

Advanced Ceramic X Corporation 2019 Annual General Shareholders' Meeting Minutes

Time: 9: 00 a.m., June 18, 2019

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

The number of shares of attendance:

Total outstanding ACX shares: 69,016,200 shares

Total shares represented by shareholders present in person or by proxy: 59,051,675 shares (including 19,193,585 shares casted electronically)

Percentage of shares held by shareholders present in person or by proxy: 85.56%

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

Recorder: Wei-Neng Wang

Directors present:

Shuang De Investment Corporation (Rep.: Chien-Wen Kuo), Lin Li Construction Corporation (Rep.: Te-Ti Han), Johanson Technology Inc. (Rep.: John Petrines), Ming-Huang Li, Shiuh-Kao Chiang, Shang-Ming Chin

Other present: Wan- Yuan Yu (KPMG CPA)

1. Call the Meeting to Order:

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

2. Chairman's Address: Omitted.

3. Report Items:

- (1) 2018 Business Report (see Attachment 1)
- (2) Audit Committee's Review Report of 2018(see Attachment 2)
- (3) Distribution of directors' and employees' compensation in 2018

Explanation Notes:

Distribution of NT\$15,167,911 and NT\$50,559,707 in cash as compensation to directors and employees, respectively, have been approved by the meeting of Board of Directors held on February 26, 2019.

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

4. Approval Items

Approval Items (1):

Subject: To accept 2018 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation Notes:

- (1) The 2018 Financial Statements were audited by KPMG CPAs, Yu, Wan- Yuan, and Lu, Chien-Hui. The aforementioned and 2018 Business Report have been approved by the Audit Committee.
- (2) 2018 Business Report, Independent Auditors' Report and the Financial Statements are attached hereto as Attachments 1 and 4.

Voting Results: 59,051,675 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 58,554,593 votes (including 18,883,436 shares casted electronically)	99.15%
Votes against: 36 votes (including 36 shares casted electronically)	0%
Votes abstained and invalid: 497,046 votes (including 310,113 shares casted electronically)	0.85%

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

Approval Items (2):

Subject: To approve the proposal for distribution of 2018 earnings (Proposed by the Board of Directors)

Explanation Notes:

- (1) The proposal for distribution of 2018 earnings of the Company has been submitted by the Board of Directors, in accordance with Company Act and the Articles of Incorporation of the Company.
- (2) The Company's net income of 2018 is NT\$757,738,774. After setting aside the legal reserve appropriation of NT\$75,773,877, and adding the adjusted beginning unappropriated retained earnings of NT\$671,509,929, the retained earnings available for distribution is NT\$1,353,474,826. The Company plans to distribute dividends of NT\$681,880,056 to shareholders (Cash dividend NT\$9.88 per share). The cash dividend distribution will be calculated to the nearest NT dollar, and the total amount of cash dividends less than NT\$1 was adjusted in accordance with the total amount of cash dividends.
- (3) The record date will be decided by the Chairman of the Board of Directors.
- (4) If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, or the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, or other convertible securities or employee stock options, etc., such that the ratios of the stock dividends and cash dividends are affected and must be adjusted. The Chairman of the Board of Directors is authorized to make such adjustments.
- (5) The 2018 Earnings Distribution Proposal is attached hereto as Attachment 5.

Voting Results: 59,051,675 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 58,554,593 votes (including 18,883,436 shares casted electronically)	99.15%
Votes against: 36 votes (including 36 shares casted electronically)	0%
Votes abstained and invalid: 497,046 votes (including 310,113 shares casted electronically)	0.85%

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

5. Election Items

To elect eleven directors (including three independent directors) being the eighth term of directors (Proposed by the Board of Directors)

Explanation Notes:

- (1) The term of the office of the seventh term of directors will expire on June 28, 2019. Thus, it is proposed to elect eleven directors (including three independent directors) at the 2019 Annual General Shareholders' Meeting. The tenure of newly elected directors shall be 3 years, commencing on June 18, 2019 and expiring on June 17, 2022. The seventh term of directors will vacate their office on the date the new directors are elected.
- (2) According to the Company's Articles of Incorporation, directors shall be elected through candidate nomination system. Shareholders shall elect the directors from the nominated candidates. The academic background, experience and relevant information of the nominated candidates are attached hereto as Attachment 6.

Election Results: The following personnel are elected as directors:

Title	Name	Elected numbers of votes
Directors	Shuang De Investment Corporation	71,913,608
Directors	Kuo Chia Fu Investment Corporation	59,977,992
Directors	Hsin Chang Construction Corporation	59,855,168
Directors	Lin Li Construction Corporation	59,573,488
Directors	Johanson Technology Inc.	59,389,084
Directors	Scientific Components Corporation	59,267,336
Directors	Ming-Huang Li	59,205,168
Directors	Chiu-Feng Lien	59,100,560
Independent Directors	Shiuh-Kao Chiang	44,424,045
Independent Directors	Ta-Wen Sun	42,713,188
Independent Directors	Shang-Ming Chin	42,624,186

6. Discussion Items

Discussion Items (1):

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

Explanation Notes:

- (1) To comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, it is proposed to amend the Company's Procedures for Acquisition or Disposal of Assets.
- (2) A comparison table of the Procedures for Acquisition or Disposal of Assets before and after the amendment is attached hereto as Attachment 7.

