

**Acter Group Corporation Ltd. and Subsidiaries
Consolidated Financial Statements**

**With Independent Auditors' Review Report
for the Nine Months Ended**

September 30, 2019 and 2018

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Independent Auditors' Review Report

The Board of Directors
Acter Group Corporation Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Acter Group Corporation Ltd. and its subsidiaries (the "Group") as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4[b], the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT\$2,196,338 thousand and NT\$2,381,623 thousand, both constituting 20% of consolidated total assets as of September 30, 2019 and 2018, respectively, total liabilities amounting to NT\$828,282 thousand and NT\$997,692 thousand, constituting 14% and 15% of consolidated total liabilities as of September 30, 2019 and 2018, respectively, and total comprehensive income(loss) amounting to NT\$102,234 thousand, NT\$121,580 thousand, NT\$200,948 thousand and NT\$244,470 thousand, constituting 42%, 40%, 23% and 23% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Furthermore, as stated in Note 6[h], the equity accounted investments of the Group in its investee companies of NT\$0 thousand and NT\$807 thousand as of September 30, 2019 and 2018, respectively, and shares of loss of associates and joint ventures accounted for using equity method NT\$0 thousand, NT\$0 thousand, NT\$61 thousand and NT\$9 thousand for the three months and the nine months ended September 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Acter Group Corporation Ltd. and its subsidiaries as of September 30, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months and the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

November 8, 2019

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2019, and 2018
(In Thousands of New Taiwan Dollars)

Assets	September 30,2019		December 31,2018		September 30,2018		Liabilities and Equity	September 30,2019		December 31,2018		September 30,2018	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
1100 Cash and cash equivalents (Note 6(a) and (y))	\$ 2,671,440	24	4,424,731	38	4,716,396	40	2100 Short-term loans (Note 6(n) and (y))	\$ 72,989	1	135,278	1	45,528	-
1110 Current financial assets at fair value through profit or loss (Note 6(b) and (y))	105,443	1	310,257	3	337,415	3	2130 Contract liabilities-current (Note 6(v))	1,116,456	10	1,718,930	15	1,440,988	12
1140 Contract Assets – current (Note 6(v))	1,652,909	15	1,079,944	9	1,301,019	11	2150 Notes payable (Note 6(y))	93,690	1	175,364	1	239,468	2
1150 Notes receivable, net (Note 6(d) and (y))	519,125	5	323,497	3	183,611	2	2170 Accounts payable (Note 6(y))	2,782,717	25	2,761,469	23	3,438,543	29
1170 Accounts receivable, net (Note 6(d)·(v) and (y))	3,685,194	34	3,143,806	27	2,973,485	25	2180 Payables to related parties (Note 6(y) and 7)	108	-	396	-	443	-
1200 Other receivables (Note 6(e) and (y))	28,929	-	28,654	-	23,886	-	2201 Accrued salaries and bonuses	247,504	2	301,655	3	222,703	2
1220 Current income tax assets	2,698	-	-	-	2,286	-	2216 Dividend payable	3,657	-	-	-	-	-
1310 Inventories, net (Note 6(f))	386,093	4	321,315	3	321,811	3	2230 Current tax liabilities	146,404	1	170,007	1	163,178	1
1461 Non-current assets held for sale (Note 6(g))	-	-	51,400	-	-	-	2250 Provisions – current (Note 6(p))	370,792	3	352,256	3	437,338	4
1476 Other financial assets – current (Note 8)	415,502	4	614,238	5	575,891	5	2280 Lease liabilities(Note 6(o))	34,461	-	-	-	-	-
1479 Other current assets	420,001	4	594,347	5	576,512	5	2399 Other current liabilities(Note 9)	253,910	2	305,846	3	235,132	2
	<u>9,887,334</u>	<u>91</u>	<u>10,892,189</u>	<u>93</u>	<u>11,012,312</u>	<u>94</u>		<u>5,122,688</u>	<u>45</u>	<u>5,921,201</u>	<u>50</u>	<u>6,223,321</u>	<u>52</u>
Non-current assets:							Non-current liabilities:						
1517 Non-current financial assets at fair value through other comprehensive income(Note 6(c))	129,998	1	3,177	-	3,798	-	2570 Deferred tax liabilities	541,361	5	428,151	4	407,563	4
1550 Investment accounted for using equity method (Note 6(h))	-	-	811	-	807	-	2580 Lease obligations-non-current(Note 6(o))	79,246	1	-	-	-	-
1600 Property, plant and equipment (Note 6(k))	442,712	4	417,228	4	404,932	3	2640 Accrued pension liabilities	48,836	-	49,841	-	44,494	-
1755 Right-of-use asset(Note 6(l))	143,943	1	-	-	-	-	2645 Guarantee deposit received	150	-	84	-	314	-
1760 Investment property, net(Note 6(m))	241,389	2	243,254	2	243,876	2		<u>669,593</u>	<u>6</u>	<u>478,076</u>	<u>4</u>	<u>452,371</u>	<u>4</u>
1840 Deferred tax assets	150,399	1	152,661	1	149,278	1	Total Liabilities	<u>5,792,281</u>	<u>51</u>	<u>6,399,277</u>	<u>54</u>	<u>6,675,692</u>	<u>56</u>
1985 Long-term prepaid rents	-	-	33,027	-	32,966	-	Equity Attributable to Shareholders of the parent company (Note 6(s)):						
1990 Other non-current assets (Note 8)	40,741	-	38,442	-	37,277	-	3100 Common stock	541,868	5	542,028	5	542,218	5
	<u>1,149,182</u>	<u>9</u>	<u>888,600</u>	<u>7</u>	<u>872,934</u>	<u>6</u>	3200 Capital surplus	1,392,119	13	1,393,239	12	1,383,902	12
							3300 Retained earnings	2,446,451	23	2,483,445	21	2,368,981	19
							3400 Other equity interest	(119,136)	(1)	(69,586)	(1)	(81,603)	(1)
								<u>4,261,302</u>	<u>40</u>	<u>4,349,126</u>	<u>37</u>	<u>4,213,498</u>	<u>35</u>
							Total Equity attributable to the parent of company						
							36xx Non-controlling interests(Note 6(j))	982,933	9	1,032,386	9	996,056	9
								<u>5,244,235</u>	<u>49</u>	<u>5,381,512</u>	<u>46</u>	<u>5,209,554</u>	<u>44</u>
Total Assets	\$ <u>11,036,516</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>	<u>11,885,246</u>	<u>100</u>	Total Liabilities And Equity	\$ <u>11,036,516</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>	<u>11,885,246</u>	<u>100</u>

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Group Corporation Ltd. and Subsidiaries
Consolidated Statements Of Comprehensive Income

