

**Acter Group Corporation Limited and Subsidiaries  
Consolidated Financial Statements**

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

**September 30, 2020 and 2019**

**Translated by Acter Group Co., Ltd., note for reader please see page 3-1.**

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## **Independent Auditors' Review Report**

The Board of Directors  
Acter Group Corporation Limited:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the Acter Group Corporation Limited and its subsidiaries (the "Group") as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, 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\$2,650,962 thousand and NT\$2,196,338 thousand, constituting 21% and 20% of consolidated total assets as of September 30, 2020 and 2019, respectively, total liabilities amounting to NT\$1,132,125 thousand and NT\$828,282 thousand, constituting 15% and 14% of consolidated total liabilities as of September 30, 2020 and 2019, respectively, and total comprehensive income(loss) amounting to NT\$55,962 thousand and NT\$102,234 thousand, and NT\$116,576 thousand and NT\$200,948 thousand constituting 21%, 42%, 14% and 23% of consolidated total comprehensive income (loss) for the three months ended and nine months ended September 30, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(h), the shares of loss of associates and joint ventures accounted for using equity method NT\$61 thousand for the nine months ended September 30, 2019 was 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 Limited and its subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and the nine months ended September 30, 2020 and 2019, and consolidated cash flows for the nine months ended September 30, 2020 and 2019 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 6, 2020

## **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 Limited and Subsidiaries**  
**Consolidated Balance Sheets**  
**September 30, 2020, and 2019**  
(In Thousands of New Taiwan Dollars)

Assets	September 30,2020		December 31,2019		September 30,2019		Liabilities and Equity	September 30,2020		December 31,2019		September 30,2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current Assets:</b>							<b>Current Liabilities:</b>						
1100 Cash and cash equivalents (Note 6(a) and (x))	\$ 3,208,693	25	3,874,953	32	2,671,440	24	2100 Short-term loans (Note 6(m) and (x))	\$ 671,018	5	136,609	1	72,989	1
1110 Current financial assets at fair value through profit or loss (Note 6(b) and (x))	338,899	3	172,400	1	105,443	1	2130 Contract liabilities-current (Note 6(u))	1,525,088	12	1,224,181	10	1,116,456	10
1140 Contract Assets – current (Note 6(u))	2,774,829	21	1,496,769	13	1,652,909	15	2150 Notes payable (Note 6(x))	113,206	1	63,637	1	93,690	1
1150 Notes receivable, net (Note 6(d) and (x))	129,858	1	453,149	4	519,125	5	2170 Trade payable (Note 6(x))	3,489,978	27	3,110,389	26	2,782,717	25
1170 Trade receivable, net (Note 6(d) 、(u) and (x))	3,964,462	31	3,480,867	30	3,685,194	34	2180 Trade Payables to related parties (Note 6(x) and 7)	603	-	313	-	108	-
1200 Other receivables (Note 6(e) and (x))	14,838	-	20,424	-	28,929	-	2201 Accrued salaries and bonuses(Note6(x))	267,774	2	341,137	3	247,504	2
1220 Current income tax assets	9,922	-	2,305	-	2,698	-	2216 Dividends payables (Note 6(x))	-	-	-	-	3,657	-
1310 Inventories, net (Note 6(f))	230,885	2	484,731	4	386,093	4	2230 Current tax liabilities	56,251	-	154,619	1	146,404	1
1476 Other financial assets—current (Note 8)	437,765	3	390,060	3	415,502	4	2250 Provisions—current (Note 6(o))	291,694	3	322,699	3	370,792	3
1479 Other current assets	622,476	5	430,050	4	420,001	4	2280 Lease liabilities(Note 6(n))	41,127	-	35,299	-	34,461	-
	<u>11,732,627</u>	<u>91</u>	<u>10,805,708</u>	<u>91</u>	<u>9,887,334</u>	<u>91</u>	2399 Other current liabilities(Note 9)	264,062	2	325,730	3	253,910	2
								<u>6,720,801</u>	<u>52</u>	<u>5,714,613</u>	<u>48</u>	<u>5,122,688</u>	<u>45</u>
<b>Non-current assets:</b>							<b>Non-current liabilities:</b>						
1517 Non-current financial assets at fair value through other comprehensive income(Note 6(c))	132,483	1	130,000	1	129,998	1	2570 Deferred tax liabilities	629,270	5	594,441	5	541,361	5
1600 Property, plant and equipment (Note 6(j))	467,124	4	463,872	4	442,712	4	2580 Lease obligations-non-current(Note 6(n))	71,301	1	74,965	1	79,246	1
1755 Right-of-use asset(Note 6(k))	138,352	1	138,875	1	143,943	1	2640 Accrued pension liabilities	60,221	-	59,869	-	48,836	-
1760 Investment property, net(Note 6(l))	238,902	2	240,767	2	241,389	2	2645 Guarantee deposit received	152	-	150	-	150	-
1840 Deferred tax assets	166,008	1	173,994	1	150,399	1		<u>760,944</u>	<u>6</u>	<u>729,425</u>	<u>6</u>	<u>669,593</u>	<u>6</u>
							<b>Total Liabilities</b>	<u>7,481,745</u>	<u>58</u>	<u>6,444,038</u>	<u>54</u>	<u>5,792,281</u>	<u>51</u>
1990 Other non-current assets (Note 8)	45,976	-	39,864	-	40,741	-	<b>Equity Attributable to Shareholders of the parent company(Note 6(r)):</b>						
	<u>1,188,845</u>	<u>9</u>	<u>1,187,372</u>	<u>9</u>	<u>1,149,182</u>	<u>9</u>	3100 Common stock	541,868	4	541,868	5	541,868	5
							3200 Capital surplus	1,391,851	11	1,392,119	11	1,392,119	13
							3300 Retained earnings	2,581,837	20	2,698,781	22	2,446,451	23
							3400 Other equity interest	(156,356)	(1)	(129,185)	(1)	(119,136)	(1)
								<u>4,359,200</u>	<u>34</u>	<u>4,503,583</u>	<u>37</u>	<u>4,261,302</u>	<u>40</u>
							<b>Total Equity attributable to the parent of company</b>						
							36xx Non-controlling interests	1,080,527	8	1,045,459	9	982,933	9
							<b>Total Equity</b>	<u>5,439,727</u>	<u>42</u>	<u>5,549,042</u>	<u>46</u>	<u>5,244,235</u>	<u>49</u>
<b>Total Assets</b>	<b>\$ <u>12,921,472</u></b>	<b><u>100</u></b>	<b><u>11,993,080</u></b>	<b><u>100</u></b>	<b><u>11,036,516</u></b>	<b><u>100</u></b>	<b>Total Liabilities And Equity</b>	<b>\$ <u>12,921,472</u></b>	<b><u>100</u></b>	<b><u>11,993,080</u></b>	<b><u>100</u></b>	<b><u>11,036,516</u></b>	<b><u>100</u></b>

