



Advanced Ceramic X Corporation

2023 Annual Report

Printed on April 17, 2024

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

ACX Annual Report is available at: <http://www.acxc.com.tw/annual>

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Auditors

Name of Firm: KPMG

Auditors: Chien-Hui Lu, Mei- Yu Tseng

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Overseas Securities Exchange: None.

Corporate Website

<https://www.acxc.com.tw>

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I. Letter to Shareholders

Dear Shareholders:

In 2023, due to factors such as the tightening of U.S. monetary policy, geopolitical tensions, and China's poor economic growth after the COVID-19, global economic growth remained slowdown and sluggish end markets demand. ACX's 2023 revenue totaled NT\$1,488,195 thousand, and net profit after tax was NT\$282,439 thousand, with a basic earnings per share of NT\$4.09. The overall operating results are mainly attributed with the joint efforts of the management team and all staff, so that ACX still maintained a stable profit trend.

Looking back over the past year, although we are still facing the global macroeconomic uncertainties, 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 and mmWave related applications in broadband and high frequency applications, and has successfully developed multi-frequency multi-mode integration components that meet customer needs. In addition, ACX can provide the solutions needed for AI smart phones due to the continuous upgrade of handsets in global markets. Furthermore, ACX continues to actively develop a variety of WiFi, NBIoT, mobile-related RF front-end (FEM) modules, system-in-package (SiP) modules, high-power device for base station, and advanced LTCC antenna substrate and filter for 5G mmWave 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) still keeps constantly evolving and 6G could be ready to take off soon. They are expected to bring huge economic benefits. The future demand for automotive networks, Internet of Things, self driving cars, smart cities and Low-Earth Orbit will also drive the development of 5G and 6G. 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.

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 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, developing new technologies solutions, 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 moderate and pragmatic business philosophy, every colleague will do our best to maximize the company's overall value. And finally, we would like to appreciate for your supporting as usually.

Advanced Ceramic X Corporation

Chairman: Shuang De Investment Corporation

Representative: Chien-Wen Kuo

II. Company Profile

2.1 Date of Incorporation: April 15, 1998

2.2 Company History

1998 Apr.	Founded on April 15, 1998 with NT\$188 million capital.
1998 Jun.	Start building factory A in Hsinchu Industrial Park.
1998 Jul.	Start Research and development of high frequency chip inductors.
1998 Sep.	Receive the Important Technology Enterprise certified by the Ministry of Economic Affairs (MOEA), Taiwan.
1998 Sep.	Underwent the suspended public issuance procedure.
1998 Nov.	Increased capital to NT\$500 million.
1998 Dec.	Receive several Taiwan and US patents on LTCC materials and devices.
1999 Jun.	Factory was completed.
1999 Aug.	Moved to Hsinchu Industrial Park, with an area of 3,638 square meters.
1999 Nov.	Receive several Taiwan patents on LTCC materials and devices.
1999 Dec.	Implement ERP system.
2000 Jan.	Receive research grant on the development of wireless LTCC components from the Ministry of Economic Affairs (MOEA), Taiwan.
2000 Jan.	ISO 9001 certified.
2000 Mar.	Underwent the supplemental public issuance procedure.
2000 May	Signed technology transfer agreement with Thomson-CS and its subsidiary SOREP.
2000 Jun.	Increased capital to NT\$620 million.
2000 Jul.	Thomson-CS became a corporate director of the Company.
2000 Dec.	Receive several Taiwan and US patents on LTCC materials and devices.
2001 May	Receive the Enterprises in the Newly Emerging, Important and Strategic Industries certified by the Ministry of Economic Affairs (MOEA), Taiwan.
2001 Aug.	QS-9000 certified.
2001 Oct.	Receive the 8th Research Innovation Award given by the Ministry of Economic Affairs (MOEA), Taiwan.
2001 Dec.	Receive 2nd research grant on the development of wireless LTCC modules from the MOEA, Taiwan.
2002 Mar.	Start manufacturing high-frequency LTCC devices for WLAN and Bluetooth applications.
2003 Jan.	Start manufacturing LTCC substrates for Bluetooth and 0201 high-frequency chip inductors for handset applications.
2003 Oct.	Receive the 10th Research Innovation Award given by the Ministry of Economic Affairs (MOEA), Taiwan.
2004 Apr.	ISO-14001 certified.
2004 Jul.	Increased capital to NT\$664 million.

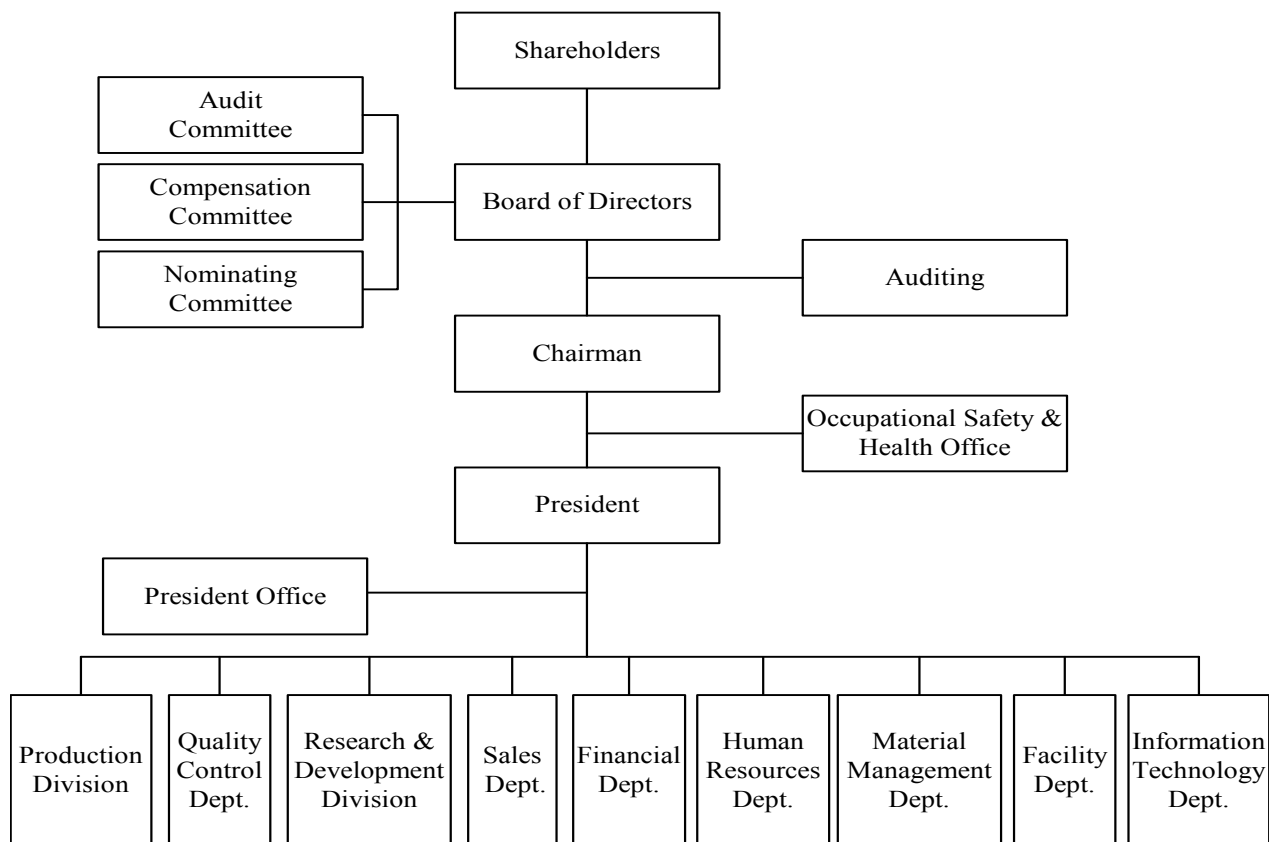
2004 Aug.	Receive the 7th Rising Star Award from the Ministry of Economic Affairs (MOEA), Taiwan.
2004 Oct.	Receive the 13th National Award of Small and Medium Enterprises from the Ministry of Economic Affairs (MOEA), Taiwan.
2004 Dec.	Traded on the Emerging Stock Market.
2005 Jul.	Increased capital to NT\$731 million.
2006 Sep.	Increased capital to NT\$837 million.
2006 Oct.	Capital reduction to NT\$502 million.
2006 Dec.	Receive research grant on development of constrained sintering for production of wireless LTCC modules from the Ministry of Economic Affairs (MOEA), Taiwan.
2007 Jun.	Increased capital to NT\$542 million.
2007 Dec.	Increased capital to NT\$545 million.
2008 Mar.	Increased capital to NT\$613 million.
2008 Mar.	Stock listed on the Taipei Exchange.
2008 Jul.	Increased capital to NT\$627 million.
2008 Oct.	Receive the 16th Industrial Technology Advancement Award - Excellent Enterprise Innovation Award from the Ministry of Economic Affairs (MOEA), Taiwan. The president of ACX was also honored to receive the 16th Advanced Technology Award - Individual Achievement Award.
2009 Mar.	Start manufacturing SiP modules for 2G mobile phone.
2010 Sep.	Increased capital to NT\$690 million.
2010 Dec.	CG6006 Corporate Governance Certified by Taiwan Corporate Governance Association.
2011 Jul.	Awarded annual A+ of the 8th Information Disclosure Evaluation of Taiwan listed companies by Securities & Futures Institute.
2011 Aug.	Awarded “Asia’s 200 Best under a Billion” by Forbes Asia.
2011 Nov.	Start manufacturing SiP modules for 3G mobile phone.
2012 Mar.	Start manufacturing WLAN SiP modules.
2012 Jul.	Awarded annual A+ of the 9th Information Disclosure Evaluation of Taiwan listed companies by Securities & Futures Institute.
2013 Jul.	Awarded annual A+ of the 10th Information Disclosure Evaluation of Taiwan listed companies by Securities & Futures Institute.
2014 Jan.	Awarded the 2nd annual Potential Taiwan Mittelstand Winner by the Ministry of Economic Affairs (MOEA), Taiwan.
2014 Jul.	Awarded annual A+ of the 11th Information Disclosure Evaluation of Taiwan listed companies by Securities & Futures Institute.
2015 Apr.	Awarded annual A+ of the 12th Information Disclosure Evaluation of Taiwan listed companies by Securities & Futures Institute. Awarded TOP 20% of the 1st Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2016 Apr.	Awarded the TOP 5% of the 2nd Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.

2017 Jan.	OHSAS 18001 certified.
2017 Apr.	Awarded the TOP 20% of the 3rd Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2017 Nov.	Start building factory B in Hsinchu Industrial Park.
2017 Dec.	Receive several Taiwan and US patents on LTCC materials and devices.
2018 Apr.	Awarded the TOP 20% of the 4th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2018 Jul.	IATF16949 certified.
2019 Feb	Receive research grant on A+ industrial innovative R&D program from the Ministry of Economic Affairs (MOEA), Taiwan.
2019 Apr.	Awarded the TOP 5% of the 5th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2020 Apr.	Awarded the TOP 5% of the 6th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2020 Dec.	ISO 45001 certified.
2021 Apr.	Awarded the TOP 5% of the 7th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2022 Apr.	Awarded the TOP 5% of the 8th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.
2023 Apr.	Awarded the TOP 5% of the 9th Corporation Governance Evaluation by Taiwan Stock Exchange Corporation and Taipei Exchange.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Functions of Departments

Department	Functions
President Office	Responsible for the planning and implementing of Company structure, managing the implementing of special projects and assisting the President with internal manage and external issues.
Auditing	Reviews and assesses the internal control system and provides analysis and evaluations.
Occupational Safety & Health Office	Responsible for the planning, managing and operating of labor safety and health of the Company.
Production Division	Responsible for production capacity allocation, product manufacturing and equipment repair.
Quality Control Dept.	Inspects and accepts raw materials and products and performs quality controls.
Research & Development Division	Responsible for technology development and design for products, materials analysis and process improvement.
Sales Dept.	Responsible for analyzing industry data, corporate marketing activities and after sales service.
Financial Dept.	Responsible for the planning, implementing and control of treasury, accounting, tax and shareholder affairs.
Human Resources Dept.	Responsible for the planning and execution of human resources, employee training, general affairs and asset management.
Material Management Dept.	Responsible for the raw materials, machinery and equipment procurement; import, export and storage management.
Facility Dept.	Responsible for the planning, set-up and maintenance of facilities.
Information Technology Dept.	Responsible for the planning and management of the Company information systems, software and network.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

A. Directors

As of 04/16/2024

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Shuang De Investment Corp.	-	06/17/2022	3	06/25/2013	46,000	0.07%	60,000	0.09%	0	0%	0	0%	None	None	None	None	None	Note 2
		Rep.: Chien-Wen Kuo	Male 51-60				1,709,481	2.48%	1,709,481	2.48%	365,017	0.53%	0	0%	•Bachelor Degree in Department of Civil Engineering, Chung Yuan Christian University •Chairman of Ting Fu Investment Corp.	Note 1	Director Director	Chih-Chun Kuo Te-Ti Han	Brother Spouse	
Director	R.O.C	Kuo Chia Fu Investment Corp.	-	06/17/2022	3	06/28/2001	5,485,189	7.95%	5,485,189	7.95%	0	0%	0	0%	None	None	None	None	None	Note 5
		Rep.: Yung-Fu Kuo	Male 81-90				0	0%	0	0%	0	0%	0	0%	•Taipei High School •Director of Kuo Chia Fu Investment Corp.	N/A	N/A	N/A	N/A	
		Rep.: Cheng-Hsin Kuo	Male 11-40				395,709	0.57%	395,709	0.57%	0	0%	0	0%	•Bachelor of International relations, University of South Carolina •Special assistant to GM of Kuo Chia Fu Investment Corp.	Special assistant to GM of Kuo Chia Fu Investment Corp. Manager of Mei Erh Ku Construction Corp.	Director	Chih-Chun Kuo	Father and Son	
Director	R.O.C	Hsin Chang Construction Corp.	-	06/17/2022	3	06/17/2010	1,552,344	2.25%	1,552,344	2.25%	0	0%	0	0%	None	None	None	None	None	
		Rep.: Chih-Chun Kuo	Male 61-70				1,709,481	2.48%	1,709,481	2.48%	365,017	0.53%	0	0%	•Master Degree in EMBA, National Taiwan University •Chairman of Kuo Chia Fu Investment Corp.	Note 3	Chairman Director Director	Chien-Wen Kuo Te-Ti Han Cheng-Hsin Kuo	Father and Son Sister-in-law Father and Son	
Director	R.O.C	Lin Li Construction Corp.	-	06/17/2022	3	06/17/2010	1,808,271	2.62%	1,808,271	2.62%	0	0%	0	0%	None	None	None	None	None	
		Rep.: Te-Ti Han	Female 51-60				365,017	0.53%	365,017	0.53%	1,709,481	2.48%	0	0%	•Bachelor Degree in Spanish Language and Culture, Fu Jen Catholic University •Director of Lin Li Construction Corp.	Note 4	Chairman Director	Chien-Wen Kuo Chih-Chun Kuo	Spouse Sister-in-law	
Director	US	Johanson Technology Inc.	-	06/17/2022	3	06/28/2001	2,881,810	4.18%	2,881,810	4.18%	0	0%	0	0%	None	None	None	None	None	
		Rep.: John Darko Petrinc	Male 61-70				88,200	0.13%	60,200	0.09%	0	0%	0	0%	•Bachelor Degree in Ceramic engineering, Alfred University •President of Johanson Technology Inc.	President of Johanson Technology Inc.	None	None	None	

Note 1: Chairman of Ting Fu Investment Corp., Chairman of Lin Li Construction Corp., Chairman of Universal Asia Technology Company, Chairman of Chun Chien International Co., Ltd, Chairman of Te Li Development Co., Ltd, Director of Hsin Chang Construction Corp., Director of Lien Fu Investment Corp., Director of Mei Erh Ku Construction Corp., Director of Kuo Chia Fu Investment Corp., President of Advanced Ceramic X Corporation

Note 2: The Company has simple organizations, chairman acts as the general manager can increasing efficiency, and general manager without salary. Mr. Chien-Wen Kuo has a wealth of experience in electronics business, and company's stable profit and TOP 20% of Corporation Governance Evaluation during his tenure. The Company needs his insights to guide ACX's future direction. The board of directors has increase the number of independent directors and planning succession plan to enhance corporate governance.

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	US	Scientific Components Corp.	-	06/17/2022	3	04/19/2006	3,068,477	4.45%	3,068,477	4.45%	0	0%	0	0%	None	None	None	None	None	Note 5
		Rep.: Kelvin Kiew	Male 71-80				0	0%	0	0%	0	0%	0	0%	<ul style="list-style-type: none"> •Honorary Ph.D., Toyohashi University of Technology •Master Degree in Engineering, University of California •Director of Scientific Components Corp. 	Note 5	None	None	None	
		Rep.: Theodore C. Heil	Male 61-70				0	0%	0	0%	0	0%	0	0%	<ul style="list-style-type: none"> •Bachelor of Science in Electrical Engineering, Villanova University •President of Scientific Components Corp. 	President of Scientific Components Corp.	None	None	None	
Independent Director	R.O.C	Shiuh-Kao Chiang	Male 61-70	06/17/2022	3	05/09/2007	0	0%	0	0%	0	0%	0	0%	<ul style="list-style-type: none"> •Ph. D. in Ceramic Engineering, Ohio State University •EMBA in Cleveland State University •Director of Gould Electronics 	Managing partner of Prismark Partners LLC	None	None	None	
Independent Director	R.O.C	Shang-Ming Chin	Male 61-70	06/17/2022	3	06/25/2013	0	0%	0	0%	0	0%	0	0%	<ul style="list-style-type: none"> •Master Degree in EMBA, American Graduate School •Vice President of IBM 	None	None	None	None	
Independent Director	R.O.C	Chiu-Feng Lien	Male 61-70	06/17/2022	3	06/17/2022	2,0000	0.03%	2,0000	0.03%	0	0%	0	0%	<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. Supervisor of Explore Microelectronics Inc.	None	None	None	
Independent Director	R.O.C	Yu-Hui Ning	Female 51-60	06/17/2022	3	06/17/2022	0	0%	0	0%	0	0%	0	0%	<ul style="list-style-type: none"> • Master Degree in Accounting, University of California • Vice President of Advantech semiconductor Inc. 	Chairman of Tsun Yu Ltd.	None	None	None	

Note 3: Chairman of Kuo Chia Fu Investment Corp., Chairman of Lien Fu Investment Corp., Chairman of Hsin Chang Construction Corp., Chairman of Chien Fu Investment Co., Ltd, Chairman of Mei Erh Ku Construction Corp., Chairman of Build Fun Co., Ltd, Director of Lin Li Construction Corp., Director of Ting Fu Investment Corp., Chairman of Universal Asia Technology Company, Director of Formosan Union Chemical Corp., Director of Fortune General Merchandise Corp.

Note 4: Director of Lin Li Construction Corp., Chairman of Universal Asia Technology Company, Director of Ting Fu Investment Corp., Director of Lien Fu Investment Corp., Supervisor of Kuo Chia Fu Investment Corp., Supervisor of Hsin Chang Construction Corp., Supervisor of Mei Erh Ku Construction Corp.

Note 5: Scientific Components Corp. has appointed a new legal representative on April 18, 2023. Kuo Chia Fu Investment Corp. has appointed a new legal representative on August 17, 2023.

