

Stock Code : 3152



Advanced Ceramic X Corporation

2019 Annual General Shareholders' Meeting

Meeting Agenda (Translation)

Time: June 18, 2019

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

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-----Disclaimer-----

This is a translation of the agenda for the 2019 Annual General Shareholders' Meeting of ACX. The translation is for reference only. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Advanced Ceramic X Corporation

2019 Annual General Shareholders' Meeting Procedure

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Approval Items
5. Election Items
6. Discussion Items
7. Extraordinary Motions
8. Meeting Adjournment

Advanced Ceramic X Corporation

2019 Annual General Shareholders' Meeting Agenda

Time: 9: 00AM, June 18, 2019

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

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
 - (1) 2018 Business Report
 - (2) Audit Committee's Review Report of 2018
 - (3) Distribution of directors' and employees' compensation in 2018
 - (4) Amendments of Corporate Social Responsibility Practice Principles
4. Approval Items
 - (1) To accept 2018 Business Report and Financial Statements
 - (2) To approve the proposal for distribution of 2018 earnings
5. Election Items

To elect eleven directors (including three independent directors) being the eighth term of directors
6. Discussion Items
 - (1) To approve the amendment to Procedures for Acquisition or Disposal of Assets
 - (2) To lift non-competition restrictions on newly elected board members
7. Extraordinary Motions
8. Meeting Adjournment

Report Items

1. 2018 Business Report

Explanation: The 2018 Business Report is attached on page 7~8, Attachment 1.

2. Audit Committee's Review Report of 2018

Explanation: The Audit Committee's Review Report is attached on page 9, Attachment 2.

3. Distribution of directors' and employees' compensation in 2018

Explanation: 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

Explanation:

- (1) To comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, it is proposed to amend the Company's Corporate Social Responsibility Practice Principles.
- (2) A comparison table of the Corporate Social Responsibility Practice Principles before and after the amendment is attached on page 10~11, Attachment 3.

Approval Items

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

Explanation:

- (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 on page 7~8 and 12~19, Attachments 1 and 4.

Resolution:

2. To approve the proposal for distribution of 2018 earnings (Proposed by the Board of Directors)

Explanation:

- (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 on page 20, Attachment 5.

Resolution:

Election Items

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

Explanation:

- (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 on page21, Attachment 6.

Result:

Discussion Items

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

Explanation:

- (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 on page 22~45, Attachment 7.

Resolution:

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

Explanation:

- (1) According to Article 209 of the Company Act, if directors' activities for personal or others' interests are related to the Company's business scope, directors shall explain the content of their activities and ask the approval from shareholders at the meeting.
- (2) The Company's director has invested, managed or has been a director for companies of which business scope is similar to the Company's. It will be proposed to release such directors from non-competition restrictions.
- (3) Newly elected directors and their representatives competitive activities are attached on page 46, Attachment 8.

Resolution:

Extraordinary Motions

Meeting Adjournment

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)

		December 31, 2018		December 31, 2017				December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
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	-			453,717	12	424,612	11
		2,685,387	71	2,757,846	74						
Noncurrent Assets :											
1600	Property, Plant and Equipment (Note 6(4), 7 and 8)	1,100,949	29	990,408	26	2640	Net Defined Benefit Liabilities - Noncurrent (Note 6(7))	-	-	251	-
1780	Intangible Assets (Note 6(5))	683	-	1,167	-	2600	Other Liabilities- Noncurrent	10,477	-	7,301	-
1840	Deferred Tax Assets (Note 6(8))	9,409	-	9,860	-			10,477	-	7,552	-
1980	Other Financial Assets - Noncurrent	501	-	501	-			464,194	12	432,164	11
1975	Net Defined Benefit Asset- Noncurrent (Note6(7))	622	-	-	-						
		1,112,164	29	1,001,936	26						
Total Assets		\$ 3,797,551	100	3,759,782	100						
						Liabilities and Equity					
						Current Liabilities :					
						Noncurrent Liabilities :					
						Total Liabilities					
						Equity (Note 6(9)) :					
						Capital Stock		690,162	18	690,162	19
						Capital Surplus		573,532	15	573,532	15
						Retained Earnings		2,069,663	55	2,063,924	55
						Total Equity		3,333,357	88	3,327,618	89
						Total Liabilities and Equity		\$ 3,797,551	100	3,759,782	100