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

**Acter Group Corporation Limited and Subsidiaries**  
**Consolidated Statements Of Comprehensive Income**  
**For The Three Months Ended and Nine Months Ended September 30, 2020 And 2019**  
**(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				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Operating revenues:</b>									
4521	Construction revenue (Note 6(u))	\$ 3,171,710	96	2,770,659	93	9,970,314	97	8,862,892	94
4529	Less: allowances	<u>(949)</u>	-	<u>(974)</u>	-	<u>(4,086)</u>	-	<u>(6,412)</u>	-
		<u>3,170,761</u>	<u>96</u>	<u>2,769,685</u>	<u>93</u>	<u>9,966,228</u>	<u>97</u>	<u>8,856,480</u>	<u>94</u>
4110	Sales	113,745	3	183,656	6	203,496	2	493,840	5
4800	Other operating revenue	<u>30,718</u>	<u>1</u>	<u>22,938</u>	<u>1</u>	<u>83,015</u>	<u>1</u>	<u>86,109</u>	<u>1</u>
		<u>3,315,224</u>	<u>100</u>	<u>2,976,279</u>	<u>100</u>	<u>10,252,739</u>	<u>100</u>	<u>9,436,429</u>	<u>100</u>
<b>Operating cost:</b>									
5520	Construction cost(Note 6(f) \ (n) \ (p) \ (v) and 7(b))	2,690,117	81	2,210,856	74	8,284,410	81	7,156,028	76
5110	Cost of goods sold	92,427	3	143,175	5	158,091	2	351,036	4
5800	Other operating cost	<u>17,208</u>	-	<u>9,654</u>	-	<u>55,802</u>	-	<u>28,863</u>	-
		<u>2,799,752</u>	<u>84</u>	<u>2,363,685</u>	<u>79</u>	<u>8,498,303</u>	<u>83</u>	<u>7,535,927</u>	<u>80</u>
	<b>Gross profit</b>	<u>515,472</u>	<u>16</u>	<u>612,594</u>	<u>21</u>	<u>1,754,436</u>	<u>17</u>	<u>1,900,502</u>	<u>20</u>
Operating expenses (Note 6(n) \ (p) and (v)):									
6100	Selling	29,208	1	30,180	1	83,482	1	93,154	1
6200	General and administrative	142,802	4	139,694	5	415,330	4	422,526	5
6300	Research and development	56,774	2	36,922	1	131,950	1	111,818	1
6400	Expected credit impairment loss of gains on reversal(Note 6 (d))	<u>(27,415)</u>	<u>(1)</u>	<u>(51,939)</u>	<u>(2)</u>	<u>(52,364)</u>	-	<u>(10,297)</u>	-
		<u>201,369</u>	<u>6</u>	<u>154,857</u>	<u>5</u>	<u>578,398</u>	<u>6</u>	<u>617,201</u>	<u>7</u>
	<b>Operating income</b>	<u>314,103</u>	<u>10</u>	<u>457,737</u>	<u>16</u>	<u>1,176,038</u>	<u>11</u>	<u>1,283,301</u>	<u>13</u>
<b>Non-operating income and expenses:</b>									
7050	Finance costs	(1,305)	-	(683)	-	(4,108)	-	(3,975)	-
7100	Interest revenue(Note 6(w))	10,162	-	10,159	-	25,397	-	31,545	1
7010	Other income and expenses(Note 6(w))	7,838	-	(3,469)	-	28,542	-	18,015	-
7070	Share of loss of associates accounted for using equity method(Note 6(h))	-	-	-	-	-	-	(61)	-
7020	Other gains and losses, net (Note 6(w))	<u>(32,238)</u>	<u>(1)</u>	<u>15,551</u>	-	<u>(23,128)</u>	-	<u>51,098</u>	<u>1</u>
		<u>(15,543)</u>	<u>(1)</u>	<u>21,558</u>	-	<u>26,703</u>	-	<u>96,622</u>	<u>2</u>
	<b>Profit before tax</b>	<u>298,560</u>	<u>9</u>	<u>479,295</u>	<u>16</u>	<u>1,202,741</u>	<u>11</u>	<u>1,379,923</u>	<u>15</u>
7950	<b>Income tax expense</b> (Note 6(q))	<u>63,834</u>	<u>2</u>	<u>156,877</u>	<u>5</u>	<u>331,796</u>	<u>3</u>	<u>434,556</u>	<u>5</u>
	<b>Profit for the year</b>	<u>234,726</u>	<u>7</u>	<u>322,418</u>	<u>11</u>	<u>870,945</u>	<u>8</u>	<u>945,367</u>	<u>10</u>
<b>Other comprehensive income:</b>									
<b>Items that will not be reclassified subsequently to profit or loss</b>									
8311	Remeasurements of the defined benefit plans	(755)	-	-	-	(755)	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(138)	-	(815)	-	237	-	(580)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		<u>(893)</u>	-	<u>(815)</u>	-	<u>(518)</u>	-	<u>(580)</u>	-
<b>Items that will be reclassified subsequently to profit or loss</b>									
8361	Exchange differences on translation of foreign operations	43,973	1	(80,916)	(3)	(40,825)	-	(58,964)	(1)
8399	Less: income tax relating to components of other comprehensive (Note 6(q))	<u>(12,043)</u>	-	<u>4,305</u>	-	<u>9,057</u>	-	<u>(1,053)</u>	-
		<u>31,930</u>	<u>1</u>	<u>(76,611)</u>	<u>(3)</u>	<u>(31,768)</u>	-	<u>(60,017)</u>	<u>(1)</u>
8300	<b>Other comprehensive income, net</b>	<u>31,037</u>	<u>1</u>	<u>(77,426)</u>	<u>(3)</u>	<u>(32,286)</u>	-	<u>(60,597)</u>	<u>(1)</u>
8500	<b>Comprehensive income</b>	<u>\$ 265,763</u>	<u>8</u>	<u>244,992</u>	<u>8</u>	<u>838,659</u>	<u>8</u>	<u>884,770</u>	<u>9</u>
<b>Profit attributable to :</b>									
8610	Shareholders of the parent	\$ 188,706	6	248,289	8	696,510	7	776,048	8
8620	Non-controlling interests	<u>46,020</u>	<u>1</u>	<u>74,129</u>	<u>3</u>	<u>174,435</u>	<u>1</u>	<u>169,319</u>	<u>2</u>

		\$ <u>234,726</u>	<u>7</u>	<u>322,418</u>	<u>11</u>	<u>870,945</u>	<u>8</u>	<u>945,367</u>	<u>10</u>
	<b>Comprehensive income attributable to :</b>								
8710	Shareholders of the parent	\$ 211,734	6	184,526	6	668,686	7	725,722	8
8720	Non-controlling interests	<u>54,029</u>	<u>2</u>	<u>60,466</u>	<u>2</u>	<u>169,973</u>	<u>1</u>	<u>159,048</u>	<u>1</u>
		\$ <u>265,763</u>	<u>8</u>	<u>244,992</u>	<u>8</u>	<u>838,659</u>	<u>8</u>	<u>884,770</u>	<u>9</u>
	<b>Earnings per share ((attributable to shareholders of the parent)) (Note 6(t))</b>								
9750	<b>Basic earnings per share</b>	\$ <u>3.48</u>		<u>4.58</u>		<u>12.85</u>		<u>14.36</u>	
9850	<b>Diluted earnings per share</b>	\$ <u>3.48</u>		<u>4.49</u>		<u>12.77</u>		<u>13.99</u>	

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

**Acter Group Corporation Limited and Subsidiaries**  
**Consolidated Balance Sheets**  
**September 30, 2020, and 2019**  
**(In Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Other equity					
	Retained earnings						Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others	Total Other equity	Non-controlling interests	Total equity
<b>Balance, January 1, 2019</b>	\$ 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>(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 interests	-	-	-	-	-	-	-	-	-	-	(208,501)	(208,501)
<b>Balance, September 30, 2019</b>	\$ 541,868	1,392,119	617,840	68,809	1,759,802	2,446,451	(112,983)	(6,153)	-	(119,136)	982,933	5,244,235
<b>Balance, January 1, 2020</b>	\$ 541,868	1,392,119	617,840	68,809	2,012,132	2,698,781	(123,035)	(6,150)	-	(129,185)	1,045,459	5,549,042
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	103,609	-	(103,609)	-	-	-	-	-	-	-
Special reserve	-	-	-	60,377	(60,377)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(812,801)	(812,801)	-	-	-	-	-	(812,801)
	<u>541,868</u>	<u>1,392,119</u>	<u>721,449</u>	<u>129,186</u>	<u>1,035,345</u>	<u>1,885,980</u>	<u>(123,035)</u>	<u>(6,150)</u>	<u>-</u>	<u>(129,185)</u>	<u>1,045,459</u>	<u>4,736,241</u>
Changes in ownership interests in subsidiaries	-	(268)	-	-	-	-	-	-	-	-	-	(268)
Comprehensive income for the nine months ended September 30, 2020												
Profit for the period	-	-	-	-	696,510	696,510	-	-	-	-	174,435	870,945
Other comprehensive income for the period	-	-	-	-	(653)	(653)	(27,408)	237	-	(27,171)	(4,462)	(32,286)
Total comprehensive income	-	-	-	-	695,857	695,857	(27,408)	237	-	(27,171)	169,973	838,659
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(134,905)	(134,905)
<b>Balance, September 30, 2020</b>	\$ 541,868	1,391,851	721,449	129,186	1,731,202	2,581,837	(150,443)	(5,913)	-	(156,356)	1,080,527	5,439,727



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

**Acter Group Corporation Limited and Subsidiaries**  
**Consolidated Statements Of Cash Flows**  
**For The Nine Months Ended September 30, 2020 And 2019**  
**(All Amount Expressed in Thousands of New Taiwan Dollars)**