Voting Results: 59,051,675 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 58,554,581 votes (including 18,883,424 shares casted electronically)	99.15%
Votes against: 1,036 votes (including 1,036 shares casted electronically)	0%
Votes abstained and invalid: 496,058 votes (including 309,125 shares casted electronically)	0.85%

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

Discussion Items (2):

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

Explanation Notes:

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

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

Voting Results: 59,051,675 shares were represented at the time of voting

Voting Results	% of the total represented at the time of voting
Votes in favor: 57,816,581 votes (including 18,145,424 shares casted electronically)	97.90%
Votes against: 1,036 votes (including 1,036 shares casted electronically)	0%
Votes abstained: 1,234,058 votes (including 1,047,125 shares casted electronically)	2.10%

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

7. Extraordinary Motions: None.

8. Meeting Adjournment: The meeting was adjourned at 9:38 a.m.

Attachment 1

2018 Business Report

The communication industry went through a volatile year in 2018. The macroeconomic uncertainties and slow economic growth in smart phone market led to weaker user demand. Looking back at the performance for 2018, ACX's revenue was NT\$1,804,308 thousand, and net profit after tax was NT\$757,739 thousand, with a basic earnings per share of NT\$10.98. Net revenue and net profit decreased by 8.1% and 9.6% respectively compared with the previous year. Although the overall operating results decreased slightly due to the slowdown in demand, ACX still maintained a stable profit trend.

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

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

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

With our sound and pragmatic business philosophy, every colleague will go all out to enhance the company's overall value. Lastly, we would like to express our appreciation for shareholders' long term support.

Advanced Ceramic X Corporation
Chairman: Shuang De Investment Corporation
Representative: Chien-Wen Kuo

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 business report, financial statements and earnings distribution proposal. The financial statements were audited by independent auditors, Wan-Yuan Yu and Chien-Hui Lu, of KPMG with independent auditors' reports issued.

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

Advanced Ceramic X Corporation
Chairman of the Audit Committee: Shih-Kao Chiang
February 26, 2019

Attachment 3

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

Before amendment	After amendment	Reason of amendment
<p>Article 7 (Omitted) The Board of Directors of company is advised to include the following matters in the company's performance of its corporate social responsibility initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines; 2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and 3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information. <p>(Omitted)</p>	<p>Article 7 (Omitted) The Board of Directors of company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:</p> <ol style="list-style-type: none"> 1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines; 2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and 3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information. <p>(Omitted)</p>	<p>To comply with the amendments to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>(New)</p>	<p>Article 22-1 The company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.</p>	<p>To comply with the amendments to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies</p>
<p>Article 27 The company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community</p>	<p>Article 27 The company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community</p>	<p>To comply with the amendments to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM</p>

<p>acceptance. The company is advised to through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>	<p>acceptance. The company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, or participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.</p>	<p>Listed Companies</p>
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Attachment 4

Independent Auditors' Report

To the Board of Directors of Advanced Ceramic X Corporation:

Opinion

We have audited the financial statements of Advanced Ceramic X Corporation (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters, the key audit matters we communicated in the auditors’ report are as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Evaluation of inventory

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG
Taipei, Taiwan (Republic of China)
February 26, 2019

Notice to Readers

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

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

Advanced Ceramic X Corporation
Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2018</u>		<u>December 31, 2017</u>				<u>December 31, 2018</u>		<u>December 31, 2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets											
Current Assets :											
1100	Cash and Cash Equivalents (Note 6(1))	\$ 1,709,216	45	2,284,322	61	2170	Accounts Payable	\$ 45,704	1	43,237	1
1170	Notes and Accounts Receivable, Net (Note 6(2))	190,477	5	210,688	6	2201	Salary and Bonus Payable	127,347	3	139,474	4
1180	Receivables from Related Parties (Note 6(2) and 7)	133,791	4	134,756	4	2213	Payables to Contractors and Equipment (Note 7)	52,527	2	13,387	-
1310	Inventories (Note 6(3))	130,408	3	109,337	3	2230	Income Tax Payable	101,698	3	90,858	2
1476	Other Financial Assets - Current (Note 6(1) and 8)	502,607	13	2,556	-	2399	Other Current Liabilities (Note 6(6) and 7)	126,441	3	137,656	4
1479	Other Current Assets	18,888	1	16,187	-			<u>453,717</u>	<u>12</u>	<u>424,612</u>	<u>11</u>
		<u>2,685,387</u>	<u>71</u>	<u>2,757,846</u>	<u>74</u>						
Noncurrent Assets :						2640	Net Defined Benefit Liabilities - Noncurrent (Note 6(7))	-	-	251	-
1600	Property, Plant and Equipment (Note 6(4), 7 and 8)	1,100,949	29	990,408	26	2600	Other Liabilities- Noncurrent	10,477	-	7,301	-
1780	Intangible Assets (Note 6(5))	683	-	1,167	-			<u>10,477</u>	<u>-</u>	<u>7,552</u>	<u>-</u>
1840	Deferred Tax Assets (Note 6(8))	9,409	-	9,860	-			<u>464,194</u>	<u>12</u>	<u>432,164</u>	<u>11</u>
1980	Other Financial Assets - Noncurrent	501	-	501	-		Total Liabilities				
1975	Net Defined Benefit Asset- Noncurrent (Note6(7))	622	-	-	-		Equity (Note 6(9)) :				
		<u>1,112,164</u>	<u>29</u>	<u>1,001,936</u>	<u>26</u>	3100	Capital Stock	690,162	18	690,162	19
		<u>\$ 3,797,551</u>	<u>100</u>	<u>3,759,782</u>	<u>100</u>	3200	Capital Surplus	573,532	15	573,532	15
						3300	Retained Earnings	2,069,663	55	2,063,924	55
							Total Equity	<u>3,333,357</u>	<u>88</u>	<u>3,327,618</u>	<u>89</u>
							Total Liabilities and Equity	<u>\$ 3,797,551</u>	<u>100</u>	<u>3,759,782</u>	<u>100</u>