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 <u>domestic</u> 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 <u>Articles 8 to 10</u> shall be done in accordance with Article <u>15</u>, paragraph 1, subparagraph <u>5</u> 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 <u>preceding three articles</u> shall be done in accordance with Article <u>16</u>, paragraph 1, subparagraph <u>7</u> 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 <u>to in the preceding paragraph</u> shall be made in accordance with Article <u>10-1</u> 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 <u>above</u> shall be made in accordance with Article <u>11</u> 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 <u>adopted by the Company</u>.</p> <p>D. Where <u>the type of asset acquired or disposed is</u> equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>a. When the Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>b. When the Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p><u>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.</u></p> <p><u>F.</u> 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><u>G.</u> Where an asset transaction other than any of those referred to in the preceding</p>	<p><u>right-of-use assets thereof</u> 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 <u>domestic</u> 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 <u>Procedures</u>.</p> <p>D. Where equipment <u>or right-of-use assets thereof</u> for business use <u>are acquired or disposed of, and furthermore</u> the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>a. When a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>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> <p>(Deleted)</p> <p><u>E.</u> 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, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p><u>F.</u> 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 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 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>Article 19 <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>	(Deleted)	To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies
<p>Article 20 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>Article 21 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>	To comply with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and article number changed

<p>minutes of the Board of Directors meeting. <u>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.</u> If approval of more than half of all Audit Committee members as required in <u>the preceding paragraph</u> 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. 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 <u>paragraph 1</u> 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. 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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Attachment 8

Advanced Ceramic X Corporation
List of non-competition restrictions proposed to be lifted

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

Appendix 1

Advanced Ceramic X Corporation Articles of Incorporation

Section One – General Provisions

Article 1

The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its English name is Advanced Ceramic X Corporation.

Article 2

The scope of business of the Company is as follows:

1. F219010 Electronic materials retail sales.
2. F113070 Wholesale of Telecom Instruments
3. F119010 Electronic materials wholesale trading.
4. CC01050 Data storage and processing equipment manufacturing.
5. CC01070 Wireless communication machinery and equipment manufacturing.
6. CC01080 Electronic parts and components manufacturing.
7. F213060 Retail Sale of Telecom Instruments
8. ZZ99999 In addition to licensed businesses, the Company may operate any other businesses that are not prohibited or restricted by law.

Article 3

The Company shall have its head office in Hsinchu County, Taiwan, Republic of China. Subject to the approval of the Board of Directors, the Company may, if necessary set up branches both inside and outside of the Republic of China.

Article 4

Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Section Two – Capital Stock

Article 5

The authorized capital of the Company is NT \$1.5 billion, representing 150 million common shares at a par value of NT \$10 per share. The share certificates of the Company shall be all in registered common stock. The Board of Directors is authorized to issue the unissued shares in installments. NT \$90 million of the aforementioned capital is reserved as 9 million shares worth of stock subscription warrants, to be issued to employees in installments pursuant to the resolution by the Board of Directors.

Article 6

The total amount of the Corporation's reinvestment shall not be subject to the restriction in Article 13 of the Company Act.

Article 7

The share certificates of the Company shall all be name-bearing share certificates. If the Company decides to print share certificates for shares issued, the share certificates shall be signed by or affixed with the seals of at least three Directors, and authenticated by the competent authorities of the government or the certification organization. The Company may be exempted from printing share certificates if the shares are registered with a domestic securities depository enterprise.

The Company shareholders affairs shall follow "Regulations Governing the Administration of Shareholder Services of Public Companies", relevant laws, rules and regulations of the Republic of China.

Section Three – Shareholders’ Meeting

Article 8

There are two types of company shareholders’ meeting: (1) regular meetings – which shall be convened by the Board of Directors within 6 months after the close of each fiscal year, and (2) special meetings – which shall be convened whenever necessary in accordance with the relevant laws, rules and regulations of the Republic of China.