	<b>For the Nine months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 1,202,741	1,379,923
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation(Including investment property)	56,594	50,250
Amortization	7,483	5,231
Excepted credit impairment loss of gains on reversal	(52,364)	(10,297)
Net profit on financial assets or liabilities at fair value through profit or loss	-	(6,717)
Interest income	(25,397)	(31,545)
Interest expense	4,108	3,975
Dividend income	(3,905)	-
Compensation cost arising from employee stock options	-	(504)
Shares of loss of associates and joint ventures accounted for using equity method	-	61
Loss on disposal of property, plant and equipment	195	11
Gain on disposal of non-current assets held for sale	-	(19,515)
Other	(5)	(325)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(13,291)</u>	<u>(9,375)</u>
<b>Changes in operating assets and liabilities</b>		
<b>Changes in operating assets</b>		
(Increase) decrease in current financial assets mandatorily measured at fair value through profit or loss	(166,499)	84,130
Increase in current contract assets	(1,278,060)	(572,965)
Decrease (increase) in notes receivable	323,291	(195,628)
Increase in trade receivable	(430,276)	(526,562)
Decrease (increase) in inventories	253,846	(64,778)
(Increase) decrease in other financial assets	(234,209)	372,370
<b>Total changes in operating assets</b>	<u>(1,531,907)</u>	<u>(903,433)</u>
<b>Changes in operating liabilities</b>		
Increase (decrease) in current contract liabilities	300,907	(602,474)
Increase (decrease) in notes payable	49,569	(81,674)
Increase in trade payable	379,879	21,248
(Decrease) increase in provisions	(29,647)	28,013
Decrease in other current liabilities	(135,655)	(107,155)
<b>Total changes in operating liabilities</b>	<u>565,053</u>	<u>(742,042)</u>
<b>Total adjustments</b>	<u>(980,145)</u>	<u>(1,654,850)</u>
Cash inflow generated from operations	222,596	(274,927)
Interest received	25,175	32,339
Interest paid	(3,887)	(5,912)
Income taxes paid	(378,933)	(347,645)
<b>Net cash flows from operating activities</b>	<u>(135,049)</u>	<u>(596,145)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through comprehensive income	(2,246)	-
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	(26,256)	(50,220)
Proceeds from disposal of property, plant and equipment	28	102
Acquisition of intangible assets	(13,270)	(6,836)
Acquisition of right-of-use assets	(356)	(980)
Increase in other non-current assets	(1,318)	(1,455)
Dividends received	3,905	-
<b>Net cash flows used in investing activities</b>	<u>(39,513)</u>	<u>13,985</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	841,018	102,989
Repayments of short-term loans	(303,828)	(162,980)
Increase in guarantee deposits received	2	66
Payment of lease liabilities	(30,322)	(26,364)
Cashing dividends	(812,801)	(813,042)
Change in non-controlling interests	(134,621)	(201,059)
<b>Net cash used in financing activities</b>	<u>(440,552)</u>	<u>(1,100,390)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(51,146)</u>	<u>(70,741)</u>
<b>Net decrease in cash and cash equivalents</b>	(666,260)	(1,753,291)
<b>Cash and cash equivalents at beginning of period</b>	3,874,953	4,424,731
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,208,693</u>	<u>\$ 2,671,440</u>

**Reviewed only, not audited in accordance with the generally accepted auditing standards.**  
**ACTER GROUP CORPORATION LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**September 30, 2020 and 2019**  
**(Expressed in thousands of New Taiwan dollars, unless otherwise specified)**

**(1) Organization and business scope**

ACTER GROUP CORPORATION LIMITED (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, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended September 30, 2020 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 were authorized for issuance by the Board of Directors on November 6, 2020.

**(3) New standards and interpretations adopted**

- (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, 2020 as follows:

<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 IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
• Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
• Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

- (b) The impact of IFRS endorsed by 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 2021.

<u>New Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the 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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”	January 1, 2021

Those which may be relevant to the Group are set out below:

<u>Issue Dates</u>	<u>New Standards and Amendments</u>	<u>Main Amendments</u>
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

Issue Dates	New Standards and Amendments	Main Amendments
May 14, 2020	Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	<p>The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows:</p> <ul style="list-style-type: none"> <li>• Costs that relate directly to a contract can either be incremental costs of fulfilling the contract (examples would be direct labor, materials).</li> <li>• An allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</li> </ul>

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.

Except the following accounting policies (c) and (d) 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, 2019. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2019.

(b) Basis of preparation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
(1)The Company	Nova Technology Corp. (Nova Tech)	Wholesale of electronic and design chemical supply system for semi-conductor industrial	62.19	62.19	62.19	
	Her Suo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100	100	100	Note 5
	Enrich Tech Co., Ltd. (Enrich Tech)	Comprehensive construction company	56.94	56.94	56.94	Note 5
(2)Nova Tech	Sheng Huei International Co., Ltd. (SHI)	Investment holding company	100	100	100	
	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	100	100	100	
	Winmega Technology Corp. (Winmega)	Wholesale of electronic and chemical engineering equipment	100	100	100	
	Suzhou Winmax Technology Corp. (Suzhou Winmax)	Design and manufacture of air containers and liquid containers	100	100	100	

Name of investor	Name of subsidiary	Principal activity	Shareholding			Notes
			September 30, 2020	December 31, 2019	September 30, 2019	
	Novatech Engineering & Construction Pte., Ltd. (NTEC Singapore)	Chemical supply system business	100	100	100	Note 5
(3)Sheng Huei International	Acter Technology Integration Group Co. Ltd (Acter China)	Construction and set-up of electronic equipment and air conditioners	86.66	86.66	86.66	Note 2
	New Point Group Ltd.(New Point)	Investment holding company and trading of equipment	100	100	100	Note 5
(4)Acter China	Shenzhen Dingmao Trade Co., Ltd.(Shenzhen Dingmao)	Electronic equipment and machinery trading	100	100	100	Note 5
	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100	100	100	Note 5
	Acter International Ltd. (AIL)	Investment holding company and trading of clean rooms and air conditioners	100	100	100	Note 5
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment holding company	100	100	100	Note 5
(5)NTS	Nova Technology Malaysia Sdn. Bhd. (NTM Malaysia)	Investment holding company	100	100	100	Note 5
	PT. Novamex Indonesia (NMI , Acter Indonesia)	Equipment trading and set-up	100	100	100	Note 5
	Acter Engineering Co., Ltd.(Acter Myanmar)	Construction and setup of electronic equipment and air conditioners	-	-	-	Note 1
	Acter Technology Co., Ltd. (Acter Thailand)	Set-up of electronic protection systems and central air conditioners	98	98	-	Note3 and 5
(6)Acter International	Sheng Huei Engineering Technology Co., Ltd. (Acter Vietnam)	Set-up of electronic protection systems and central air conditioners	100	100	100	Note 5
	Space Engineering Co., Ltd.(Space Acter Thailand)	Investment holding company and trading of equipment	49	49	-	Note4 and 5
(7)New Point	Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100	100	100	Note 5

Note 1: The ownership of Acter Engineering in NTS and Sheng Huei International consisted of 99% and 1%, respectively. Acter Engineering had been liquidated in March 2019.

Note 2: Sheng Huei (Suzhou) Engineering Co., Ltd. changed its name to Acter Technology Integration Group Co., Ltd. in July 2019.

Note 3: NTS established a new subsidiary Acter Technology Co., Ltd. in October 2019. The ownership of Acter Technology Co., Ltd. in NTS and Space Engineering consisted of 49% respectively.

Note 4: Acter International established a new subsidiary Space Technology in November 2019.

Note 5: Companies are non-significant and their financial statements have not been reviewed.

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

(c) 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.

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.

(d) 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 consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019.

**(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, 2019. Please refer to Note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	<b>September30, 2020</b>	<b>December 31, 2019</b>	<b>September30, 2019</b>
Petty cash and cash on hand	\$ 3,870	1,362	1,204
Checking and demand deposits	2,050,689	2,241,349	1,339,121
Time deposits	1,007,754	1,596,284	1,331,115
Cash equivalent - repurchased commercial paper	146,380	35,958	-
	<b><u>\$ 3,208,693</u></b>	<b><u>3,874,953</u></b>	<b><u>2,671,440</u></b>

The repurchased commercial paper rate as of September 30, 2020 and December 31, 2019 were 0.35% and 0.5% respectively, with maturity dates on October 7 and January 2, 2020, respectively. There is no such situation on September 30, 2019.

