

**Advanced Ceramic X Corporation**  
**Balance Sheets**  
**December 31, 2019 and 2018**  
(Expressed in Thousands of New Taiwan Dollars)

|                            |  | <u>December 31, 2019</u> |            | <u>December 31, 2018</u> |            |                               |  | <u>December 31, 2019</u> |            | <u>December 31, 2018</u> |            |
|----------------------------|--|--------------------------|------------|--------------------------|------------|-------------------------------|--|--------------------------|------------|--------------------------|------------|
| <b>Assets</b>              |  | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   | <b>Liabilities and Equity</b> |  | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |
| <b>Current Assets :</b>    |  |                          |            |                          |            | <b>Current Liabilities :</b>  |  |                          |            |                          |            |
| 1100                       | Cash and Cash Equivalents (Note 6(1))              | \$ 1,727,244             | 46         | 1,709,216                | 45         | 2170                          | Accounts Payable                               | \$ 50,504                | 1          | 45,704                   | 1          |
| 1170                       | Notes and Accounts Receivable, Net (Note 6(2))     | 178,135                  | 5          | 190,477                  | 5          | 2201                          | Salary and Bonus Payable                       | 120,688                  | 3          | 127,347                  | 3          |
| 1180                       | Receivables from Related Parties (Note 6(2) and 7) | 84,294                   | 2          | 133,791                  | 4          | 2213                          | Payables to Contractors and Equipment (Note 7) | 91,046                   | 3          | 52,527                   | 2          |
| 1310                       | Inventories (Note 6(3))                            | 117,516                  | 3          | 130,408                  | 3          | 2230                          | Income Tax Payable                             | 68,006                   | 2          | 101,698                  | 3          |
| 1476                       | Other Financial Assets - Current (Note 6(1) and 8) | 216,237                  | 6          | 502,607                  | 13         | 2399                          | Other Current Liabilities (Note 6(6) and 7)    | 137,282                  | 4          | 126,441                  | 3          |
| 1479                       | Other Current Assets                               | 25,642                   | -          | 18,888                   | 1          |                               |  | <u>467,526</u>           | <u>13</u>  | <u>453,717</u>           | <u>12</u>  |
|                            |  | <u>2,349,068</u>         | <u>62</u>  | <u>2,685,387</u>         | <u>71</u>  |                               | <b>Noncurrent Liabilities :</b>                |                          |            |                          |            |
| <b>Noncurrent Assets :</b> |  |                          |            |                          |            | 2600                          | Other Liabilities- Noncurrent                  | 14,061                   | -          | 10,477                   | -          |
| 1600                       | Property, Plant and Equipment (Note 6(4), 7 and 8) | 1,417,742                | 38         | 1,100,949                | 29         |                               |  | <u>14,061</u>            | <u>-</u>   | <u>10,477</u>            | <u>-</u>   |
| 1780                       | Intangible Assets (Note 6(5))                      | 1,783                    | -          | 683                      | -          |                               | <b>Total Liabilities</b>                       | <u>481,587</u>           | <u>13</u>  | <u>464,194</u>           | <u>12</u>  |
| 1840                       | Deferred Tax Assets (Note 6(8))                    | 9,497                    | -          | 9,409                    | -          |                               | <b>Equity (Note 6(9)) :</b>                    |                          |            |                          |            |
| 1980                       | Other Financial Assets - Noncurrent                | 447                      | -          | 501                      | -          | 3100                          | Capital Stock                                  | 690,162                  | 18         | 690,162                  | 18         |
| 1975                       | Net Defined Benefit Asset- Noncurrent (Note6(7))   | 1,094                    | -          | 622                      | -          | 3200                          | Capital Surplus                                | 573,532                  | 15         | 573,532                  | 15         |
|                            |  | <u>1,430,563</u>         | <u>38</u>  | <u>1,112,164</u>         | <u>29</u>  | 3300                          | Retained Earnings                              | 2,034,350                | 54         | 2,069,663                | 55         |
|                            |  | <u>\$ 3,779,631</u>      | <u>100</u> | <u>3,797,551</u>         | <u>100</u> |                               | <b>Total Equity</b>                            | <u>3,298,044</u>         | <u>87</u>  | <u>3,333,357</u>         | <u>88</u>  |
|                            | <b>Total Assets</b>                                | <u>\$ 3,779,631</u>      | <u>100</u> | <u>3,797,551</u>         | <u>100</u> |                               | <b>Total Liabilities and Equity</b>            | <u>\$ 3,779,631</u>      | <u>100</u> | <u>3,797,551</u>         | <u>100</u> |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Comprehensive Income**  
**Years Ended December 31, 2019 and 2018**  
(Expressed in Thousands of New Taiwan Dollars)