Advanced Ceramic X Corporation
Statements of Comprehensive Income
Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		<u>2018</u>		<u>2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	Net Revenue (Note 6(11),(12) and 7)	\$ 1,804,308	100	1,963,490	100
5000	Cost of Revenue (Note 6(3), (7), (13) and 7)	682,089	38	727,389	37
	Gross Profit	<u>1,122,219</u>	<u>62</u>	<u>1,236,101</u>	<u>63</u>
	Operating Expenses (Note 6(7), (13) and 7)				
6100	Selling and Distribution Expenses	31,869	2	30,853	2
6200	General and Administrative Expenses	76,973	4	76,535	4
6300	Research and Development Expenses	104,174	6	99,582	5
		<u>213,016</u>	<u>12</u>	<u>206,970</u>	<u>11</u>
	Profit from Operations	<u>909,203</u>	<u>50</u>	<u>1,029,131</u>	<u>52</u>
	Non-Operating Income and Expenses :				
7101	Interest Income	15,905	1	15,261	1
7190	Other Income	175	-	380	-
7230	Foreign Exchange Gain (Loss), Net	20,088	1	(31,236)	(1)
7610	Gain on Disposal of Property, Plant and Equipment, Net	95	-	185	-
		<u>36,263</u>	<u>2</u>	<u>(15,410)</u>	<u>-</u>
7900	Profit Before Income Tax	945,466	52	1,013,721	52
7950	Income Tax Expense (Note 6(8))	187,727	10	175,133	9
	Net Income	<u>757,739</u>	<u>42</u>	<u>838,588</u>	<u>43</u>
8300	Other Comprehensive Income :				
8310	Items That will Never Be Reclassified to Profit or Loss				
8311	Remeasurement of Defined Benefit Obligations (Note 6(7))	277	-	(37)	-
8300	Other Comprehensive Income, net of tax	<u>277</u>	<u>-</u>	<u>(37)</u>	<u>-</u>
8500	Total Comprehensive Income	<u>\$ 758,016</u>	<u>42</u>	<u>838,551</u>	<u>43</u>
	Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750	Basic Earnings Per Share	<u>\$ 10.98</u>		<u>12.15</u>	
9850	Diluted Earnings Per Share	<u>\$ 10.95</u>		<u>12.12</u>	

Advanced Ceramic X Corporation
Statements of Changes in Equity
Years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Common Stock	Capital Surplus
			Legal Reserve	Undistributed Earnings		
Balance at January 1, 2017	\$ 690,162	573,532	475,888	1,474,155	1,950,043	3,213,737
Net income in 2017	-	-	-	838,588	838,588	838,588
Other Comprehensive Income, Net of Tax	-	-	-	(37)	(37)	(37)
Total Comprehensive Income for the Year	-	-	-	838,551	838,551	838,551
Appropriation and Distribution of Earnings :						
Legal Reserve	-	-	80,667	(80,667)	-	-
Cash Dividends	-	-	-	(724,670)	(724,670)	(724,670)
Balance at December 31, 2017	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)
Balance at December 31, 2018	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357

Advanced Ceramic X Corporation
Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash Flows from Operating Activities :		
Profit Before Income Tax	\$ 945,466	1,013,721
Adjustments for :		
Depreciation	144,809	140,227
Amortization	484	633
Excepted Credit Impairment Reversal Gains (Reversal Bad Debt)	(214)	(54)
Interest Income	(15,905)	(15,261)
Gain on Disposal of Property, Plant and Equipment, Net	(95)	(185)
Provision for Inventory Obsolescence and Devaluation Loss	11,999	15,795
Total Adjustments to Reconcile Profit	141,078	141,155
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	20,415	41,943
Receivables from Related Parties	975	(36,558)
Inventories	(33,070)	(14,687)
Other Operating Current Assets	(2,701)	139
Accounts Payable	2,467	(11,486)
Net Defined Benefit Liabilities-Noncurrent	(596)	(594)
Other Liabilities-Noncurrent	3,176	2,491
Other Operating Current Liabilities	(23,342)	2,900
Total Net Changes in Operating Assets and Liabilities	(32,676)	(15,852)
Cash Generated from Operations	1,053,868	1,139,024
Interest Received	15,804	15,153
Income Taxes Paid	(176,436)	(174,812)
Net Cash Generated by Operating Activities	893,236	979,365
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(216,210)	(327,192)
Proceeds from Disposal of Property, Plant and Equipment	95	185
Decrease (Increase) in Other Financial Assets	(499,950)	875
Net Cash Used in Investing Activities	(716,065)	(326,132)
Cash Flows from Financing Activities :		
Cash Dividends	(752,277)	(724,670)
Net Cash Used in Financing Activities	(752,277)	(724,670)
Net Decrease in Cash and Cash Equivalents	(575,106)	(71,437)
Cash and Cash Equivalents at the Beginning of Period	2,284,322	2,355,759
Cash and Cash Equivalents at the End of Period	\$ 1,709,216	2,284,322