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

	<b>September30, 2020</b>	<b>December 31, 2019</b>	<b>September30, 2019</b>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary securities - open-end funds	<b><u>\$ 338,899</u></b>	<b><u>172,400</u></b>	<b><u>105,443</u></b>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Equity investments at fair value through other comprehensive income			
Holy Stone Healthcare Co., Ltd.	\$ 2,837	2,600	2,598
Waste Recovery Technology Inc.	127,400	127,400	127,400
Hsin Chu Golf Country Club	<u>2,246</u>	<u>-</u>	<u>-</u>
	<u><b>\$ 132,483</b></u>	<u><b>130,000</b></u>	<u><b>129,998</b></u>

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

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, 2020 and 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(x).

(iii) The aforesaid financial assets were not pledged.

(d) Note and trade receivables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Note receivables from operating activities	\$ 129,858	453,149	519,125
Trade receivables – measured as amortized cost	4,068,264	3,637,989	3,866,095
Less: Allowance for impairment	<u>(103,802)</u>	<u>(157,122)</u>	<u>(180,901)</u>
Total	<u><b>\$ 4,094,320</b></u>	<u><b>3,934,016</b></u>	<u><b>4,204,319</b></u>

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. To measure the expected credit losses, notes and 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:

Aging of Receivables	<u>September 30, 2020</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 3,765,999	-	-
121 to 180 days	178,266	0.5%	891
181 to 360 days	138,463	1%	1,385
361 to 540 days	27,447	40%~50%	13,579
More than 541 days	<u>87,947</u>	100%	<u>87,947</u>
Total	<u><b>\$ 4,198,122</b></u>		<u><b>103,802</b></u>

Aging of Receivables	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 3,361,226	-	-
121 to 180 days	249,591	0.5%	1,248
181 to 360 days	225,288	1%	2,253
361 to 540 days	180,797	40%~50%	79,385
More than 541 days	74,236	100%	74,236
Total	<u>\$ 4,091,138</u>		<u>157,122</u>

Aging of Receivables	September 30, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ 3,634,811	-	-
121 to 180 days	280,296	0.5%	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	<u>\$ 4,385,220</u>		<u>180,901</u>

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

	For the nine months ended September 30	
	2020	2019
Balance, January 1	\$ 157,122	195,727
Impairment losses reversed	(52,364)	(10,297)
Foreign exchange gains (losses) and others	(956)	(4,529)
Balance, September 30	<u>\$ 103,802</u>	<u>180,901</u>

(i) Trade receivable includes retained construction receivable, which amounted to \$65,118 thousand, \$53,776 thousand and \$48,744 thousand as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

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

(e) Other receivables

	September 30, 2020	December 31, 2019	September 30, 2019
Other accounts receivable	\$ 14,838	20,424	41,994
Less: Loss allowance	-	-	(13,065)
	<u>\$ 14,838</u>	<u>20,424</u>	<u>28,929</u>

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

(f) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods and merchandise	\$ 6,807	8,182	2,879
Work in process and semi-finished goods	14,253	230,893	86,745
Raw materials	221,514	256,614	310,573
	242,574	495,689	400,197
Less: provision for inventory devaluation	(11,689)	(10,958)	(14,104)
	<u>\$ 230,885</u>	<u>484,731</u>	<u>386,093</u>



For the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, the write-down (upswing) of inventories amounted to \$(1,990) thousand, \$3,340 thousand, \$775 thousand and \$(3,245) thousand. The write-downs (upswings) are included in cost of goods sold.

No inventories were pledged as collaterals.

(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 selling price of \$74,250 thousand (taxed); therefore, entered into an agreement with the buyer at the end of December 2018. The property rights transfer registration was completed in March 2019, and recognized the gain on disposal of non-current assets held for sale \$19,515 thousand was recognized. The relevant price has been fully collected with the contract.

(h) Investments in equity-accounted investees

Associates	Relationship with the Company	Percentage of ownership and voting share	
		Main Business Location/Registered Country	September 30, 2019
Global One Source Life Sciences Company Ltd.	Service for project management and consulting of techniques and design for pharmacy and medical facilities, which is the Group's investment	Hong Kong	-

(i) Associated

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

	<b>For the nine months ended September 30, 2019</b>
Profit attributable to the Group:	
Loss from continuing operation	\$ <u>(61)</u>
Comprehensive income	\$ <u>(61)</u>

(ii) In March 2019, the Group sold its 40% shares of Global One Source Life Sciences Company Ltd., and ceased the significant influence on the company, the disposal price was \$747 thousand, and the price was received in full.

(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) 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, 2020	December 31, 2019	September 30, 2019
Nova Tech	R.O.C.	37.81%	37.81%	37.81%
Enrich Tech	R.O.C.	43.06%	43.06%	43.06%
Acter China	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.

(i) Information regarding of Nova Tech:

	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 1,747,414	1,782,632	1,897,924
Non-current assets	1,590,482	1,536,730	1,448,806
Current liabilities	(835,773)	(807,470)	(970,446)
Non-current liabilities	(276,789)	(265,131)	(236,426)
Net assets	<u>\$ 2,225,334</u>	<u>2,246,761</u>	<u>2,139,858</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating revenue	<u>\$ 314,547</u>	<u>459,851</u>	<u>1,420,890</u>	<u>1,368,573</u>
Net income for the period	\$ 89,039	156,555	326,672	371,920
Other comprehensive income(loss)	24,355	(37,181)	(8,819)	(28,951)
Comprehensive income	<u>\$ 113,394</u>	<u>119,374</u>	<u>317,853</u>	<u>342,969</u>
Cash flows from operating activities			\$ (172,009)	125,597
Cash flows from investing activities			244,406	226,145
Cash flows from financing activities			(183,876)	(552,052)
Net decrease in cash and cash equivalents			<u>\$ (111,479)</u>	<u>(200,310)</u>

(ii) Information regarding of Enrich Tech:

	September 30,2020	December 31, 2019	September 30,2019
Current assets	\$ 265,566	275,387	226,091
Non-current assets	5,122	9,129	10,795
Current liabilities	(103,495)	(149,829)	(103,513)
Non-current liabilities	(891)	(1,015)	(1,279)
Net assets	<u>\$ 166,302</u>	<u>133,672</u>	<u>132,094</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating revenue	\$ <u>73,563</u>	<u>62,106</u>	<u>305,654</u>	<u>162,673</u>
Net income for the period	20,640	3,183	32,631	(6,478)
Other comprehensive income	-	-	-	-
Comprehensive income	\$ <u>20,640</u>	<u>3,183</u>	<u>32,631</u>	<u>(6,478)</u>
Cash flows from operating activities			\$ 30,988	(81,342)
Cash flows from investing activities			(261)	(602)
Cash flows from financing activities			(27,236)	28,765
Net increase (decrease) in cash and cash equivalents			\$ <u>3,491</u>	<u>(53,179)</u>

(iii) Information regarding of Acter China:

	September 30,2020	December 31,2019	September 30,2019
Current assets	\$ 1,995,888	1,855,538	1,717,568
Non-current assets	744,791	737,514	646,369
Current liabilities	(1,516,103)	(1,502,606)	(1,444,628)
Non- Current liabilities	(18,731)	(51,775)	(43,023)
Net assets	\$ <u>1,205,845</u>	<u>1,038,671</u>	<u>876,286</u>

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Operating revenue	\$ <u>681,545</u>	<u>790,012</u>	<u>2,337,093</u>	<u>2,087,093</u>
Net income for the period	28,685	103,149	282,859	237,432
Other comprehensive income	(8,997)	2,971	(8,448)	5,065
Comprehensive income	\$ <u>19,688</u>	<u>106,120</u>	<u>274,411</u>	<u>242,497</u>
Cash flows from operating activities			\$ 215,252	7,577
Cash flows from investing activities			(50,372)	(193,128)
Cash flows from financing activities			(104,259)	(83,444)
Effect of movements in exchange rates			(1,451)	(1,046)
Net increase (decrease) in cash and cash equivalents			\$ <u>59,170</u>	<u>(270,041)</u>

## (j) 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>
<b>Book values:</b>					
Balance on January 1, 2020	\$ <u>176,502</u>	<u>237,996</u>	<u>49,374</u>	<u>-</u>	<u>463,872</u>
Balance on September 30, 2020	\$ <u>176,502</u>	<u>228,563</u>	<u>43,535</u>	<u>18,524</u>	<u>467,124</u>
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>

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 2020 and 2019. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(k) of the 2019 annual consolidated financial statements for other related information.