For The Three Months and Nine Months Ended September 30, 2019 And 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues:								
4521 Construction revenue (Note 6(v))	\$ 2,770,659	93	3,795,990	99	8,862,892	94	11,273,204	98
4529 Less: allowances	(974)	-	(6,935)	-	(6,412)	-	(8,096)	-
	<u>2,769,685</u>	<u>93</u>	<u>3,789,055</u>	<u>99</u>	<u>8,856,480</u>	<u>94</u>	<u>11,265,108</u>	<u>98</u>
4110 Sales	183,656	6	31,159	1	493,840	5	161,532	2
4800 Other operating revenue	<u>22,938</u>	<u>1</u>	<u>11,733</u>	<u>-</u>	<u>86,109</u>	<u>1</u>	<u>46,486</u>	<u>-</u>
	<u>2,976,279</u>	<u>100</u>	<u>3,831,947</u>	<u>100</u>	<u>9,436,429</u>	<u>100</u>	<u>11,473,126</u>	<u>100</u>
Operating cost :								
5520 Construction cost (Note 6(f) 、(o) 、(q) 、(w) and 7(b))	2,210,856	74	3,161,962	83	7,156,028	76	9,256,940	81
5110 Cost of goods sold	143,175	5	17,252	-	351,036	4	130,430	1
5800 Other operating cost	<u>9,654</u>	<u>-</u>	<u>4,599</u>	<u>-</u>	<u>28,863</u>	<u>-</u>	<u>13,742</u>	<u>-</u>
	<u>2,363,685</u>	<u>79</u>	<u>3,183,813</u>	<u>83</u>	<u>7,535,927</u>	<u>80</u>	<u>9,401,112</u>	<u>82</u>
	<u>612,594</u>	<u>21</u>	<u>648,134</u>	<u>17</u>	<u>1,900,502</u>	<u>20</u>	<u>2,072,014</u>	<u>18</u>
Gross profit								
Operating expenses (Note 6(o) 、(q) and (w)):								
6100 Selling	30,180	1	33,212	1	93,154	1	81,242	1
6200 General and administrative	139,694	5	132,107	3	422,526	5	397,056	3
6300 Research and development	36,922	1	26,223	1	111,818	1	90,489	1
6400 Expected credit losses(Note 6(d))	<u>(51,939)</u>	<u>(2)</u>	<u>(3,080)</u>	<u>-</u>	<u>(10,297)</u>	<u>-</u>	<u>(14,093)</u>	<u>-</u>
	<u>154,857</u>	<u>5</u>	<u>188,462</u>	<u>5</u>	<u>617,201</u>	<u>7</u>	<u>554,694</u>	<u>5</u>
	<u>457,737</u>	<u>16</u>	<u>459,672</u>	<u>12</u>	<u>1,283,301</u>	<u>13</u>	<u>1,517,320</u>	<u>13</u>
Operating income								
Non-operating income and expenses:								
7050 Finance costs	(683)	-	(431)	-	(3,975)	-	(3,639)	-
7010 Other income (Note 6(x))	6,690	-	17,583	1	49,560	1	50,867	-
7070 Share of loss of associates accounted for using equity method	-	-	-	-	(61)	-	(9)	-
7020 Other gains and losses, net (Note 6(x))	<u>15,551</u>	<u>-</u>	<u>14,628</u>	<u>-</u>	<u>51,098</u>	<u>1</u>	<u>54,554</u>	<u>1</u>
	<u>21,558</u>	<u>-</u>	<u>31,780</u>	<u>1</u>	<u>96,622</u>	<u>2</u>	<u>101,773</u>	<u>1</u>
	<u>479,295</u>	<u>16</u>	<u>491,452</u>	<u>13</u>	<u>1,379,923</u>	<u>15</u>	<u>1,619,093</u>	<u>14</u>
7950 Income tax expense (Note 6(r))	<u>156,877</u>	<u>5</u>	<u>136,708</u>	<u>4</u>	<u>434,556</u>	<u>5</u>	<u>505,644</u>	<u>4</u>
	<u>322,418</u>	<u>11</u>	<u>354,744</u>	<u>9</u>	<u>945,367</u>	<u>10</u>	<u>1,113,449</u>	<u>10</u>
Profit before tax								
8300 Other comprehensive income, net of tax:								
8310 Items that will not be reclassified subsequently to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(815)	-	(78)	-	(580)	-	(253)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<u>(815)</u>	<u>-</u>	<u>(78)</u>	<u>-</u>	<u>(580)</u>	<u>-</u>	<u>(253)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss:								
8361 Foreign currency translation differences— foreign operations	(80,916)	(3)	(64,414)	(1)	(58,964)	(1)	(42,158)	-
8399 Income tax related to components of other comprehensive income(Note 6(r))	<u>4,305</u>	<u>-</u>	<u>16,593</u>	<u>-</u>	<u>(1,053)</u>	<u>-</u>	<u>12,398</u>	<u>-</u>
	<u>(76,611)</u>	<u>(3)</u>	<u>(47,821)</u>	<u>(1)</u>	<u>(60,017)</u>	<u>(1)</u>	<u>(29,760)</u>	<u>-</u>
8300 Other comprehensive income, net	<u>(77,426)</u>	<u>(3)</u>	<u>(47,899)</u>	<u>(1)</u>	<u>(60,597)</u>	<u>(1)</u>	<u>(30,013)</u>	<u>-</u>
8500 Comprehensive income	<u>\$ 244,992</u>	<u>8</u>	<u>306,845</u>	<u>8</u>	<u>884,770</u>	<u>9</u>	<u>1,083,436</u>	<u>10</u>
Profit attributable to :								
8610 Shareholders of the parent	\$ 248,289	8	301,383	8	776,048	8	929,847	8
8620 Non-controlling interests	<u>74,129</u>	<u>3</u>	<u>53,361</u>	<u>1</u>	<u>169,319</u>	<u>2</u>	<u>183,602</u>	<u>2</u>
	<u>\$ 322,418</u>	<u>11</u>	<u>354,744</u>	<u>9</u>	<u>945,367</u>	<u>10</u>	<u>1,113,449</u>	<u>10</u>
Comprehensive income attributable to :								
8710 Shareholders of the parent	\$ 184,526	6	264,765	7	725,722	8	908,437	8
8720 Non-controlling interests	<u>60,466</u>	<u>2</u>	<u>42,080</u>	<u>1</u>	<u>159,048</u>	<u>2</u>	<u>174,999</u>	<u>2</u>
	<u>\$ 244,992</u>	<u>8</u>	<u>306,845</u>	<u>8</u>	<u>884,770</u>	<u>10</u>	<u>1,083,436</u>	<u>10</u>
Earnings per share ((attributable to shareholders of the parent)) (Note 6(v))								
9750 Basic earnings per share	<u>\$ 4.58</u>		<u>5.59</u>		<u>14.36</u>		<u>17.32</u>	
9850 Diluted earnings per share	<u>\$ 4.49</u>		<u>5.48</u>		<u>13.99</u>		<u>16.89</u>	

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Acter Group Corporation Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2019, and 2018
(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity interest						Total equity
	Retained earnings						Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange difference on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) of available-for-sale financial assets	Others	Total Other equity interest	Non-controlling interests	
Balance, January 1, 2018	\$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521
Adjustment	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	39,404	104,200
Balance, January 1, 2018	<u>471,529</u>	<u>1,412,098</u>	<u>428,722</u>	<u>44,052</u>	<u>1,650,075</u>	<u>2,122,849</u>	<u>(52,599)</u>	<u>(4,700)</u>	<u>-</u>	<u>(10,088)</u>	<u>(67,387)</u>	<u>829,632</u>	<u>4,768,721</u>
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	-	(612,986)
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-	-
	<u>542,258</u>	<u>1,412,098</u>	<u>512,938</u>	<u>56,560</u>	<u>869,636</u>	<u>1,439,134</u>	<u>(52,599)</u>	<u>(4,700)</u>	<u>-</u>	<u>(10,088)</u>	<u>(67,387)</u>	<u>829,632</u>	<u>4,155,735</u>
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(28,106)	-	-	-	-	-	-	-	-	-	-	(28,106)
Change in ownership of a subsidiary	-	195	-	-	-	-	-	-	-	-	-	-	195
Share-based payment	(40)	(285)	-	-	-	-	-	-	-	7,194	7,194	-	6,869
Comprehensive income for the nine months ended September 30, 2018													
Profit for the period	-	-	-	-	929,847	929,847	-	-	-	-	-	183,602	1,113,449
Other comprehensive income for the period	-	-	-	-	-	-	(21,157)	(253)	-	-	(21,410)	(8,603)	(30,013)
Total comprehensive income	-	-	-	-	929,847	929,847	(21,157)	(253)	-	-	(21,410)	174,999	1,083,436
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(8,575)	(8,575)
Balance, September 30, 2018	<u>\$ 542,218</u>	<u>1,383,902</u>	<u>512,938</u>	<u>56,560</u>	<u>1,799,483</u>	<u>2,368,981</u>	<u>(73,756)</u>	<u>(4,953)</u>	<u>-</u>	<u>(2,894)</u>	<u>(81,603)</u>	<u>996,056</u>	<u>5,209,554</u>
Balance, January 1, 2019	\$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	5,381,512
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	104,902	-	(104,902)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	12,249	(12,249)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(813,042)	(813,042)	-	-	-	-	-	-	(813,042)
	<u>542,028</u>	<u>1,393,239</u>	<u>617,840</u>	<u>68,809</u>	<u>983,754</u>	<u>1,670,403</u>	<u>(63,237)</u>	<u>(5,573)</u>	<u>-</u>	<u>(776)</u>	<u>(69,586)</u>	<u>1,032,386</u>	<u>4,568,470</u>
Share-based payment transaction	(160)	(1,120)	-	-	-	-	-	-	-	776	776	-	(504)
Comprehensive income for the nine months ended September 30, 2019													
Profit for the period	-	-	-	-	776,048	776,048	-	-	-	-	-	169,319	945,367
Other comprehensive income for the period	-	-	-	-	-	-	(49,746)	(580)	-	-	(50,326)	(10,271)	(60,597)
Total comprehensive income	-	-	-	-	776,048	776,048	(49,746)	(580)	-	-	(50,326)	159,048	884,770
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(208,501)	(208,501)
Balance, September 30, 2019	<u>\$ 541,868</u>	<u>1,392,119</u>	<u>617,840</u>	<u>68,809</u>	<u>1,759,802</u>	<u>2,446,451</u>	<u>(112,983)</u>	<u>(6,153)</u>	<u>-</u>	<u>-</u>	<u>(119,136)</u>	<u>982,933</u>	<u>5,244,235</u>

**Reviewed only, not audited in accordance with the generally accepted auditing standards.
Acter Group Corporation Ltd. and Subsidiaries**