Article 9

The shareholders’ meeting shall be presided over by the Chairman of the Board of Directors of the Company. In his absence, the Chairman shall appoint a deputy to act in their place; otherwise, one Director shall be designated to preside over the shareholders’ meeting. If the shareholders’ meeting is convened by a person other than a member of the Board of Directors, the shareholders’ meeting shall be chaired by that convener. If there are two or more conveners for the shareholders’ meeting, one of them shall be elected to chair the meeting.

Article 10

Written notices shall be sent to all shareholders for the convening of shareholders’ meetings at least 30 days in advance for regular meetings; and at least 15 days in advance for special meetings. The meeting date, venue and the purpose(s) for convening such shareholders’ meeting shall be clearly stated in the meeting notices.

The notice may be given as a means of electronic transmission after obtaining a prior consent from the recipients thereof. Shareholders holding less than 1000 shares shall be notified of the shareholders’ meeting by public notice.

Article 11

If a shareholder is unable to attend a shareholders’ meeting, he/she may appoint a representative to attend it, with a Shareholder Proxy Form issued by the Company, in accordance of the Company Act and the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

Article 13

Except as regulated in the Company Act, shareholders’ meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting. Shareholders of the Company can vote through the electronic voting system, the details of which shall be handled in accordance with relevant laws and regulations.

The resolutions of the shareholders’ meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the Chairman of the meeting. Shareholders shall be notified of the minutes within 20 days after the meeting. The distribution of the minutes above may be disclosed to the shareholders through a public notice.

Article 13-1

The Company may apply for an approval of ceasing its status as a public company by shareholders’ meeting for review and approval. The present Article shall remain unchanged during the Company’s listing in emerging, OTC, and stock exchange markets.

Article 13-2

The Company may transfer stock to employees at a price that is lower than the actual average price of the shares, or the Company may issue employee stock options at a price that is lower than the common stock closing price of the issue date, pursuant to a resolution approved by the majority of total issued shares represented at the shareholders' meeting and the consent of more than two-thirds of the attending shareholders' voting rights.

Section Four – Directors

Article 14

The Company shall have five to eleven Directors. The Board of Directors must have at least three independent directors. Directors shall be elected in the shareholders' meetings. The term of office for Directors shall be three years, and shall be eligible for re-election.

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The company directors shall be elected by adopting candidates nomination system. The nomination of directors and related announcement shall comply with the relevant regulations of the Company Act and Securities and Exchange Act. The independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

The company total number of shares that all Directors shall hold should be in accordance with the requirements of the competent authorities.

Article 15

The Board of Directors shall be formed by elected Directors and shall have the following responsibilities:

1. Preparing business plans.
2. Proposing allocation plans of earnings or proposals to recover loss.
3. Proposing plans for increasing or decreasing capital.
4. Drafting important rules and contracts.
5. Appointing or discharging the Company's management.
6. Setting up or dissolving branches.
7. Compiling Budget Reports and Final Reports.
8. Performing other duties authorized by the Company Act or shareholders' meeting.

Article 16

The Directors shall elect from among themselves a Chairman of the Board of Directors, and may elect a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Company.

Article 16-1

Meetings of the Board of Directors shall be called once per quarter, seven days prior to the convening of a meeting of the Board of Directors, notice shall be sent to all directors, specifying the reasons for calling the meeting, though in emergency situations, a meeting may be called whenever necessary. Notice of the convening of a meeting described in the preceding paragraph may be in writing, by fax or by e-mail notification thereof.

Article 17

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, unless otherwise regulated by the Company Act. Except as otherwise provided in the Company Act, a meeting of the Board of Directors may be held if attended by a majority or more of total Directors and resolutions shall be adopted with the concurrence of the majority or more of the Directors present at the meeting.

Article 18

Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors of the Company. In their absence, one of the Directors appointed by the Chairman shall preside over the meeting. When a Director is unable to attend the Meeting of the Board of Directors, he may appoint another Director to attend on their behalf, but no Director may act as proxy for more than one other Director.

Article 19

In Accordance of the Securities and Exchange Act, the Company shall establish an Audit Committee comprising of all independent directors. The exercise of authority of the Audit Committee and other compliance requirements are stipulated by the Company Act, Securities and Exchange Act, and the Company's Articles of Incorporation.