B. Major shareholders of the institutional shareholders

As of 03/31/2024

Name of Institutional Shareholders	Major Shareholders
Shuang De Investment Corp.	Ching-Yu Chien (98%), Fang-Ling Kuo (1%), Ming-Shan Li (1%)
Kuo Chia Fu Investment Corp.	Chien-Wen Kuo (8.80%), Chih-Chun Kuo (8.69%), Lin Li Construction Corp. (8.12%), Te-Ti Han (6.91%), Hui-Chu Tsai (5.95%), Lien Fu Investment Corp. (5.32%), Hsin Chang Construction Corp. (5.17%), Ting Fu Investment Corp. (4.69%), Lung Kai Investment Corp. (1.46%), Tun-Pei Kuo (1.36%)
Johanson Technology Inc.	Johanson Family (100%)
Scientific Components Corp.	Harvey Kaylie Family Trust (79%), GK-Yacoby(15.8%)
Hsin Chang Construction Corp.	Ting Fu Investment Corp. (19.48%), Cheng-Hsin Kuo (12.65%), Cheng-Lin Kuo (12.65%), Chun Kuo(12.65%), Li Kuo (12.65%), Chih-Chun Kuo (9.45%), Chien-Wen Kuo (9.20%), Te-Ti Han (5.76%), Hui-Chu Tsai (5.51%)
Lin Li Construction Corp.	Lien Fu Investment Corp. (14.95%), Cheng-Hsin Kuo (14.12%), Cheng-Lin Kuo(14.12%), Chun Kuo (14.12%), Li Kuo(14.12%), Chih-Chun Kuo (7.90%), Chien-Wen Kuo (7.90%), Te-Ti Han (6.39%), Hui-Chu Tsai (6.38%)

C. Major shareholders of the Company's major institutional shareholders

As of 03/31/2024

Name of Institutional Shareholders	Major Shareholders
Ting Fu Investment Corp.	Lin Li Construction Corp. (30.80%), Chih-Chun Kuo (14.25%), Chien-Wen Kuo (14.20%), Te-Ti Han (11.22%), Hui-Chu Tsai (11.17%), Cheng-Hsin Kuo (4.59%), Cheng-Lin Kuo (4.59%), Chun Kuo (4.59%), Li Kuo (4.59%)
Lien Fu Investment Corp.	Hsin Chang Construction Corp. (33.58%), Chien-Wen Kuo (16.46%), Chih-Chun Kuo (16.33%), Te-Ti Han (15.98%), Hui-Chu Tsai (15.33%), Cheng-Hsin Kuo (0.77%), Cheng-Lin Kuo (0.77%), Chun Kuo (0.39%), Li Kuo (0.39%)
Lung Kai Investment Corp	Yu-Hsiung Hsieh (27.58%), Chung-Wei Hsieh (20%), Chung-Chiang Hsieh (20%), An-Tzu Hsieh Chen (12.42%), Chung-Chi Hsieh (5%), Po-Chang Hsieh (5%), Po-Hung Hsieh (5%), Po-Chieh Hsieh (5%)

3.2.2 Directors and Supervisors

A. Professional qualifications and independence analysis of directors and supervisors

As of 12/31/2023

Criteria Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Shuang De Investment Corp. Rep.: Chien-Wen Kuo	Chien-Wen Kuo has extensive experience in business management, corporate governance and corporate social responsibility. He is also as Chairman of Ting Fu Investment Corp., Chairman of Lin Li Construction Corp., Chairman of Universal Asia Technology Company, Chairman of Chun Chien International Co., Ltd, Chairman of Te Li Development Co., Ltd, Director of Hsin Chang Construction Corp., Director of Lien Fu Investment Corp., Director of Mei Erh Ku Construction Corp., Director of Kuo Chia Fu Investment Corp., President of Advanced Ceramic X Corporation. Mr. Kuo holds a bachelor degree in department of civil engineering from Chung Yuan Christian University.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0
Kuo Chia Fu Investment Corp. Rep.: Cheng-Hsin Kuo	Cheng-Hsin Kuo specializes in international affairs, business management and corporate governance. He currently serves as the special assistant to the general manager of Kuo Chia Fu Investment Corp. and the manager of Mei Erh Ku Construction Corp. Mr. Kuo holds a bachelor's degree in international relations from the University of South Carolina.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0
Hsin Chang Construction Corp. Rep.: Chih-Chun Kuo	Chih-Chun Kuo has extensive experience in business management and corporate governance. He is also as Chairman of Kuo Chia Fu Investment Corp., Chairman of Lien Fu Investment Corp., Chairman of Hsin Chang Construction Corp., Chairman of Chien Fu Investment Co., Ltd, Chairman of Mei Erh Ku Construction Corp., Chairman of Build Fun Co., Ltd, Director of Lin Li Construction Corp., Director of Ting Fu Investment Corp., Chairman of Universal Asia Technology Company, Director of Formosan Union Chemical Corp., Director of Fortune General Merchandise Corp. Mr. Kuo holds a master degree in EMBA from National Taiwan University.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0
Lin Li Construction Corp. Rep.: Te-Ti Han	Te-Ti Han has extensive experience in business management and corporate governance. She is also as Director of Lin Li Construction Corp., Chairman of Universal Asia Technology Company, Director of Ting Fu Investment Corp., Director of Lien Fu Investment Corp., Supervisor of Kuo Chia Fu Investment Corp., Supervisor of Hsin Chang Construction Corp., Supervisor of Mei Erh Ku Construction Corp. Ms. Han holds a bachelor degree in Spanish Language and Culture from Fu Jen Catholic University.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0
Johanson Technology Inc. Rep.: John Darko Petrincec	John has extensive experience in material science, business management, and corporate governance. He is also as GM of JTI (1990-present) and CEO of JDI (2010-present). He served vice president of Capax Technologies from 1987 to 1990. John holds a bachelor degree in ceramic engineering from Alfred University.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0

Scientific Components Corp. Rep.: Theodore C. Heil	Ted has extensive experience in business management and corporate governance. He is currently the GM of Scientific Components Corp. Ted has served as Vice President of Volex Inc., senior management positions at Powerwave Technologies, and management positions at American Technical Ceramics, MITEQ, and M/A-Com. Ted holds a bachelor's degree from Villanova University in the United States.	A juridical person is elected as director in Article 27 of the Company Law. Therefore, it does not meet independence criteria.	0
Shiuh-Kao Chiang	Shiuh-Kao Chiang served as managing partner of Prismark Partners LLC from 1998. He has extensive materials science, business management, international markets and corporate governance experience. Prior to that, he served technical director of Gould Electronics. Mr. Chiang holds an EMBA in Cleveland State University and a Ph. D. in ceramic engineering from Ohio State University. Shiuh-Kao Chiang is chairman of the Audit Committee, Compensation Committee and Nominating Committee.	1. Not an employee of the company or any of its affiliates. 2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	0
Shang-Ming Chin	Shang-Ming Chin served at a variety of executive management positions in IBM for nearly 25 years, he has extensive business management, corporate governance, marketing strategy and information security experience. Mr. Chin holds a master degree in EMBA from American Graduate School. Shang-Ming Chin is member of the Audit Committee, Compensation Committee and Nominating Committee.	5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.	0
Chiu-Feng Lien	Chiu-Feng Lien has extensive experience in business management, corporate governance, marketing strategy and human resources. He served as Director of ACX (2013-2020) and served at a variety of executive management positions in Explore Semiconductor Inc. for over 18 years. He is also as CEO & Director of Explore Semiconductor Inc. and Supervisor of Explore Microelectronics Inc. Mr. Lien holds a master degree in electronics engineering from National Chiao Tung University Chiu-Feng Lien is member of the Audit Committee, Compensation Committee and Nominating Committee.	8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial,	0

Yu-Hui Ning	<p>Yu-Hui Ning has extensive business management, financial, accounting and internal audit expertise. She is also as Chairman of Tsun Yu Ltd. She served vice president of Advantech semiconductor Inc. (1998 -2005) and financial director of ACX (2006 -2018).</p> <p>Ms. Ning holds a master degree in accounting from University of California, CPA(USA) and CIA certificate (Taiwan).</p> <p>Yu-Hui Ning is member of the Audit Committee, Compensation Committee and Nominating Committee.</p>	<p>legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>11. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.</p>	0
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Note1: All directors do not meet the conditions stipulated in Article 30 of the Company Law.

B. Diversity and independence of Board of Directors

a. Diversity of Board of Directors

(1) Policy

Members of the Board are diversified, with different nationalities, genders, skills and professional backgrounds, to form a well-balanced structure.

(2) Target

The Board of Directors shall have least four independent directors, least one director from another country, and least one female director. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties.

(3) State of implementation:

The board of directors comprises of ten members, including four independent directors (40%), two foreign directors (20%) and two female director (20%); The age distribution of directors includes one directors aged 31-40 (10%), three directors aged 51-60 (30%) and six directors aged 61-70 (60%). All members of the board shall have the knowledge, skills, and experience necessary to perform their duties.

b. Independence of Board of Directors

- More than half of the directors do not spousal relationship or familial relationship within the second degree of kinship.
- More than half of the director seats are filled by members of outside companies.
- Independent directors account for 40% of the board.
- All independent directors meet the restriction of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies for other mandates, each independent director concurrently does not serve as an independent director for more than 3 listed companies.

3.2.2 Management Team

As of 04/16/2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Chien-Wen Kuo	Male	12/13/2013	1,709,481	2.48%	365,017	0.53%	0	0%	•Bachelor Degree in Department of Civil Engineering, Chung Yuan Christian University •Chairman of Ting Fu Investment Corp.	Note 1	None	None	None	Note 2
Vice President	R.O.C	Chih-Wen Shen	Male	10/23/2013	0	0%	0	0%	0	0%	•Ph. D. in Electrical Communication Engineering, National Chiao Tung University •Vice President of Scientific Technics Co., Ltd.	None	None	None	None	
Director	R.O.C	Cheng-Chi Lin	Female	08/01/1998	16,596	0.02%	0	0%	0	0%	•Master Degree in Applied Chemistry, National Chiao Tung University •Material Research Fellow of Industrial Technology Research Institute	None	None	None	None	
Director	R.O.C	Chun-Hung Liu	Male	08/03/2010	7,500	0.01%	300	0%	0	0%	•Master Degree in Materials Science and Engineering, National Tsing Hua University	None	None	None	None	
Director	R.O.C	Ching-Yao Peng	Male	10/18/2021	0	0%	0	0%	0	0%	•Master Degree in Accounting, Chung Yuan Christian University •Senior Manager of Alpha Networks Inc.	None	None	None	None	Note 3
Accounting officer	R.O.C	Hsien-Liang Chou	Male	11/29/2023	0	0%	0	0%	0	0%	•Bachelor Degree, China University of Technology •Internal Audit Officer of Advanced Ceramic X Corp.	None	None	None	None	

Note 1: Chairman of Ting Fu Investment Corp., Chairman of Lin Li Construction Corp., Chairman of Universal Asia Technology Company, Chairman of Chun Chien International Co., Ltd, Chairman of Te Li Development Co., Ltd, Director of Hsin Chang Construction Corp., Director of Lien Fu Investment Corp., Director of Mei Erh Ku Construction Corp., Director of Kuo Chia Fu Investment Corp.

Note 2: The Company has simple organizations, chairman acts as the general manager can increasing efficiency, and general manager without salary. Mr. Chien-Wen Kuo has a wealth of experience in electronics business, and company's stable profit and TOP 20% of Corporation Governance Evaluation during his tenure. The Company needs his insights to guide ACX's future direction. The board of directors has increase the number of independent directors and planning succession plan to enhance corporate governance.

Note 3: Director, Ching-Yao Peng, officially withdrew from her position on November 30, 2023.

3.2.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

A. Remuneration of Directors

As of 12/31/2023; Unit: NT\$ thousands; Shares in thousands

Title	Name	Remuneration								Total Remuneration and Ratio of Total Remuneration (A+B+C+D) to Net Income (%) Note 2		Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C) Note 1		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company		Companies in the Financial Reports		The Company	Companies in the Financial Reports	
																Cash	Stock	Cash	Stock			
Chairman	Shuang De Investment Corp. Rep.: Chien-Wen Kuo	0	0	0	0	572	572	24	24	596 0.21%	596 0.21%	0	0	0	0	0	0	0	0	596 0.21%	596 0.21%	None
Director	Kuo Chia Fu Investment Corp. Rep.: Cheng-Hsin Kuo	0	0	0	0	572	572	18	18	590 0.21%	590 0.21%	0	0	0	0	0	0	0	0	590 0.21%	590 0.21%	None
Director	Hsin Chang Construction Corp. Rep.: Chih-Chun Kuo	0	0	0	0	572	572	24	24	596 0.21%	596 0.21%	0	0	0	0	0	0	0	0	596 0.21%	596 0.21%	None
Director	Lin Li Construction Corp. Rep.: Te-Ti Han	0	0	0	0	572	572	12	12	584 0.21%	584 0.21%	0	0	0	0	0	0	0	0	584 0.21%	584 0.21%	None
Director	Johanson Technology Inc. Rep.: John Darko Petrinc	0	0	0	0	572	572	6	6	578 0.20%	578 0.20%	0	0	0	0	0	0	0	0	578 0.20%	578 0.20%	None
Director	Scientific Components Corp. Rep.: Theodore C. Heil	0	0	0	0	572	572	6	6	578 0.20%	578 0.20%	0	0	0	0	0	0	0	0	578 0.20%	578 0.20%	None
Independent Director	Shiuh-Kao Chiang	0	0	0	0	572	572	18	18	590 0.21%	590 0.21%	0	0	0	0	0	0	0	0	590 0.21%	590 0.21%	None
Independent Director	Shang-Ming Chin	0	0	0	0	572	572	24	24	596 0.21%	596 0.21%	0	0	0	0	0	0	0	0	596 0.21%	596 0.21%	None
Independent Director	Chiu-Feng Lien	0	0	0	0	572	572	24	24	596 0.21%	596 0.21%	0	0	0	0	0	0	0	0	596 0.21%	596 0.21%	None
Independent Director	Yu-Hui Ning	0	0	0	0	572	572	30	30	602 0.21%	602 0.21%	0	0	0	0	0	0	0	0	602 0.21%	602 0.21%	None

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: please refer to page 15 of this annual report.

2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to ACX and all consolidated entities in the 2023 financial statements: None.

Note 1: The employees' compensation and Directors' compensation for year 2023 were NT\$19,066 thousand and NT\$5,720 thousand, respectively, which were passed by the Board of Directors' meeting on February 27, 2024.

Qualifications for remuneration payment of directors must be in office before the general shareholders meeting; When a director is not eligible for payment, his remuneration will be distributed equally to serving directors.

Note 2: The net income for year 2023 was NT\$282,439 thousand.

B. Compensation of Supervisors: N/A

C. Compensation Paid to President and Vice Presidents

As of 12/31/2023; Unit: NT\$ thousands; Shares in thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) Note 1				Total Compensation and Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company		Companies in the Financial Reports		The Company	Companies in the Financial Reports	
								Cash	Stock	Cash	Stock			
President	Chien-Wen Kuo	2,072	2,072	108	108	550	550	1,574	0	1,574	0	4,304 1.52%	4,304 1.52%	None
Vice President	Chih-Wen Shen													

Note 1: The employees' compensation for year 2023 was NT\$19,066 thousand which was passed by the Board of Directors' meeting on February 27, 2024. Employee compensation percentage used last year is adopted.

Note 2: The net income for year 2023 was NT\$282,439 thousand.

Range of Compensation	Name of President and Vice Presidents	
	The Company	Companies in the Financial Reports
Under NT\$ 1,000,000	Chien-Wen Kuo	Chien-Wen Kuo
NT\$1,000,001 ~ NT\$2,000,000		
NT\$2,000,001 ~ NT\$3,500,000		
NT\$3,500,001 ~ NT\$5,000,000	Chih-Wen Shen	Chih-Wen Shen
NT\$5,000,001 ~ NT\$10,000,000		
NT\$10,000,001 ~ NT\$15,000,000		
NT\$15,000,001 ~ NT\$30,000,000		
NT\$30,000,001 ~ NT\$50,000,000		
NT\$50,000,001 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	2	2

D. Employee Compensation Paid to Management Team

As of 12/31/2023; Unit: NT\$ thousands

Title		Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chien-Wen Kuo	0	2,440	2,440	0.86%
	Vice President	Chih-Wen Shen				
	Director	Cheng-Chi Lin				
	Director	Chun-Hung Liu				
	Director	Ching-Yao Peng (Note 3)				
	Accounting Officer	Hsien-Liang Chou				

Note 1: The employees' compensation for year 2023 was NT\$19,066 thousand which was passed by the Board of Directors' meeting on February 27, 2024. Employee compensation percentage used last year has been adopted.

Note 2: The net income for year 2023 was NT\$282,439 thousand.

Note 3: Director, Ching-Yao Peng, officially withdrew from her position on November 30, 2023.

3.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

Year Items	2022		2023	
	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports
Director	2.10%	2.10%	2.09%	2.09%
Supervisor	N/A	N/A	N/A	N/A
President and Vice President	1.60%	1.60%	1.52%	1.52%
Total	3.70%	3.70%	3.61%	3.61%

Remuneration for directors is made according to the Company's Articles of Incorporation. According to the Article, if there is any net profit after closing of a fiscal year, no more than 1.5% of the same shall be allocated as directors' compensation. The rational of directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, individual director contribution to the Company's operations and remuneration standard of the industry. The reasonable directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors. Compensation to management and employee is according to the Company's Articles of Incorporation, employer salary and performance assessment rules. The compensation is measured based on the department and individual performance evaluation (such as number of environmental pollution cases, professional ethics and compliance with regulations, number of occupational accidents, corporate governance assessment results, etc.), contribution made to the business operation, and remuneration standard of the industry. Thus, we do not expect any significant risk of uncertainty arising from the compensation policy in the future.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 4 (A) meetings of Board of Directors were held in 2023. Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Shuang De Investment Corp. Rep.: Chien-Wen Kuo	3	1	75	
Director	Kuo Chia Fu Investment Corp. Rep.: Yung-Fu Kuo	2	1	75	
Director	Kuo Chia Fu Investment Corp. Rep.: Cheng-Hsin Kuo	1	0		08/17/2023 Re-appointment
Director	Hsin Chang Construction Corp. Rep.: Chih-Chun Kuo	4	0	100	
Director	Lin Li Construction Corp. Rep.: Te-Ti Han	4	0	100	
Director	Johanson Technology Inc. Rep.: John Darko Petrinc	4	0	100	
Director	Scientific Components Corp. Rep.: Kelvin Kiew	0	0	75	
Director	Scientific Components Corp. Rep.: Theodore C. Heil	3	0		04/18/2023 Re-appointment
Independent director	Shiuh-Kao Chiang	4	0	100	
Independent director	Shang-Ming Chin	4	0	100	
Independent director	Chiu-Feng Lien	4	0	100	
Independent director	Yu-Hui Ning	4	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Board of Directors Meeting Date	Resolutions	Independent Director' Opinions and the Company's Response
02/21/2023 The 4th meeting of the 9th session	<ul style="list-style-type: none"> Approval of the 2022 statement of the internal control system. Approval of the business report and financial statements for the year of 2022. Evaluation of independence and qualification of the CPA to be engaged by the Company. Amendment to the Company's internal control system. 	No independent director had a dissenting opinion or qualified opinion to the proposal and all attending directors agree to pass the proposal.
11/07/2023 The 7th meeting of the 9th session	<ul style="list-style-type: none"> Propose to authorize the Chairman to determine all related matters for the follow-up projects of the new factory. 	

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Implementation of self-evaluations by the Company's Board of Directors:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a year	2023	Performance of the Board of Directors, board members and functional committee	Internal evaluation of the board, self-evaluation by individual board members, internal evaluation of the functional committee	<p>The Board's performance evaluation by self-assessment:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Improvement of the quality of the Board of Directors' decision making. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of the directors. 5. Internal controls. <p>Self-assessment of Board members:</p> <ol style="list-style-type: none"> 1. Their grasp of the Company's goals and missions. 2. Their recognition of director's duties. 3. Their degree of participation in the Company's operations. 4. Their management of internal relationships and communications. 5. Their professionalism and continuing professional education. 6. Internal controls. <p>The functional committee's performance evaluation by self-assessment:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal controls.

Board performance evaluation in 2023, the Board's and functional committee's performance were graded as excellent. Detailed information regarding the above evaluation was reported to the Board at the Board Meeting of February 27, 2024.