Consolidated Statements Of Cash Flows

For The Nine Months Ended September 30, 2019 And 2018

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For The Nine Months Ended September 30	
	2019	2018
Cash flows from operating activities:		
Profit before tax	\$ 1,379,923	1,619,093
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation(Including investment property)	50,250	20,541
Amortization	5,231	5,455
Expected credit loss (gain)	(10,297)	(14,093)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,717)	1,279
Interest income	(31,545)	(30,618)
Interest expense	3,975	3,639
Compensation cost arising from employee stock options	(504)	6,869
Shares of loss (profit) of associates and joint ventures accounted for using equity method	61	9
Non-current assets held for sale profit	(19,515)	-
Other	(314)	(56)
	<u>(9,375)</u>	<u>(6,975)</u>
Changes in operating assets and liabilities		
Changes in operating assets		
Net loss (gain) on financial assets at fair value through profit or loss	84,130	(140,235)
Decrease (increase) in contract assets	(572,965)	347,280
Decrease (increase) in notes receivable	(195,628)	(27,573)
Increase in accounts receivable	(526,562)	(540,871)
Increase in inventories	(64,778)	(64,184)
Decrease (increase) in other financial assets	372,370	(384,183)
	<u>(903,433)</u>	<u>(809,766)</u>
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(602,474)	379,196
Increase (decrease) in notes payable	(81,674)	19,222
Increase in accounts payable	49,261	920,972
Decrease in other current liabilities	(118,979)	(38,010)
	<u>(753,866)</u>	<u>1,281,380</u>
Total adjustments	<u>(1,666,674)</u>	<u>464,639</u>
Cash inflow generated from operations	(286,751)	2,083,732
Interest received	32,339	29,602
Interest paid	5,912	(3,168)
Income taxes paid	(347,645)	(295,873)
Net cash generated by (used in) operating activities	<u>(596,145)</u>	<u>1,814,293</u>
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	747	-
Proceeds from disposal of non-current assets held for sale	72,627	-
Acquisition of property, plant and equipment	(50,220)	(26,482)
Proceeds from disposal of property, plant and equipment	102	956
Right-of-use asset	(980)	-
Increase in other non-current assets	(8,291)	(5,089)
Net cash generated by (used in) investing activities	<u>13,985</u>	<u>(30,615)</u>
Cash flows from financing activities:		
Increase in short-term loans	102,989	72,418
Repayments of short-term loans	(162,980)	(359,208)
Increase in guarantee deposits received	66	-
Repayments of lease liabilities	(26,364)	-
Cashing dividends	(813,042)	(612,986)
Changes in non-controlling interests	(201,059)	(36,486)
Net cash used in financing activities	<u>(1,100,390)</u>	<u>(936,262)</u>
Effect of exchange rate changes on cash and cash equivalents	(70,741)	(57,910)
Net increase (decrease) in cash and cash equivalents	(1,753,291)	789,506
Cash and cash equivalents at beginning of period	4,424,731	3,926,890
Cash and cash equivalents at end of period	<u>\$ 2,671,440</u>	<u>4,716,396</u>

Reviewed only, not audited in accordance with the generally accepted auditing standards.

ACTER GROUP CORPORATION LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Organization and business scope

ACTER GROUP CORPORATION LTD. (the “Company”) was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company’s registered office address is located at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City 40758, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended September 30, 2019 comprised the Company and its subsidiaries (together referred to as the “Group”). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (b). Acter’s common shares were publicly listed on the Taipei Exchange (“TPEX”) on November 10, 2010.

(2) Approval date and procedures of the consolidated financial Statements

The consolidated financial statement for the nine months ended September 30, 2019 and 2018 were authorized for issuance by the Board of Directors on November 8, 2019.

(3) Adoption of new Standards and interpretations

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has prepared its consolidated financial statements in conformity with the new standards, interpretations and amendments of IFRSs which have been endorsed by the FSC and are effective for annual period beginning on or after January 1, 2019 as follows:

<u>New Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
· IFRS 16 “Leases”	January 1, 2019
· IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
· Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
· Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
· Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
· Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

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(i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

(1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(c)

On transition to IFRS 16, the Group elected to apply the practical expedient to the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of work office and employee’s dormitory.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee’s incremental borrowing rate at the date of initial application ; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.

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- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

(4) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional \$144,189 of right-of-use assets (\$33,027 was reclassified from long-term prepaid rent) and \$111,162 of lease liabilities, recognising the difference in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.28%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	<u>January 1, 2019</u>
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 138,857
Recognition exemption for:	
short-term leases	(19,262)
leases of low-value assets	<u>(3,567)</u>
Extension and termination options reasonably certain to be exercised	<u>\$ 116,028</u>
Discounted using the incremental borrowing rate at January 1, 2019	\$ 111,162
Finance lease liabilities recognized as at December 31, 2018	<u>-</u>
Lease liabilities recognized at January 1, 2019	<u>\$ 111,162</u>

(ii) IFRIC 23 “Uncertainty over Income Tax Treatments

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with

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the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

There is no material impact after adapting the new accounting standard.

(b) The impact of IFRS endorsed by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in according with Ruling No. 1080323028 issued by FSC on July 29, 2019:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IFRS 9, and IAS 39, and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

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Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Basis of preparation

(i) List of subsidiaries in the consolidated financial statements

Investor	Subsidiary	Nature of business	Shareholding			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
(a)The Company	Nova Technology Corp. (Nova Tech)	Wholesaling of electronic and chemical equipment set up	62.19%	62.19%	62.19%	
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%	100%	Note 11
	Enrich Tech Co., Ltd(Enrich)	Comprehensive construction company	56.94%	56.94%	56.94%	Note 5 and 11
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment Holding company	100%	100%	100%	
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment Holding company	-	-	100%	Note 7 and 11
(b) Nova Tech	Winmax Technology (Shanghai) Corp.(Winmax)	Design and manufacture of air containers and liquid containers	100%	100%	100%	
	Winmega Technology Corp.(Winmega)	Wholesaling of electronic and chemical equipments	100%	100%	100%	
	Suzhou Winmax Technology Corp (Suzhou Winmax)	Design and manufacture of air containers and liquid containers	100%	100%	100%	Note 10
	Novatech Engineering & Construction Pte.,Ltd.(NTEC)	Chemical supply system	100%	100%	100%	Note 11
(c) Sheng Huei International	Acter Technology Integration Group Co., Ltd(Acter Technology Integration Group)	Construction and set-up of electronic equipment and air conditioners	86.66%	86.66%	86.66%	Note 6
	New Point Group Ltd. (New Point)	Holding company and equipment trading	100%	100%	100%	Note 11
	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	-	-	100%	Note 8 and 11
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Investment Holding company	100%	100%	100%	Note 11
	Novamex Indonesia, PT. (NMI)	Equipment trading and set-up	100%	100%	100%	Note 1 and 11
	Acter Engineering Co. Ltd.(Acter Engineering)	Construction and set-up of electronic equipment and air conditioners	-	100%	100%	Note 2,9 and 11
(e) Acter Technology Integration Group	Shenzhen Ding –Mao Trade Co., Ltd. (Shenzhen Ding –Mao)	Electronic equipment and machinery trading	100%	100%	100%	Note 11
	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%	Note 3 and 11
	Acter International Ltd.	Holding company and	100%	100%	100%	Note 4

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Investor	Subsidiary	Nature of business	Shareholding			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
	(Acter International)	trading of clean rooms and air conditioners				Note and 11
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment Holding company	100%	100%	-	Note 7 and 11
(f) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%	100%	Note 11
(g) Acter International	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	100%	100%	-	Note 8 and 11

Note 1: The ownership of NMI in NTS and NTM consisted of 99% and 1%, respectively. In May 2018, the Group has gone through restructuring, resulting in the entire 1% shares of NTM in NMI to be transferred to Acter International.

Note 2: The ownership of Acter Engineering in NTS and Sheng Huei International consisted of 99% and 1%, respectively.

Note 3: In April 2018, the Group has gone through restructuring, resulting in the entire shares of Acter international in Sheng Huei Shenzhen to be transferred to Acter Technology Integration Group.

Note 4: In August 2018, the Group has gone through restructuring, resulting in the entire shares of Sheng Huei International in Acter International to be transferred to Acter Technology Integration Group.

Note 5: Enrich Tech had a capital increase in July 2018, wherein 15% of the shares had been reserved for employee purchase. Therefore, the Company was not able to invest by proportion in the above capital increase, resulting in its shareholding in Enrich Tech to decrease from 60% to 56.94%.

Note 6: Sheng Huei International sold 13.34% of its shares in Acter Technology Integration Group Co. Ltd in August 2018, resulting in its shareholding in Acter Technology Integration Group to decrease from 100% to 86.66%.

Note 7: In November 2018, the Group has gone through restructuring, resulting in the entire shares of the Company in NTS to be transferred to Acter Technology Integration Group.

Note 8: In December 2018, the Group has gone through restructuring, resulting in the entire shares of Sheng Huei International in Sheng Huei Engineering to be transferred to Acter International.

Note 9: Acter Engineering had been liquidated in March, 2019.

Note 10: The financial statement of nine months ended September 30, 2019 were reviewed by independent auditors. The financial statement of nine months ended September 30, 2018 were not reviewed by independent auditors and non-significant subsidiaries.

Note 11: Companies are non-significant and their financial statements have not been reviewed.

Note 12: In July 2019, Sheng Huei (Suzhou) was changed the company name to Acter Technology Integration Group.

(ii) Subsidiaries excluded from the consolidated financial statement: None.

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(c) Leases (applicable from January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Group has the right to direct the use of the asset.
 - The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
 - In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a lease

The Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- 1) fixed payments, including substantively fixed payment;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the assessment on whether it will have the option to exercise a purchase; or termination option; or
- 4) there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- 5) 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 Group 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 Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of balance sheets.