Article 20

Irrespective of whether the Company makes profits or incurs losses, remunerations of all directors shall be determined by the Board of Directors based on the level of their participation in business operation and the value of their contribution, and taking into account the common remuneration level in the same industry.

If the directors hold other positions at the Company, in addition to the remuneration distributed pursuant to Article 25 hereof, monthly payment of salary based on the standard of general managers may also be granted.

The Company may buy the liability insurance for all directors to the extent of the compensation responsibility assumed in business execution.

Section Five – Management of the Company

Article 21

The Company shall appoint one President, and more officers. The appointment, discharge, and compensation of the Management shall be in accordance with Article 29 of the Company Act.

Article 22

The President is responsible for managing all business at the Company in accordance with the Board of Directors.

Section Six – Financial Reports

Article 23

The Company's fiscal year shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the Company shall prepare final accounts for that year.

Article 24

After the close of each fiscal year, in accordance with Article 228 of the Company Act, the following reports shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

1. Business Report.
2. Financial Statements.
3. Proposal Concerning Appropriation of Net Profits or Covering of Losses.

Article 25

If there is any profit for a specific fiscal year, the Company shall allocate at a maximum of 1.5% of the profit as remuneration to Directors and shall allocate no less than 5% of the profit as employees' compensation, provided that the Company's accumulated losses shall have been covered in advance.

In this Article, the "profit" means the net profit before tax, employees' remuneration and directors' remuneration.

Employee's compensation may be distributed in the form of shares or in cash, and employees qualified to receive such compensation may include employees from affiliates companies who meet certain qualification.

Article 26

When allocating the net profits for each fiscal year, the following order shall be followed:

1. Reserve for tax payments.
2. Offset accumulated losses in previous years, if any.
3. Set aside 10% of said profits as legal reserve, except for when accumulated legal reserve has reached the total paid-in capital.
4. Allocation or reverse of special reserves as required by law or government authorities.
5. As to the earnings available for appropriation to shareholders including accumulated un-appropriated earnings and earnings available for appropriation of this year, the Board of Directors is authorized to draft an appropriation plan in accordance with the dividend policy in this Article Section 2.

Since the Company is in an industry in a growth phase, the dividend policy shall take into consideration factors such as the Company's current and future investment environment, needs for capital, domestic and overseas competition, capital budgeting plans, etc., to come out with a proposal that strike a balance among shareholders' benefits and the Company's long-term financial plans. Each year the Board of Directors shall prepare a profit distribution proposal and report it at the shareholders' meeting. After considering financial, business and operational factors, the Company may distribute the entire distributable profits for the year; dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 10% of total dividends to shareholders.

Section Seven – Supplementary Provisions

Article 27

The Company shall not be endorsement and guarantee for business and investment relation.

Article 28

Matters not provided in these Articles of Incorporation shall be conducted pursuant to the Company Act.

Article 29

These Articles of Incorporation were agreed and signed on April 7, 1998.

The first amendment was made on June 25, 1999, the second amendment on February 21, 2000, the third amendment on April 19, 2002, the fourth amendment on April 29, 2005, the fifth amendment on April 19, 2006, the sixth amendment on September 13, 2006, the seventh amendment on May 9, 2007, the eighth amendment on June 16, 2008, the ninth amendment on June 10, 2009, the tenth amendment on June 17, 2010, the eleventh amendment on June 18, 2012, the twelfth amendment on June 25, 2013, the thirteenth amendment on May 29, 2014, the fourteenth amendment on June 29, 2016, and the fifteenth amendment on June 19, 2018.

Appendix 2

Advanced Ceramic X Corporation Rules and Procedures of Shareholders' Meetings

Article 1

The rules and procedures for the company's shareholders meetings, except as otherwise provided by laws and regulations, shall be as provided in these Rules.

Article 2

The company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book. The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards.

To verify the identity of the present shareholders, the present shareholders shall have identity certificates ready for checking and verification upon their sign-in process.

Article 3

Attendance at shareholders meetings shall be calculated based on numbers of shares. When the company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

Article 4

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the managing directors to act as chair, where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 5

The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

The company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders meeting.