Attachment 5

Advanced Ceramic X Corporation
Earnings Distribution Proposal
Year 2018

(Unit: NTD)

Unappropriated retained earnings of previous	\$ 671,233,211
Less: Adjustments to remeasurement on the net defined benefit liability	276,718
Adjusted unappropriated retained earnings	<u>671,509,929</u>
Add: Net income of 2018	757,738,774
Less: 10% provision as legal reserve	(75,773,877)
Retained earnings available for distribution	1,353,474,826
Less: Cash Dividends to Shareholders (Cash dividend NT\$9.88 per share)	(681,880,056)
Unappropriated retained earnings	<u>\$ 671,594,770</u>
Note: Earnings in 2018 are distributed first.	

Attachment 6

Advanced Ceramic X Corporation List of Director Candidates

As of 04/20/2019

Name	Shareholding	Education & Experience	Major Current Positions
Director Shuang De Investment Corp.	31,000	N/A	Chairman of Advanced Ceramic X Corporation
Director Kuo Chia Fu Investment Corp.	5,485,189	N/A	Director of Advanced Ceramic X Corporation
Director Hsin Chang Construction Corp.	1,551,344	N/A	Director of Advanced Ceramic X Corporation
Director Lin Li Construction Corp.	1,808,271	N/A	Director of Advanced Ceramic X Corporation
Director Johanson Technology Inc.	2,881,810	N/A	Director of Advanced Ceramic X Corporation
Director Scientific Components Corp.	3,068,477	N/A	Director of Advanced Ceramic X Corporation
Director Ming-Huang LI	346,450	<ul style="list-style-type: none"> • Yanping High School • Chairman of Chun Jing Petroleum Corp. 	Chairman of Fortune General Merchandise Corp. Director of Advanced Ceramic X Corporation
Director Chiu-Feng Lien	20,000	<ul style="list-style-type: none"> • Master Degree in Electronics Engineering, National Chiao Tung University • Director of Explore Semiconductor Inc. 	Director of Explore Semiconductor Inc. Director of Advanced Ceramic X Corporation Supervisor of Explore Microelectronics Inc.
Independent Director Shiuh-Kao Chiang	0	<ul style="list-style-type: none"> • Ph. D. in Ceramic Engineering, Ohio State University • EMBA in Cleveland State University • Technical director of Gould Electronics Inc. 	Managing Partner of Prismark Partners LLC Independent Director of Advanced Ceramic X Corporation
Independent Director Ta-Wen Sun	0	<ul style="list-style-type: none"> • Bachelor Degree in Business Administration, Fu Jen Catholic University • Chairman of Taiflex Scientific Co., Ltd. 	Chairman of Taiflex Scientific Co., Ltd. Chairman of Qiao Mei Development Corporation Chairman of Innatech Co., Ltd. Chairman of Yu Pen Investment Corp. Director of Enli Technology Co., Ltd Director of SciVision Biotech Inc. Independent Director of Advanced Ceramic X Corporation Supervisor of BIONET Corp.
Independent Director Shang-Min Chin	0	<ul style="list-style-type: none"> • Master Degree in International Management, American Graduate School • Vice President of IBM 	Independent Director of Advanced Ceramic X Corporation

Attachment 7

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

Before amendment	After amendment	Reason of amendment
<p>Article 3 The term "assets" as used in this Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 6. Derivatives. 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 8. Other major assets. 	<p>Article 3 The term "assets" as used in this Procedures includes the following:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 3. Memberships. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. Right-of-use assets. 6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 7. Derivatives. 8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 9. Other major assets. 	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>
<p>Article 4 Terms used in this Procedures are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements. 	<p>Article 4 Terms used in this Procedures are defined as follows:</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, 	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

<p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act. (Omitted)</p>	<p>performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</p> <p>2.Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act. (Omitted)</p>	
<p>Article 5 Total investment amounts of real property and securities for non-business use</p> <p>1. The company could not purchase real property for non-business use.</p> <p>2. The total amounts of long-term and short-term securities investment purchased by the company shall not exceed 30% of net worth at the time of purchase. The same regulation shall be followed when the Short-term funding purchased bond of repo-style transactions, currency fund and bond fund.</p> <p>3. The total amounts of individual securities purchased by the company shall not exceed 10% of net worth at the time of purchase. The same regulation shall be followed when the Short-term funding purchased bond of repo-style transactions, currency fund and bond fund.</p> <p>4. The total investment amounts of purchase real property and securities investment for non-business use of the subsidiaries of the Company shall according to the above regulation.</p>	<p>Article 5 Total investment amounts of real property and securities for non-business use</p> <p>1. The company could not purchase real property or right-of-use assets thereof for non-business use.</p> <p>2. The total amounts of long-term and short-term securities investment purchased by the company shall not exceed 30% of net worth at the time of purchase.</p> <p>3. The total amounts of individual securities purchased by the company shall not exceed 10% of net worth at the time of purchase.</p> <p>4. The total investment amounts of purchase real property and securities investment for non-business use of the subsidiaries of the Company shall according to the above regulation.</p>	<p>Wording amendment</p>