4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

(1) After the election held in the AGM on June 17, 2022, four independent directors has organized the Audit Committee to supervise the following matters: (a) fair presentation of the financial reports of the Company, (b) the hiring (and dismissal) and independence of certificated public accountants of the Company, (c) the effective implementation of the internal control system of the Company, (d) compliance with relevant laws and regulations by the Company, and (e) Control of the existing or potential risks of the Company.

(2) The Board had approved “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct”, “Corporate Governance Best Practice Principles”, “Sustainable Development Best Practice Principles” and “Risk Management Best Practice Principles” in order to strengthen the functionality of the Board and enhance information transparency.

3.3.2 Audit Committee

A. The Company’s Audit Committee was established on June 25, 2013.

B. The Audit Committee assists the Board in fulfilling its oversight of the finance reporting and internal control system of the Company. The discussion items in 2023 are as follows:

1. The adoption or amendments of an internal control system.
2. Assessment of the effectiveness of the internal control system.
3. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
4. The appointment of a financial and accounting officer.
5. Annual financial reports and quarter financial reports.
6. The adoption of internal audit plan.

C. A total of 4 (A) meetings of the Audit Committee meetings were held in 2023.

Independent director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	Shiuh-Kao Chiang	4	0	100	
Independent director	Shang-Ming Chin	4	0	100	
Independent director	Chiu-Feng Lien	4	0	100	
Independent director	Yu-Hui Ning	4	0	100	

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Audit Committee Meeting Date	Resolutions	Items Prescribed by Article 14-5 of the Securities and Exchange Act	Resolutions of the Audit Committee and the Company’s Response
02/21/2023 The 3rd meeting of the 4th session	<ul style="list-style-type: none"> • Reviewed the 2022 fourth quarter internal auditor report. • Evaluation of independence and qualification of the CPA to be engaged by the Company. • Approval of the 2022 statement of the internal control system. • Approval of the business report and financial statements for the year of 2022. • Recommendation of the distribution of earnings for the year of 2022. • Approval of the budget plan of the Company for the year of 2023. • Amendment to the Company’s internal control system. 	<p>V</p> <p>V</p> <p>V</p> <p>V</p>	No Audit Committee member had any dissenting opinion or qualified opinion to the proposal and all attending members agree to pass the proposal.
05/02/2023 The 4th meeting of the 4th session	<ul style="list-style-type: none"> • Reviewed the 2023 first quarter internal auditor report. • Report of the financial statement for the first quarter of 2023. 		
08/01/2023 The 5th meeting of the 4th session	<ul style="list-style-type: none"> • Reviewed the 2023 second quarter internal auditor report. • Report of the financial statement for the second quarter of 2023. 		

11/07/2023 The 6th meeting of the 4th session	<ul style="list-style-type: none"> · Reviewed the 2023 third quarter internal auditor report. · Report of the financial statement for the third quarter of 2023. · Propose to authorize the Chairman to determine all related matters for the follow-up projects of the new factory. · Approval of auditing plan for 2024. 	V	
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(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the internal auditors and independent auditors (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) Communications between the independent directors and the internal auditors:

Date	Communication	Independent Directors' Opinion
02/21/2023 Audit Committee	<ul style="list-style-type: none"> · Reviewed the 2022 fourth quarter internal auditor report. · Approved of the effective implementation of the internal control system. 	None
05/02/2023 Audit Committee	<ul style="list-style-type: none"> · Reviewed the 2023 first quarter internal auditor report. 	None
08/01/2023 Audit Committee	<ul style="list-style-type: none"> · Reviewed the 2023 second quarter internal auditor report. 	None
11/07/2023 Audit Committee	<ul style="list-style-type: none"> · Reviewed the 2023 third quarter internal auditor report. · Approval of auditing plan for 2024. 	None

The internal auditor communicates with independent directors through monthly audit report, reporting audit execution status in Audit Committee meeting at least one time each quarter, and report to independent directors any time when there are special circumstances. The communications between the independent directors and the internal auditors work well.

(2) Communications between the independent directors and the independent auditors:

Date	Communications	Independent Directors' Opinion
02/21/2023 Audit Committee	<ul style="list-style-type: none"> · Reviewed auditing scope, the independent auditors' responsibility and independence, major accounting estimates and audit result for 2022. · Review regulatory developments. 	None

The independent auditors communicated with Audit Committee, including results of the audited or reviewed quarterly financial report, the significant audit findings, the determination that key audit matters should be communicated in the auditors' report, impact on the Company of regulatory changes. The independent auditors report to independent directors from time to time when there are special circumstances. The communications between the independent directors and the independent auditors work well.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and approved of Board of Directors on 08/19/2009. The information has been disclosed on the MOPS website and Company’s website.	None
2. Shareholding structure & shareholders’ rights				None
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company established internal procedures and assigned designated departments to handle shareholder suggestions, doubts, disputes and litigations.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The Company tracks the shareholdings of directors, officers and shareholders’ holding more than 10% of the Company’s outstanding shares.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The Company has established internal control system and Procedures to Supervision and Management of Subsidiaries to establish and execute the risk management and firewall system within its conglomerate structure.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		<p>The Company established “Codes of Ethical Conduct”, “Employees for Code of Ethical Conduct” and “Standards of Behavior Regarding Insider Trading”, strictly prohibiting staffs and managers from insider trading with material nonpublic information. Violators are subject to punishment, investigation, and legal liability.</p> <p>The Company carries out regular training and propaganda of ethical for its directors and employee every year. For new employees, training on personnel rules, management systems, business ethics, prevention of insider trading, and all other CSR-related subjects are carried out on their first day of work.</p> <p>The Company's implementations of prevention of insider trading in 2023</p> <ol style="list-style-type: none"> 1. New employees sign the “Code of Ethic Commitment” on their first day of work. 2. Participants of prevention of insider trading training total 34 personnel. 3. Notify directors and managers that trading in stocks is prohibited 30 days before the announcement of the financial report. 4. The Company has not any matters about discipline of insider trading conduct in 2023. 	
3. Composition and Responsibilities of the Board of Directors				None
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		Members of the Board are diversified, with different nationalities, genders, skills and professional backgrounds, to form a well-balanced structure. The diversity of composition of the Board of Directors, please refer to pages 10-12 of this annual report.	

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The Company has established a Compensation Committee and Audit Committee in accordance with law, and we have also voluntarily established Nominating Committee in consideration of corporate matters and development. The Audit Committee, Compensation Committee and Nominating Committee are composed of independent directors.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		The Company has established "Procedures Governing the Performance Evaluation of Board of Directors" on 08/11/2015 and conducts it annually, and to submit the results of performance assessments to the board of directors and use them as reference in determining compensation for individual directors, their nomination and additional office term.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		<p>The Company's Audit Committee regularly refer to the Audit Quality Indicators (AQIs) evaluates the independence and suitability of CPAs every year, and submits the evaluation results to the Board of Directors.</p> <p>standards for CPA independence and suitability:</p> <ol style="list-style-type: none"> 1. Whether the CPA has a direct or materially indirect financial interest in the Company. 2. Whether the CPA or the audit team members serve as a director, manager or in a position of the Company that could significantly influence the audit work either currently or in the past two years. 3. Whether the CPA acts as a defender of the Company or resolves conflicts with a third party on behalf of the Company. 4. Whether the CPA has close relationship with the Company's directors, managers or persons in a position that could significantly influence the audit work. 5. Whether the CPA has created intimidation threats with actual or perceived pressures of the Company. 6. Whether the CPA Independence is influenced of result from the non-assurance services. 7. AQIs are referenced to ensure that CPAs possess audit expertise, training hours and professional support superior to average industry standards. CPAs must not have any external inspection deficits and penalties. The accounting firm should also continue to integrate digital audit tools to enhance audit quality. 	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of Board meetings and shareholders' meetings and shareholders' meetings and shareholders' meetings)	✓		<p>The Board of Director appointed financial director as company secretary, the corporate governance team under the president office as the department responsible for corporate governance and business integrity, to safeguard shareholder rights and strengthen the Board's functioning. Primary duties are to provide the Board directors with information needed for executing their roles, conducting and producing meeting minutes Board Meetings, Audit Committee Meetings, and Shareholder Meetings, assisting in on boarding and continuous development of directors and to assist the Board Directors with legal compliance.</p> <p>The company secretary is an officer of the Company and has been in internal officer for at over three years in a public company.</p> <p>The Company's implementations of corporate governance in</p>	

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
meetings)?			2023: 1. Conducted matters relating to Board Meetings and Shareholder Meeting. 2. Recorded minutes of Board Meetings and Shareholder Meeting. 3. Regularly conduct performance evaluation pursuant to the rules for “Board of Directors Self-Assessment of Performance”. 4. Assisting continuous development of directors.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company set up telephone numbers and email addresses in the “Stakeholder Area” of the corporate website for communication with stakeholders. Designated personnel and contact information are available to handle all enquiries and respond to any key issues raised by stakeholders. Please refer to the Company’s ESG report and corporate website for issues of concern and communication channel of stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the professional agency “Transfer Agency Department, Taishin Securities Co., Ltd” to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has set up website (www.acxc.com.tw) to disclose information regarding the Company’s financial standings, business, corporate governance and sustainable development status.	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company has set up its website, and has assigned an appropriate person to handle information collection and disclosure. The Company has designated the spokesperson and deputy spokesperson in charge of making external statements. Investor conference information is disclosed on the corporate website.	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		The Company has publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing	✓		Employee rights and employee wellness: Please refer to the “5.5 Labor Relations” section on pages 52-53 of this annual report. Investor relations: To achieve openness and information transparency, the Company has delegated specific personnel to announce information including finance and business, on the MOPS website and corporate website on a timely basis in compliance with the related regulations. Supplier relations and rights of stakeholders: The Company has maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a	None

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
insurance for directors and supervisors)?			<p>stakeholders area on its website. When any of a stakeholder's legal rights or interests is harmed, the Company has handled the matter in a proper manner and in good faith.</p> <p>Directors' training records: Please refer to the "3.3.15 Continuing Education of Directors in 2023" section on page 34 of this annual report.</p> <p>The implementation of risk management policies and risk evaluation measures: Please refer to the "VII. Review of Financial Conditions, Financial Performance, and Risk Management" on pages 60-64 of this annual report.</p> <p>The implementation of customer relations policies: The Company normally maintains close contact with its customers, and ensures products can achieve the expected reliability and quality. Moreover, the Company also actively participates in the customers' ESG and ethical policies.</p> <p>Purchasing insurance for directors: To reduce and spread the risk of material harm to the Company and shareholders arising from the wrongdoings or negligence of a director, the Company purchaser liability insurance for Directors each year.</p>	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: None.				

3.3.4 Composition, Responsibilities and Operations of the Compensation Committee or Nominating Committee

A. Duties of the Compensation Committee

- a. The Company's Compensation Committee was established on November 15, 2011.
- b. The members of the Compensation Committee are appointed by the Board of Directors and the Compensation Committee shall consist of four members. The responsibilities of committee are as follows:
 1. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and executives.
 2. Periodically evaluate and prescribe the remuneration of directors and executives.

B. Professional Qualifications and Independence Analysis of Compensation Committee Members

Title	Criteria Name	Experience Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	Shiuh-Kao Chiang	Please refer to page 11 and 12 of this annual report.		0
Independent Director	Shang-Ming Chin			0
Independent director	Chiu-Feng Lien			0
Independent director	Yu-Hui Ning			0

C. Attendance of Members at Compensation Committee Meetings

- a. The Compensation Committee has four members.
- b. The tenure of the 4th session is from June 17, 2022 to June 16, 2025. A total of 2 (A) meetings of the Compensation Committee were held in 2023. Member attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Shiuh-Kao Chiang	2	0	100	
Committee Member	Shang-Ming Chin	2	0	100	
Committee Member	Chiu-Feng Lien	2	0	100	
Committee Member	Yu-Hui Ning	2	0	100	

Other mentionable items:

1. If the Board of Directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the compensation committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

c. Major resolutions of Compensation Committee are summarized as follows:

Compensation Committee Meeting Date	Resolutions	Resolutions of the Compensation Committee and the Company's Response
02/21/2023 The 2nd meeting of the 5th session	<ul style="list-style-type: none"> · Evaluation directors' compensations for the year of 2022. · Evaluation employees' compensations for the year of 2022. · Reviewing director's system and structure of the remuneration for the year of 2023. · Reviewing manager's system and structure of the remuneration for the year of 2023. · Approval of employees' and directors' compensations for the year of 2023. 	No Compensation Committee member had any dissenting opinion or qualified opinion to the proposal and all attending members agree to pass the proposal.
11/01/2023 The 3rd meeting of the 5th session	· Approval of directors' and employees' compensations for the year of 2023.	

D. Attendance of Members at Nominating Committee Meetings:

◆ Criteria and Duties for Members of Nominating Committee

The members of the Nominating Committee are appointed by the Board of Directors and the Nominating Committee shall consist of four members. The responsibilities of committee are as follows:

1. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of board of directors, and finding, reviewing, and nominating candidates for directors based on such standards.
2. Establishing and developing the organizational structure of the board and each committee, and evaluating the performance of the board, each committee and each director.
3. Establishing and reviewing on a regular basis programs for director continuing education.
4. Establishing and amending on corporate governance guidelines and related regulations of the Company.

◆ Professional Qualifications and Attendance of Nominating Committee Members

a. The Nominating Committee has four members.

b. The tenure of the 1st session is from June 17, 2022 to June 16, 2025. A total of 1 (A) meetings of the Nominating Committee were held in 2023. Member attendance was as follows:

Title	Name	Experience Professional Qualification and Experience	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairman	Shiuh-Kao Chiang	Please refer to page 11 and 12 of this annual report.	2	0	100	
Committee Member	Shang-Ming Chin		2	0	100	
Committee Member	Chiu-Feng Lien		2	0	100	
Committee Member	Yu-Hui Ning		2	0	100	

The dates of meetings, sessions, contents of motion, all committee member' opinions, resolutions of the Nominating Committee and the Company's response to the Nominating Committee's opinion should be specified as follows:

Nominating Committee Meeting Date	Resolutions	Resolutions of the Nominating Committee and the Company's Response
02/21/2023 The 2nd meeting of the 1st session	<ul style="list-style-type: none"> · Reviewing Company's functional committees charter. · Reviewing Company's "Rules for continuing education for directors". · Approval of Board of Directors, functional committees and board member performance evaluation · Amendment to Company's "Corporate Governance Best Practice Principles". 	No Nominating Committee member had any dissenting opinion or qualified opinion to the proposal and all attending members agree to pass the proposal.
11/07/2023 The 3rd meeting of the 1st session	· Directors' continuing education schedule in 2024	

3.3.5 Promotion of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Explanation	
1. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The sustainable development group was established to develop and implement policies or practices pertaining to the implementation of corporate governance, a sustainable environment, and safeguarding public interest. The group chairperson is headed by the president and comprises the following promotion teams: Corporate Governance, Employee Development, Green Products, Service of Customer, Supplier Management, Environment Protection and Social Participation. They are responsible for formulating corporate social responsibility policies, and objectives and activities for implementing corporate social responsibility-related events. The leader of each promotion team is usually the head of division, and team's members are composed of relevant business departments. The Group performs its duties based on the P-D-C-A cycle. At the first quarter of each year, the group is reviewed for its effectiveness and a written inspection report to Board of Directors.	None
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		The Company assesses ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies. Corporate Social Responsibility policy 1. Do honestly manage the Company and comply with the law, respect intellectual property and be transparency. 2. Any kind of bribery, extortion, or embezzlement is prohibited to perform well at corporate governance. 3. Esteem the human rights of workers and prohibited employ underage workers with unfair welfare. 4. Meet all government environmental protection, safety, and health regulations and strive to comply with international environmental protection, safety and health standards. 5. The targets of zero accident, zero pollution, and zero occupational disease provide safety and healthy working conditions for worker. 6. Implement social responsibility with continuity conduct.	None
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓ ✓ ✓		The Company has acquired ISO-14001 certifications and designated a person for system management as well as regular review every year. (Valid until 01/18/2026) The Company continues utilizing all resources more efficiently such as utilize electricity, water and paper more efficiently, reducing packaging resources, water recycling, and waste management and recycling. The Company has evaluated potential risks and opportunities brought by climate change, and take response measures to climate-related issues.	None

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Explanation	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>The Company implements GHG, Water use and Waste Inventory, and strategies to reduce greenhouse gas were established based on the Company's emission level to diminish the negative impact on the environment.</p> <p>Climate change caused increase of extreme temperature and level. The Company taken the following policies to energy conservation and carbon reduction:</p> <ol style="list-style-type: none"> 1. To devote to save water and energy and control pollution companywide and set reduction goals. 2. To take corresponding improvement action plans to the goals of water saving, energy saving and pollution control. 3. Review execution status and efficacy of action plans annual. 	
4. Social Issues				None
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		To protect the rights and interests of all workers, ACX strictly abides by the provisions of the Labor Standards Act and those of the requirements of international standards in all of our actions relevant to human rights. At the same time, we have consulted the code of conduct established by the Responsible Business Alliance (RBA), as the basis for our management policies into order to protect our employees.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		The Company reviews the remuneration standard in accordance to market rates to ensure a competitive level of employee benefit measures. According to the Articles of Incorporation of the Company, if there is any profit for a specific fiscal year, the Company shall allocate no lower than 5% of profit of the current year is distributable as employees' compensation to integrate employees' compensation with its Company's operational performance and CSR. Also, by offering a platform of two-way communication though regular performance evaluations and future plan developments, we achieve individual and organization development by rewarding based on performance and encourage employees to grow with the Company.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The Company aims to offer a safe and healthy working environment and promote a health life. The Company also regularly holds safety and health training sessions to employees. The Company has acquired ISO 45001 qualification and designated a person for system management as well as regular review every year. (Valid until 02/13/2026)	
(4) Does the company provide its employees with career development and training sessions?	✓		The Company has established the Rules of employee training, to employees offers a comprehensive career development training program.	
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		<p>The Company ensures the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. The Company follows relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.</p> <p>The Company regularly meets and communicates with customers. Customer satisfaction survey is also undertaken</p>	

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Explanation	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		<p>on an annual basis. If satisfaction data analysis shows that objective has not been met, the designated department will be responsible for carrying out improvement measures, and review will be undertaken by senior executives during management review meetings.</p> <p>The Company has secured products liability insurance to ensure customers rights.</p> <p>The Company established the Procedure of Supplier Management and the RBA Code of Conduct to require suppliers to meet local regulatory requirements in terms of labor rights, health and safety, environmental protection, ethics, and management systems.</p> <p>To ensure suppliers' and contractors' compliance with RBA Code of Conduct, the Company undertakes social environmental responsibility audit and assessment for Level 1 suppliers and labor contractors on every year.</p>	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		The Company adopts Global Reporting Initiative GRI standards producing CSR report and publishes on both the official website and MOPS. Stakeholders can download the report and understand the Company's efforts on concerned CSR topics. CSR report not verified by external certification institutions.	None
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: There have been no differences.				
7. Other useful information for explaining the status of sustainable development practices: The Company policy, promotion plans and performance in implementation for sustainable development, please refer ESG report.				

The Company assesses ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies, were as follows:

ESG risks		Policy	Management method
Governance	Corporate governance	Do honestly manage the Company and comply with the law, respect intellectual property and be transparency.	The company shall with regular and timely information on company financial conditions and operations, and corporate governance status through the MOPS or the website established by the company.
Governance	Anti corruption	Any kind of bribery, extortion, or embezzlement is prohibited to perform well at corporate governance.	The internal control system, organizational structure, reporting system and authority responsibilities are set by the board of directors to establish a culture of integrity management and implement corporate governance.
Environmental	Environmental compliance Emissions	Meet all government environmental protection, safety, and health regulations and strive to comply with international environmental protection, safety and health standards.	Pay attention to the revision trend of domestic and foreign laws and regulations at any time, and make preparations as soon as possible.
Social	Occupational health and safety	The targets of zero accident, zero pollution, and zero occupational disease provide safety and healthy working conditions for worker.	Comply with ISO 45001 specifications, setup occupational safety committee, safety and health performance goals and management plans.
Social	Supplier environmental and social assessment	Implement social responsibility with continuity conduct.	If the supplier seriously violates the environmental and social issues, the supplier will be asked to propose corrective and preventive measures. If the supplier fails to improve, the purchase contract will be reduced or cancelled.