## (k) 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>Other Facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance on January 1, 2020	\$ 31,769	86,356	57,291	175,416
Additions	-	17,833	16,140	33,973
Disposals	-	(2,670)	(3,350)	(6,020)
Effect of movements in exchange rates	<u>(167)</u>	<u>(459)</u>	<u>(117)</u>	<u>(743)</u>
Balance on September 30, 2020	\$ <u>31,602</u>	<u>101,060</u>	<u>69,964</u>	<u>202,626</u>
Balance on January 1, 2019	\$ 33,028	68,533	42,628	144,189
Additions	-	24,796	13,782	38,578
Disposals	-	(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>
<b>Depreciation</b>				
Balance on January 1, 2020	\$ 796	18,135	17,610	36,541
Depreciation for the year	591	18,055	14,497	33,143
Disposals	-	(2,670)	(2,562)	(5,232)
Effect of movements in exchange rates	<u>-</u>	<u>(162)</u>	<u>(16)</u>	<u>(178)</u>
Balance on September 30, 2020	\$ <u>1,387</u>	<u>33,358</u>	<u>29,529</u>	<u>64,274</u>
Balance on January 1, 2019	\$ -	-	-	-
Depreciation for the year	627	15,884	12,913	29,424
Disposals	-	(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>
<b>Book values:</b>				
Balance on September 30, 2020	\$ <u>30,215</u>	<u>67,702</u>	<u>40,435</u>	<u>138,352</u>
Balance on September 30, 2019	\$ <u>31,441</u>	<u>69,526</u>	<u>42,976</u>	<u>143,943</u>

(l) 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>
<b>Book values:</b>				
Balance on January 1, 2020	\$ <u>139,922</u>	<u>100,830</u>	<u>15</u>	<u>240,767</u>
Balance on September 30, 2020	\$ <u>139,922</u>	<u>98,966</u>	<u>14</u>	<u>238,902</u>
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>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2020 and 2019. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(m) of the 2019 annual consolidated financial statements for other related information.

The fair value of investment property was no significant different from Note 6(m) of the 2019 annual consolidated financial statements.

(m) Short-term loans

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Secured bank loans	\$ 161,018	116,609	72,989
Unsecured bank loans	510,000	20,000	-
	\$ <u>671,018</u>	<u>136,609</u>	<u>72,989</u>
Unused facilities	\$ <u>5,768,180</u>	<u>5,908,253</u>	<u>5,862,304</u>
Interest rate	<u>0.6%~2.25%</u>	<u>1.3%~2.15%</u>	<u>1.3%~4.57%</u>

(i) Issues and Repayments of Short-term loans

For the nine months ended September 30, 2020 and 2019, the issues amounted to \$841,018 and \$102,989, and due from October, 2020 to September, 2021 and March, 2020, respectively. The repayment amounted to \$303,828 and \$162,980.

(ii) Assets pledged for bank loans

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

(n) Leases liabilities

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current	\$ <u>41,127</u>	<u>35,299</u>	<u>34,461</u>
Non-current	\$ <u>71,301</u>	<u>74,965</u>	<u>79,246</u>

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss was as follows:

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
Interest on lease liabilities	\$ <u>709</u>	<u>679</u>	<u>1,902</u>	<u>2,033</u>
Expenses relating to short-term leases	\$ <u>10,087</u>	<u>10,335</u>	<u>35,986</u>	<u>32,022</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,024</u>	<u>501</u>	<u>3,277</u>	<u>3,113</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Total cash outflow for leases	\$ <u>71,487</u>	<u>63,532</u>

(i) Real estate leases

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.

The Group leases working offices, staff dormitory and business 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.

(o) Provisions

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Warranties	\$ <u>291,694</u>	<u>322,699</u>	<u>370,792</u>

The Group's warranty provision is estimated based on historical data of the construction contract. Most liabilities are expected to occur during the warranty period that is mentioned in the contract since completion of the construction.

There were no significant fluctuation of provisions for the nine months ended September 30, 2020 and 2019. Please refer to Note 6(p) of the 2019 annual consolidated financial statements for other related information.

(p) Employee benefits

(i) Defined benefit plans

Due to there are no significant market volatility, significant reduction, settlement or other significant one-time events after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2019 and 2018 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		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Operating cost	\$ 52	43	150	118
Operating expense	577	108	891	333
	<u>\$ 629</u>	<u>151</u>	<u>1,041</u>	<u>451</u>

(ii) Defined contribution plans

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Operating cost	\$ 4,511	4,421	13,410	12,649
Operating expense	1,612	1,579	4,996	5,169
	<u>\$ 6,123</u>	<u>6,000</u>	<u>18,406</u>	<u>17,818</u>

The company, HerSuo Engineering, Nova Tech, Enrich and Winmega have deposited the retirement amount to Bureau of Labor and the overseas subsidiaries have deposited the retirement amount to local social insurance institutes base on the local regulation.

(q) Taxes

The amount of income tax expense were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Current income tax expense:				
Current period	\$ 34,664	104,869	276,438	332,790
Deferred tax expense:				
Origination and reversal of temporary differences	29,170	52,008	55,358	101,766
Income tax expense	<u>\$ 63,834</u>	<u>156,877</u>	<u>331,796</u>	<u>434,556</u>

The amount of tax income expense (benefit) recognized in other comprehensive income were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences—foreign operations	<u>\$ 12,043</u>	<u>(4,305)</u>	<u>(9,057)</u>	<u>1,053</u>

The income tax return of the Company has been examined by the tax authorities through year 2018.

(r) 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, 2020 and 2019. The related information, please refer

to Note 6(s) of the Group financial statements for the year ended December 31, 2019.

(i) Ordinary shares

A resolution was passed during the board meeting held on September 14, 2020 for the issuance of 3,000 thousand ordinary shares, with par value of \$10 per share, amounting to \$30,000 thousand, with an issuing prices of \$168 per share. The capital increase became effective with the registration of Ruling No. 1090371590 issued by the FSC on October 30, 2020.

(ii) Retained earnings

According to Company'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 shareholders' bonuses, and they will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distribute.

(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 shareholders' equity was recognized as additional special reserve from prior undistributed earnings since distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

The appropriation of 2019 earnings was approved by the Board of Directors on February 27, 2020, and the appropriation of 2018 earnings was approved by the meeting of shareholders on May 29, 2019, respectively.

The relevant dividend distributions to shareholders were as follows:

	<u>2019</u>	<u>2018</u>
Dividends per share:		
Cash	<u>\$ 812,801</u>	<u>813,042</u>



(iii) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other Equity-Unearned employee benefit	Total
Balance, January 1, 2020	\$ (123,035)	(6,150)	-	(129,185)
Foreign currency translation differences (net of tax)	(27,408)	-	-	(27,408)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	237	-	237
Balance, September 30, 2020	<u>\$ (150,443)</u>	<u>(5,913)</u>	<u>-</u>	<u>(156,356)</u>
Balance, January 1, 2019	\$ (63,237)	(5,573)	(776)	(69,586)
Foreign currency translation differences (net of tax)	(49,746)	-	-	(49,746)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(580)	-	(580)
Unearned employee benefit	-	-	776	776
Balance, September 30, 2019	<u>\$ (112,983)</u>	<u>(6,153)</u>	<u>-</u>	<u>(119,136)</u>

(s) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the nine months ended September 30, 2020 and 2019. For the related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2019.