<p>Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>not be a related party of the Company or the other party of the transaction.</u></p> <p>(Added)</p>	<p>Article 6 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide <u>public</u> companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements:</u></p> <ol style="list-style-type: none"> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u> <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness,</u> 	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>
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	<p>accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>	
<p>Article 8 Disposition procedures of acquiring or disposing of real property or equipment</p> <p>1. Procedure of evaluation and operation The Company shall follow its “property, plant and equipment cycle for internal control systems” in conducting acquiring or disposing of real property or equipment transactions.</p> <p>2. Terms and conditions of the transaction and level of authorization</p> <p>A. With regard to acquires or disposes of the real property, when determining transaction terms and amounts, the Company shall refer to publicly announced current value, appraisal value, the actual transaction price of neighboring real estate, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>B. With regard to acquiring or disposing of equipment, the Company shall determine the transaction terms and amounts by inquiry, comparison and negotiation or bidding. Transactions with a value of NT\$50 million and</p>	<p>Article 8 Disposition procedures of acquiring or disposing of real property, equipment or right-of-use assets thereof</p> <p>1. Procedure of evaluation and operation The Company shall follow its “property, plant and equipment cycle for internal control systems” in conducting acquiring or disposing of real property, equipment or right-of-use assets thereof transactions.</p> <p>2. Terms and conditions of the transaction and level of authorization</p> <p>A. With regard to acquires or disposes of the real property or right-of-use assets thereof, when determining transaction terms and amounts, the Company shall refer to publicly announced current value, appraisal value, the actual transaction price of neighboring real estate, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>B. With regard to acquiring or disposing of equipment or right-of-use assets thereof, the Company shall determine the transaction terms and amounts by inquiry, comparison and negotiation or bidding. Transactions with a value of</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

<p>below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>3. Execution party When the Company acquires or disposes real property <u>or</u> equipment, appropriate approval shall be obtained in accordance to the level of authorization and responsible department shall execute accordingly.</p> <p>4. Appraisal report for property or equipment In acquiring or disposing of real property <u>or</u> equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, <u>and</u> the same procedure shall be followed <u>for</u> any <u>future</u> changes to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the</p>	<p>NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>3. Execution party When the Company acquires or disposes real property, equipment <u>or right-of-use assets thereof</u>, appropriate approval shall be obtained in accordance to the level of authorization and responsible department shall execute accordingly.</p> <p>4. Appraisal report for property or equipment In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof held</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>A. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall <u>also</u> be followed <u>whenever there is</u> any <u>subsequent</u> change to the terms and conditions of the transaction.</p> <p>B. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>C. Where any one of the following circumstances applies with respect to the</p>	
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<p>professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>D. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p>Article 10 Disposition procedures of acquiring or disposing of membership or intangible asset</p> <p>1. Procedure of evaluation and operation Where the Company acquires or disposes of memberships, it shall collect the information on prices in advance and determine the trading price by either comparison or negotiation; where the Company acquires or disposes of intangible assets, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.</p> <p>2. Terms and conditions of the transaction and level of authorization</p>	<p>Article 10 Disposition procedures of acquiring or disposing of membership or intangible asset</p> <p>1. Procedure of evaluation and operation Where the Company acquires or disposes of memberships, it shall collect the information on prices in advance and determine the trading price by either comparison or negotiation; where the Company acquires or disposes of intangible assets or right-of-use assets thereof, it shall determine the trading price based on the information on prices of assets collected in advance and the prudent evaluation of related laws and contracts.</p> <p>2. Terms and conditions of the transaction and level of authorization</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>

<p>A. For acquiring and disposal of memberships, the Company shall take fair market price into consideration when determining transaction terms and amounts, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>B. With regard to the acquisition and disposal of intangible assets, when determining transaction terms and amounts, the Company shall take into consideration reports issued by professional appraisers or fair market price, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>3. Execution party When the Company acquires or disposes memberships or intangible assets, appropriate approval shall be obtained in accordance to the level of authorization and responsible department shall execute accordingly.</p> <p>4. Professional Appraisal Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches</p>	<p>A. For acquiring and disposal of memberships, the Company shall take fair market price into consideration when determining transaction terms and amounts, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>B. With regard to the acquisition and disposal of intangible assets <u>or right-of-use assets thereof</u>, when determining transaction terms and amounts, the Company shall take into consideration reports issued by professional appraisers or fair market price, then make and present an analysis report to the Chairman of the Board of the Directors. Transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification; for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and Board of Directors before the transaction is made.</p> <p>3. Execution party When the Company acquires or disposes memberships or intangible assets <u>or right-of-use assets thereof</u>, appropriate approval shall be obtained in accordance to the level of authorization and responsible department shall execute accordingly.</p> <p>4. Professional Appraisal Where the Company acquires or disposes of memberships or intangible assets <u>or right-of-use assets thereof</u> and</p>	
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<p>20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
<p>Article 10-1 The calculation of the transaction amounts referred to in the Articles 8 to 10 shall be done in accordance with Article 15, paragraph 1, subparagraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>Article 11 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 16, paragraph 1, subparagraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p>	<p>Article number changed and wording amendment</p>
<p>Article 11 Disposition procedures of related party transactions 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedures. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10-1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>Article 12 Disposition procedures of related party transactions 1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the procedures. The calculation of the transaction amount referred above shall be made in accordance with Article 11 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>