Climate Information of Listed Companies

1. Information on climate-related implementations

- (1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.

The sustainable development group was established to develop and implement policies or practices pertaining to the implementation of corporate governance, a sustainable environment, and safeguarding public interest. The group performs its duties based on the P-D-C-A cycle. At the first quarter of each year, the group is reviewed for its effectiveness and a written inspection report to Board of Directors.

- (2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).

Climate Risk Aspect	Climate Risk Event	Strategic Plans	Potential Financial Impacts
Transition Risks (Medium and long term)	Laws and policies	<ul style="list-style-type: none"> • Evaluate the use of green electricity • Continue to pay attention to domestic and foreign regulations • Disclose climate information on websites and sustainability reports 	Increased costs
Physical Risks (Medium and long term)	<ul style="list-style-type: none"> • Increased frequency of extreme weather events • Rises in average temperatures 	<ul style="list-style-type: none"> • Capacity consolidation and energy efficiency improvement • Optimize enterprise risk management and emergency response • Insure company assets 	<ul style="list-style-type: none"> • Decreased production capacity or disruptions • Increased costs

- (3) Describe the financial impact of extreme weather events and transformative actions.

Climate Opportunity	Climate Risk Event	Strategic Plans	Potential Financial Impacts
Transition opportunity	Laws and policies	The increasing popularity of electric vehicles and the application of wireless products will increase operating income	Increased revenues

- (4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors.

- (5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described : N/A
- (6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks : N/A
- (7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated : N/A
- (8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified : N/A
- (9) Greenhouse gas inventory and assurance status : Please refer to page 30 of this annual report.

2. Information on greenhouse gas inventory

(1) Greenhouse gas inventory and assurance status of the recent two years

Year	Scope	Total Emissions (ton CO ₂ e)	Intensity (ton CO ₂ e/ million NT\$)	Data Coverage
2023	Scope 1	54.07	0.03634	All factory
	Scope 2	13,259.07	8.91067	
	Total	13,313.14	8.94701	
2022	Scope 1	45.38	0.03098	
	Scope 2	13,686.20	9.34212	
	Total	13,731.58	9.37310	

- (2) Describe the assurance situation for the two most recent fiscal years up to the date of the annual report printing, including the scope of assurance, assurance body, assurance standards, and assurance opinions:
None.
- (3) Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets:
The company has set a five year long-term greenhouse gas reduction target. Taking 2022 as the base year, it is expected that each unit of revenue will reduce greenhouse gas emissions by 1% in 2027. Actual reduction of greenhouse gas emissions by 1% in 2023.

3.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"

Evaluation Item	Implementation Status		Reason for Non-implementation
	Yes	No	
1. Establishment of ethical corporate management policies and programs			None
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		The Board of Directors approved Ethical Corporate Management Best-Practice Principles on March 10, 2015. Ethical Corporate Management Policy is clearly stated in the internal policy and external documents. The Board of Directors and management team are fully committed to implement such policies rigorously and thoroughly on internal management and external business dealings.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company's Ethical Corporate Management Best-Practice Principles have established preventive measures against the following: 1. Offering and accepting bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. The aforementioned related regulations were announced and disseminated to employees, managers and the Board of Directors.
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The Company established "Ethical Corporate Management Best-Practice Principles", "Codes of Ethical Conduct" and "Employees for Code of Ethical Conduct", establish policies to prevent unethical conduct, integrity mailbox and hotline, punishment for violation and rules of appeal, and periodically review and revise.
2. Fulfill operations integrity policy			None
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		Prior any business engagement, the Company checks the counterparty's legitimacy and record of unethical conduct. All suppliers and customer are required to sign "ethical clauses", When breach the ethical rule the companies is entitled to termination of business contract.
(2) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above	✓		To strengthen ethical corporate management, the Company had its president office enact, supervise and implement the execution of Ethical Corporate Management Policy and prevention solutions. The president reports to the Board of Directors as least once a year. The Company's implementations of ethical corporate management in 2023

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
effectively and perform regular reviews and amendments??			1. New employees sign the “Code of Ethic Commitment” on their first day of work. 2. Participants of Code of Ethic training total 34 personnel. 3. The Company does not any matters about discipline of unethical conduct in 2023.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The Company established “Ethical Corporate Management Best-Practice Principles”, “Codes of Ethical Conduct” and “Employees for Code of Ethical Conduct”, to policies to prevent conflicts of interest and provide appropriate communication channels, and implement it.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		The Company has built up an effective accounting system and internal control systems that is constantly under review and evaluation to ensure the system's design and execution remains effective. Internal audit personnel will regularly evaluate risks and propose audit plans and undertake audits accordingly. Special project-based audit will also be undertaken when necessary. Results of such audit are regularly reported to the Audit Committee and the Board of Directors, facilitating the management level to understand the operations of the Company's internal.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The Company carries out regular training and propaganda of ethical for its directors and employee every year. For new employees, training on personnel rules, management systems, business ethics, and all other CSR-related subjects are carried out on their first day of work.	
3. Operation of the integrity channel				None
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company’s Ethical Corporate Management Best-Practice Principles have established whistle-blowing system the following: 1. Either internally established and publicly announced independent mailbox and hotline, to allow company insiders and outsiders to submit reports. 2. Dedicated personnel appointed to handle whistle-blowing system and establish standard operating procedures. 3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents. 4. Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. 5. Confidentiality of the identity of whistle-blowers and the content of reported cases. 6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing. 7. Whistle-blowing incentive measures.	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓			
(3) Does the company provide proper whistleblower protection?	✓		The Company encourages its employees to report to a company Audit Committee and chief internal auditor, upon discovery of any activity in violation of a law or regulation. The Company provides protection to whistleblower and personnel involved in the investigation against any unfair treatment or retaliation.	

Evaluation Item	Implementation Status			Reason for Non-implementation
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		The Company's Ethical Corporate Management Best-Practice Principles and the results of our implementation have been posted on the Company's website and MOPS.	None
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: There have been no differences.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): None.				

3.3.7 Corporate Governance Guidelines and Regulations

The Company has disclosed its “Corporate Governance Best Practice Principles” and related regulations on its website (www.acxc.com.tw) and the MOPS (mops.twse.com.tw).

3.3.8 Other Important Information Regarding Corporate Governance:

Please refer to Company’s website.

3.3.9 Internal Control Systems

A. Statement of Internal Control: Please refer to page 66 of this annual report.

B. A CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, Furnish the CPA Audit Report: None.

3.3.10 If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.3.11 Major Resolutions of Shareholders Meeting and Board Meetings:

Please refer to page 67 of this annual report.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Accounting officer Finance officer Corporate Governance officer	Cheng-Hsin Kuo	10/18/2021	11/29/2023	Position adjustment

3.3.14 Certification Obtained by the Company and Its Personnel Related to Financial Information Transparency from Competent Authorities:

As of 03/31/2024

Certification Name	Number of Employees
Certified Internal Auditor (CIA)	1
Enterprise Internal Control Basic Ability Exam by the Securities and Futures Institute	1
Stock Affair Specialist Professional Competency Exam by the Securities and Futures Institute	1

3.3.15 Continuing Education of Directors in 2023:

Title	Name	Host	Date	Class	Duration
Chairman	Shuang De Investment Corp. Rep.: Chien-Wen Kuo	Taiwan Corporate Governance Association	02/21/2023	Taiwan M&A Regulations and Case Study	3
Director	Kuo Chia Fu Investment Corp. Rep.: Cheng-Hsin Kuo	Taiwan Corporate Governance Association	11/07/2023	Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	3
Director	Hsin Chang Construction Corp. Rep.: Chih-Chun Kuo	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Director	Lin Li Construction Corp. Rep.: Te-Ti Han	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Director	Johanson Technology Inc. Rep.: John Darko Petrinc	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Director	Scientific Components Corp. Rep.: Theodore C. Heil	Chinese National Association of Industry and Commerce	06/02/2023	2023 Taishin net zero summit go towards green energy	3
		Taiwan Stock Exchange Corporation	07/04/2023	2023 Cathay sustainable finance and climate change summit	6
		Taiwan Corporate Governance Association	11/07/2023	Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	3
Independent Director	Shiuh-Kao Chiang	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Independent Director	Shang-Ming Chin	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Independent Director	Chiu-Feng Lien	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6
Independent Director	Yu-Hui Ning	Taiwan Corporate Governance Association	02/21/2023 11/07/2023	Taiwan M&A Regulations and Case Study Looking at the trend and response of corporate governance through the perspective of Sustainable Development Action Plan	6

3.3.16 Continuing Education of Management Team in 2023:

Title	Name	Host	Date	Class	Duration
President	Chien-Wen Kuo	Taiwan Corporate Governance Association	02/21/2023	Taiwan M&A Regulations and Case Study	3
Financial officer Accounting officer & Corporate governance officer	Ching-Yao Peng	Taiwan Corporate Governance Association	02/21/2023	Taiwan M&A Regulations and Case Study	3
		Chinese National Association of Industry and Commerce	06/02/2023	2023 Taishin net zero summit go towards green energy	3
		Taiwan Stock Exchange Corporation	07/04/2023	2023 Cathay sustainable finance and climate change summit	6
		Accounting Research and Development Foundation	09/27/2023	Corporate fraud investigation practice and case analysis	3

3.4 Audit Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Chien-Hui Lu Mei-Yu Tseng	2023	1,720	410	2,130	Tax certification and disbursement fee

3.4.1 Change of Accounting Firms with Audit Fee Paid in the Year of Change Being Less than the Previous Year: None.

3.4.2 Over 10% Decrease in Audit Fee on a Year-to-year Basis: None.

3.5 Replacement of CPA:

3.5.1 Regarding the Former CPA

Replacement Date	February 23, 2021		
Replacement reasons and explanations	Due to internal organizational changes in KPMG.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		CPA
	Status	The Company	
	Termination of appointment	N/A	
No longer accepted (continued) appointment			
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the Company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks: None		
Other Revealed Matters	None		

3.5.2 Regarding the Successor CPA

Name of Accounting Firm	KPMG
Name of CPA	Chien-Hui Lu and Mei-Yu Tseng
Date of appointment	February 23, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.5.3 Response by Mail from the Former CPA Regarding Items in Article 10-6-1 and 10-6-2-3: None.

3.6 Any of the Company's Chairman, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in 2023: None.

3.7 Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in 2023 and as of the Date of this Annual Report

3.7.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2023		As of April 16, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Shuang De Investment Corp.	2,000	0	0	0
Representative	Chien-Wen Kuo	0	0	0	0
Director	Kuo Chia Fu Investment Corp.	0	0	0	0
Representative	Yung-Fu Kuo (Note 1)	0	0	N/A	
Representative	Cheng-Hsin Kuo (Note 1)	0	0	0	0
Director	Hsin Chang Construction Corp.	0	0	0	0
Representative	Chih-Chun Kuo	0	0	0	0
Director	Lin Li Construction Corp.	0	0	0	0
Representative	Te-Ti Han	0	0	0	0
Director	Johanson Technology Inc.	0	0	0	0
Representative	John Darko Petrinc	(28,000)	0	0	0
Director	Scientific Components Corp.	0	0	0	0
Representative	Kelvin Kiew (Note 1)	0	0	N/A	
Representative	Theodore C. Heil (Note 1)	0	0	0	0
Independent Director	Shiuh-Kao Chiang	0	0	0	0
Independent Director	Shang-Ming Chin	0	0	0	0
Independent Director	Chiu-Feng Lien	0	0	0	0
Independent Director	Yu-Hui Ning	0	0	0	0
President	Chien-Wen Kuo	0	0	0	0
Vice President	Chih-Wen Shen	0	0	0	0
Director	Cheng-Chi Lin	0	0	0	0
Director	Chun-Hung Liu	0	0	0	0
Director	Ching-Yao Peng (Note 2)	0	0	N/A	
Accounting officer	Hsien-Liang Chou	0	0	0	0

Note 1: Scientific Components Corp. has appointed a new legal representative on April 18, 2023.

Kuo Chia Fu Investment Corp. has appointed a new legal representative on August 17, 2023.

Note 2: Director, Ching-Yao Peng, officially withdrew from her position on November 30, 2023.

3.7.2 Shares Trading with Related Parties: None.

3.7.3 Shares Pledge with Related Parties: None.

3.8 Relationship among the Top Ten Shareholders

As of 04/16/2024

Name	Current Shareholding		Spouse's/ Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Kuo Chia Fu Investment Corp.	5,485,189	7.95%	0	0%	0	0%	None	None	
Kuo Chia Fu Investment Corp. Rep.: Chih-Chun Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chien-Wen Kuo Ming-Shan Li	Brother Brother-in-law	
Scientific Components Corp.	3,068,477	4.45%	0	0%	0	0%	None	None	
Scientific Components Corp. Rep.: Theodore C. Heil	0	0%	0	0%	0	0%	None	None	
Johanson Technology Inc.	2,881,810	4.18%	0	0%	0	0%	None	None	
Johanson Technology Inc. Rep.: John Darko Petrines	60,200	0.09%	0	0%	0	0%	None	None	
Cathay Life Insurance Company, Ltd	2,533,000	3.67%	0	0%	0	0%	None	None	
Cathay Life Insurance Company, Ltd Rep.: Ming-He Hsiung	0	0%	0	0%	0	0%	None	None	
Chin Te Hsing Yeh Limited	2,213,000	3.21%	0	0%	0	0%	None	None	
Chin Te Hsing Yeh Limited Rep.: Ming-Shan Li	262,000	0.38%	0	0%	0	0%	Chih-Chun Kuo Chien-Wen Kuo	Brother-in-law Brother-in-law	
Ting Fu Investment Corp.	2,189,017	3.17%	0	0%	0	0%	None	None	
Ting Fu Investment Corp. Rep.: Chien-Wen Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chih-Chun Kuo Ming-Shan Li	Brother Brother-in-law	
Kuang Tai Shih Yeh Corp.	2,000,000	2.90%	0	0%	0	0%	None	None	
Kuang Tai Shih Yeh Corp. Rep.: Hsueh Lai	1,000,000	1.45%	0	0%	0	0%	None	None	
Mei Erh Ku Construction Corp.	1,937,870	2.81%	0	0%	0	0%	None	None	
Mei Erh Ku Construction Corp. Rep.: Chih-Chun Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chien-Wen Kuo Ming-Shan Li	Brother Brother-in-law	
Lin Li Construction Corp.	1,808,271	2.62%	0	0%	0	0%	None	None	
Lin Li Construction Corp. Rep.: Chien-Wen Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chih-Chun Kuo Ming-Shan Li	Brother Brother-in-law	
Chih-Chun Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chih-Chun Kuo Chien-Wen Kuo	Brother-in-law Brother-in-law	
Chien-Wen Kuo	1,709,481	2.48%	365,017	0.53%	0	0%	Chih-Chun Kuo Chien-Wen Kuo	Brother-in-law Brother-in-law	

3.9 Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee: None.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
Sep.2010	10	150,000,000	1,500,000	69,016,200	690,162	Capital surplus transferred	None	July 13, 2010 FSC No. 0990036222

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	69,016,200	80,983,800	150,000,000	Listed on Taipei Exchange

C. Information for Shelf Registration: None.

4.1.2 Status of Shareholders

As of 04/16/2024

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	18	53	6,063	97	6,235
Shares	1,058,000	5,216,721	22,449,522	28,933,429	11,358,528	69,016,200
Percentage	1.53%	7.56%	32.53%	41.92%	16.46%	100.00%

4.1.3 Shareholding Distribution Status

A. Common Shares

As of 04/16/2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	2,255	349,563	0.51%
1,000 ~ 5,000	3,282	6,093,995	8.83%
5,001 ~ 10,000	304	2,315,371	3.35%
10,001 ~ 15,000	118	1,495,158	2.17%
15,001 ~ 20,000	65	1,153,751	1.67%
20,001 ~ 30,000	59	1,534,021	2.22%
30,001 ~ 40,000	25	884,960	1.28%
40,001 ~ 50,000	12	546,029	0.79%
50,001 ~ 100,000	44	3,259,959	4.72%
100,001 ~ 200,000	20	2,686,563	3.89%
200,001 ~ 400,000	25	7,635,765	11.06%
400,001 ~ 600,000	3	1,312,744	1.90%
600,001 ~ 800,000	4	2,615,510	3.79%
800,001 ~ 1,000,000	1	1,000,000	1.45%
1,000,001 or over	18	36,132,811	52.35%
Total	6,235	69,016,200	100.00%

B. Preferred Shares: None.

4.1.4 List of Major Shareholders

As of 04/16/2024

Shareholder's Name	Shareholding	
	Shares	Percentage
Kuo Chia Fu Investment Corp.	5,485,189	7.95%
Scientific Components Corp.	3,068,477	4.45%
Johanson Technology Inc.	2,881,810	4.18%
Cathay Life Insurance Company, Ltd	25,33,000	3.67%
Chin Te Hsing Yeh Limited	2,213,000	3.21%
Ting Fu Investment Corp.	2,189,017	3.17%
Kuang Tai Shih YehCorp.	2,000,000	2.90%
Mei Erh Ku Construction Corp.	1,937,870	2.81%
Lin Li Construction Corp.	1,808,271	2.62%
Chih-Chun Kuo	1,709,481	2.48%
Chien-Wen Kuo	1,709,481	2.48%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items			2022	2023	April 16, 2024
Market Price Per Share	Highest Market Price		357.00	289.50	249.00
	Lowest Market Price		142.00	176.00	207.50
	Average Market Price		217.54	216.66	226.85
Net Worth Per Share	Before Distribution		51.50	52.00	-
	After Distribution		47.91	(Note 1)	-
Earnings Per Share	Weighted Average Shares(thousand shares)		69,016	69,016	-
	Diluted Earnings Per Share		3.99	4.09	-
	Adjusted Diluted Earnings Per Share		3.99	(Note 1)	-
Dividends Per Share	Cash Dividends		3.59	(Note 1)	-
	Stock Dividends	Dividends from Retained Earnings	0	(Note 1)	-
		Dividends from Capital Surplus	0	(Note 1)	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment	Price / Earnings Ratio (Note 2)		54.52	(Note 1)	-
	Price / Dividend Ratio (Note 3)		60.60	(Note 1)	-
	Cash Dividend Yield Rate (Note 4)		1.65%	(Note 1)	-

Note 1: Pending shareholders' approval in Annual Shareholders' Meeting

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

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.

B. Proposed Distribution of Dividend

The proposal for distribution of 2023 profits was passed at the Board of Directors meeting on February 27, 2024. The proposed dividend to shareholders is a cash dividend of NT\$3.68 per common share, totaling NT\$253,979,616, projected payout ratio is around 100%.

C. Material Change in Dividend Policy Is Expected: None.

4.1.7 Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: None.

4.1.8 Compensation of Employees and Directors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation

Article 25 of the Articles of Incorporation stipulates that: The Company should distribute remuneration to employees and directors not less than 5% and not more than 1.5% of annual profits, respectively, after offsetting accumulated deficits, if any. The aforementioned profit is the net profit before income tax excluding the remuneration to employees and directors for each period. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash.

B. The Estimated Basis for Calculating the Employee and Director Compensation

The Company accrued employees' and directors' compensation to base on a percentage of profit. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, the Company will recognize the change as an adjustment to income of next year.

C. Distribution of Compensation of Employees and Directors for 2023 Approved in Board of Directors Meeting

(A) Distribution for employees' and directors' compensation for 2023 was passed by the Board of Directors' meeting on February 27, 2024, as follows:

Employees' compensation distributed in cash is NT\$19,066,437.