(t) Earnings per share ("EPS")

(i) Basic Earnings per share

(1) Profit attributable to common shareholders

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Profit attributable to common shareholders	<u>\$ 188,706</u>	<u>248,289</u>	<u>696,510</u>	<u>776,048</u>

(2) Weighted average number of common shares

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Weighted average number of common shares (In thousand shares)	<u>54,187</u>	<u>54,187</u>	<u>54,187</u>	<u>54,036</u>

## (ii) Diluted Earnings per share

## (1) Profit attributable to common shareholders (Diluted)

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Profit attributable to common shareholders	\$ <u>188,706</u>	<u>248,289</u>	<u>696,510</u>	<u>776,048</u>

## (2) Weighted average number of common shares

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Weighted average number of common shares (basic)	54,187	54,187	54,187	54,036
Effect on dilutive potential common stock				
Employee bonuses	75	111	376	468
Restricted stocks to employees	-	978	-	987
Diluted weighted average number of common shares (In thousand shares)	<u>54,262</u>	<u>55,276</u>	<u>54,563</u>	<u>55,491</u>

## (u) Revenue from contracts with customers

## (i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
<u>Primary geographical markets</u>				
Taiwan	\$ 1,459,707	949,942	4,426,152	3,494,444
China	1,693,752	1,879,059	5,244,096	5,414,167
Other countries	161,765	147,278	582,491	527,818
	<u>\$ 3,315,224</u>	<u>2,976,279</u>	<u>10,252,739</u>	<u>9,436,429</u>
<u>Major products</u>				
Cleanroom electromechanical integration Engineering	\$ 1,934,253	1,452,933	6,046,244	4,870,453
Water gasification supply integration engineering	847,789	1,035,840	2,846,165	3,178,586
Consumer industry electromechanical integration engineering	238,451	173,072	584,546	489,901
Biomedical integration engineering	149,998	107,841	489,273	317,541
High-tech equipment and materials sales and services	144,463	206,593	286,511	579,948
	<u>\$ 3,315,224</u>	<u>2,976,279</u>	<u>10,252,739</u>	<u>9,436,429</u>

(ii) Contract balances

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Trade receivables	\$ 4,068,264	3,637,989	3,866,095
Less: allowance for impairment	<u>(103,802)</u>	<u>(157,122)</u>	<u>(180,901)</u>
	<b><u>\$ 3,964,462</u></b>	<b><u>3,480,867</u></b>	<b><u>3,685,194</u></b>
Contract assets-Construction and equipment	\$ 2,825,612	1,547,000	1,702,548
Less: allowance for impairment	<u>(50,783)</u>	<u>(50,231)</u>	<u>(49,639)</u>
	<b><u>\$ 2,774,829</u></b>	<b><u>1,496,769</u></b>	<b><u>1,652,909</u></b>
Contract liabilities-Construction and equipment	<b><u>\$ 1,525,088</u></b>	<b><u>1,224,181</u></b>	<b><u>1,116,456</u></b>

For details on trade receivables 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, 2020 and 2019.

(v) Remuneration to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 3% shall be distributed as employee remuneration, and a maximum of 5% as remuneration to directors and supervisors.

For the three months ended September 30, 2020 and 2019, and nine months ended September 30, 2020 and 2019, the Company estimated its employee remuneration amounting to \$14,162, \$18,623, \$53,604, and \$59,984, and directors' and supervisors' remuneration amounting to \$7,081, \$9,311, \$26,802 and \$29,992, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were recognized under operating costs or expenses for each period. If the actual amounts differ from the estimated amount, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in following year.

For the year ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to \$79,943 and \$81,757, and directors' and supervisors' remuneration amounting to \$39,972 and \$40,879, respectively. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(w) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest income from bank deposits	\$ 9,990	10,071	24,267	30,995
Other interest income	<u>172</u>	<u>88</u>	<u>1,130</u>	<u>550</u>
	<b><u>\$ 10,162</u></b>	<b><u>10,159</u></b>	<b><u>25,397</u></b>	<b><u>31,545</u></b>

(ii) Other revenue

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Rental income	\$ 748	497	1,405	1,448
Others and government subsidy	7,090	(3,966)	27,137	16,567
	<u>\$ 7,838</u>	<u>(3,469)</u>	<u>28,542</u>	<u>18,015</u>

(iii) Other income and losses

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Exchange Gain on foreign currency	\$ (33,180)	14,956	(23,077)	24,448
Gain on disposal of non-current assets held for sale	-	-	-	19,515
Gains(loss) on disposals of property, plant and equipment	(58)	55	(195)	11
Net gain (loss) on financial assets at fair value through profit or loss	1,000	303	108	6,717
Others	-	237	36	407
	<u>\$ (32,238)</u>	<u>15,551</u>	<u>(23,128)</u>	<u>51,098</u>

(x) Financial Instruments

Except as described below, there were no significant changes in the fair value of financial instruments and the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments, please refer to Note 6(y) of the Group's financial statements for the year ended December 31, 2019.

(i) Credit risk

(1) Exposure to credit risk

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

(2) Concentration of credit risk

As of September 30, 2020, December 31 and September 30, 2019, concentration of credit risk deriving from the Group's top customer did not constitute more than 7%, 19% and 8%, respectively, of the Group's receivables while those deriving from the Group's other top four customers did not constitute more than 16%, 17% and 19%, respectively, of the Group's receivables.

(3) Credit risk of Receivables

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

Other financial assets measured at amortized cost include other receivables, overdue 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, 2019.)

The loss allowance provision as for the nine months ended September 30, 2020 and 2019 were determined as follows:

	<u>Other receivables</u>	<u>Overdue receivables</u>	<u>Other financial assets (guarantee deposits paid)</u>
Balance on January 1,2020	\$ -	1,051	21,576
Foreign exchange losses and the others	-	92	(113)
Balance on September 30,2020	<u>\$ -</u>	<u>1,143</u>	<u>21,463</u>
Balance on January 1,2019	17,612	1,051	22,431
Amount written off	(4,190)	-	-
Foreign exchange losses	(357)	-	(669)
Balance on September 30,2019	<u>\$ 13,065</u>	<u>1,051</u>	<u>21,762</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>
<b>September 30, 2020</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 161,018	161,176	161,176	-	-	-
Unsecured bank loans	510,000	510,061	510,061	-	-	-
Notes payable	113,206	113,206	113,206	-	-	-
Accounts payable (including related parties)	3,490,581	3,490,581	3,158,253	192,507	118,992	20,829
Accrued salaries and bonuses	267,774	267,774	267,774	-	-	-
Other accrued expenses	226,598	226,598	226,598	-	-	-
Leases liabilities (current and non-current)	112,428	114,515	42,439	34,616	28,644	8,816
	<u>\$ 4,881,605</u>	<u>4,883,911</u>	<u>4,479,507</u>	<u>227,123</u>	<u>147,636</u>	<u>29,645</u>
<b>December 31, 2019</b>						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 136,609	136,725	136,725	-	-	-
Notes payable	63,637	63,637	63,637	-	-	-
Accounts payable (including related parties)	3,110,702	3,110,702	2,819,069	168,467	101,259	21,907
Accrued salaries and bonuses	341,137	341,137	341,137	-	-	-
Other accrued expenses	282,048	282,048	271,292	-	-	10,756
Lease liabilities (current and non-current)	110,264	113,799	36,934	32,097	32,841	11,927
	<u>\$ 4,044,397</u>	<u>4,048,048</u>	<u>3,668,794</u>	<u>200,564</u>	<u>134,100</u>	<u>44,590</u>
<b>September 30, 2019</b>						
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)	2,782,825	2,782,825	2,485,682	175,826	92,885	28,432
Accrued salaries and bonuses	247,504	247,504	247,504	-	-	-
Other accrued expenses	220,340	220,340	209,491	-	-	10,849
Lease liabilities (current and non-current)	113,707	118,426	36,619	39,106	29,218	13,483
	<u>\$ 3,531,055</u>	<u>3,536,235</u>	<u>3,146,436</u>	<u>214,932</u>	<u>122,103</u>	<u>52,764</u>

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

(iii) Market risk

(1) Foreign currency risk

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

	September 30, 2020			December 31, 2019			September 30, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 61,222	29.276	1,792,325	58,719	30.203	1,773,479	55,494	31.04	1,722,522
CNY	731,429	4.2925	3,139,657	732,007	4.3152	3,158,756	607,995	4.3525	2,646,299
SGD	3,387	21.3195	72,212	4,347	22.3114	96,977	3,711	22.4854	83,452
JPY	59,741	0.2778	16,596	113,561	0.2723	30,923	7,416	0.2883	2,138
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	10,709	29.276	313,507	5,718	30.203	172,711	5,915	31.04	183,604
CNY	347,286	4.2925	1,490,726	282,477	4.3152	1,218,946	305,417	4.3525	1,329,328
SGD	62	21.3195	1,324	274	22.3114	6,118	190	22.4854	4,279
JPY	45,609	0.2778	12,670	142,912	0.2723	38,915	18,925	0.2883	5,456

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, trade receivables, other receivables, financial assets at fair value through other comprehensive income, loans, trade payables 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, 2020 and 2019 would have increased or decreased the before-tax net income by \$32,025 thousand and \$29,317 thousand, respectively. The analysis is performed on the same basis for both periods.