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

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If

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this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(d) Income taxes

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" paragraph B12 measurement and disclosure of income tax expense for the interim period.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and 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 preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the

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consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2018.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to Note 6 of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Petty cash and cash on hand	\$ 1,204	1,040	1,153
Checking and demand deposits	1,339,121	2,145,066	2,021,189
Time deposits	1,331,115	2,160,764	2,380,224
Cash equivalent - repurchased commercial paper	-	117,861	313,830
	<u>\$ 2,671,440</u>	<u>4,424,731</u>	<u>4,716,396</u>

The above-mentioned repurchased commercial paper rate as of December 31, 2018 and September 30, 2018 were 0.475%~0.48% and 0.42%~0.50%, respectively, and they mature from January 4 to February 25, 2019, from October 3 to October 25, 2018, respectively.

(b) Financial assets at fair value through profit or loss

	September 30, 2019	December 31, 2018	September 30, 2018
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary securities - open-end funds	<u>\$ 105,443</u>	<u>310,257</u>	<u>337,415</u>

(c) Financial assets at fair value through other comprehensive income

	September 30, 2019	December 31, 2018	September 30, 2018
Equity investments at fair value through other comprehensive income			
Emerging Stock- Holy Stone Healthcare Co., Ltd.	\$ 2,598	3,177	3,798
Unlisted Stock- Waste Recovery Technology Inc.	<u>127,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 129,998</u>	<u>3,177</u>	<u>3,798</u>

(i) Equity investments at fair value through other comprehensive income

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The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of September 30, 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) For credit risk and market risk; please refer to Note 6(y).

(iii) The aforesaid financial assets were not pledged.

(d) Note and trade receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Note receivables from operating activities	\$ 519,125	323,497	183,611
Trade receivables –measured as amortized cost	3,866,095	3,339,533	3,156,328
Less: Allowance for impairment	(180,901)	(195,727)	(182,843)
Total	\$ 4,204,319	3,467,303	3,157,096

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on September 30, 2019 and 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision was determined as follows:

	September 30, 2019		
Aging of Receivables	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 3,634,811	-	-
121 to 180 days	280,296	0.50%	1,401
181 to 360 days	177,049	1%	1,770
361 to 540 days	216,932	40%~50%	101,598
More than 541 days	76,132	100%	76,132
Total	\$ 4,385,220		180,901
	December 31, 2018		
Aging of Receivables	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 2,977,827	-	-
121 to 180 days	164,927	0.50%	825
181 to 360 days	319,842	1%	3,198
361 to 540 days	15,048	40%~50%	6,318
More than 541 days	185,386	100%	185,386
Total	\$ 3,663,030		195,727

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Aging of Receivables	September 30, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 2,792,530	-	-
121 to 180 days	242,153	0.50%	1,211
181 to 360 days	110,867	1%	1,108
361 to 540 days	24,775	40%~50%	10,910
More than 541 days	169,614	100%	169,614
Total	<u>\$ 3,339,939</u>		<u>182,843</u>

The movement in the allowance for notes and trade receivable was as follows:

	September 30, 2019	September 30, 2018
Balance, January 1	\$ 195,727	215,449
Impairment losses recognized	151,408	8,067
Amounts written off	-	(9,657)
Impairment losses reversed	(161,705)	(26,432)
Foreign exchange gains (losses)	(4,529)	(4,584)
Balance, September 30	<u>\$ 180,901</u>	<u>182,843</u>

(i) Accounts receivable includes retained construction receivable, which amounted to \$48,744, \$41,796 and \$39,489 as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

(ii) The notes and accounts receivable are not pledged.

(e) Other receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Other accounts receivable	\$ 41,994	46,266	41,377
Less: Loss allowance	(13,065)	(17,612)	(17,491)
	<u>\$ 28,929</u>	<u>28,654</u>	<u>23,886</u>

For further credit risk information, please refers to Note 6(y).

(f) Inventories

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods and merchandise	\$ 2,879	24,306	27,382
Work in process and semi-finished goods	86,745	20,305	2,765
Raw materials	310,573	294,428	307,444
	400,197	339,039	337,591
Less: provision for inventory devaluation	(14,104)	(17,724)	(15,780)
	<u>\$ 386,093</u>	<u>321,315</u>	<u>321,811</u>

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For the three months and nine months ended September 30, 2019 and 2018, the write-down of inventories amounted to \$3,340 thousand, \$2,317 thousand, \$(3,245) thousand and \$9,815 thousand. The write-downs are included in cost of goods sold.

The inventories of the Group were not pledged.

(g) Non-current assets held for sale

On December 24, 2018, the Board of Directors of the Company resolved to sell the property, plant and equipment, which were located at Zhongming S. Rd., with an estimated selling price of \$74,250; therefore, entered into an agreement with the buyer at the end of December 2018. The Group has completed the related legal procedures and recognized the gain on the disposal \$19,515 in March, 2019. The selling price has been collected as of September 30, 2019.

(h) Investments in equity-accounted investees

(i) Associated

Associates	Relationship with the Company	Percentage of ownership and voting share			
		Main Business Location/Registered Country	September 30, 2019	December 31, 2018	September 30, 2018
Global one source life sciences company limited	Service for project management and consulting of techniques and design for pharmacy and medical facilities, which is the Group's investment	Hong Kong	-	40%	40%

The Group's equity-accounted investment in all individually immaterial associates and the Group's share of the operating results are summarized below:

	September 30, 2019	December 31, 2018	September 30, 2018
The carrying amount of the Group's interests in all individually immaterial associates	\$ -	2,027	2,018

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Profit attributable to the Group:				
Loss from continuing operation	\$ -	-	(61)	(9)
Comprehensive income	\$ -	-	(61)	(9)

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- (ii) The Group has disposed 40% shares of Global one source life sciences Co. Ltd. amounted to \$747 and lost the significant influence. The selling price \$747 has been collected as September 30, 2019.
- (iii) The investments accounted for using equity method was not pledged.
- (iv) The investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.
- (i) Changes in parent's ownership interest in a subsidiary

- (i) Disposal of part of equity ownership of subsidiaries without losing control

In August 2018, The Group's subsidiary, Sheng Huei International, disposed 13.34% of its shares in Acter Technology Integration Group due to the restructuring of the Group. For the restructuring of the Group, please refer to Note 4(b).The ownership of Acter Technology Integration Group decrease by 13.34%, resulting in the carrying amount of its investment to decrease by \$17,439, which had been adjusted to capital surplus - changes in the ownership interest in its subsidiaries.

- (ii) Not invest by proportion of subsidiary's capital increase without losing control

The Group's subsidiary, Enrich Tech, had a capital increase in July 2018, and the Company was not able to invest by proportion in the above capital increase, resulting in its shareholding in Enrich Tech to decrease by 3.06%; Hence, the carrying amount of its investment increased by \$195, which had been adjusted to capital surplus-changes in the ownership interest in its subsidiaries.

- (j) Significant subsidiaries of non-controlling interest

No-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

Subsidiaries	Main Business Location/Registered Country	Percentage of ownership and voting share		
		September 30, 2019	December 31, 2018	September 30, 2018
Nova Tech	R.O.C.	37.81%	37.81%	37.81%
Enrich Tech	R.O.C.	43.06%	43.06%	43.06%
Acter Technology Integration Group	China	13.34%	13.34%	13.34%

The following information of the aforementioned subsidiaries has been prepared in accordance with IFRS endorsed by the FSC. Included in these information are adjustment made about the fair value and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-Group transactions were not eliminated in this information.

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(i) Information regarding of Nova Tech:

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 1,897,924	1,852,051	1,935,787
Non-current assets	1,448,806	1,384,994	1,281,970
Current liabilities	(970,446)	(714,770)	(823,758)
Non-current Liabilities	(236,426)	(216,464)	(195,950)
Net assets	<u>\$ 2,139,858</u>	<u>2,305,811</u>	<u>2,198,049</u>

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 459,851</u>	<u>396,560</u>	<u>1,368,573</u>	<u>1,610,102</u>
Net income for the period	\$ 156,555	132,567	371,920	458,243
Other comprehensive income	(37,181)	(29,830)	(28,951)	(22,750)
Comprehensive income	<u>\$ 119,374</u>	<u>102,737</u>	<u>342,969</u>	<u>435,493</u>
Cash flows from operating activities			\$ 125,597	106,508
Cash flows from investing activities			226,145	155,241
Cash flows from financing activities			(552,052)	(370,461)
Net increase (decrease) in cash and cash equivalents			<u>\$ (200,310)</u>	<u>(108,712)</u>

(ii) Information regarding of Enrich Tech:

	September 30,2019	December 31,2018	September 30,2018
Current assets	\$ 226,091	229,730	227,567
Non-current assets	10,795	3,959	2,727
Current liabilities	(103,513)	(75,117)	(84,779)
Non- Current liabilities	(1,279)	-	-
Net assets	<u>\$ 132,094</u>	<u>158,572</u>	<u>145,515</u>