|      |   | <u>2019</u>       |           | <u>2018</u>      |           |
|------|---|-------------------|-----------|------------------|-----------|
|      |   | <u>Amount</u>     | <u>%</u>  | <u>Amount</u>    | <u>%</u>  |
| 4100 | <b>Net Revenue</b> (Note 6(11) and 7)                         | \$ 1,707,626      | 100       | 1,804,308        | 100       |
| 5000 | <b>Cost of Revenue</b> (Note 6(3), (7), (13) and 7)           | 689,886           | 40        | 682,089          | 38        |
|      | <b>Gross Profit</b>   | <u>1,017,740</u>  | <u>60</u> | <u>1,122,219</u> | <u>62</u> |
|      | <b>Operating Expenses</b> (Note 6(7), (13) and 7) :           |                   |           |                  |           |
| 6100 | Selling and Distribution Expenses                             | 36,450            | 2         | 32,083           | 2         |
| 6200 | General and Administrative Expenses                           | 78,366            | 5         | 76,973           | 4         |
| 6300 | Research and Development Expenses                             | 110,403           | 6         | 104,174          | 6         |
| 6450 | Expected Credit Impairment Loss (Gain) (Note 6(2))            | (625)             | -         | (214)            | -         |
|      |   | <u>224,594</u>    | <u>13</u> | <u>213,016</u>   | <u>12</u> |
|      | <b>Income from Operations</b>                                 | <u>793,146</u>    | <u>47</u> | <u>909,203</u>   | <u>50</u> |
|      | <b>Non-Operating Income and Expenses :</b>                    |                   |           |                  |           |
| 7101 | Interest Income   | 14,711            | 1         | 15,905           | 1         |
| 7190 | Other Income (Note 6(12))                                     | 7,286             | -         | 175              | -         |
| 7230 | Foreign Exchange Gain (Loss), Net                             | (9,702)           | (1)       | 20,088           | 1         |
| 7610 | Gain on Disposal of Property, Plant and Equipment, Net        | 100               | -         | 95               | -         |
|      |   | <u>12,395</u>     | <u>-</u>  | <u>36,263</u>    | <u>2</u>  |
| 7900 | <b>Income Before Income Tax</b>                               | 805,541           | 47        | 945,466          | 52        |
| 7950 | <b>Less : Income Tax Expense</b> (Note 6(8))                  | 158,876           | 9         | 187,727          | 10        |
| 8200 | <b>Net Income</b>   | <u>646,665</u>    | <u>38</u> | <u>757,739</u>   | <u>42</u> |
| 8300 | <b>Other Comprehensive Income :</b>                           |                   |           |                  |           |
| 8310 | <b>Items That will Not Be Reclassified to Profit or Loss</b>  |                   |           |                  |           |
| 8311 | Remeasurement of Defined Benefit Obligations<br>(Note 6(7))   | (98)              | -         | 277              | -         |
| 8300 | <b>Other Comprehensive Income, net of tax</b>                 | <u>(98)</u>       | <u>-</u>  | <u>277</u>       | <u>-</u>  |
| 8500 | <b>Total Comprehensive Income</b>                             | <u>\$ 646,567</u> | <u>38</u> | <u>758,016</u>   | <u>42</u> |
|      | <b>Earnings Per Share (Expressed in Dollars)</b> (Note 6(10)) |                   |           |                  |           |
| 9750 | Basic Earnings Per Share                                      | <u>\$ 9.37</u>    |           | <u>10.98</u>     |           |
| 9850 | Diluted Earnings Per Share                                    | <u>\$ 9.35</u>    |           | <u>10.95</u>     |           |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Changes in Equity**  
**Years Ended December 31, 2019 and 2018**  
(Expressed in Thousands of New Taiwan Dollars)