<p>2. Procedure of evaluation and operation When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and Board of Directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, subparagraph 3 to 4 of this Article.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>G. Restrictive covenants and other important stipulations associated with</p>	<p>2. Procedure of evaluation and operation When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all Audit Committee members and Board of Directors:</p> <p>A. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>B. The reason for choosing the related party as a trading counterparty.</p> <p>C. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3, subparagraph 3 to 4 of this Article.</p> <p>D. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</p> <p>E. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>F. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>G. Restrictive covenants and other important stipulations associated with</p>	
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<p>the transaction.</p> <p>The calculation of the transaction amounts referred <u>to in the preceding paragraph</u> shall be made in accordance with Article 15, paragraph 1, subparagraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution need not be counted toward the transaction amount.</p> <p><u>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p><u>Where an Audit Committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 20, paragraphs 4 and 5.</u></p> <p>3. Evaluate reasonable of transaction cost</p> <p>A. The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: (Omitted)</p> <p>B. Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding <u>paragraph</u>.</p>	<p>the transaction.</p> <p>The calculation of the transaction amounts referred <u>above</u> shall be made in accordance with Article 16, paragraph 1, subparagraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the company and its subsidiaries or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, transactions with a value of NT\$50 million and below should be approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and Board of Directors for ratification</u></p> <p><u>A. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></p> <p><u>B. Acquisition or disposal of real property right-of-use assets held for business use.</u></p> <p>3. Evaluate reasonable of transaction cost</p> <p>A. The company that acquires real property <u>or right-of-use assets thereof</u> from a related party shall evaluate the reasonableness of the transaction costs by the following means: (Omitted)</p> <p>B. Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding <u>subparagraph</u>.</p>	
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<p>C. The Company acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 3, subparagraph 1 and subparagraph 2 of this Article, and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>D. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraph 1 and subparagraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, subparagraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>i. Where undeveloped land is appraised in accordance with the means in the preceding article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>ii Completed transactions by unrelated parties within the preceding year involving other floors of the same property or</p>	<p>C. The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with paragraph 3, subparagraph 1 and subparagraph 2 of this Article, and shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>D. Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraph 1 and subparagraph 2 of this Article are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 3, subparagraph 5 of this Article. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>a. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>i. Where undeveloped land is appraised in accordance with paragraph 3, subparagraph of this Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>ii Completed transactions by unrelated parties within the preceding year involving other floors of the same property or</p>	
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<p>neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p><u>iii. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>b. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions <u>completed for the acquisition of</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions <u>for</u> neighboring or closely valued parcels of land referred above in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction <u>for</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year <u>referred above</u> refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p>E. Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraph 1 to subparagraph 4 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p>	<p>neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices.</p> <p>(Deleted)</p> <p>b. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing,</u> from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed</u> transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions <u>involving</u> neighboring or closely valued parcels of land referred above in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions <u>involving</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtainment of the right-of-use assets thereof.</u></p> <p>E. Where the Company acquires real property <u>or right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with paragraph 3, subparagraph 1 to subparagraph 4 of this Article are uniformly lower than the transaction price, the following steps shall be taken:</p>	
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<p>a. The Company’s special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>b. Audit Committee shall comply with Article 218 of the Company Act.</p> <p>c. Actions taken pursuant to item 1 and item 2 of this subparagraph shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>When the Company and a public company which uses the equity method to account for its investment in the Company have set aside a special reserve under the preceding paragraph, they may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>F. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and paragraph 2 of this Article and the paragraph 3, item 1 to item 3 of this Article do not apply:</p>	<p>a. The Company’s special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>b. Audit Committee shall comply with Article 218 of the Company Act.</p> <p>c. Actions taken pursuant to the preceding two items shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>When the Company has set aside a special reserve, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with this subparagraph if there is other evidence indicating that the acquisition was not an arms length transaction.</p> <p>4. Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and paragraph 2 of this Article and the paragraph 3 of this Article do not apply:</p>	
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<p>a. The related party acquired the real property through inheritance or as a gift.</p> <p>b. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>c. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</p> <p><u>G.</u> When the Company obtains real property from a related party, it shall also comply with the paragraph 3, item5 of this Article if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>a. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</p> <p>b. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>c. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>d. The real property right-of-use assets for business use are acquired by the Company with its subsidiaries or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p>	
<p>Article 12 (Omitted)</p>	<p>Article 13 (Omitted)</p>	<p>Article number changed</p>
<p>Article 13 Procedures of acquisition or disposal derivatives trading</p> <p>1. Trading principles and strategies</p> <p>A. Types of derivatives that may be traded</p> <p>a. The Company engaging in derivatives trading are transactions contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above) products.</p> <p>b. Handling matters relating to bonds recognizance shall in accordance with the Procedures. Engage trading bonds with repurchase agreements do not apply the Procedures.</p> <p>B. Operating (hedging) strategies (Omitted)</p> <p>C. Financial department of segregation of duties (Omitted)</p>	<p>Article 14 Procedures of acquisition or disposal derivatives trading</p> <p>1. Trading principles and strategies</p> <p>A. Types of derivatives that may be traded. The Company engaging in derivatives trading are transactions contracts whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests</p> <p>B. Operating (hedging) strategies (Omitted)</p> <p>C. Segregation of duties (Omitted)</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>