Directors' compensation is NT\$5,719,931.

There was no difference between the actual distributed amounts as determined by the Board of Directors and those estimated in the financial statements.

(B) Ratio of employees' profit sharing bonus distributed in stocks to capitalization of earnings: None.

D. Information of 2022 Distribution of Compensation of Employees and Directors

Items	Board of Directors Resolution	Estimate	Difference	Reason of Difference
Compensation of employee	NT\$18,653,960	NT\$18,653,960	0	None
Compensation of director	NT\$5,596,187	NT\$5,596,187	0	None

4.1.9 Buyback of Treasury Stock: None.

4.2 Corporate Bonds: None.

4.3 Preferred Stock: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 New Restricted Employee Stocks: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

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.

B. Revenue distribution

Unit : NT\$ thousands

Products	2023	Percentage
RF Front-End devices and modules	1,464,512	98.41%
Others	23,683	1.59%
Total	1,488,195	100.00%

C. Main products

RF Front-End devices and modules, including

1. Filter
2. Balun
3. Balanced Filter
4. Diplexer
5. Triplexer
6. Coupler
7. Antenna
8. Antenna Module
9. Bluetooth Module
10. Front-end Module
11. Antenna Switch Module
12. RF Chip Ceramic Device, including passive inductors and capacitor etc.

5.1.2 Industry Overview

A. Current Status and Development of the Industry

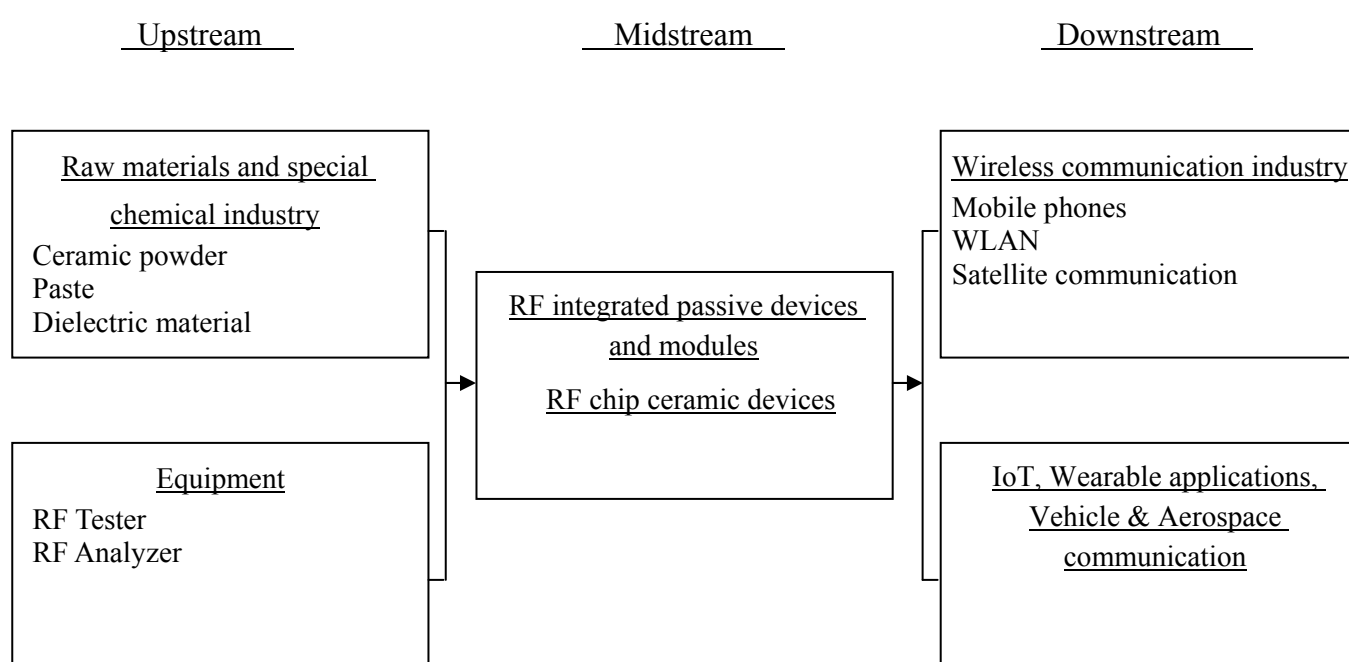
With the rapid development of mobile communication technology, the growth of related terminal products and communication equipment has further driven the demand for wireless communication. Wireless communication terminal applications such as smartphones, wireless local area networks (WLAN), Bluetooth, global positioning systems (GPS), laptop, tablet computer, wireless phones, walkie-talkies, pagers, home wireless (Home RF), digital broadcasting, wireless data machines, wireless fax machines, game console, automotive and emerging Internet of Things (IoT) and wearable applications, and more. Due to the rapid increase in the demand for wireless communication applications in the global market, the frequency band of wireless communication has risen sharply, and due to the trend of miniaturization, multi-function and high transmission speed of wireless portable products, this has triggered the market for high-frequency integrated components and the high demand for the modules.

Although the system is becoming more and more complex, the number of internal components actually used in various communication systems is increasingly integrated, which is mainly due to the integration of the lines. As for the integration of passive components, the goal is toward system-level packaging (System in a Package: SiP) or System on a Chip (SoC) development. Since the wireless communication applications built into the terminal products are the mainstream of future development, modularization will also become the future development trend of communication components, and the high-performance component modularization needs to utilize high-density packaging processes to the communication market. From the perspective of the supply chain, manufacturers with SiP high-density system architecture technology can provide upstream and downstream integrated services, and will become an active partner of chip design and terminal product companies in the future.

In recent years, smartphones, GPS, WLAN, and Bluetooth, which have grown dramatically in wireless communication applications, have different functions, features, or markets, but the same is high-density circuits, miniaturization, high-frequency for required components, that are highly integrated and modular. The high-frequency integrated components and modules and high-frequency chip ceramic components operated by the Company are used in the wireless communication market. The Company is the first design and manufacturing company in Taiwan that focuses on RF integrated components and modules. The developed products are in line with market expectations and the integrated terminal applications have high growth momentum. The Company has the highest growth and development in the domestic key component industry of RF communication.

B. The Interconnectivity of Upstream, Midstream, and Downstream Entities in the Industry

High-frequency integrated components and modules and high-frequency wafer ceramic components in the upstream raw material industry, and they mainly include ceramic powder, conductive ink and dielectric materials. The main process equipment includes laser drilling machine, end silver machine, continuous furnace, wire Machines, external inspection machines, RF testers and network analyzers. The downstream industries include the wireless communication industry, vehicle electronic systems and the aerospace communication industry. They are closely related to the supply and demand of the upstream, midstream and downstream industries. The relevant maps of the upstream, middle and downstream industries are listed as follows:



C. Product Trends and Competition

The multi-functionalization and miniaturization of wireless communication products have become a market trend, and the development of wireless communication components will be in the direction of high frequency, miniaturization and modularization.

In recent years, wireless communications in Taiwan have flourished, and mainstream applications such as smartphones, WLAN, GPS or Bluetooth have shown rapid growth. However, compared with international manufacturers, the development of wireless communication components and modular technology in Taiwan is still weak. At present, global integrated component manufacturers are headed by Japan, the United States and Europe, such as Murata, Kyocera, TDK, etc. in Japan; CTS in the US and Bosch, CMAC and other large manufacturers in Europe. In contrast, due to late start, the relative output of domestic manufacturers in the global market share is still very low.

As wireless communication applications will be at the heart of future market growth, the Company is actively developing forward-looking and innovative high-frequency components and modular cutting-edge technologies to capture the opportunities for future wireless communications growth.

5.1.3 Technology and R&D Status

A. R&D Expenses

In 2023, the Company invested NT\$94,514 thousand in R&D.

B. Successful R&D and Technologies Development

(a) Research and development

As the Company's R&D team has deep academic foundations and product development experience in RF communications and materials engineering, it can grasp the market pulse in both technical development and commercial applications. In terms of research and development, the integration of RF components and modular technology are two key directions. The main R&D projects can be roughly divided into technical analysis, new product development, process improvement, material formulation and quality analysis.

(b) Technology or product that has been successfully developed in recent years

Year	Successful Development of Technologies or Products
2023	<ol style="list-style-type: none">1. Low loss diplexer with package size of 1.6mmx0.8mm for WiFi-7 dual-band communication system2. 1:2 Balanced filter with low temperature drift characteristic in the package size of 2.0mmx1.25mm for 2.5GHz communication system3. Side terminal electrode package diplexer with package size of 1.6mmx0.8mm for WiFi-7 dual-band communication system4. High rejection diplexer with package size of 1.6mmx0.8mm for WiFi-7 dual-band communication system5. High isolation diplexer with package size of 2.0mmx1.25mm for China 5G communication system6. High rejection bandpass filter with package size of 3.2mmx2.5mm for WiFi 6E communication system7. Low loss and high rejection bandpass filter with package size of 3.2mmx2.5mm for WiFi 6E communication system8. Coupler with the compact and low profile package size of 1.0mmx0.5mm for WiFi 6E communication system9. Compact bandpass filter with package size of 1.1mmx0.9mm for WiFi 2.4G communication system10. High rejection and no channel-sacrifice bandpass filter with package size of 4.5mmx3.2mm for WiFi router communication system11. Integrated transceiver filter with package size of 2.0mmx1.25mm for BT/WiFi communication system12. Diplexer with LGA package size of 1.6mmx0.8mm for WiFi-7 dual-band communication system13. EMI suppression filter with package size of 2.0mmx1.25mm for consumer electronics14. Multi-orders bandpass filter with high rejection capability on both low-band and high-band in package size of 5.5mmx3.2mm for WiFi 5G communication system

Year	Successful Development of Technologies or Products
	15. Low pass filter with 75ohm terminated impedance and low temperature drift characteristic in the package size of 3.2mmx2.5mm for 1.8GHz communication system 16. High rejection bandpass filter with package size of 1.6mmx0.8mm for UWB communication system 17. 3dB coupler with package size of 2.0mmx1.25mm for WiFi 6E communication system 18. Differential complexed-impedance receiver diplexer with package size of 2.0mmx1.25mm for WiFi dual-band communication system 19. Integrated complexed-impedance balanced filter with package size of 2.0mmx1.25mm for WiFi dual-band communication system 20. Low loss and high rejection bandpass filter with package size of 1.6mmx0.8mm for 5G N77 communication system 21. Low loss and high rejection bandpass filter with package size of 1.0mmx0.5mm for 5G N77 communication system 22. High rejection bandpass filter with low profile package size of 1.0mmx0.5mm for 5G N77 communication system 23. Low loss bandpass filter with low profile package size of 0.6mmx0.5mm for 5G N77 communication system 24. Low loss bandpass filter with package size of 1.6mmx0.8mm for 5G N77 communication system 25. High rejection bandpass filter with package size of 1.6mmx0.8mm for 5G N77 communication system 26. Diplexer with low temperature drift characteristic in the package size of 2.0mmx1.25mm for GPS application 27. High isolation triplexer with package size of 2.5mmx2.0mm for 5G mobile communication system 28. High rejection bandpass filter with package size of 1.6mmx0.8mm for WiFi/BLE communication system 29. Diplexer with package size of 2.0mmx1.25mm for WiFi 5G DBDC wireless communication system 30. Diplexer with package size of 2.0mmx1.25mm for WiFi 6G DBDC wireless communication system 31. Low cost and low loss diplexer with package size of 1.6mmx0.8mm for WiFi 6E communication system 32. Low loss bandpass filter with package size of 1.6mmx0.8mm for WiFi 6E communication system 33. Complexed-impedance balanced filter with plated package of 2.0mmx1.25mm for Sub-GHz wireless communication system 34. Low loss diplexer with package size of 2.0mmx1.25mm for LTE communication system 35. Low loss and high rejection bandpass filter with package size of 1.6mmx0.8mm for 5G N79 communication system 36. Low cost and high rejection bandpass filter with package size of 5.5mmx3.2mm for WiFi 6E communication system 37. Low loss and high rejection bandpass filter with package size of 1.0mmx0.5mm for 5G N79 communication system

- (c) The current progress of the unfinished R&D plan, the need to re-invest in R&D expenses and the expected time of completion of mass production

2023 Unfinished R&D Plan	Current Status	Expected Finished Time	Additional Imputed R&D Expenses(NT\$ thousands)
Develop miniaturized integration components	85%	2024/Q3-Q4	25,000
Develop miniaturized multi-frequency, multi-mode integrated modules	85%	2024/Q1-Q2	25,000
High precision materials, process development	75%	2024/Q3-Q4	30,000

- (d) Main factors for future R&D success

- ① Proper R&D strategy and effective mastery of product development timelines to achieve product time to market
- ② Good product design capability, early effective Design-in with client product design
- ③ Excellent and stable R&D team, enabling R&D experience to effectively accumulate and boost product development capabilities

- (e) Future R&D plan and expected R&D expenses

Future R&D Plan	For Future Three Years R&D Expenses(NT\$ thousands)
Develop miniaturized integration components	100,000
Develop miniaturized multi-frequency, multi-mode integrated modules	90,000
High precision materials, process development	110,000
Total	300,000

5.1.4 Long-term and Short-term Development

A. Short-term Development

- (a) Develop the main products in module type
- (b) Product miniaturization and multi-functionality
- (c) Strengthen the demand development of China and emerging markets

B. Long-term Development

- (a) Develop new products in module type
- (b) System on Chip module technology development
- (c) Strategic alliance cooperation model

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales Region

Unit: NT\$ thousands

Area \ Year		2022		2023	
		Amount	%	Amount	%
Domestic (Taiwan)		297,032	20.27	331,361	22.27
Oversea	Americas	398,429	27.19	341,012	22.91
	Asia	756,225	51.61	803,864	54.02
	Europe	13,596	0.93	11,958	0.80
	Total	1,168,250	79.73	1,156,834	77.73
Total		1,465,282	100.00	1,488,195	100.00

B. Market Share

In recent years, due to the booming wireless communication market, the low-temperature cofired ceramics (LTCC) component industry has shown a substantial growth. According to Research Allied, the global annual output value of LTCC in 2020 is about 3.22 billion US dollars and will reach 7.59 billion US dollars by the end of 2027, and Japan is the largest supplier in the supply chain. The market share is as high as 50%, which dominates the global LTCC product market and technology, followed by Europe and the United States. Domestic manufacturers are still relatively low in global market share due to their late start.

The Company's high-frequency integrated components, modules and high-frequency chip ceramic components, including filters, balun, balanced filter, diplexers, triplexers, couplers, chip antenna, antenna modules, Bluetooth modules, RF front-end modules and antenna switch modules are commonly used in smartphones, WLAN, Bluetooth and GPS. Since the Company invested in the early domestic market and focuses on RF integration of components and modules, when the Company's products enter the market, they will obtain domestic and foreign customers with excellent quality and competitive price in a short time, and efficient service. At present, the Company is in a leading position in terms of domestic technology and market share. The Company's global market share is about 2%.

C. Future Market Supply, Demand, and Growth Status

With the globalization of telecommunications and the advancement of communication technologies, wireless communication has become the most dynamic industry in the 3C industry. Looking forward to the future, mobile phone penetration and portability are excellent when the terminal products are moving toward integration. The competitive advantage is to integrate other product features, of which smartphones are typical representatives. Smartphones have more and more powerful computing and multimedia features, with Internet access, download and sharing capabilities. This requires more transport channels, higher transmission bandwidth and better transmission efficiency. Therefore, it also triggers various communication functions that smartphones will combine now and in the future. From regional WLAN, short-range Bluetooth and ZigBee, to long-distance WiMAX, plus GPS and mobile TV capabilities, smartphones can be said to have combined voice, data, video and other versatility to create a comprehensive communications platform. MIC estimates, the global sales of smartphones will reach 1.15 billion and 5G smartphones with a penetration rate of 68% in 2024. The global sales of wearable devices will reach 523 million, it is estimated that the sales will reach 645 million in 2027, and 2022-2027 compound annual growth rate of 5.4%. The expansion of global GPS navigation and location services will also be products with high growth potential in the next few years; as for emerging IoT applications, the rapid development of smart applications, such as smart home, smart manufacturing, smart health and intelligence transportation. It is expected that the

economic benefits brought by the Internet of Things in the future will be enormous.

The RF components and modules operated by the Company are essential components for wireless communication products. Communication products such as smartphones, computers, wireless networks, global satellite positioning systems, Internet of Things and wearable devices directly affect the future development of LTCC. As the current mainstream wireless communication applications are still growing at a high speed in the next few years, emerging communication products are also moving toward multi-functional integration, and the demand for integrated components and module products produced by the Company will be higher.

D. Competitive Advantage

(a) Combine four core technologies

The Company has four core technologies: advanced RF circuit design, material development, process design and product testing, which are rare in the industry. With independent control of key technologies in both RF and materials, the Company has the ability to deliver highly efficient custom products and services.

(b) Positioning products in line with market development

Wireless communication is the most dynamic industry in recent years. As the end product grows dramatically, it will directly drive the demand for our products. In addition, due to the diversified functions and miniaturization of mobile communications, the Company's SiP and LTCC process development of high-frequency integrated components and modules is in line with market expectations, which will further enhance market demand, so that the Company's growth prospects are full of potential.

(c) Quality product service

Combining the advantages of R&D and process, the Company can provide a full range of services that are more time-sensitive, highly customized, flexible and cost-competitive compared to international peers to win customers' high trust and recognition.

E. Favorable and Unfavorable Factors in the Long Term

(a) Favorable factors

- ① High growth in industry
- ② Leading LTCC technology in domestic market
- ③ Domestic market first and march straight into international
- ④ Highly competitive full service
- ⑤ Growing brand and OEM model

(b) Unfavorable factors

- ① Wireless communication products continue to introduce new products, with short product cycles and rapid price declines, so profit margins are squeezed

Related Countermeasures :

- Shorten the development schedule of new products, commit to high-end products, and avoid mature products that are in price wars.
- Participate in product development during the customer product design phase.
- Diversify products to spread the risk of price competition for a single product.
- Enhance process improvement, increase product yield and equipment utilization, and reduce electricity and water consumption.

- ② Lack of R&D talent

Related Countermeasures :

- Actively participate in the leading new product plans of the Domestic Industrial

Development Bureau, strive for foreign technology transfer or joint development opportunities, and promote R&D and technology upgrades.

- Establish a research and development knowledge management database to enable the effective development of research and development experience and results, and maximize the human resources efficiency of research and development.

5.2.2 Important Purpose and Production Process of the Main Products

A. Important Purpose of the Main Products

Products	Important Purpose
RF Front-End devices and modules	MSS, Cellular Phone, Cordless Phone, WLAN, GPS, Bluetooth, Ultra-wideband, WiMAX, ZigBee, MIMO, Wi-Fi, Power Amplifier, Low Noise Block (LNB), Home RF, IoT, Game Console and Wearable Applications

B. Manufacturing Process

Raw material → Slurry → Tape Casting → Via Punching → Via filling → Screen Printing → Laminating → Cutting → Co-firing → Upper electrode → Burning → Electroplating → Electrical Test → Packing → Shipping

5.2.3 Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
Powder	DUPONT, HERAEUS	Normal
Paste	DUPONT, HERAEUS, SOJITZ, DAEJOO	Normal

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	36,522	19.21	None	C	46,114	18.51	None
2	B	22,268	11.71	None	A	45,409	18.23	None
3	C	22,176	11.67	None	D	33,576	13.48	None
4	D	18,902	9.94	None	B (Note 1)	4,875	1.96	None
5	Others	90,219	47.47		Others	119,121	47.82	
	Net Total Supplies	190,087	100.00		Net Total Supplies	249,095	100.00	

Note 1 : Supplier B still has raw materials in stock. Therefore, the purchase amount is lower.