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 62,106</u>	<u>58,976</u>	<u>162,673</u>	<u>358,227</u>
Net income for the period	3,183	1,651	(6,478)	19,369
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ 3,183</u>	<u>1,651</u>	<u>(6,478)</u>	<u>19,369</u>

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Cash flows from operating activities	\$	(81,342)	(2,796)
Cash flows from investing activities		(602)	963
Cash flows from financing activities		28,765	39,082
Net increase (decrease) in cash and cash equivalents	\$	<u>(53,179)</u>	<u>37,249</u>

(iii) Information regarding of Acter Technology Integration Group:

	<u>September 30,2019</u>	<u>December 31,2018</u>	<u>September 30,2018</u>
Current assets	\$ 1,717,568	1,807,929	1,888,155
Non-current assets	646,369	446,622	446,202
Current liabilities	(1,444,628)	(1,553,903)	(1,558,304)
Non- Current liabilities	<u>(43,023)</u>	<u>(9,584)</u>	<u>(9,692)</u>
Net assets	<u>\$ 876,286</u>	<u>691,064</u>	<u>766,361</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Operating revenue	\$ <u>790,012</u>	<u>1,018,428</u>	<u>2,087,093</u>	<u>2,727,969</u>
Net income for the period	\$ 103,149	56,841	237,432	271,885
Other comprehensive income	2,971	-	5,065	-
Comprehensive income	<u>\$ 106,120</u>	<u>56,841</u>	<u>242,497</u>	<u>271,885</u>

Cash flows from operating activities	\$	7,577	727,494
Cash flows from investing activities		(193,128)	(172,332)
Cash flows from financing activities		(83,444)	(268,263)
Effect of movements in exchange rates		(1,046)	(15,725)
Net increase (decrease) in cash and cash equivalents	\$	<u>(270,041)</u>	<u>271,174</u>

(k) Property, plant and equipment

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Book values:					
Balance on January 1, 2019	\$ <u>176,502</u>	<u>155,811</u>	<u>55,958</u>	<u>28,957</u>	<u>417,228</u>
Balance on September 30, 2019	\$ <u>176,502</u>	<u>148,066</u>	<u>52,887</u>	<u>65,257</u>	<u>442,712</u>
Balance on January 1, 2018	\$ <u>183,187</u>	<u>167,255</u>	<u>51,529</u>	-	<u>401,971</u>
Balance on September 30, 2018	\$ <u>183,187</u>	<u>158,951</u>	<u>55,177</u>	<u>7,617</u>	<u>404,932</u>

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There were no significant additions, disposal, or recognition and reversal of impairment losses of property, plant and equipment for the nine months ended September 30 2019 and 2018. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(m) of the 2018 annual consolidated financial statements for other related information.

(l) Right-of-use asset

The movements in the cost and depreciation of the leased land, building and construction and facility were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
Cost:				
Balance on January 1, 2019	\$ -	-	-	-
Effect of IFRS16	33,028	68,533	42,628	144,189
Additions	-	24,796	13,782	38,578
Decrease	-	(10,642)	-	(10,642)
Effect of movements in exchange rates	<u>(984)</u>	<u>(589)</u>	<u>(790)</u>	<u>(2,363)</u>
Balance on September 30, 2019	<u>\$ 32,044</u>	<u>82,098</u>	<u>55,620</u>	<u>169,762</u>
Depreciation				
Balance on January 1, 2019	\$ -	-	-	-
Depreciation	627	15,884	12,913	29,424
Decrease	-	(3,069)	-	(3,069)
Effect of movements in exchange rates	<u>(24)</u>	<u>(243)</u>	<u>(269)</u>	<u>(536)</u>
Balance on September 30, 2019	<u>\$ 603</u>	<u>12,572</u>	<u>12,644</u>	<u>25,819</u>
Book values:				
Balance on September 30, 2019	<u>\$ 31,441</u>	<u>69,526</u>	<u>42,976</u>	<u>143,943</u>

(m) Investment Property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 year. For all investment property leases, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
Book values:				
Balance on January 1, 2019	<u>\$ 139,922</u>	<u>103,317</u>	<u>15</u>	<u>243,254</u>
Balance on September 30, 2019	<u>\$ 139,922</u>	<u>101,452</u>	<u>15</u>	<u>241,389</u>
Balance on January 1, 2018	<u>\$ 139,922</u>	<u>105,804</u>	<u>15</u>	<u>245,741</u>
Balance on September 30, 2018	<u>\$ 139,922</u>	<u>103,940</u>	<u>14</u>	<u>243,876</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2019 and 2018. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(n) of the 2018 annual consolidated financial statements for other related information.

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The fair value of investment property was no significant different from 2018 annual consolidated financial statements.

(n) Short-term loans

	September 30, 2019	December 31, 2018	September 30, 2018
Secured bank loans	\$ <u>72,989</u>	<u>135,278</u>	<u>45,528</u>
Unsecured bank facilities	\$ <u>5,862,304</u>	<u>6,060,885</u>	<u>6,675,621</u>
Interest rate	<u>1.3%~4.57%</u>	<u>3.06%~5%</u>	<u>5%</u>

(i) Issues and Repayments of short-term loans

For the nine months ended September 30, 2019 and 2018, the issues amounted to \$102,989 and \$72,418, and due in March, 2019 and August, 2018, respectively. The repayment amounted to \$162,980 and \$359,208 for the nine months ended September 30, 2019 and 2018, respectively.

(ii) Assets pledged for bank loans

For details of the related assets pledged for bank loans, please refer to Note 8.

(o) Leases liabilities

	September 30, 2019
Current	\$ <u>34,461</u>
Non-current	<u>79,246</u>

For the maturity analysis, please refer to Note 6(y).

The amounts recognized in profit or loss was as follows:

	For the three months ended September 30 ,2019	For the nine months ended September 30 ,2019
Leases liabilities interest	\$ <u>679</u>	<u>2,033</u>
Short leases expense	\$ <u>10,335</u>	<u>32,022</u>
Low price leases assets (excluding short-term leases of low-value assets)	<u>501</u>	<u>3,113</u>

Recognized in statement of cash
flow were as follows:

	For the nine months ended September 30 ,2019
Cash flows out from leases	\$ <u>63,532</u>

(i) Land 、 building and construction leases

As of September 30, 2019, the Group leases land and buildings for its office space. The leases of office space typically run for a period of three to five years.

(ii) Other leases

The Group leases vehicles, with lease terms of three to five years. In some cases, the Group has options to purchase the assets at the end of the contract term.

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The Group leases work office, employees' dormitory and transaction equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) Provisions

	September 30, 2019	December 31, 2018	September 30, 2018
Provisions	<u>\$ 370,792</u>	<u>352,256</u>	<u>437,338</u>

Provisions of the Group were estimated base on the contracts of the construction's historic data and expected most of the provisions occur during the warranty period.

There were no significant fluctuation of provisions for the nine months ended September 30, 2019 and 2018. Please refer to Note 6(p) of the 2018 annual consolidated financial statements for other related information.

(q) Employee benefits

(i) Defined benefit plans

Due to there are no significant market volatility, significant reduction, settlement or other significant one-time items after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2018 and 2017 to measure and disclose pension cost during the period.

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating cost	\$ 43	41	118	129
Operating expense	<u>108</u>	<u>123</u>	<u>333</u>	<u>364</u>
	<u>\$ 151</u>	<u>164</u>	<u>451</u>	<u>493</u>

(ii) Defined contribution plans

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating cost	\$ 4,421	4,371	12,649	12,542
Operating expense	<u>1,579</u>	<u>1,371</u>	<u>5,169</u>	<u>4,559</u>
	<u>\$ 6,000</u>	<u>5,742</u>	<u>17,818</u>	<u>17,101</u>

The company, HerSuo Engineering, Nova Tech, Enrich and Winmega have deposited the retirement amount to Bureau of Labor and the overseas subsidiaries

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have deposited the retirement amount to local social insurance institutes base on the local regulation.

(r) Taxes

The Group income tax expense (benefit):

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Current income tax expense (benefit):				
Current period	\$ 104,869	81,273	332,790	349,477
Deferred tax expense:				
Origination and reversal of temporary difference	52,008	55,435	101,766	122,080
Fluctuation of tax rate	-	-	-	34,087
Income tax expense (benefit)	<u>\$ 156,877</u>	<u>136,708</u>	<u>434,556</u>	<u>505,644</u>

The amounts of tax income expense recognized in other comprehensive income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations	\$ (4,305)	(16,593)	1,053	(11,260)
Fluctuation of tax rate	-	-	-	(1,138)
	<u>\$ (4,305)</u>	<u>(16,593)</u>	<u>1,053</u>	<u>12,398</u>

The income tax return of the Company has been examined by the tax authorities through year 2017.

(s) Capital and other equity

Except as described below, no significant changes in the Group capital and other equity for the nine months ended September 30, 2019 and 2018. The related information, please refer to Note 6(t) of the Group financial statements for the year ended December 31, 2018.

(i) Issuance of common stock

On May 9, 2019 and May 10, 2018, the Company's board of directors approved to write off restricted stock to employees 16,000 shares and 4,000 shares, respectively, with the record date of capital reduction on May 31, 2019 and June

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1, 2018. The company had finished the capital reduction registration.