<p>d. Levels of authority delegated</p> <p>The Company engaging in derivatives trading shall issue a report to relevant supervisor <u>and</u> approved by the Chairman of Board of Directors, and subsequently submitted at the next meeting of the Audit Committee and the Board of Directors for ratification.</p> <p>2.Risk management measures (Omitted)</p> <p>E. management of operating risk</p> <p>a. The Company shall accordance delegated amount , operating procedure and adopt internal audit system to avoid operation risk</p> <p>b. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>c. Risk measurement, monitoring, and control personnel <u>not serve concurrently</u> in the preceding subparagraph and shall report to senior management personnel with no responsibility for trading or position decision-making.</p> <p>(Omitted)</p> <p>3. Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures <u>and analysis of trading cycle</u> for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, Audit Committee shall be notified in writing.</p>	<p>d. <u>The amount and</u> levels of authority delegated</p> <p>The Company engaging in derivatives trading shall issue a report to relevant supervisor. <u>Transactions with a value of NT\$50 million and below should be</u> approved by the Chairman of Board of Directors and subsequently submitted at the next meeting of the Audit Committee and the Board of Directors for ratification; <u>for any such transaction where the value exceeds NT\$50 million, such transaction shall be approved by more than half of all Audit Committee members and the Board of Directors before the transaction is made.</u></p> <p>2.Risk management measures (Omitted)</p> <p>E. management of operating risk</p> <p>a. The Company shall accordance delegated amount , operating procedure and adopt internal audit system to avoid operation risk</p> <p>b. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>c. Risk measurement, monitoring, and control personnel <u>shall be assigned to a different department that the personnel</u> in the preceding subparagraph and shall report to senior management personnel with no responsibility for trading or position decision-making.</p> <p>(Omitted)</p> <p>3. Internal audit system</p> <p>The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, Audit Committee shall be notified in writing.</p>	
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<p>4. Regular evaluation methods</p> <p><u>A.</u> Senior management personnel authorized by the Board of Directors shall to pay continuous attention to monitoring and controlling faithfully conducted in accordance this Procedures for derivatives trading and trading risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, report immediately made to Audit Committee and Board of Directors and appropriate measures shall be adopted.</p> <p><u>B.</u> Derivatives trading <u>positions held shall be evaluated at least once per week; however,</u> positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.</p> <p>5. Where the company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p><u>A.</u> Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles.</p> <p>a. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the <u>procedures for engaging in derivatives trading formulated by the company.</u></p> <p>b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors. <u>Where the position of independent director has been created in accordance with the provisions of the Act,</u> independent</p>	<p>4. Regular evaluation methods <u>and the handling of irregular circumstances</u></p> <p><u>A.</u> Derivatives trading positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the Board of Directors.</p> <p><u>B.</u> <u>A.</u> Senior management personnel authorized by the Board of Directors shall to pay continuous attention to monitoring and controlling faithfully conducted in accordance this Procedures for derivatives trading and trading risk undertaken is within the company's permitted scope of tolerance. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, report immediately made to Audit Committee and Board of Directors and appropriate measures shall be adopted.</p> <p>5. Where the company engaging in derivatives trading, its Board of Directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p><u>A.</u> Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk in accordance with the following principles.</p> <p>a. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies and the <u>Procedures.</u></p> <p>b. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; the independent director shall be present at the Board of Director and express <u>an opinion.</u></p>	
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<p>director shall be present at the Board of Directors <u>and the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Where an Audit Committee has been established in accordance with the provisions of the Act, any transaction involving major derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 18, paragraphs 3.</u></p> <p>B. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>C. The company shall report to Audit Committee and Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures <u>for Engaging in Derivatives Trading.</u></p> <p>D. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph <u>2</u> of paragraph 4 and subparagraph 1 and 2 of paragraph 5, of this Article shall be recorded in detail in the log book.</p>	<p>B. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.</p> <p>C. The company shall report to <u>next</u> Audit Committee and Board of Directors after it authorizes the relevant personnel to handle derivatives trading in accordance with the Procedures.</p> <p>D. The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under subparagraph <u>1</u> of paragraph 4 and subparagraph 1 and 2 of paragraph 5, of this Article shall be recorded in detail in the log book.</p>	
<p>Article 14 (Omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, <u>a company that is listed on an exchange or has its shares traded on an OTC market</u> shall prepare a full written record of the following information and retain it for 5 years for reference:</p>	<p>Article 15 (Omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, <u>the</u> Company shall prepare a full written record of the following information and retain it for 5 years for reference:</p>	<p>Article number changed and wording amendment</p>

<p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in paragraphs 2, subparagraph1, item3, point 1 and 2 to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 2, subparagraph1, item3 and 4.</p> <p>(Omitted)</p>	<p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in point 1 and 2 above to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company and to abide by the provisions of preceding two items.</p> <p>(Omitted)</p>	
<p>Article 15</p> <p>1. Items and standards for public announcement and reporting:</p> <p>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where</p>	<p>Article 16</p> <p>1. Items and standards for public announcement and reporting:</p> <p>A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public</p>