Article 6

The company shall make an uninterrupted audio or video recording of whole proceedings of the shareholders meeting, and the recorded materials of the proceeding paragraph shall be retained for at least one year.

Article 7

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may

announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 8

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, new chair in accordance by agreement of a majority of the votes represented by the attending shareholders, then continues the meeting. After close of the said meeting, shareholders shall not elect another chair to hold another meeting at the same place or at any other place.

Article 9

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

Article 10

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 11

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 12

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 13

The chair shall allow ample opportunity during the meeting for explanation; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 14

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair; however, all monitoring personnel shall be shareholders of the company.

The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

Article 15

When a meeting is in progress, the chair may announce a break based on time considerations.

Article 16

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of proposal shall required an affirmative vote of a majority of the votes represented by the attending shareholders.

The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chair.

Article 17

If there is amendment to or substitute for a discussion item, the chair shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any of them has been adopted, the other proposals will then be deemed vetoed and no further voting shall be required.

Article 18

The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Article 19

In the event that a shareholders' meeting cannot be convened on the day as shown on the notice for any reason, or the meeting cannot be continued due to any reason during the process, the chair of that shareholders' meeting is authorized to announce to postpone or to resume within five days in accordance with Article 182 of the Company Act. The postponement or resumption mentioned in the preceding paragraph is not applicable to the convening procedures set forth in Article 172 of the Company Act.

Article 20

Any matters not provided this rules shall be handled in accordance with the Company Act and other related laws and regulations.

Article 21

These Rules and any amendments hereto shall be implemented after adoption by shareholders meetings.

Appendix 3

Advanced Ceramic X Corporation Rules for Election of Directors

Article 1

Except as otherwise provided by law and Articles of Incorporation, the company elections of directors shall be conducted in accordance with these Rules.

Article 2

Election of directors of the Company shall be held at the shareholders' meeting. The Company shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 3

The Company directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act.

Article 4

The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

The election of independent and non-independent directors shall held together, but the numbers of independent and non-independent directors elected shall be calculated separately.

Article 5

The number of directors will be as specified in the company's Articles of Incorporation; those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 6

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

Article 7

The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 8

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the candidate column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 9

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Company.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
7. The number of candidates filled in the ballot exceeding the number of the seats to be elected.
8. The total votes cast by the voter exceeding the total voting rights of such voter.

Article 10

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation shall be announced by the chair on the site.

Article 11

These Rules and any amendments hereto shall be implemented after approval by a shareholders meeting.

Appendix 4

Advanced Ceramic X Corporation Shareholding of Directors

1. The standing issued shares of the Company amounted to NT\$690,162,000, representing 69,016,200 common shares.
2. According to Article 26 of Securities and Exchange Act, the minimum number of shares held by all directors of the Company shall be 5,521,296.
3. According to Article 2 of “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent. As the Company has established the Audit Committee, the minimum shareholding requirements for supervisors do not apply.
4. As of the date of transfer termination (April 20, 2019), the respective and current shareholding of directors recorded in the shareholder register is as follows: (The shareholding of directors of the Company has reached the statutory standard)

Title	Name	Date Elected	Term	Shares	%
Chairman	Shuang De Investment Corp.	06/29/2016	3 year	31,000	0.04%
Director	Kuo Chia Fu Investment Corp.	06/29/2016	3 year	5,485,189	7.95%
Director	Hsin Chang Construction Corp.	06/29/2016	3 year	1,551,344	2.25%
Director	Lin Li Construction Corp.	06/29/2016	3 year	1,808,271	2.62%
Director	Johanson Technology Inc.	06/29/2016	3 year	2,881,810	4.18%
Director	Scientific Components Corp.	06/29/2016	3 year	3,068,477	4.45%
Director	Ming-Huang Li	06/29/2016	3 year	346,450	0.50%
Director	Chiu-Feng Lien	06/29/2016	3 year	20,000	0.03%
Independent Director	Shiuh-Kao Chiang	06/29/2016	3 year	0	0
Independent Director	Ta-Wen Sun	06/29/2016	3 year	0	0
Independent Director	Shang-Ming Chin	06/29/2016	3 year	0	0
Holdings of all Directors				15,192,541	22.02%