On May 30, 2018, the Company's stockholders' meeting approved the earnings distribution of stock dividends in the total amount of \$70,729. The capital increase has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. and effective on June 8, 2018. The Company's board of the directors resolved the date of the increase in capital to be July 3, 2018.

(ii) Capital surplus

The Company wrote off 16,000 shares and 4,000 shares of restricted stock, with the record date of capital reduction on May 31, 2019 and June 1, 2018, and decreasing capital surplus amounted to \$1,120 and \$285, respectively.

(iii) Retained earnings

According to Acter's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside and the remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors and resolved in the stockholders' meeting.

(1) Legal reserve

In accordance with the Company Act, 10 percent of net income should be set aside after offsetting accumulated deficits, if any, as legal reserve, until it is equal to issued common stock. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25 percent of the paid-in capital.

(2) Special reserve

In Accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, the difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as a special earnings reserve during earnings distribution. Other prior accumulated debit balance of stockholders equity was recognized as additional special reserve from prior undistributed earnings, and distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

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(3) Earnings distribution

On May 29, 2019, and May 30, 2018, the meeting of stockholders of Acter approved the distribution plan of retained earnings. Information about dividends per share for 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Dividends per share (In New Taiwan Dollars):		
Cash	\$ 813,042	612,986
Stock	-	70,729
	<u>\$ 813,042</u>	<u>683,715</u>

(iv) Other equity interest (net of tax)

	<u>Exchange differences on translation of foreign operations</u>	<u>Financial assets measured at fair value through other comprehensive income</u>	<u>Investment in available-for- sale financial assets</u>	<u>Other equity- unrealized bonus</u>	<u>Total</u>
Balance, January1, 2019	\$ (63,237)	(5,573)	-	(776)	(69,586)
Foreign currency exchange differences (net of tax)	(49,746)	-	-	-	(49,746)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(580)	-	-	(580)
Employee's unrealized bonus	-	-	-	776	776
Balance, September 30, 2019	<u>\$ (112,983)</u>	<u>(6,153)</u>	<u>-</u>	<u>-</u>	<u>(119,136)</u>
Balance, January1, 2018	\$ (52,599)	-	(3,962)	(10,088)	(66,649)
Adjustment	-	(4,700)	3,962	-	(738)
Balance, January1, 2018	(52,599)	(4,700)	-	(10,088)	(67,387)
Foreign currency exchange differences (net of tax)	(21,157)	-	-	-	(21,157)
Unrealized gains(losses) on available-for-sale financial assets	-	(253)	-	-	(253)
Employee's unrealized bonus	-	-	-	7,194	7,194
Balance, September 30, 2018	<u>\$ (73,756)</u>	<u>(4,953)</u>	<u>-</u>	<u>(2,894)</u>	<u>(81,603)</u>

(t) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the nine months ended September 30, 2019 and 2018. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2018.

The relevant information of restricted stock to employee is as follows:

The Company has two share-based payment trade as of September 30, 2019 :

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	<u>Equity-settled</u>	<u>Equity-settled</u>
	<u>Restricted stock to employee</u>	<u>Restricted stock to employee</u>
Grant date	2016.1.11	2015.1.26
Grant (Unit : In thousand shares)	720	480
Contractual life	2016.1.11~2019.1.11	2015.1.26~2018.1.26
Object of grant	The Company's employees who have formal employment relationship with the Company and serve as supervisors or above managerial level related to business operation	The Company's employees who have formal employment relationship with the Company and serve as supervisors or above managerial level related to business operation
Vesting conditions	Note 1	Note 1

Note1: A restricted stock is vested when the Company's financial performance is rendered and employees' service years are met.

- 1) The Company's financial performance is measured by the sum of operating revenue and profit before tax, less, share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the following three years after the issuance.
- 2) Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

Year/Goal	Granted Service Years	Granted Percentage when Goals Reached
First year	1 year	20%
Second year	2 years	30%
Third year	3 years	50%

	<u>2019</u>		<u>2018</u>	
	<u>Weighted-Average Exercise Price</u>	<u>Number of Exercisable Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Number of Exercisable Shares</u>
(Expressed in thousand unit)				
Balance, beginning of the period	-	291	-	703
Forfeited	-	(16)	-	(4)
Exercised	-	(275)	-	(389)
Balance, end of the period		<u>-</u>		<u>310</u>

(u) Earnings per share ("EPS")

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	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Profit attributable to common shareholders	\$ <u>248,289</u>	<u>301,383</u>	<u>776,048</u>	<u>929,847</u>
Weighted average number of common shares (In thousand shares)	<u>54,187</u>	<u>53,912</u>	<u>54,036</u>	<u>53,697</u>
Basic Earnings per share (In New Taiwan Dollars)	\$ <u>4.58</u>	<u>5.59</u>	<u>14.36</u>	<u>17.32</u>
Profit attributable to common shareholders	\$ <u>249,289</u>	<u>301,383</u>	<u>776,048</u>	<u>929,847</u>
Weighted average number of common shares (In thousand shares)	54,187	53,912	54,036	53,697
Add: effect on potential common stock				
— employee bonuses (In thousand shares)	111	95	468	359
— restricted stocks for employees	978	987	987	990
Diluted weighted average number of common shares (In thousand shares)	<u>55,276</u>	<u>54,994</u>	<u>55,491</u>	<u>54,046</u>
Diluted Earnings per share (In New Taiwan Dollars)	\$ <u>4.49</u>	<u>5.48</u>	<u>13.99</u>	<u>16.89</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
<u>Primary geographical markets</u>				
Taiwan	\$ 949,942	1,547,947	3,494,444	4,686,890
China	1,879,059	2,005,603	5,414,167	6,232,185
Other	<u>147,278</u>	<u>278,397</u>	<u>527,818</u>	<u>554,051</u>
	\$ <u>2,976,279</u>	<u>3,831,947</u>	<u>9,436,429</u>	<u>11,473,126</u>
<u>Major products/services lines</u>				
Cleanroom electromechanical integration engineering	\$ 1,452,933	2,153,947	4,870,453	5,643,433
Water gasification supply integration engineering	1,035,840	994,593	3,178,586	3,844,594

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Consumer industry electromechanical integration engineering	173,072	267,009	489,901	956,197
Biomedical integration engineering	107,841	311,614	317,541	731,540
High-tech equipment and materials sales and services	<u>206,593</u>	<u>104,784</u>	<u>579,948</u>	<u>297,362</u>
	<u>\$ 2,976,279</u>	<u>3,831,947</u>	<u>9,436,429</u>	<u>11,473,126</u>

(ii) Contract balances

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Accounts receivable	\$ 3,866,095	3,339,533	3,156,328
Less: allowance for impairment	<u>(180,901)</u>	<u>(195,727)</u>	<u>(182,843)</u>
	<u>\$ 3,685,194</u>	<u>3,143,806</u>	<u>2,973,485</u>
Contract assets-construction and equipment	\$ 1,702,548	1,125,423	1,346,498
Less: allowance for impairment	<u>(49,639)</u>	<u>(45,479)</u>	<u>(45,479)</u>
	<u>\$ 1,652,909</u>	<u>1,079,944</u>	<u>1,301,019</u>
Contract liabilities-construction and equipment	\$ 1,116,456	1,715,013	1,434,649
Contract liabilities- Advance received	<u>-</u>	<u>3,917</u>	<u>6,339</u>
	<u>\$ 1,116,456</u>	<u>1,718,930</u>	<u>1,440,988</u>

For details on accounts receivable and allowance for impairment, please refer to Note 6(d).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There is no other majority change for the nine months ended September 30, 2019.

(w) Remuneration to employees and directors

According to the Company's articles of incorporation, remuneration to employees and directors should be appropriated amount not lower to 3% and not higher to 5% of profit before tax without remuneration to employees and directors for the current year, respectively, after any accumulated deficit is offset against the current period profit, if any.

For the three months and nine months ended September 30, 2019 and 2018, the Company estimated its employee remuneration amounted to \$18,623, \$19,198, \$59,984, and \$60,431, and directors' and supervisors' remuneration amounting to \$9,311, \$11,519, \$29,992 and \$36,259, respectively. These amounts were calculated using the company's net income before tax, multiplied by the proposed percentage which is stated under the company's article. These remunerations were expensed under operating costs or expenses for each period. If there is an adjustment between actual distribution and estimation of the aforementioned employee bonuses and

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remuneration to directors, the adjustment will reflect to the profit and loss on next year.