As the Group transacts in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the nine months ended September 30, 2020 and 2019, the foreign exchange gains or losses (including both realized and unrealized) amounted to \$(23,077) thousand and \$24,448 thousand, respectively.

(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 the interest rate on the non-derivatives financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases or decreases by 1%, the Group's net income will decrease or increase by \$6,710 thousand and \$730 thousand for the nine months ended September 30, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(3) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	For the nine months ended September 30			
	2020		2019	
	Other comprehensive income before-tax	Profit before tax	Other comprehensive income before-tax	Profit before tax
Increasing 3%	\$ <u>3,975</u>	<u>10,167</u>	<u>3,900</u>	<u>3,163</u>
Decreasing 3%	\$ <u>(3,975)</u>	<u>(10,167)</u>	<u>(3,900)</u>	<u>(3,163)</u>

(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 leases liabilities, disclosure of fair value information is not required :

	September 30 ,2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>338,899</u>	<u>338,899</u>	-	-	<u>338,899</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	2,837	2,837	-	-	2,837
Unlisted stock	<u>129,646</u>	-	-	<u>129,646</u>	<u>129,646</u>
Subtotal	<u>132,483</u>	<u>2,837</u>	-	<u>129,646</u>	<u>132,483</u>
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	3,208,693	-	-	-	-
Contract Assets	2,774,829	-	-	-	-
Notes receivable	129,858	-	-	-	-
Trade receivable	3,694,462	-	-	-	-
Other receivable	14,838	-	-	-	-
Other financial assets	<u>437,765</u>	-	-	-	-
Subtotal	<u>10,260,445</u>	-	-	-	-
Total	\$ <u>10,731,827</u>	<u>341,736</u>	-	<u>129,646</u>	<u>471,382</u>
<b>Financial liabilities at amortized cost</b>					
Short-term loans	\$ 671,018	-	-	-	-
Notes payable	113,206	-	-	-	-
Trade payable (including related parties)	3,490,581	-	-	-	-
Accrued salaries and bonuses	267,774	-	-	-	-
Other accrued expenses	226,598	-	-	-	-
Leases liabilities (current and non-current)	<u>112,428</u>	-	-	-	-
Total	\$ <u>4,881,605</u>	-	-	-	-

<b>December 31, 2019</b>					
		<b>Fair Value</b>			
<b>Book value</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 172,400	172,400	-	-	172,400
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	2,600	2,600	-	-	2,600
Unlisted stock	127,400	-	-	127,400	127,400
Subtotal	130,000	2,600	-	127,400	130,000
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	3,874,953	-	-	-	-
Contract Assets	1,496,769	-	-	-	-
Notes receivable	453,149	-	-	-	-
Trade receivable	3,480,867	-	-	-	-
Other receivables	20,424	-	-	-	-
Other financial assets	390,060	-	-	-	-
Subtotal	9,716,222	-	-	-	-
Total	<u>\$ 10,018,622</u>	<u>175,000</u>	<u>-</u>	<u>127,400</u>	<u>302,400</u>
<b>Financial liabilities at amortized cost</b>					
Short-term loans	\$ 136,609	-	-	-	-
Notes payable	63,637	-	-	-	-
Trade payable (including related parties)	3,110,702	-	-	-	-
Accrued salaries and bonuses	341,137	-	-	-	-
Other accrued expenses	282,048	-	-	-	-
Leases liabilities (current and non-current)	110,264	-	-	-	-
Total	<u>\$ 4,044,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>September 30, 2019</b>					
		<b>Fair Value</b>			
<b>Book value</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 105,443	105,443	-	-	105,443
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging Stock	2,598	2,598	-	-	2,598
Non-public company	127,400	-	-	127,400	127,400
Subtotal	129,998	2,598	-	127,400	129,998
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	2,671,440	-	-	-	-
Contract Assets	1,652,909	-	-	-	-
Notes receivable	519,125	-	-	-	-
Trade receivable	3,685,194	-	-	-	-
Other receivable	28,929	-	-	-	-
Other financial assets	415,502	-	-	-	-
Subtotal	8,973,099	-	-	-	-
Total	<u>\$ 9,208,540</u>	<u>108,041</u>	<u>-</u>	<u>127,400</u>	<u>235,441</u>



**Financial liabilities at amortized cost**

Short-term loans	\$ 72,989	-	-	-	-
Notes payable	93,690	-	-	-	-
Trade payable (including related parties)	2,782,825	-	-	-	-
Accrued salaries and bonuses	247,504	-	-	-	-
Other accrued expenses	220,340	-	-	-	-
Leases liabilities (current and non-current)	<u>113,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,531,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## (2) Valuation techniques for financial instruments not measured at fair 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) Valuation techniques for 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 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 classified by their category, and the attributes of their fair value are 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.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The equity instruments of the Group are in the non-active market. The fair value of the equity instruments is estimated using the approach of comparative companies. The main assumptions are the estimated EBITDA of the investee, and the earnings multiplier derived from the quoted price of a comparative publicly listing company. Such estimate has been adjusted by the discount due from the lack of market circulation of the equity securities.

(4) Fair value transfers between Level 1 and Level 3

There were no transfers from one level to another for the nine months ended September 30, 2020 and 2019.

(5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
Opening balance, January 1, 2020	\$ 127,400
Purchased	<u>2,246</u>
Ending Balance, September 30, 2020	<b><u>\$ 129,646</u></b>

	<b>Fair value through other comprehensive income</b>
Opening balance, January 1, 2019	\$ -
Purchased	<u>127,400</u>
Ending Balance, September 30, 2019	<b><u>\$ 127,400</u></b>

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “fair value through other comprehensive income – equity investments” .

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Comparable listed companies approach	◆ P/E multiplier (2020.09.30 was 14.78 ,and 2019.12.31 was 20.62)	◆ The higher the multiplier and control premium, the higher the fair value.
		◆ Discount for lack of marketability (Both 2020.09.30 and 2019.12.31 were 30%)	◆ The higher the discount for lack of marketability, the lower the fair value.
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net asset value method	◆ Discount for lack of marketability (2020.09.30 30%)	◆ The higher the discount for lack of marketability, the lower the fair value.

(7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions by 10% to reflect reasonably possible alternative assumptions would have the following effects:

	Inputs	Effects of changes in fair value on other comprehensive income		
		Increase or decrease	Favorable	Unfavorable
September 30, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10%	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10%	18,521	(18,521)
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10%	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10%	18,200	(18,200)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(y) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosure in Note 6(z) of the consolidated financial statements for the year ended December 31, 2019.

(z) Capital management

The objectives, policies and processes of capital management of the Group are in conformity with those disclosed in the consolidated financial statements for the year ended December 31, 2019. There were no significant changes on summary of quantitative data of capital management compared with the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6(aa) of the Group financial statements for the year ended December 31, 2019.

(aa) 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, 2020 and 2019, were as follows:

For acquisition of right-of-use assets under operating lease, please refer to Note 6(k).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes		September 30, 2020
			Foreign exchange movement	Increased	
Short-term loans	\$ 136,609	537,190	(2,781)	-	671,018
Lease liabilities	110,264	(30,322)	(338)	32,824	112,428
Guarantee deposit	150	2	-	-	152
Total liabilities from financing activities	<u>\$ 247,023</u>	<u>506,870</u>	<u>(3,119)</u>	<u>32,824</u>	<u>783,598</u>

	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
Lease liabilities	111,162	(26,364)	(1,073)	29,982	113,707
Guarantee deposit	84	66	-	-	150
Total liabilities from financing activities	<u>\$ 246,524</u>	<u>(86,289)</u>	<u>(3,371)</u>	<u>29,982</u>	<u>186,846</u>

**(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

(b) Other related party transactions

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

	Purchases				Payables to Related Parties		
	For the three months ended September 30		For the nine months ended September 30		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Entity under the key management's control	<u>\$ 535</u>	<u>92</u>	<u>1,453</u>	<u>804</u>	<u>603</u>	<u>313</u>	<u>108</u>

There were no differences in the purchase price and terms of payments offered to related parties and those of third-party vendors.