B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	a	218,350	14.90	Note 1	a	253,732	17.05	Note 1
2	b	176,433	12.04	None	b	190,436	12.80	None
3	c	169,970	11.60	Note 1	d	185,453	12.46	None
4	d	91,964	6.28	None	c	79,900	5.37	Note 1
5	Others	808,565	55.18		Others	778,673	52.32	
	Net Sales	1,465,282	100.00		Net Sales	1,488,195	100.00	

Note 1 : Legal director of the Company

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products							
RF Front-End devices and modules		Note 1	Note 1	925,948	Note 1	Note 1	867,147

Note 1 : The Company's product structure is different, so the production capacity and quantity are not listed.

5.2.6 Shipments and Sales in the Last Two Years

Unit: million PCS; NT\$ thousands

Sales	Year	2022				2023			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
RF Front-End devices and modules		390	297,032	1,187	1,168,250	426	331,361	1,130	1,156,834

5.3 Human Resources

Year		2022	2023	April 16, 2024
Number of Employees	Direct	158	162	167
	Indirect	49	43	41
	Management & Sales	38	37	36
	R & D	40	40	40
	Total	285	282	284
Average Age		39.0	39.0	39.2
Average Years of Service		8.8	9.0	9.1
Education	Ph.D.	3.2%	3.2%	3.2%
	Masters	15.7%	14.9%	14.4%
	Bachelor's Degree	45.6%	48.2%	49.3%
	Senior High School	26.3%	24.8%	24.6%
	Below Senior High School	9.2%	8.9%	8.5%

5.4 Environmental Protection Expenditure

Disposition date and reference number	No. 1123402567 issued by the HsinChu County Government on October 25, 2023.
The articles of laws or regulations breached	Article 36, Paragraph 2 of Waste Disposal Act Article 7, Paragraph 2 of Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste
Description of the violation	The storage period of hazardous waste shall not exceed one year.
Disposition	Fined NTD\$60,000 and attended environmental protection lecture for two hours.
Countermeasures	Hazardous waste stored for more than one year has been removed

5.5 Labor Relations

5.5.1 Employees' Welfare, Education, Training and Pension, Employee Relations and Protection of Employees' Rights:

A. Employee Welfare

- (a) Profit sharing: Article 25 of the Articles of Incorporation: The Company should distribute remuneration to employees not less than 5% of annual profits.
- (b) Bonus system: Year-end bonus, performance bonus, operation bonus, etc.
- (c) Annual salary review system.
- (d) Periodic health checkup.
- (e) Group insurances.
- (f) Facilities: Parking lots, staff lounge, nursing room, cafeterias, etc.
- (g) Activities: Welfare committee would organize activities such as trips, year-end party, prize drawing and various fun contests, and cash gifts for important festivals, birthday, wedding and new babies, subsidies for hospitalization and education of employees' children.

B. Staff training and training situation

In accordance with the "Employee Education Training Management Procedures", the Company plans relevant training courses according to the professional functions and learning needs of employees.

(a) Training system

- ① Work-oriented training : The head of the unit is responsible for the work guidance of the subordinates or the training of the work.
 - ② Centralized training : Consider developing human resources, organizing goals and employee education and propose annual education and training programs.
 - New recruit training : New recruits should receive pre-employment training
 - Functional training : Strengthen professional skills
 - General education course : Courses on ESG, information security, occupational safety and health, and self-Inspiration
 - ③ Management training: Training courses for grassroots supervisors, middle managers and senior management.
- (b) Summary of the implementation of education and development training this year
In 2023, ACX's internal and external training sessions total 2,711 hours.
On average, each employee attended about 9.6 hours of training, and ACX spends NT\$17 thousand on the education and development of employees.

C. Employee retirement system

- (a) The Company allocates pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposits in accordance with the legislation "Management and Utilization of the Labor Pension Funds".
- (b) The Company contributes at the rate of 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act from July 1, 2005. Under this defined contribution plan, the Company's contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

D. Agreement between labor and management

The Company has an open management environment. Various forms of discussion and communication can be conducted at any time between management and employees. Any problem can be reached in a timely and interactive manner. The Company cares about the interaction and communication between colleagues, so that employees and employers can achieve common growth and development goals through communication and understanding. The Company has built a challenging and learning environment where the relationship between workers and employers is harmonious, so there are no labor disputes.

E. Various employee rights maintenance measures : Follow the Labor Standards Act to handle everything.

5.5.2 Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):
None.

5.6 Cyber security management:

5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

A. Security risk management framework

The Corporate Social Responsibility group was established to develop and implement policies or practices pertaining to the implementation of corporate governance, a sustainable environment, and safeguarding public interest. The group chairperson is headed by the president and comprises the following promotion teams: Corporate Governance, Employee Development, Green Products, Service of Customer, Supplier Management, Environment Protection and Social Participation. They are responsible for formulating corporate social responsibility policies, and objectives and activities for implementing corporate social responsibility-related events. The leader of each promotion team is usually the head of division, and team's members are composed of relevant business departments. The group performs its duties based on the P-D-C-A cycle. At the end of each year, the group is reviewed for its effectiveness and a written inspection report is compiled of the Board of Directors.

B. Cyber security policies

Esteem the business secrets, personal privacy and information security

C. Concrete management programs

Personnel management and information security education and training	<ul style="list-style-type: none"> ◆ Cyber security personnel carefully evaluate their suitability. ◆ Cyber security personnel should separation of powers for checks and balances ◆ Regularly conduct cyber security education training and publicity.
Computer system security management	<ul style="list-style-type: none"> ◆ Personal computer or tablet use is prohibited. ◆ Antivirus software installed and regularly updated. ◆ Installation of non-operating use and unauthorized software is prohibited. ◆ The use authority of personal computer is strictly controlled to prevent improper access to data.
System access control	<ul style="list-style-type: none"> ◆ Establish use rights and responsibilities for database and file access. ◆ Resigned personnel immediately cancel all permissions; personnel transfer immediately adjust permissions. ◆ There are specifications for password length, complexity and regular replacement frequency. ◆ Personal USB is prohibited.
System development and maintenance	<ul style="list-style-type: none"> ◆ In the initial stage of the system life cycle, the security needs of cyber communication are taken into account. ◆ Sign cyber security and confidentiality clauses with outsourced manufacturers. ◆ ACX personnel will accompany outsourced manufacturers to build and maintain facilities.
Sustainable operation planning and management	<ul style="list-style-type: none"> ◆ Establish daily data backup and remote backup system. ◆ Conduct system recovery plan testing and drills every six months, and review relevant testing deficiencies. ◆ Internal auditors conduct cyber security operation audits every year and report the results to the board of directors.

D. Investments in resources for cyber security management

- (a) All new employees have completed the cyber security training.
- (b) Participants of ransomware prevention propaganda total 142 personnel.
- (c) Entrust external experts to perform 1 network and cyber security assessments.
- (d) Purchase cyber security software (one year).
- (e) Become a member of the TWCERT/CC.

5.6.2 Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

5.7 Important Contracts: None.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet– Based on IFRS

Unit: NT\$ thousands

Year		2019	2020	2021	2022	2023
Item						
Current assets		2,349,068	1,853,009	1,564,809	1,403,263	1,714,357
Property, Plant and Equipment		1,417,742	2,400,773	2,931,883	2,707,740	2,437,365
Intangible assets		1,783	2,692	2,788	2,941	2,911
Other assets		11,038	42,673	22,301	33,258	32,704
Total assets		3,779,631	4,299,147	4,521,781	4,147,202	4,187,337
Current liabilities	Before distribution	467,526	737,732	677,763	493,145	513,615
	After distribution	1,049,333	1,483,107	1,229,892	740,913	Note 1
Non-current liabilities		14,061	16,783	18,049	99,832	84,676
Total liabilities	Before distribution	481,587	754,515	695,812	592,977	598,291
	After distribution	1,063,394	1,499,890	1,247,941	840,745	Note 1
Equity attributable to shareholders of the parent		3,298,044	3,544,632	3,825,969	3,554,225	3,589,046
Capital stock		690,162	690,162	690,162	690,162	690,162
Capital surplus		573,532	573,532	573,532	573,532	573,532
Retained earnings	Before distribution	2,034,350	2,280,938	2,562,275	2,290,531	2,325,352
	After distribution	1,452,543	1,535,563	2,010,146	2,042,763	Note 1
Other equity interest		0	0	0	0	0
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	3,298,044	3,544,632	3,825,969	3,554,225	3,589,046
	After distribution	2,716,237	2,799,257	3,273,840	3,306,457	Note 1

Note 1: Pending shareholders' approval.

6.1.2 Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Item \ Year	2019	2020	2021	2022	2023
Operating revenue	1,707,626	2,192,650	2,846,304	1,465,282	1,488,195
Gross profit	1,017,740	1,294,053	1,634,869	532,040	578,438
Net operating income	793,146	1,044,157	1,299,967	299,288	344,538
Non-operating income and expenses	12,395	(7,239)	(14,996)	49,541	12,004
Income before tax	805,541	1,036,918	1,284,971	348,829	356,542
Income from continuing operations	646,665	829,866	1,026,825	275,353	282,439
Income from discontinued operations	0	0	0	0	0
Net income	646,665	829,866	1,026,825	275,353	282,439
Other comprehensive income (income after tax)	(98)	(1,471)	(113)	5,032	150
Total comprehensive income	646,567	828,395	1,026,712	280,385	282,589
Net income attributable to shareholders of the parent	646,665	828,395	1,026,712	280,385	282,589
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	646,567	828,395	1,026,712	280,385	282,589
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	9.37	12.02	14.88	3.99	4.09

6.1.3 Auditors' Opinions from 2019 to 2023

Year	CPA Name	Reasons for Change CPA	Audit Opinion
2019	KPMG Mei-Yu Tseng and Wan-Yuan Yu	Administrative adjustment within the accounting firm	Unqualified opinion
2020	KPMG Mei-Yu Tseng and Wan-Yuan Yu	-	Unqualified opinion
2021	KPMG Chien-Hui Lu and Mei-Yu Tseng	Administrative adjustment within the accounting firm	Unqualified opinion
2022	KPMG Chien-Hui Lu and Mei-Yu Tseng	-	Unqualified opinion
2023	KPMG Chien-Hui Lu and Mei-Yu Tseng	-	Unqualified opinion

6.2 Five-Year Financial Analysis– Based on IFRS

Item		Year	2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio		13	18	15	15	14
	Long-term funds to property, plant and equipment ratio		234	148	131	135	151
Solvency (%)	Current ratio		502	251	231	258	334
	Quick ratio		473	224	181	244	303
	Times interest earned ratio		-	-	-	-	-
Operating performance	Accounts receivable turnover (times)		5.77	6.84	6.09	3.49	5.50
	Days to collect accounts receivable (day)		63	53	60	105	66
	Average inventory turnover (times)		5.57	6.18	4.92	3.7	5.59
	Accounts payable turnover (times)		14.34	11.11	16.82	29.68	20.39
	Average days to sell inventory		66	59	74	99	65
	Property, plant and equipment turnover (times)		1.36	1.15	1.07	0.52	0.58
	Total assets turnover (times)		0.45	0.54	0.65	0.34	0.36
Profitability	Return on total assets (%)		17	21	23	6	7
	Return on equity (%)		20	24	28	7	8
	Income before tax to paid-in capital (%)		117	150	186	51	52
	Profit to sales (%)		38	38	36	19	19
	Earnings per share (NT\$)		9.37	12.02	14.88	3.99	4.09
Cash flow	Cash flow ratio (%)		180	136	147	206	144
	Cash flow adequacy ratio (%)		101	83	71	75	81
	Cash flow reinvestment ratio (%)		3	7	4	7	8
Leverage	Operating leverage		1.26	1.22	1.29	2.55	2.40
	Financial leverage		1.00	1.00	1.00	1.00	1.00

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Current ratio: The increase was mainly due to current assets increased.
2. Accounts receivable turnover (times): The increase was mainly due to accounts receivable decreased.
Days to collect accounts receivable (day): The decrease was mainly due to accounts receivable decreased.
3. Average inventory turnover (times): The increase was mainly due to inventory decreased.
Accounts payable turnover (times) and Average days to sell inventory: The decrease was mainly due to inventory decreased.
4. Cash flow ratio (%): The decrease was mainly due to net cash provided by operating activities decreased.

Below are calculations

1. Financial structure

(1) Debt ratio = Total Liabilities / Total Assets

(2) Long-term fund to property, plant and equipment ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current ratio = Current Assets / Current Liabilities

(2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times interest earned ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating performance

(1) Accounts receivable turnover = Net Revenue / Average Trade Receivables

(2) Days to collect accounts receivable = 365 / Average Collection Turnover

(3) Average inventory turnover = Cost of Sales / Average Inventory

(4) Accounts payable turnover = 365 / Average Inventory Turnover

(5) Average days to sell inventory = Cost of Sales / Average Trade Payables

(6) Property, plant and equipment turnover = Net Revenue / Average Net Property, Plant and Equipment

(7) Total assets turnover = Net Revenue / Average Total Assets

4. Profitability

(1) Return on total assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on equity = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent

(3) Income before tax to paid-in capital = Operating Income / Paid-in Capital

(4) Profit to sales = Income before Tax / Paid-in Capital

(5) Earnings per share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash flow ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash flow reinvestment ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

(1) Operating leverage = (Net Revenue - Variable Cost) / Income from Operations

(2) Financial leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 business report, financial statements and earnings distribution proposal. The financial statements were audited by independent auditors, Chien-Hui Lu and Mei-Yu Tseng, 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: Shiuh-Kao Chiang

February 27, 2024

- 6.4. Consolidated Financial Statements for the Years Ended December 31, 2022 and 2023, and Independent Auditors' Report:** Please refer to pages 68-101 of this annual report.
- 6.5. Parent-company-only Financial Statements for the Years Ended December 31, 2022 and 2023, and Independent Auditors' Report:** Please refer to pages 68-101 of this annual report.
- 6.6. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation:** None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial Status

Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	1,403,263	1,714,357	311,094	22.17
Investments	0	0	0	0
Property, plant and equipment	2,707,740	2,437,365	(270,375)	(9.99)
Other assets	36,199	35,615	(584)	(1.61)
Total assets	4,147,202	4,187,337	40,135	0.97
Current liabilities	493,145	513,615	20,470	4.15
Long-term liabilities	0	0	0	0
Other liabilities	99,832	84,676	(15,156)	(15.18)
Total liabilities	592,977	598,291	5,314	0.90
Capital stock	690,162	690,162	0	0
Capital surplus	573,532	573,532	0	0
Retained earnings	2,290,531	2,325,352	34,821	1.52
Other adjustments	0	0	0	0
Total stockholders' equity	3,554,225	3,589,046	34,821	0.98
Analysis of changes in financial ratios:				
1. Current assets: The increase was mainly due to other financial assets increased.				

- **Effect of Changes on the Company's Financial Condition:** The Company's business scope has not changed significantly.
- **Future Response Actions:** None.

7.2 Financial Performance

Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2023	Difference	
			Amount	%
Net revenue	1,465,282	1,488,195	22,913	1.6
Cost of sales	933,242	909,757	(23,485)	(2.5)
Gross profit	532,040	578,438	46,398	8.7
Operating expenses	232,752	233,900	1,148	0.5
Operating income	299,288	344,538	45,250	15.1
Non-operating income and expenses	49,541	12,004	(37,537)	(75.8)
Net income before income tax	348,829	356,542	7,713	2.2
Income tax expense	73,476	74,103	627	0.9
Net income	275,353	282,439	7,086	2.6
Analysis of changes in financial ratios:				
1. Non-operating income and expenses: The increase was mainly due to foreign exchange gains decreased.				

- **Effect of Change on the Company's Financial Condition:** The Company's business scope has not changed significantly.
- **Effect of Change on the Company's Future Business and Future Response Plans:** The Company is not required to disclose its financial forecast but has set up its internal target based on industrial environment and market demand. The Company will also keep investing in new technologies and quality improvement and will cost-down to achieve the target of profitability.

7.3 Cash Flow

Cash Balance at the Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investment Activities	Net Cash Flow from Financing Activities	Cash Balance at the End of Year	Leverage of Cash Surplus	
					Investment Plans	Financing Plans
596,367	741,544	(644,885)	(247,768)	445,258	None	None

7.3.1 Cash Flow Analysis for the Current Year

A. Operating Activities: Mainly from operating profit.

B. Investment Activities: Mainly for increase in other financial assets.

C. Financing Activities: Mainly for cash dividends payment.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis: As a result of positive operating cash flows and cash on-hand, remedial actions are not required.

7.3.3 Cash Flow Analysis for the Coming Year: N/A.

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year: None.

7.6 Risk Analysis and Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest rate

The Company's exposure to interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by NT\$10,379 thousand for the year ended December 31, 2023, all other variable factors that remain constant.

B. Foreign exchange rates

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation of NTD against USD and JPY for the years ended December 31, 2023 would have increased the net profit after tax by NT\$5,128 thousand.

Mitigation measures being or to be taken:

- (a) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures to safeguard from foreign exchange risk.
- (b) The Company manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information.
- (c) The Company uses foreign currency forward exchange contracts to hedge the remaining nature of currency risk arising from netting.

(3) Inflation

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company did not engage in any high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions.

7.6.3 Future Research & Development Projects and Corresponding Budget

Please refer to the "5.1.3 Technology and R&D Status" on pages 45-46 of this annual report.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2023 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

7.6.5 Effects of and Response to Changes in Technology (including cyber security risk) and in Industry Relating to Corporate Finance and Sales

The Company pays attention to the changes in technologies and in industry at all time so as to be fully aware of the market trend and evaluate any potential impact on the operations of the Company. During 2023 and as of the date of publication of this annual report, the material changes of technologies have not had brought any adverse impact to the operations of the Company.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since its inception, the Company has consistently maintained an ethical business philosophy and fulfilled its social responsibilities. During 2023 and as of the date of publication of this Annual Report, there were no such risks for the Company.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no ongoing merger and acquisition activities.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Plant expansion increases our production capacity and the room to take on more orders, which benefits our revenue and profitability and strengthens our position in the industry. Moreover, once we reach economies of scale, product costs can be reduced significantly. However, electronic consumables have short life spans and market demands often change considerably. When market faces a downturn, capacity would turn idle and depreciation expenses of that plant equipment would weigh heavily on the Company's profitability. During 2023 and as of the date of publication of this Annual Report, the benefits of expansion plan meet the Company's expectations.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

Sales of the Company are not concentrated on certain customers. The Company maintains more than two qualified raw material suppliers to ensure supply flexibility.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

There was no sale or transfer of significant number of shares by the Directors, Supervisors and shareholders with over 10% of shareholding.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Control over the Company

During 2023 and as of the date of publication of this Annual Report, such risks were not identified by the Company.

7.6.12 Litigation or Non-litigation Matters

A. Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

B. Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks:

A. Risk management framework

The Company established risk management policies and effectively identify, measure, monitor, and control risk management mechanisms. The Board of Directors has the responsibility for the establishment and oversight of risk management framework. Through routine risk management, regular management meetings, and internal audit control monitor risk management effectiveness.

7.7 Other Important Matters: None.

VIII. Special Disclosure

8.1 Information of Associated Enterprises: None.

8.2 Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report: None.

8.3 Holding or Disposal of the Company's Shares by Its Subsidiaries of the Latest Year and Up to the Date of Printing of the Annual Report: None.

8.4 Latest Matters with Important Impact on Shareholder Rights or Security Prices Indicated in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act as of the Date of Printing of Annual Report: None.

8.5 Other Matters Requiring Supplementary Information:

8.5.1 Action Arising of 2023 Annual General Shareholders' Meeting (AGM):

Major Resolutions	Action Arising
To accept 2022 business report and financial statements.	The amendment was passed by 2023 AGM and relevant documents were filed with authority and disclosed on the MOPS.
To approve the proposal for distribution of 2022 earnings.	The amendment was passed by 2023 AGM. The Company decided to set up the ex-dividend date of cash dividend for August 19, 2023 and paid on September 8, 2023 (NT\$3.59 per common share) according to the resolution of 2023 AGM.