For the year ended December 31, 2018 and 2017, the Company estimated its employee remuneration amounted to \$81,757 and \$61,369, and directors' and supervisors' remuneration amounting to \$40,879 and \$30,685, respectively. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other revenue

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Interest income	\$ 10,159	9,019	31,545	30,618
Rental income	497	647	1,448	2,171
Others	(3,966)	7,917	16,567	18,078
	<u>\$ 6,690</u>	<u>17,583</u>	<u>49,560</u>	<u>50,867</u>

(ii) Other income and losses

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Exchange gain(loss) on \$ foreign currency	14,956	14,108	24,448	55,777
Gain on disposal of non-current assets held for sale	-	-	19,515	-
Net loss on financial assets or liabilities at fair value through profit or loss	303	767	6,717	(1,279)
Others	292	(247)	418	56
	<u>\$ 15,551</u>	<u>14,628</u>	<u>51,098</u>	<u>54,554</u>

(y) Financial Instruments

Except as described below, there are no significant changes on the fair value of financial instruments and the financial instruments exposed to credit risk, liquidity risk and market risk, please refer to Note 6(ab) of the Group's financial statements for the year ended December 31, 2018.

(i) Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

(2) Concentration of credit risk

As of September 30, 2019, December 31 and September 30, 2018, concentration of credit risk came from the Group's largest client are not

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more than 8%, 6% and 8% of the Group's receivables, respectively, while that came from the Group's other four major clients are not more than 19%, 20% and 21% of the Group's receivables, respectively.

(3) Credit risk of receivable

For credit risk exposure of note and trade receivables, please refer to Note 6 (d).

Other financial assets at amortized cost include other receivables and other financial assets.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4 (g) of the Group's financial statements for the year ended December 31, 2018.

The loss allowance provision as for the nine months ended September 30, 2019 and 2018 were determined as follows:

	<u>Other receivables</u>	<u>Other financial assets (guarantee deposits paid)</u>
Balance on January 1,2019	\$ 17,612	22,431
Amounts written off	(4,190)	-
Foreign exchange losses	<u>(357)</u>	<u>(669)</u>
Balance on September 30,2019	<u><u>\$ 13,065</u></u>	<u><u>21,762</u></u>
Balance on January 1,2018	13,759	-
Impairment loss recognized	4,272	-
Foreign exchange losses	<u>(540)</u>	<u>-</u>
Balance on September 30,2018	<u><u>\$ 17,491</u></u>	<u><u>-</u></u>

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5years</u>	<u>More than 5 years</u>
September 30, 2019						
Non-derivative financial liabilities						
Secured bank loans	\$ 72,989	73,450	73,450	-	-	-
Notes payable	93,690	93,690	93,690	-	-	-
Accounts payable (including related parties) and other accrued expenses	2,849,947	2,849,947	2,541,955	175,826	92,885	39,281
Leases liabilities (current and non-current)	<u>113,707</u>	<u>118,426</u>	<u>36,619</u>	<u>39,106</u>	<u>29,218</u>	<u>13,483</u>
	<u><u>\$ 3,130,333</u></u>	<u><u>3,135,513</u></u>	<u><u>2,745,714</u></u>	<u><u>214,932</u></u>	<u><u>122,103</u></u>	<u><u>52,764</u></u>
December 31, 2018						
Non-derivative financial liabilities						
Secured bank loans	\$ 135,278	136,316	136,316	-	-	-
Notes payable	175,364	175,364	175,364	-	-	-

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Accounts payable (including related parties) and other accrued expenses	<u>2,826,267</u>	<u>2,826,267</u>	<u>2,615,221</u>	<u>131,681</u>	<u>79,353</u>	<u>12</u>
	\$ <u>3,136,909</u>	<u>3,137,947</u>	<u>2,926,901</u>	<u>131,681</u>	<u>79,353</u>	<u>12</u>
September 30, 2018						
Non-derivative financial liabilities						
Secured bank loans	\$ 45,528	45,851	45,851	-	-	-
Notes payable	239,468	239,468	239,468	-	-	-
Accounts payable (including related parties) and other accrued expenses	<u>3,483,542</u>	<u>3,483,542</u>	<u>3,289,828</u>	<u>119,065</u>	<u>74,637</u>	<u>12</u>
	\$ <u>3,768,538</u>	<u>3,768,861</u>	<u>3,575,147</u>	<u>119,065</u>	<u>74,637</u>	<u>12</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

(1) Foreign exchange risk

The Group's significant exposures to foreign currency risk were as follows:

	<u>September 30, 2019</u>			<u>December 31, 2018</u>			<u>September 30, 2018</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 55,494	31.0400	1,722,522	61,510	30.802	1,894,616	72,002	30.6020	2,203,391
CNY	607,995	4.3525	2,646,299	540,472	4.4862	2,424,663	481,907	4.4499	2,144,439
SGD	3,711	22.4854	83,452	2,896	22.4235	64,946	3,047	22.4141	68,295
JPY	7,416	0.2883	2,138	46,792	0.2777	12,994	61,614	0.2718	16,747
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	5,915	31.0400	183,604	8,397	30.802	258,655	10,477	30.6020	320,605
CNY	305,417	4.3525	1,329,328	335,631	4.4862	1,505,707	325,326	4.4499	1,447,668
SGD	190	22.4854	4,279	179	22.4235	4,020	310	22.4141	6,946
JPY	18,925	0.2883	5,456	56,308	0.2777	15,637	58,775	0.2718	15,975

The Group'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, financial assets at fair value through other comprehensive income, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of September 30, 2019 and 2018 would have increased or decreased the before-tax net income by \$29,317 and \$26,417, respectively. The analysis is performed on the same basis for both periods.

Due to the Group have various functional currencies, thus adopting summary disclose monetary items to display exchange gain or loss. Exchange gain or loss for the nine months ended September 30, 2019 and

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2018, respectively, including unrealized and realized, were \$24,448 and \$55,777.

(2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in this note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases or 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.

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$730 and \$455 for the nine months ended September 30, 2019 and 2018, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(3) Other price risk

If the price of equity securities on reporting date changed (The analysis is performed on the same basis for both periods and assumed that the other factors are fixed), the effects of other comprehensive income items are as following:

Reporting Date Security Price	For the nine months ended September 30			
	2019		2018	
	Other comprehensive income Before-tax amount	Before-tax Profit or loss	Other comprehensive income Before-tax amount	Before-tax Profit or loss
Go up 3%	\$ 3,900	3,163	114	10,122
Go down 3%	\$ (3,900)	(3,163)	(114)	(10,122)

(iv) Fair value of financial instruments

(1) The kinds of financial instruments and fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured and leases liabilities disclosure of fair value information is not required :

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Financial liabilities at amortized cost

Short-term loans	\$	135,278	-	-	-	-
Notes payable		175,364	-	-	-	-
Accounts payable		2,761,469	-	-	-	-
Accounts payable-related party		396	-	-	-	-
Other accrued expenses		64,402	-	-	-	-
Total	\$	<u>3,136,909</u>	-	-	-	-

September 30, 2018

	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 337,415	337,415	-	-	337,415
Financial assets at fair value through other comprehensive income					
Emerging Stock	3,798	3,798	-	-	3,798
Financial assets at amortized cost					
Cash and cash equivalents	4,716,396	-	-	-	-
Contract Assets	1,301,019	-	-	-	-
Notes receivable	183,611	-	-	-	-
Accounts receivable	2,973,485	-	-	-	-
Other receivable	23,886	-	-	-	-
Other current financial assets	575,891	-	-	-	-
Total	\$ <u>10,115,501</u>	<u>341,213</u>	-	-	<u>341,213</u>
Financial liabilities at amortized cost					
Short-term loans	\$ 45,528	-	-	-	-
Notes payable	239,468	-	-	-	-
Accounts payable	3,438,543	-	-	-	-
Accounts payable-related party	443	-	-	-	-
Other accrued expenses	44,556	-	-	-	-
Total	\$ <u>3,768,538</u>	-	-	-	-

(2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(3) Fair value valuation technique of financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main

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exchanges and on-the-run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or regulators and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's financial instruments are broken down by the category and attributes of their fair value as follows if such financial instruments are traded in active markets: beneficiary securities – open-end fund and emerging stock, whose fair value was determined based on market quoted prices.

Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or with reference to counterparty quotes. The fair value obtained through evaluation technology can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including using market information available models available at the reporting date.

Equity instruments held by the the Group without public quotation are estimated at fair value using the market comparable company method. The main assumptions are based on the estimated income before depreciation and amortization earnings of the investee and comparable listed (counter) company market quote The derived earnings multiplier is measured on the basis. The estimate has adjusted the discount effect of the lack of market liquidity of the equity securities.

(4) Transfers between Levels

There were no transfers from one level to another for the nine months ended September 30, 2019 and 2018.

(5) Reconciliation of Level 3 fair values

	For the three months ended September 30	For the nine months ended September 30
	2019	2019
Opening balance	\$ -	-
Purchased	127,400	127,400
Total gains and losses in other comprehensive income	-	-
Ending Balance	<u>\$ 127,400</u>	<u>127,400</u>

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(z) Financial risk management

There are no significant changes on the Group financial risk management objectives and policies disclosure, please refer to Note 6(ac) of the Group financial statements for the year ended December 31, 2018.

(aa) Capital management

Disclosure of the Company's capital management objectives, policies and procedures consists with the consolidated financial statements of 2018; there are no significant changes to summary quantitative data for capital management disclosed of the consolidated financial statements of 2018. Please refer to Note 6(ad) of the Group financial statements for the year ended December 31, 2018.

