment) Short-term borrowings		\$ 168,944	168,944	168,944
		\$ 168,944	168,944	168,944

9. Commitments and contingencies:

(1) As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding letters of credit for the Company's purchases of machinery and equipment and raw materials amounted to \$97,528 thousand, \$3,392 thousand and \$3,536 thousand, respectively.

(2) As of September 30, 2020, December 31, 2019 and September 30, 2019, the Company purchased machinery and equipment and the unpaid amount was \$350,804 thousand, \$302,185 thousand and \$303,868 thousand, respectively.

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Notes to Financial Statements

- (3) Bank guarantees of the Company's purchases of raw materials, machinery and equipment amounted to \$3,000 thousand, as of September 30, 2020.
- (4) On September 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.

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 September 30, 2020			Three months ended September 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	38,490	32,287	70,777	26,876	26,655	53,531
Labor and health insurance	3,426	1,743	5,169	2,436	1,641	4,077
Pension	1,447	886	2,333	938	831	1,769
Directors remuneration	3,688	407	4,095	2,811	344	3,155
Others	1,553	732	2,285	1,178	629	1,807
Depreciation	34,352	4,362	38,714	32,303	4,344	36,647
Amortization	280	133	413	-	100	100

	Nine months ended September 30, 2020			Nine months ended September 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	103,274	93,826	197,100	80,187	80,398	160,585
Labor and health insurance	8,991	5,151	14,142	7,230	4,777	12,007
Pension	3,658	2,620	6,278	2,775	2,411	5,186
Directors remuneration	10,609	1,187	11,796	8,917	1,116	10,033
Others	4,174	2,110	6,284	3,552	1,866	5,418
Depreciation	98,323	13,239	111,562	98,928	12,537	111,465
Amortization	520	400	920	-	250	250

Advanced Ceramic X Corporation
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(2) Seasonality of operations:

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

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 September 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	536,770	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:

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)	284,192	18%	150 days	Note	Note	163,127	38%	
The Company	MINI-CKT	Corporate director	(Sales)	108,864	7%	30 days	Note	Note	26,011	6%	

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	163,127	3.18	-		38,730 Note	1,631

Note: Until the October 19, 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 September 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.