IX. Appendices

9.1 Statement of Internal Control System

Advanced Ceramic X Corporation

Statement of Internal Control System

February 27, 2024

The internal control self-assessment of Advanced Ceramic X Corporation was conducted for the year ended December 31, 2023 based on the Company's internal control system. The results are described as following:

1. Advanced Ceramic X Corporation acknowledges that the Board of Directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Advanced Ceramic X Corporation has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Advanced Ceramic X Corporation evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment (3) control activities, (4) information and communication, and (5) monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Advanced Ceramic X Corporation has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Advanced Ceramic X Corporation believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Advanced Ceramic X Corporation annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The statement has been passed by the Board of Directors in the meeting held on February 27, 2024, with none of the ten attending directors expressing dissenting opinions on the content of the Statement.

Advanced Ceramic X Corporation

Chairman: Shuang De Investment Corporation
Rep.: Chien-Wen Kuo

CEO: Chien-Wen Kuo

9.2 Major Resolutions of Shareholders' Meetings and Board Meetings are Summarized as Follows:

Date	Shareholders / Board Meetings	Major Resolutions
02/21/2023	Board of Directors Meeting	<ol style="list-style-type: none"> 1. Evaluated the independence and qualification of the independent auditors. 2. Approved the 2022 statement of the internal control system. 3. Approved the distribution of employees' and directors' compensations for the year of 2022. 4. Approved the 2022 business report and financial statements. 5. Approved the distribution of earnings for the year of 2022. 6. Approved the budget plan of the Company for the year of 2023. 7. Amendment to the Company's internal control system. 8. Convened of the 2023 annual general shareholders' meeting.
05/02/2023	Board of Directors Meeting	<ol style="list-style-type: none"> 1. Approved the 2023 first quarter financial statements. 2. Approved the short-term loan with financial institutions.
06/07/2023	Shareholders Meeting	<ol style="list-style-type: none"> 1. To accept 2022 business report and financial statements. 2. To approve the proposal for distribution of 2022 earnings.
08/01/2023	Board of Directors Meeting	<ol style="list-style-type: none"> 1. Approved the 2023 second quarter financial statements.
11/07/2023	Board of Directors Meeting	<ol style="list-style-type: none"> 1. Approved the 2023 third quarter financial statements. 2. The distribution of employees' and directors' compensations for the year of 2023. 3. Propose to authorize the Chairman to determine all related matters for the follow-up projects of the new factory. 4. Approval of auditing plan for the year of 2024. 5. Approval of 2024 regular Board of Directors meeting.
02/27/2024	Board of Directors Meeting	<ol style="list-style-type: none"> 1. Approved the change of financial officer, accounting officer and corporate governance officer. 2. Evaluated the independence and qualification of the independent auditors. 3. Approved the 2023 statement of the internal control system. 4. Approved the distribution of employees' and directors' compensations for the year of 2023. 5. Approved the 2023 business report and financial statements. 6. Approved the distribution of earnings for the year of 2023. 7. Approved to purchase of clean room and office projects for the new factory. 8. Approved the budget plan of the Company for the year of 2024. 9. Amendment to the Company's internal control system. 10. Convened of the 2024 annual general shareholders' meeting.

9.3 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2023, and Independent Auditors' Report

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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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(12) “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. Revenue before and after the balance sheet date may not be recorded in the correct period. 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 valuation 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 27, 2024

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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and Cash Equivalents (Note 6(1))	\$ 445,258	11	596,367	14	2170	Accounts Payable	\$ 59,141	1	30,109	1
1170	Notes and Accounts Receivable, Net (Note 6(2))	155,975	4	216,164	5	2201	Salary and Bonus Payable	118,533	3	135,251	3
1180	Receivables from Related Parties (Note 6(2) and 7)	103,155	2	66,209	2	2213	Payables to Contractors and Equipment	16,842	-	32,535	1
1310	Inventories (Note 6(3))	139,208	3	186,008	5	2230	Income Tax Payable (Note 6(8))	152,465	4	130,392	3
1476	Other Current Financial Assets (Note 6(1))	852,950	20	322,836	8	2399	Other Current Liabilities (Note 6(6) and (11))	166,634	4	164,858	4
1479	Other Current Assets	17,811	1	15,679	-			513,615	12	493,145	12
		<u>1,714,357</u>	<u>41</u>	<u>1,403,263</u>	<u>34</u>						
Noncurrent Assets :						2560	Current Tax Liabilities – Noncurrent (Note 6(8))	64,060	2	80,499	2
1600	Property, Plant and Equipment (Note 6(4) and 8)	2,437,365	58	2,707,740	65	2600	Other Noncurrent Liabilities	20,616	-	19,333	-
1780	Intangible Assets (Note 6(5))	2,911	-	2,941	-			84,676	2	99,832	2
1840	Deferred Tax Assets (Note 6(8))	18,151	1	17,687	1		Total Liabilities	598,291	14	592,977	14
1975	Net Defined Benefit Asset- Noncurrent (Note 6(7))	6,955	-	6,514	-		Equity (Note 6(9)) :				
1980	Other Noncurrent Financial Assets	810	-	1,210	-	3100	Capital Stock	690,162	16	690,162	17
1990	Other Noncurrent Assets	6,788	-	7,847	-	3200	Capital Surplus	573,532	14	573,532	14
		<u>2,472,980</u>	<u>59</u>	<u>2,743,939</u>	<u>66</u>	3300	Retained Earnings	2,325,352	56	2,290,531	55
							Total Equity	3,589,046	86	3,554,225	86
Total Assets		\$ 4,187,337	100	4,147,202	100		Total Liabilities and Equity	\$ 4,187,337	100	4,147,202	100

Advanced Ceramic X Corporation
Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		2023		2022	
		Amount	%	Amount	%
4000	Net Revenue (Note 6(11) and 7)	\$ 1,488,195	100	1,465,282	100
5000	Cost of Sales (Note 6(3) and (12))	909,757	61	933,242	64
	Gross Profit	578,438	39	532,040	36
	Operating Expenses (Note 6(12) and 7) :				
6100	Selling and Distribution Expenses	26,683	2	27,843	2
6200	General and Administrative Expenses	112,938	8	113,228	8
6300	Research and Development Expenses	94,514	6	94,447	6
6450	Gains on Expected Credit Impairment (Note 6(2))	(235)	-	(2,766)	-
		233,900	16	232,752	16
	Gross Profit from Operations	344,538	23	299,288	20
	Non-Operating Income and Expenses :				
7101	Interest Income	19,586	2	6,518	1
7190	Other Income	614	-	392	-
7210	Gains on Disposal of Property, Plant and Equipment, Net	809	-	720	-
7230	Foreign Exchange Gains (Losses), Net	(9,005)	(1)	41,911	3
		12,004	1	49,541	4
7900	Profit Before Income Tax	356,542	24	348,829	24
7950	Less : Income Tax Expense (Note 6(8))	74,103	5	73,476	5
8200	Net Income	282,439	19	275,353	19
8300	Other Comprehensive Income :				
8310	Components of Other Comprehensive Income that Will Not Be Reclassified to Profit or Loss				
8311	Gains on Remeasurements of Defined Benefit Plans (Note 6(7))	150	-	5,032	-
8300	Other Comprehensive Income, Net of Tax	150	-	5,032	-
8500	Total Comprehensive Income	<u>\$ 282,589</u>	<u>19</u>	<u>280,385</u>	<u>19</u>
	Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750	Basic Earnings Per Share	<u>\$ 4.09</u>		<u>3.99</u>	
9850	Diluted Earnings Per Share	<u>\$ 4.09</u>		<u>3.98</u>	

Advanced Ceramic X Corporation
Statements of Changes in Equity
Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Capital Surplus
			Legal Reserve	Undistributed Earnings	Subtotal	
Balance at January 1, 2022	<u>\$ 690,162</u>	<u>573,532</u>	<u>863,694</u>	<u>1,698,581</u>	<u>2,562,275</u>	<u>3,825,969</u>
Net income in 2022	-	-	-	275,353	275,353	275,353
Other Comprehensive Income, Net of Tax	-	-	-	5,032	5,032	5,032
Total Comprehensive Income for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,385</u>	<u>280,385</u>	<u>280,385</u>
Appropriation and Distribution of 2021 Earnings :						
Legal Reserve	-	-	102,671	(102,671)	-	-
Cash Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(552,129)</u>	<u>(552,129)</u>	<u>(552,129)</u>
Balance at December 31, 2022	<u>\$ 690,162</u>	<u>573,532</u>	<u>966,365</u>	<u>1,324,166</u>	<u>2,290,531</u>	<u>3,554,225</u>
Net income in 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>282,439</u>	<u>282,439</u>	<u>282,439</u>
Other Comprehensive Income, Net of Tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>	<u>150</u>
Total Comprehensive Income for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,589</u>	<u>282,589</u>	<u>282,589</u>
Appropriation and Distribution of 2022 Earnings :						
Legal Reserve	-	-	28,039	(28,039)	-	-
Cash Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(247,768)</u>	<u>(247,768)</u>	<u>(247,768)</u>
Balance at December 31, 2023	<u>\$ 690,162</u>	<u>573,532</u>	<u>994,404</u>	<u>1,330,948</u>	<u>2,325,352</u>	<u>3,589,046</u>

Advanced Ceramic X Corporation
Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 356,542	348,829
Adjustments for :		
Depreciation Expense	367,806	362,017
Amortization Expense	4,359	3,774
Expected Credit Gain	(235)	(2,766)
Interest Income	(19,586)	(6,518)
Gain on Disposal of Property, Plant and Equipment, Net	(809)	(720)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	<u>(11,588)</u>	<u>31,713</u>
Total Adjustments to Reconcile Profit	<u>339,947</u>	<u>387,500</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	60,797	35,907
Receivables from Related Parties	(37,319)	240,722
Inventories	58,388	101,226
Other Operating Current Assets	(2,132)	6,062
Net Defined Benefit Assets	(291)	(632)
Accounts Payable	29,032	(2,665)
Other Operating Current Liabilities	(14,942)	(84,041)
Other Noncurrent Liabilities	<u>1,283</u>	<u>1,284</u>
Total Net Changes in Operating Assets and Liabilities	<u>94,816</u>	<u>297,863</u>
Cash Inflow Generated from Operations	791,305	1,034,192
Interest Received	19,172	6,157
Income Taxes Paid	<u>(68,933)</u>	<u>(26,834)</u>
Net Cash Flows from Operating Activities	<u>741,544</u>	<u>1,013,515</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(113,124)	(208,889)
Proceeds from Disposal of Property, Plant and Equipment	809	720
Decrease in Guarantee Deposits	400	36
Acquisition of Intangible Assets	(1,000)	(1,000)
Increase in Other Noncurrent Assets	(529,700)	(106,600)
Increase in Prepaid of Equipment	<u>(2,270)</u>	<u>(1,296)</u>
Net Cash Flows Used in Investing Activities	<u>(644,885)</u>	<u>(317,029)</u>
Cash Flows from Financing Activities :		
Cash Dividends	<u>(247,768)</u>	<u>(552,129)</u>
Net Cash Flows Used in Financing Activities	<u>(247,768)</u>	<u>(552,129)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(151,109)	144,357
Cash and Cash Equivalents at the Beginning of Period	<u>596,367</u>	<u>452,010</u>
Cash and Cash Equivalents at the End of Period	<u><u>\$ 445,258</u></u>	<u><u>596,367</u></u>

Advanced Ceramic X Corporation
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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

1. Company history

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

2. The authorization of financial statements

These financial statements were authorized for issuance by the Audit Committee and Board of Directors of the Company on February 27, 2024.

3. Application of new standards, amendments and interpretations

The impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Company has adopted the following International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) issued by the International Accounting Standards Board (“IASB”) (collectively, “IFRSs”) and endorsed by the FSC.

(1) The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023 :

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023 :

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non – Current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Requirements for Sale and Leaseback Transactions”

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and its amendments
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

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- Amendments to IAS21 “Lack of Exchangeability”

4. Summary of significant accounting policies

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

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C..

(2) Basis of preparation

A. Basis of measurement

The financial statements have been prepared on the historical cost basis except defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(3) Foreign currencies

Transactions in foreign currencies are translated to the functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- A. It expected to be realized, or intends to be sold or consumed, in the normal operating cycle;
- B. It holds primarily for the purpose of trading;
- C. It expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It expected to be settled in the normal operating cycle;
- B. It holds primarily for the purpose of trading;

Advanced Ceramic X Corporation

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- C. It is due to be settled within twelve months after the reporting period; or
- D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments that do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investment that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in the value. Time deposits which meet the above definition and are held for the purpose of meeting short-term commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Trade receivables are initially recognized when they are originated.

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and receivables, and other financial assets, etc.)

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

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Loss allowance for accounts receivable and contract assets are always measure at an amount equal to lifetime expected credit loss.

When determining whether the credit risk on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information.

As the Company's time deposits are dialed with financial institutions with good credit rating and graded above investment level, hence, there is no significant credit risk arising.

The Company assumes that the credit risk on a financial asset has increased significantly if it more than 30 days past due. In the circumstance that a financial asset is more than 60 days past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers financial asset to be in default.

At each reporting date, the Company assesses whether financial assets measured at amortized cost are credit-impaired. Loss allowances for financial assets are deducted from the gross carrying amount of the assets.

(c) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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C. Depreciation

Land has an unlimited useful life and therefore is not depreciated.

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings and structures (additional equipment): 5~35 years

(b) Machinery and equipment: 2~10 years

(c) Office and other equipment: 2~10 years

The depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

(9) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) Fixed payments, including substantively fixed payments;

(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) Amounts expected to be payable under a residual value guarantee; and

(d) Payments for purchase or termination options that is reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) There is a change in future lease payments arising from the change in an index or rate; or

(b) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

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- (c) There is a change of its assessment on whether it will have the option to exercise a purchase; or
- (d) There is a change of its assessment on lease term as to whether it will be extended or terminated; or
- (e) There is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation equipment and staff dormitory, those have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(10) Intangible assets

A. Research and development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Patent right with a finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

C. Amortization

The depreciable amount of an intangible asset is the cost less its residual value, and with a finite useful life is amortized using the straight-line method from the date that the asset is made available for use. The amortization charge is recognized in profit or loss.

The Company's intangible assets are mainly technology royalty, which are amortized from the date that they are available for use by using straight-line method. The estimated useful lives of technology royalty are as 5 years.

Amortization method, useful lives and residual value at each reporting date and adjusted if appropriate.

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(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset has been allocated to.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue

Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods. The Company recognizes revenue when it satisfies a performance obligation by transferring control of good to a customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when a product is shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product is accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all the acceptance conditions are satisfied.

(13) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets are recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) The same taxable entity; or
 - (b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(15) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjusted for the effects of all dilutive potential ordinary shares. The effect of dilutive potential ordinary shares for the company is employee remuneration.

Advanced Ceramic X Corporation

Notes to Financial Statements

(16) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment with the next financial year is as follows:

Valuation of inventories: As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(3) for further description of the valuation of inventories.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 25	25
Cash in bank	115,904	152,242
Time deposits	329,329	444,100
	<u><u>\$ 445,258</u></u>	<u><u>596,367</u></u>

As of December 31, 2023 and 2022, the classified from cash and cash equivalents to other current financial assets for time deposits, amount were \$852,150 thousand and \$322,450 thousand, respectively.

Please refer to note 6(13) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

Advanced Ceramic X Corporation
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(2) Notes and accounts receivable, net (including related parties)

	December 31, 2023	December 31, 2022
Notes receivable	\$ -	201
Accounts receivable	157,550	218,146
Accounts receivable from related parties	104,197	66,878
Less: Allowance for impairment	(1,575)	(2,183)
Allowance for impairment from related parties	(1,042)	(669)
	<u>\$ 259,130</u>	<u>282,373</u>
Notes and accounts receivable, net	<u>\$ 155,975</u>	<u>216,164</u>
Accounts receivable from related parties, net	<u>\$ 103,155</u>	<u>66,209</u>

As of January 1, 2022, notes and accounts receivable (including related parties) amount was \$556,236 thousand.

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

The loss allowance provision as of December 31, 2023 and 2022 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 257,983	1%	2,580
Past due less than 30 days	3,764	1%	37
	<u>\$ 261,747</u>		<u>2,617</u>

	December 31, 2022		
	Gross carrying amount	Weighted- average expected loss rate	Lifetime expected credit loss allowance
Not past due	\$ 284,140	1%	2,841
Past due less than 30 days	1,085	1%	11
	<u>\$ 285,225</u>		<u>2,852</u>

The movements of allowance for doubtful accounts were as follows :

	2023	2022
Beginning balance	\$ 2,852	5,618
Reversal of impairment loss	(235)	(2,766)
Ending balance	<u>\$ 2,617</u>	<u>2,852</u>

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

The above notes and accounts receivable were not pledged as collateral. For information on the Company's credit risk was disclosed in note 6(13).

Advanced Ceramic X Corporation
Notes to Financial Statements

(3) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	\$ 33,476	46,071
Work in process	63,334	60,040
Finished goods and merchandises	42,398	79,897
	<u>\$ 139,208</u>	<u>186,008</u>

For the years ended December 31, 2023 and 2022, the amounts of inventories that were charged to cost of goods sold were \$921,345 thousand and \$901,529 thousand, respectively.

For the years ended December 31, 2022, the net of provisions that charged to cost of sales for inventories written down to net realizable value amounted was \$31,713 thousand. For the years ended December 31, 2023, the reversals of inventories written down was \$11,588 thousand.

The above inventories were not pledged as collateral.

(4) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Office & Other equipment	Construction in progress & equipment under installation	Total
Cost :						
Balance at January 1, 2023	\$ 248,651	1,347,742	3,258,916	290,696	171,539	5,317,544
Additions	-	5,787	8,861	10,357	72,426	97,431
Reclassifications	-	42,452	95,172	5,282	(142,906)	-
Disposals	-	-	(117,287)	(4,825)	-	(122,112)
Balance at December 31, 2023	<u>\$ 248,651</u>	<u>1,395,981</u>	<u>3,245,662</u>	<u>301,510</u>	<u>101,059</u>	<u>5,292,863</u>
Balance at January 1, 2022	\$ 248,651	1,318,635	3,110,245	285,810	257,610	5,220,951
Additions	-	10,807	27,711	2,226	97,130	137,874
Reclassifications	-	18,300	158,413	6,488	(183,201)	-
Disposals	-	-	(37,453)	(3,828)	-	(41,281)
Balance at December 31, 2022	<u>\$ 248,651</u>	<u>1,347,742</u>	<u>3,258,916</u>	<u>290,696</u>	<u>171,539</u>	<u>5,317,544</u>
Depreciation :						
Balance at January 1, 2023	\$ -	365,787	2,041,741	202,276	-	2,609,804
Depreciation	-	67,559	273,740	26,507	-	367,806
Disposals	-	-	(117,287)	(4,825)	-	(122,112)
Balance at December 31, 2023	<u>\$ -</u>	<u>433,346</u>	<u>2,198,194</u>	<u>223,958</u>	<u>-</u>	<u>2,855,498</u>
Balance at January 1, 2022	\$ -	298,989	1,811,518	178,561	-	2,289,068
Depreciation	-	66,798	267,676	27,543	-	362,017
Disposals	-	-	(37,453)	(3,828)	-	(41,281)
Balance at December 31, 2022	<u>\$ -</u>	<u>365,787</u>	<u>2,041,741</u>	<u>202,276</u>	<u>-</u>	<u>2,609,804</u>
Carrying value :						
Balance at December 31, 2023	<u>\$ 248,651</u>	<u>962,635</u>	<u>1,047,468</u>	<u>77,552</u>	<u>101,059</u>	<u>2,437,365</u>
Balance at January 1, 2022	<u>\$ 248,651</u>	<u>1,019,646</u>	<u>1,298,727</u>	<u>107,249</u>	<u>257,610</u>	<u>2,931,883</u>
Balance at December 31, 2022	<u>\$ 248,651</u>	<u>981,955</u>	<u>1,217,175</u>	<u>88,420</u>	<u>171,539</u>	<u>2,707,740</u>

The above property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note 8.