|  | Common<br>Stock   | Capital<br>Surplus | Retained Earnings |                           | Capital<br>Surplus |                  |
|--|-------------------|--------------------|-------------------|---------------------------|--------------------|------------------|
|  |                   |                    | Legal<br>Reserve  | Undistributed<br>Earnings |                    | Subtotal         |
| <b>Balance at January 1, 2018</b>            | \$ 690,162        | 573,532            | 556,555           | 1,507,369                 | 2,063,924          | 3,327,618        |
| Net income in 2018                           | -                 | -                  | -                 | 757,739                   | 757,739            | 757,739          |
| Other Comprehensive Income, Net of Tax       | -                 | -                  | -                 | 277                       | 277                | 277              |
| Total Comprehensive Income for the Year      | -                 | -                  | -                 | 758,016                   | 758,016            | 758,016          |
| Appropriation and Distribution of Earnings : |                   |                    |                   |                           |                    |                  |
| Legal Reserve                                | -                 | -                  | 83,859            | (83,859)                  | -                  | -                |
| Cash Dividends                               | -                 | -                  | -                 | (752,277)                 | (752,277)          | (752,277)        |
| <b>Balance at December 31, 2018</b>          | <b>690,162</b>    | <b>573,532</b>     | <b>640,414</b>    | <b>1,429,249</b>          | <b>2,069,663</b>   | <b>3,333,357</b> |
| Net income in 2019                           | -                 | -                  | -                 | 646,665                   | 646,665            | 646,665          |
| Other Comprehensive Income, Net of Tax       | -                 | -                  | -                 | (98)                      | (98)               | (98)             |
| Total Comprehensive Income for the Year      | -                 | -                  | -                 | 646,567                   | 646,567            | 646,567          |
| Appropriation and Distribution of Earnings : |                   |                    |                   |                           |                    |                  |
| Legal Reserve                                | -                 | -                  | 75,774            | (75,774)                  | -                  | -                |
| Cash Dividends                               | -                 | -                  | -                 | (681,880)                 | (681,880)          | (681,880)        |
| <b>Balance at December 31, 2019</b>          | <b>\$ 690,162</b> | <b>573,532</b>     | <b>716,188</b>    | <b>1,318,162</b>          | <b>2,034,350</b>   | <b>3,298,044</b> |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**  
(Expressed in Thousands of New Taiwan Dollars)

|   | 2019         | 2018      |
|---|--------------|-----------|
| <b>Cash Flows from Operating Activities :</b>   |              |           |
| Income Before Income Tax  | \$ 805,541   | 945,466   |
| Adjustments for :   |              |           |
| Depreciation Expense  | 147,587      | 144,809   |
| Amortization Expense  | 400          | 484       |
| Expected Credit Gain  | (625)        | (214)     |
| Interest Income   | (14,711)     | (15,905)  |
| Gain on Disposal of Property, Plant and Equipment, Net  | (100)        | (95)      |
| Provision (Reversal) for Inventory Obsolescence and Devaluation Loss                            | (7,227)      | 11,999    |
| Total Adjustments to Reconcile Profit   | 125,324      | 141,078   |
| Changes in Operating Assets and Liabilities :   |              |           |
| Notes and Accounts Receivable   | 12,467       | 20,415    |
| Receivables from Related Parties  | 49,997       | 975       |
| Inventories   | 20,119       | (33,070)  |
| Other Operating Current Assets  | (6,754)      | (2,701)   |
| Net Defined Benefit Assets  | (570)        | (596)     |
| Accounts Payable  | 4,800        | 2,467     |
| Other Operating Current Liabilities<br>(Including Salary Payable and Other Current Liabilities) | 4,182        | (23,342)  |
| Other Liabilities-Noncurrent  | 3,584        | 3,176     |
| Total Net Changes in Operating Assets and Liabilities   | 87,825       | (32,676)  |
| Cash Generated from Operations  | 1,018,690    | 1,053,868 |
| Interest Received   | 14,981       | 15,804    |
| Income Taxes Paid   | (192,656)    | (176,436) |
| Net Cash Generated by Operating Activities  | 841,015      | 893,236   |
| <b>Cash Flows from Investing Activities :</b>   |              |           |
| Acquisition of Property, Plant and Equipment  | (425,861)    | (216,210) |
| Proceeds from Disposal of Property, Plant and Equipment   | 100          | 95        |
| Decrease in Refundable Deposits   | 54           | -         |
| Acquisition of Intangible Assets  | (1,500)      | -         |
| Decrease (Increase) in Other Financial Assets   | 286,100      | (499,950) |
| Net Cash Used in Investing Activities   | (141,107)    | (716,065) |
| <b>Cash Flows from Financing Activities :</b>   |              |           |
| Cash Dividends  | (681,880)    | (752,277) |
| Net Cash Used in Financing Activities   | (681,880)    | (752,277) |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                     | 18,028       | (575,106) |
| <b>Cash and Cash Equivalents at the Beginning of Period</b>                                     | 1,709,216    | 2,284,322 |
| <b>Cash and Cash Equivalents at the End of Period</b>   | \$ 1,727,244 | 1,709,216 |

See accompanying notes to the financial statements.