(ab) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended September 30, 2019 and 2018, were as follows:

Acquired right-of-use asset by finance lease, please refer to Note 6(l).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2019	Cash flows	Non-cash changes		September 30, 2019
			Foreign exchange movement	Increased	
Short-term loans	\$ 135,278	(59,991)	(2,298)	-	72,989
Leases liabilities	111,162	(26,364)	(1,073)	29,982	113,707
Guarantee deposit received	84	66	-	-	150
Total liabilities from financing activities	\$ 246,524	(86,289)	(3,371)	29,982	186,846

	January 1, 2018	Cash flows	Non-cash changes		September 30, 2018
			Foreign exchange movement	Fair value Changes	
Short-term loans	\$ 344,806	(286,790)	(12,488)	-	45,528
Guarantee deposit received	314	-	-	-	314
Total liabilities from financing activities	\$ 345,120	(286,790)	(12,488)	-	45,842

(7) Related party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Johnwell Ent Co.,Ltd	The key management personnel of the parent company's directors

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(b) Other related party transactions

(i) Construction cost, and related assets and liabilities:

The amounts of significant purchase transactions and outstanding payables for goods and equipments between the Group and related parties were as follows:

	<u>Purchases</u>		<u>Purchases</u>		<u>Payables to Related Parties</u>		
	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>		<u>September</u>	<u>December</u>	<u>September</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>30, 2019</u>	<u>31, 2018</u>	<u>30, 2018</u>
Entity under the key management's control	<u>\$ 92</u>	<u>401</u>	<u>804</u>	<u>863</u>	<u>108</u>	<u>396</u>	<u>443</u>

The purchase price and terms of the payments present no significant difference from those with third-party vendors.

(c) Key management personnel compensation

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 17,456	26,826	74,418	78,662
Post-employment benefits	108	290	324	434
Share based payments	-	2,082	363	4,042
	<u>\$ 17,564</u>	<u>29,198</u>	<u>75,105</u>	<u>83,138</u>

F or details of the related share based payments, please refer to Note 6(u).

(8) Pledged assets:

The Group's pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Other financial assets—				
current:				
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	\$ 58,533	392,727	345,108
Other non-current assets:				
Other non-current assets	warranty guarantee	1,581	1,573	540
		<u>\$ 60,114</u>	<u>394,300</u>	<u>345,648</u>

(9) Significant commitments and contingencies:

Significant commitments and contingencies for the Group as of September 30, 2019, and December 31, September 30, 2018 are as follows:

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ACTER GROUP CORPORATION LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$1,170,513, \$1,211,732 and \$1,270,195, respectively.
- (b) Bank pledges for engaging in construction contracts amounted to \$1,870,216, \$1,412,180 and \$1,189,751, respectively.
- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to \$369,077, \$400,455 and \$392,550, respectively.
- (d) For already-signed but not-yet-finished significant construction contracts, please refer to Note 6(v).
- (e) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to \$42,189 at the Taipei District Court. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay \$14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court. As of September 30, 2019, the compensation remained \$8,376 payable, and has been recognized as other current liabilities and accrued expenses.
- (f) The Company's subsidiary, Nova Tech, contracted to constructions of gas factory expansion and new factory with Jing He Science Co., Ltd. (Jing He). For installation of process equipment and pipeline, Nova Tech was responsible for installing the process pipelines and purchasing process equipment according with the design layout or purchase order provided by Jing He. Hereafter, Jing He had changed the design layout which resulted in extra work. Nova Tech requested Jing He for additional contract payment. Jing He argued that the contract is a lump-sum contract.

Therefore, Jing He refused any additional payment and terminated the contract unilaterally right before the construction completed. Nova Tech has sued Jing He for related contract payment. Nova Tech has appointed an attorney as an agent. The case has been in trial and the district court has appointed Taiwan Association of Construction and Development and Taiwan Professional Electrical Engineers Association to valuing the completed part of new factory building. Nova Tech and Jing He has provided supplement opinions for the preliminary valuation and wait for the valuation report. Besides, the district court has appointed Taiwan Construction Research Institute to valuing the gas factory expansion construction. Taiwan Construction Research Institute requested Nova Tech and Jing He for supplement documents. Up to the issuance date of the financial statements, Nova Tech was not able to predict the judgment of the court and amount of compensation. However, Nova Tech has appropriately recognized allowance for impairment of incurred construction cost in accordance with related accounting standards. Nova Tech estimated the maximum loss for this lawsuit. The maximum impact to financial statements is a loss of 70 million. Jing He paid 10,500 for partial of construction payment and interest to Nova Tech on February 5, 2018.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

ACTER GROUP CORPORATION LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

(b)

<u>By item</u>	<u>For the three months ended September 30</u>					
	<u>2019</u>			<u>2018</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit						
Salary	\$ 170,244	122,807	293,051	172,609	106,630	279,239
Labor, health and social insurance	18,546	14,110	32,656	16,953	8,779	25,732
Pension	4,464	1,687	6,151	4,412	1,494	5,906
Other	5,116	3,622	8,738	4,887	6,583	11,470
Depreciation	1,894	14,573	16,467	1,262	5,092	6,354
Amortization	81	1,796	1,877	77	1,736	1,813

<u>By item</u>	<u>For the nine months ended September 30</u>					
	<u>2019</u>			<u>2018</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit						
Salary	\$ 499,149	366,707	865,856	514,867	327,177	842,044
Labor, health and social insurance	53,306	35,406	88,712	50,041	28,254	78,295
Pension	12,767	5,502	18,269	12,671	4,923	17,594
Other	14,249	14,226	28,475	14,399	15,525	29,924
Depreciation	10,484	37,901	48,385	3,369	15,307	18,676
Amortization	219	5,012	5,231	240	5,215	5,455

Note: Depreciation for investment property for the nine months ended September 30, 2019 and 2018 were \$1,865, respectively, and were recorded in non-operating expenses.

(c) Operation of seasonal:

The Group did not be influenced by seasonal or periodicity.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

ACTER GROUP CORPORATION LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Segment information:

The Group's operating segment information and reconciliation are as follows:

<u>For the three months ended September 30, 2019</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 1,159,929	1,685,641	130,709	-	2,976,279
Intersegment revenues	<u>96,754</u>	<u>238,218</u>	<u>-</u>	<u>(334,972)</u>	<u>-</u>
Total revenue	<u>\$ 1,256,683</u>	<u>1,923,859</u>	<u>130,709</u>	<u>(334,972)</u>	<u>2,976,279</u>
Reportable segment profit or loss					<u>\$ 322,418</u>
<u>For the three months ended September 30, 2018</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 1,547,947	2,005,603	278,397	-	3,831,947
Intersegment revenues	<u>111,561</u>	<u>42,779</u>	<u>-</u>	<u>(154,340)</u>	<u>-</u>
Total revenue	<u>\$ 1,659,508</u>	<u>2,048,382</u>	<u>278,397</u>	<u>(154,340)</u>	<u>3,831,947</u>
Reportable segment profit or loss					<u>\$ 354,744</u>
<u>For the nine months ended September 30, 2019</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 4,217,596	4,810,286	408,547	-	9,436,429
Intersegment revenues	<u>126,020</u>	<u>244,760</u>	<u>-</u>	<u>(370,780)</u>	<u>-</u>
Total revenue	<u>\$ 4,343,616</u>	<u>5,055,046</u>	<u>408,547</u>	<u>(370,780)</u>	<u>9,436,429</u>
Reportable segment profit or loss					<u>\$ 945,367</u>
<u>For the nine months ended September 30, 2018</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 4,686,890	6,232,185	554,051	-	11,473,126
Intersegment revenues	<u>665,130</u>	<u>109,053</u>	<u>-</u>	<u>(774,183)</u>	<u>-</u>
Total revenue	<u>\$ 5,352,020</u>	<u>6,341,238</u>	<u>554,051</u>	<u>(774,183)</u>	<u>11,473,126</u>
Reportable segment profit or loss					<u>\$ 1,113,449</u>
<u>Reportable segment asset</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
September 30, 2019	<u>\$ 10,128,370</u>	<u>10,126,230</u>	<u>2,502,082</u>	<u>(11,720,166)</u>	<u>11,036,516</u>
December 31, 2018	<u>\$ 10,553,191</u>	<u>9,872,124</u>	<u>1,896,417</u>	<u>(10,540,943)</u>	<u>11,780,789</u>
September 30, 2018	<u>\$ 10,834,403</u>	<u>5,398,731</u>	<u>1,868,373</u>	<u>(6,216,261)</u>	<u>11,885,246</u>
<u>Reportable segment liability</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
September 30, 2019	<u>\$ 3,278,079</u>	<u>4,282,052</u>	<u>316,779</u>	<u>(2,084,629)</u>	<u>5,792,281</u>
December 31, 2018	<u>\$ 3,432,785</u>	<u>4,388,295</u>	<u>251,719</u>	<u>(1,673,522)</u>	<u>6,399,277</u>
September 30, 2018	<u>\$ 3,993,887</u>	<u>3,210,978</u>	<u>159,657</u>	<u>(688,830)</u>	<u>6,675,692</u>