Advanced Ceramic X Corporation
Notes to Financial Statements

(5) Intangible assets

	<u>2023</u>	<u>2022</u>
Cost :		
Balance at January 1	\$ 4,900	3,900
Additions	<u>1,000</u>	<u>1,000</u>
Balance at December 31	<u>\$ 5,900</u>	<u>4,900</u>
Amortization :		
Balance at January 1	\$ 1,959	1,112
Additions	<u>1,030</u>	<u>847</u>
Balance at December 31	<u>\$ 2,989</u>	<u>1,959</u>
Carrying value :		
January 1	<u>\$ 2,941</u>	<u>2,788</u>
December 31	<u>\$ 2,911</u>	<u>2,941</u>

The amortization expense of intangible assets recognized in statements of comprehensive income; please refer to note 12.

The above intangible assets were not pledged as collateral.

(6) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued expenses	\$ 142,274	143,246
Contract liabilities	16,025	13,187
Directors' remuneration payable	5,720	5,596
Other	<u>2,615</u>	<u>2,829</u>
	<u>\$ 166,634</u>	<u>164,858</u>

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

(7) Employee benefits

A. Defined benefit plans

Reconciliation for defined benefit obligation and fair value of plan asset at the reporting date as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of the defined benefit obligations	\$ 12,600	12,654
Fair value of plan assets	<u>(19,555)</u>	<u>(19,168)</u>
Net defined benefit assets	<u>\$ (6,955)</u>	<u>(6,514)</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

Advanced Ceramic X Corporation

Notes to Financial Statements

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to 19,555 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ 12,654	17,610
Current service cost and interest	253	156
Remeasurement of the net defined benefit liability (assets)		
—Actuarial (gains) losses arising from financial assumptions	610	(2,434)
—Experience adjustment	(734)	(1,202)
Benefits paid	(183)	(1,476)
Defined benefit obligation at December 31	<u><u>\$ 12,600</u></u>	<u><u>12,654</u></u>

(c) Movement of defined benefit plan assets

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 19,168	18,460
Interest revenue	389	141
Contributions from plan participants	155	646
Remeasurements of the net defined benefit liability (assets)		
—Return on plan assets (excluding interest revenue)	26	1,397
Benefits paid	(183)	(1,476)
Fair value of plan assets at December 31	<u><u>\$ 19,555</u></u>	<u><u>19,168</u></u>

(d) Changes in the effect of plan asset ceiling

For the years ended December 31, 2023 and 2022, there were no changes in the effect of plan asset ceiling.

(e) Expenses recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current service cost	\$ -	25
Net interest of net assets for defined benefit obligations	(136)	(9)
	<u><u>\$ (136)</u></u>	<u><u>16</u></u>

Advanced Ceramic X Corporation
Notes to Financial Statements

- (f) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

	2023	2022
Accumulated amount at January 1	\$ 4,798	(234)
Recognized during the period	150	5,032
Accumulated amount at December 31	<u>\$ 4,948</u>	<u>4,798</u>

- (g) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.625%	2.000%
Future salary increases rate	2.000%	2.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$0.

The weighted average lifetime of the defined benefit plans is 14.31 years.

- (h) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influence of defined defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2023		
Discount rate	\$ (411)	428
Future salary increasing rate	418	(404)
December 31, 2022		
Discount rate	(429)	447
Future salary increasing rate	439	(423)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

B. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company set aside \$8,031 thousand and \$9,121 thousand of the pension under the pension costs to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022, respectively.

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Notes to Financial Statements

(8) Income tax

A. Income tax expense

The components of income tax as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period incurred	\$ 74,273	76,726
Adjustment for prior periods	<u>294</u>	<u>3,710</u>
	74,567	80,436
Deferred tax expense		
Origination and reversal of temporary differences	<u>(464)</u>	<u>(6,960)</u>
Income tax expense	<u><u>\$ 74,103</u></u>	<u><u>73,476</u></u>

As of December 31, 2023 and 2022, there was no any income tax expense recognized in other comprehensive income.

Reconciliation of income tax expense and profit before income tax was as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	\$ 356,542	348,829
Income tax at Company's domestic tax rate	71,308	69,766
Permanent difference and other	<u>2,795</u>	<u>3,710</u>
	<u><u>\$ 74,103</u></u>	<u><u>73,476</u></u>

B. Recognized deferred tax assets

	<u>January 1, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2023</u>
Deferred tax assets :							
Provision for inventory obsolescence	\$ 8,467	6,090	-	14,557	(2,400)	-	12,157
Unrealized foreign exchange loss, net	<u>2,260</u>	<u>870</u>	<u>-</u>	<u>3,130</u>	<u>2,864</u>	<u>-</u>	<u>5,994</u>
	<u><u>\$ 10,727</u></u>	<u><u>6,960</u></u>	<u><u>-</u></u>	<u><u>17,687</u></u>	<u><u>464</u></u>	<u><u>-</u></u>	<u><u>18,151</u></u>

C. As of December 31, 2023, the tax authorities have completed the examination of income tax returns of the Company through 2021.

D. In accordance with Permit No.11004582620 issued by the Ministry of Finance, the Company's 2022 and 2021 income tax expenses are paid in installments. As of December 31, 2023, the Company unpaid amount was \$142,544 thousand.

Advanced Ceramic X Corporation

Notes to Financial Statements

(9) Capital and other equity

A. Ordinary share

As of December 31, 2023 and 2022, the authorized share of common stock of the Company amounted to \$1,500,000 thousand with a par value of \$10 per share, of which \$90,000 thousand was reserved for employee stock options. The issued and outstanding shares of common stock amounted to \$690,162 thousand as of December 31, 2023 and 2022.

B. Capital surplus

Balances of capital surplus at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	<u>\$ 573,532</u>	<u>573,532</u>

According to the R.O.C. Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10 % of the actual share capital amount.

C. Retained earnings

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

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

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

D. Legal reserve

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash. Only 10% of legal reserve which exceeds 25% of the paid-in capital may be distributed.

E. Special reserve

According to the regulations of the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the net debit balance of other components of the shareholders' equity adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve to account for cumulative changes to the debit balance of other shareholders' equity pertaining to prior periods. For the subsequent decrease in the deduction amount to shareholders' equity, any special reserve appropriated may be reserved to the extent that the net debit balance reverses

Advanced Ceramic X Corporation
Notes to Financial Statements

F. Earnings distribution

	<u>2022</u>	<u>2021</u>
Board meeting date	February 21, 2023	February 22, 2022
Shareholders meeting date	June 7, 2023	June 17, 2022
Legal reserve	<u>\$ 28,039</u>	<u>102,671</u>
Cash dividends	<u>\$ 247,768</u>	<u>552,129</u>
Amount per share (dollars)	<u>\$ 3.59</u>	<u>8.00</u>

The related information mentioned above can be found on websites such as the Market Observation Post System.

The cash dividend per share for 2023 was NT\$3.68 per share according with the resolutions of the meeting of the Board of Directors on February 27, 2024. The appropriation of earnings has not yet been approved by the shareholders' meeting as of the reporting date. The related information mentioned above can be found on websites such as the Market Observation Post System.

(10) Earnings per share (EPS)

A. Basic EPS

	<u>2023</u>	<u>2022</u>
Profit belonging to common shareholders	<u>\$ 282,439</u>	<u>275,353</u>
Weighted average number of outstanding share of common stock (in thousands)	<u>69,016</u>	<u>69,016</u>
Basic EPS (in dollars)	<u>\$ 4.09</u>	<u>3.99</u>

B. Diluted EPS

	<u>2023</u>	<u>2022</u>
Profit belonging to common shareholders	<u>\$ 282,439</u>	<u>275,353</u>
Weighted average number of outstanding share of common stock (in thousands)	69,016	69,016
Employee compensation	<u>89</u>	<u>102</u>
	<u>69,105</u>	<u>69,118</u>
Diluted EPS (in dollars)	<u>\$ 4.09</u>	<u>3.98</u>

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(11) Operating revenue from contracts with customers

A. Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographic markets		
China	\$ 666,931	598,500
United States	333,620	396,507
Taiwan	331,361	297,032
Other	<u>156,283</u>	<u>173,243</u>
	<u>\$ 1,488,195</u>	<u>1,465,282</u>
Main product		
RF front-end devices and modules	<u>\$ 1,488,195</u>	<u>1,465,282</u>

B. Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities (Other Current Liabilities)	<u>\$ 16,025</u>	<u>13,187</u>

For details on trade receivables and allowance for impairment, please refer to note 6(2) and 7(2).

The contract liabilities primarily relate to the advance consideration received from customers for the RF Front-End devices and modules sales contracts, for which revenue is recognized when products are delivered to customers. The amount of revenue recognized for the year ended December 31, 2023 and 2022 that was included in the contract liabilities balance at the beginning for the period were \$10,614 thousand and \$7,882 thousand, respectively.

(12) Remuneration of employees and directors

According to the Company Articles of Incorporation, the Company should distribute remuneration to employees and directors not less than 5% and not more than 1.5% of annual profits, respectively, after offsetting accumulated deficits, if any. The aforementioned profit is the net profit before income tax excluding the remuneration to employees and directors for each period. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash.

For the year ended December 31, 2023 and 2022, the Company estimated the remuneration to employees amounting to \$19,066 thousand and \$18,654 thousand, respectively, and remuneration to directors amounting to \$5,720 thousand and \$5,596 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were included in the operating costs or operating expenses of the year ended December 31, 2023 and 2022. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimated and recognized in profit or loss in the next year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares on the day preceding the Board of Directors.

There was no difference between the actual distribute amounts as determined by the Board of Directors and those recognized in the Company's financial statements of the years ended December 31, 2022.

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The information about the Company's remuneration to employees and directors is available at the Market Observation Post System website.

(13) Financial instruments

A. Credit risk

(a) Exposure of credit risk

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

(b) Concentration of credit risk

The major customers of the Company are centralized in the electronics industry. As of December 31, 2023 and 2022, the Company's notes and accounts receivable (including related parties) were both concentrated on 5 customers, whose accounts represented 72% of the account receivables. For the information about credit risk exposure of notes and accounts receivable, please refer to note 6(2).

As of December 31, 2023 and 2022, the Company's cash in bank and time deposits were both concentrated on one financial institution, whose accounts represented 67% and 70% of the cash and cash equivalents and other financial assets, respectively. Thus, credit risk is significantly centralized. To reduce cash risk, the Company evaluates financial institutions' financial positions and credit rating periodically. After the assessment, management does not expect significant losses.

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

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

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

B. Liquidity risk

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

	Carrying amount (Contractual cash flows)	Within 6 months
December 31, 2023		
Non-derivative financial liabilities		
Accounts payable	\$ 59,141	59,141
Payables to contractors and equipment	16,842	16,842
	<u>\$ 75,983</u>	<u>75,983</u>
December 31, 2022		
Non-derivative financial liabilities		
Accounts payable	\$ 30,109	30,109
Payables to contractors and equipment	32,535	32,535
	<u>\$ 62,644</u>	<u>62,644</u>

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

C. Currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 19,139	30.655	586,706	21,340	30.660	654,284
JPY	369,466	0.2152	79,509	614,481	0.2304	141,576
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	696	30.755	21,405	401	30.760	12,335
JPY	17,293	0.2192	3,791	47,943	0.2344	11,238

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, accounts payable, and payable to contractors and equipment that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against USD and JPY at December 31, 2023 and 2022, while all other variables were remained constant, would have increased (decreased) the net profit after tax by \$5,128 thousand and \$6,178 thousand, respectively. The analysis is performed on the same basis for both periods.

(c) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to (\$9,005) thousand and \$41,911 thousand, respectively.

D. Interest rate risk

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

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

The Company's exposure to Interest rate risk arises from the bank deposit interest rates change. If the interest rate had increased (decreased) by 1%, the Company's net profit after tax would have increased (decreased) by \$10,379 thousand and \$7,350 thousand for the year ended December 31, 2023 and 2022, respectively with all other variable factors that remain constant.

Advanced Ceramic X Corporation

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E. Fair value

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

(15) Financial risk management

A. Overview

The company is exposed to the extent of the risks arising from financial instruments as below:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

Detailed information about exposure risk arising from the aforementioned risks was listed below. The Company's objective, policies and processes for managing risks and methods used to measure the risk arising from financial instruments.

B. Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board is responsible for developing and monitoring company's risk management policies. Internal auditors assist the Board of Directors to monitor and review the risk management control and internal procedures regularly and report them to the Board of Directors. If it is subject to approval by the Board of Directors in accordance with the relevant laws and regulations, it shall be decided by the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instrument fails to meet its contractual obligations that arise principally from the Company's accounts receivables and cash and cash equivalents.

(a) Accounts receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and these limits are reviewed annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

If the Company retains the rights to the products that have already been sold, the Company shall also have the right to require collateral if payment has not been received. The Company does not require any collateral for accounts receivable.

(b) Investments

The credit risk exposures in the bank deposits and other financial assets are measured and monitored by the Company's finance department. Since the Company's transactions resulted from good credit standing financial institutions, there are no incompliance issues and therefore no significant credit risk.

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(c) Guarantees

According to the Company's policy, the Company did not provide guarantee to anyone. As of December 31, 2023 and 2022, the Company did not provide any guarantee except for customs duty guarantee.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. As the Company's working capital will be sufficient to fulfill all of its contractual obligations, management believes that there is no liquidity risk resulting from incapable of financing to fulfill the contractual obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, the New Taiwan dollars. The currencies used in these transactions are denominated in NTD, USD and JPY.

(b) Interest risk

Any change in interest rates will cause the effective interest rates of bank deposits to change and thus cause the future cash flows to fluctuate over time.

(15) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. The capital includes the Company's common stock, capital surplus, and retained earnings. The Board of Directors will manage the return on capital and the dividend payment to the shareholders. As of December 31, 2023, the Company's capital management strategy is consistent with the prior year.

The Company's debt to equity ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	<u>\$ 598,291</u>	<u>592,977</u>
Total equity	<u>\$ 3,589,046</u>	<u>3,554,225</u>
Debt to equity ratio	<u>16.67%</u>	<u>16.68%</u>

Advanced Ceramic X Corporation
Notes to Financial Statements

7. Related-party transactions:

(1) Names and relationship with related parties

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

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

(2) Significant transactions with related parties

A. Operating revenue

	<u>2023</u>	<u>2022</u>
Key management personnel – JOHANSON	\$ 253,732	218,350
Key management personnel – MINI-CKT	79,900	169,970
	<u>\$ 333,632</u>	<u>388,320</u>

B. Receivables from related parties

<u>Categories</u>	<u>Account</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Key management personnel – JOHANSON	Receivables from related parties	\$ 91,114	58,242
	Bad debt provision	(911)	(583)
Key management personnel – MINI-CKT	Receivables from related parties	13,083	8,636
	Bad debt provision	(131)	(86)
		<u>\$ 103,155</u>	<u>66,209</u>

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

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

(3) Transactions with key management personnel

The key management personnel compensation was comprised as follows:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 38,917	30,691
Post-employment benefits	108	108
	<u>\$ 39,025</u>	<u>30,799</u>

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Notes to Financial Statements

8. Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledge assets	Pledged to secure	December 31, 2023	December 31, 2022
Land (Property, plant and equipment)	Bank line guarantee	<u><u>\$ 168,944</u></u>	<u><u>168,944</u></u>

9. Commitments and contingencies:

(1) The unused letters of credit for the Company's purchases of machinery and equipment and raw materials amount were as follows:

	December 31, 2023	December 31, 2022
	<u><u>\$ 4,402</u></u>	<u><u>16,938</u></u>

(2) The Company purchased machinery and equipment and the unpaid amount were as follows:

	December 31, 2023	December 31, 2022
	<u><u>\$ 214,266</u></u>	<u><u>49,327</u></u>

(3) The bank guarantees of the Company's purchases of raw materials, machinery and equipment amount were as follows:

	December 31, 2023	December 31, 2022
	<u><u>\$ 1,000</u></u>	<u><u>2,000</u></u>

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

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

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	105,583	81,246	186,829	117,717	82,030	199,747
Labor and health insurance	12,573	8,474	21,047	14,915	8,296	23,211
Pension	4,428	3,467	7,895	5,489	3,648	9,137
Directors remuneration	5,205	701	5,906	5,092	684	5,776
Others	4,706	2,368	7,074	5,775	2,440	8,215
Depreciation	317,264	50,542	367,806	312,044	49,973	362,017
Amortization	3,189	1,170	4,359	2,855	919	3,774

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Notes to Financial Statements

The employee benefits expense information of the Company for the year ended December 31, 2023 and 2022, were as follows:

	2023	2022
Employee numbers	<u>292</u>	<u>295</u>
Non-employee directors	<u>10</u>	<u>10</u>
Average employee benefit expenses	<u>\$ 790</u>	<u>843</u>
Average employee salary expenses	<u>\$ 663</u>	<u>701</u>
Average adjustment rate of employee salary expenses	<u>(5)%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

Remuneration for directors is made according to the Company's Articles of Incorporation. According to the Article, if there is any net profit after closing of a fiscal year, no more than 1.5% of the same shall be allocated as directors' compensation. The rational of directors' remuneration policy takes into account the Procedures for Board Performance Evaluation, overall business performance of the Company, operation requirement and development of the industry in the future, individual director contribution to the Company's operations and remuneration standard of the industry. The reasonable directors' compensation is proposed by the Compensation Committee and approved by the Board of Directors. Compensation to management is according to the Company's Articles of Incorporation, employer salary and performance assessment rules. The compensation is measured based on the employee's performance assessment (such as goal achievement rate, ethics and compliance), contribution made to the business operation, and remuneration standard of the industry. Thus, the Company does not expect any significant risk of uncertainty arising from the compensation policy in the future.

13. Other disclosures:

(1) Information on significant transactions:

- A. Loans to other parties: None
- B. Guarantees and endorsements for other parties: None
- C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): None
- D. Individual securities acquired or disposed off with accumulated amount exceeding the lower of NTD\$300 million or 20% of the capital stock: None
- E. Acquisition of individual real estate with amount exceeding the lower of NTD\$300 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Company name	Types of property	Transaction date	Transaction Amount	Status of payment	Counter-party	Nature of relationships	Prior transaction of related counter-party				Price reference	Purpose of acquisition	Other terms
							Owner	Relationships	Transfer date	Amount			
The company	New construction plant	2017.11.7	663,695	661,223	Xu Yuan Construction Corp.	-	N/A	N/A	N/A	-	Bidding	Manufacturing purpose	None

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Notes to Financial Statements

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

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

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes / accounts receivable (payable)	
The Company	JOHANSON	Corporate director	(Sales)	253,732	(17%)	150 days	Note	Note	91,114	35%	

Note: Please refer note 7(2)

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock: None

I. Trading in derivative instruments: None

(2) Information on investments: None

(3) Information on investment in Mainland China: None

(4) Information of major shareholders as of December 31, 2023:

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

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

14. Segment information:

(1) General information:

The Company has only one reportable segment. The major business activities of the Company are the design, manufacture and sale of RF Front-End devices and modules for applications in wireless communication.

(2) Operating segment:

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

(3) Product information

Please refer to note 6 (11).

(4) Geographic information

Please refer to note 6 (11).

The Company's noncurrent assets are all located in Taiwan. Please refer to the balance sheet for the amount.

Advanced Ceramic X Corporation
Notes to Financial Statements

(5) Major customers

	<u>2023</u>	<u>2022</u>
Corporation l	\$ 253,732	218,350
Corporation o	190,436	176,433
Corporation d	185,453	91,964
Corporation t	<u>79,900</u>	<u>169,970</u>
	<u>\$ 709,521</u>	<u>656,717</u>