<p>the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>D. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> a. When the Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. b. When the Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>E. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>G. Where an asset transaction other than any of those referred to in the preceding</p>	<p>right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the Procedures.</p> <p>D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <ol style="list-style-type: none"> a. When a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. a. When a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more. <p>(Deleted)</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>F. Where an asset transaction other than any of those referred to in the preceding</p>	<p>Companies and article number changed</p>
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<p><u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of government bonds.</p> <p>b. Securities trading <u>by investment professionals</u> on <u>foreign or domestic</u> securities exchanges or OTC markets, or subscription <u>by investment professionals</u> of ordinary corporate bonds or <u>of</u> general bank debentures without equity characteristics that are offered and issued in the <u>domestic</u> primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>H.</u> The amount of transactions above shall be calculated as follows; <u>and</u> "within the preceding year" <u>as used herein</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this article need not be counted toward the transaction amount.</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of <u>real property</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the</p>	<p><u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of <u>domestic</u> government bonds.</p> <p>b. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (<u>excluding subordinated debt</u>) hat are offered and issued in the primary market, <u>or subscription or redemption of securities investment trust funds or futures trust funds</u>, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>G.</u> The amount of transactions above shall be calculated as follows:</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) <u>of real property or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same</p>	
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<p>preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Time limit for public announcement and reporting: If the Company acquiring or disposing of assets conform to the provisions of the preceding paragraph shall publicly announce and report the relevant information within 2 days counting inclusively from the date of occurrence of the event.</p> <p>3. Procedures of publicly announced and data preservation (Omitted)</p> <p>E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the paragraph 1 and 2 of this Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>a. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>b. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>c. Change to the originally publicly announced and reported information.</p>	<p>security within the preceding year.</p> <p>"Within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with this article need not be counted toward the transaction amount.</p> <p>2. Time limit for public announcement and reporting: If the Company acquiring or disposing of assets conform to the provisions of the preceding paragraph shall publicly announce and report the relevant information within 2 days counting inclusively from the date of occurrence of the event.</p> <p>3. Procedures of publicly announced and data preservation (Omitted)</p> <p>E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:</p> <p>a. Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>b. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>c. Change to the originally publicly announced and reported information.</p>	
<p>Article 16</p> <p>The subsidiaries of the Company shall with the follow provision</p> <p>1. The Company shall see to it that its subsidiaries adopt the procedures for the acquisition or disposal of assets in compliance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>	<p>Article 17</p> <p>The subsidiaries of the Company shall with the follow provision</p> <p>1. The Company shall see to it that its subsidiaries adopt the procedures for the acquisition or disposal of assets in compliance with Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>

<p>2. Information required to be publicly announced and reported in accordance with the provisions of Chapter III of Regulations Governing the Acquisition and Disposal of Assets by Public Companies on acquisitions and disposals of assets by a subsidiary of company that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>3. The paid-in capital or total assets of the Company shall be the standard of the subsidiary for determining whether or not requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</p>	<p>2. Information required to be publicly announced and reported in accordance with the provisions of Chapter III of Regulations Governing the Acquisition and Disposal of Assets by Public Companies on acquisitions and disposals of assets by a subsidiary of company that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>3. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing.</p>	
<p>Article 16-1 For the calculation of 10 percent of total assets under this Procedure, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under this Procedure, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	<p>Article 18 For the calculation of 10 percent of total assets under this Procedure, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under this Procedure, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Procedure regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>
<p>Article 17 (Omitted)</p>	<p>Article 19 (Omitted)</p>	<p>Article number changed</p>
<p>Article 18 The Company acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.</p>	<p>Article 20 (Deleted)</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>

<p><u>Where the position of independent director has been created in accordance with the provisions of the Act, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p><u>Where an Audit Committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 20, paragraphs 4 and 5.</u></p>	<p><u>When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p><u>Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 21, paragraphs 3 and 4.</u></p>	
<p><u>Article 19</u> <u>Where an Audit Committee has been established in accordance with the provisions of the Act, the provisions regarding independent directors set out in Article 11, paragraph 3, subparagraph 5, item 2 shall apply mutatis mutandis to the Audit Committee.</u></p>	<p>(Deleted)</p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>
<p><u>Article 20</u> The procedures are adopted or amended shall be approved by more than half of all Audit Committee members, submitted to the Board of Directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the Procedures are amended. <u>If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to Audit Committee.</u> <u>Where the position of independent director has been created in accordance with the provisions of the Act, when the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the</u></p>	<p><u>Article 21</u> The Procedures are adopted or amended shall be approved by more than half of all Audit Committee members, submitted to the Board of Directors for a resolution, and then to a shareholders' meeting for approval; the same applies when the Procedures are amended.</p> <p><u>When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p>	<p>To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed</p>

<p>minutes of the Board of Directors meeting. Where an Audit Committee has been established in accordance with the provisions of the Act, when the Procedures are adopted or amended they shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.</p> <p>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>The terms "all Audit Committee members" in the Procedures and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>(Deleted)</p> <p>If approval of more than half of all Audit Committee members as required in paragraph 1 is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</p> <p>The terms "all Audit Committee members" in the Procedures and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	
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