(c) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 16,479	17,456	66,467	74,418
Post-employment benefits	108	108	315	324
Share based payments	-	-	-	363
	<u>\$ 16,587</u>	<u>17,564</u>	<u>66,782</u>	<u>75,105</u>

For details of the related share based payments, please refer to Note 6(s).

**(8) Pledged assets:**

The Group's pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other financial assets – current:				
Demand deposit and time deposit	Construction contract fulfillment and warranty guarantee	\$ 131,186	273,864	58,533

<u>Asset</u>	<u>Purpose of pledge</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Other non-current assets:				
Other non-current assets	warranty guarantee	509	507	1,581
		<u>\$ 131,695</u>	<u>274,371</u>	<u>60,114</u>

**(9) Significant commitments and contingencies:**

Significant commitments and contingencies for the Group as of September 30, 2020, and December 31, September 30, 2019 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$990,048, \$1,374,175 and \$1,170,513, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$1,869,691, \$2,171,709 and \$1,870,216, respectively.
- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to \$348,000, \$361,642 and \$369,077, respectively.
- (d) For already-signed but not-yet-finished significant construction contracts, please refer to Note 6(u).
- (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, filed a lawsuit to the Taipei District Court, claiming a compensation amounting to \$42,189 thousand in November, 2012. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay \$14,666 thousand to Walsin, which had been fully recognized as loss by the Company in 2015. The Company appealed to Taiwan High Court and sent identification data to the Architecture Construction. As of September 30, 2020, the compensation of \$8,376 thousand has been recognized as other current liabilities and accrued expenses.
- (f) The Company's subsidiary, Nova Tech entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein Nova Tech is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, Nova Tech requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. Nova Tech then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. Nova Tech has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by Nova Tech. As of the issuance date of this financial statements, the Court's decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by Nova Tech in accordance with the related accounting standards. Nova Tech has estimated the maximum loss incurred from this lawsuit to be \$70,000 thousand. On February 5, 2018, Jing He had partially paid the amount of \$10,500 thousand (including interest) for the said construction.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events:**

On September 14, 2020, the Board of Directors meeting of Company resolved to issue new shares by cash capital increase and issue the 1th domestic unsecured convertible corporate bonds. For the related information, please refer to Note 6(r). As regards the 1th domestic unsecured convertible bonds, total amounting to 8,000 units, with a face value of \$100 thousand each, with an issuance period 3 years, with a coupon rate of 0%, and the premium rate is 101% of par value. Above case was approved with Decree No. 10903715901 issued by Financial Supervisory Commission and the effective registration date was October 30, 2020.

**(12) Other:**

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

<u>By item</u>	<u>For the three months ended September 30</u>					
	<u>2020</u>			<u>2019</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	\$ 165,353	123,368	288,721	170,244	122,807	293,051
Labor, health and social insurance	11,363	9,003	20,366	18,546	14,110	32,656
Pension	4,563	2,189	6,752	4,464	1,687	6,151
Other	3,673	3,925	7,598	5,116	3,622	8,738
Depreciation	4,555	14,743	19,298	1,894	14,573	16,467
Amortization	23	2,489	2,512	81	1,796	1,877

<u>By item</u>	<u>For the nine months ended September 30</u>					
	<u>2020</u>			<u>2019</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	\$ 518,735	365,388	884,123	499,149	366,707	865,856
Labor, health and social insurance	36,891	23,185	60,076	53,306	35,406	88,712
Pension	13,560	5,887	19,447	12,767	5,502	18,269
Other	10,701	15,193	25,894	14,249	14,226	28,475
Depreciation	10,003	44,726	54,729	10,484	37,901	48,385
Amortization	158	7,325	7,483	219	5,012	5,231

Note: Depreciation for investment property for the nine months ended September 30, 2020 and 2019 both were \$1,865 thousand, and were recorded in non-operating expenses.

(a) Operation of seasonal:

The Group's operations were not affected by seasonality or cyclicity factors.

**(13) Others disclosures:**

## (a) Information on significant transactions.

The follow is the information on significant required by the Regulation Governing the Preparation of Financial Report by Security Issuers for the company:

## (i) Loans to other parties

(In Thousands of Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance (Note 1)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	SHI	NMI	Other receivables due from related parties	Y	187,725	89,292	89,292	2.70	Short-term financing	-	Operating capital	-	-	-	1,649,590 (Note 4)	1,649,590 (Note 4)
1	SHI	Acter Thailand	Other receivables due from related parties	Y	24,944	-	-	-	Short-term financing	-	Operating capital	-	-	-	733,151 (Note 4)	1,649,590 (Note 4)
1	SHI	AIL	Other receivables due from related parties	Y	146,380	140,525	140,525	1.09	Short-term financing	-	Operating capital	-	-	-	1,649,590 (Note 4)	1,649,590 (Note 4)
2	New point	NMI	Other receivables due from related parties	Y	19,749	-	-	-	Short-term financing	-	Operating capital	-	-	-	317,646 (Note 4)	317,646 (Note 4)
3	AIL	NMI	Other receivables due from related parties	Y	45,054	43,914	43,914	3.03	Short-term financing	-	Operating capital	-	-	-	515,110 (Note 5)	515,110 (Note 5)
3	AIL	Acter Vietnam	Other receivables due from related parties	Y	175,656	175,656	175,656	1.4	Short-term financing	-	Operating capital	-	-	-	515,110 (Note 5)	515,110 (Note 5)

Note 1. The ending balance represent the unexpired amounts approved by the Board of Director.

Note 2. The maximum balance and the total amount for lending to a company for funding shall not exceed 10% of the net worth of the company.

Note 3. The net worth based on the most recent audited or reviewed financial statement by a certified accountant.

Note 4. The total amount of funds loaned by an off-shore company to others shall not exceed 90% of the company's net worth; if the fund is loaned to other parties that is necessary for short-term financing, the total amount of fund loans shall not exceed 40% of the company's net worth loaning to individual party. The amount shall not exceed 40% of the company's net worth; when the parent company of the group directly and indirectly holds 100% of the voting shares in foreign subsidiaries, the amount is not subject to the 40% net worth of the company when it is necessary for short-term financing, but still subject to the total amount limit, and the individual loan amount shall not exceed 90% of the company's net worth.

Note 5. The total amount of funds loaned to others by Acter China and its subsidiaries shall not exceed 40% of the net worth, the necessary for short-term financing to other parties, the amount of individual loans shall not exceed the company's 40% net worth, The parent company directly and indirectly holds 100% of the voting shares between subsidiaries outside the Taiwan region (must be within the scope of the consolidated financial statements of Acter China),when short-term financing is necessary for capital loans, the amount is not subject to the 40% of the company's net worth, but the total amount and individual loan amount shall not exceed ten times the company's net worth.

Note 6. The amount of the transaction and the ending balance had been written-off.



## (ii) Guarantees and endorsements for other parties

(In Thousands of Taiwan Dollars)

No	Endorsement/ Guarantee Provider	Guaranteed Party		Limited Amount for Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements(%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 14)										
0	The Company	Her Suo	2	21,796,000 (Note3 and 4)	289,708	186,125	186,125	-	4	34,873,600 (Note3 and 4)	Y	N	N
0	The Company	Acter Vietnam	2	21,796,000 (Note3 and 4)	103,324	102,466	5,380	-	2	34,873,600 (Note3 and 4)	Y	N	N
0	The Company	Acter China and Sheng Huei Shenzhen	2	21,796,000 (Note3 and 4)	472,213	167,408	13,961	-	4	34,873,600 (Note3 and 4)	Y	N	Y
0	The Company	Enrich Tech	2	21,796,000 (Note3 and 4)	1,170,250	865,750	615,750	-	20	34,873,600 (Note3 and 4)	Y	N	N
0	The Company	NMI	2	21,796,000 (Note3 and 4)	9,200	-	-	-	-	34,873,600 (Note3 and 4)	Y	N	N
0	The Company	AIL	2	21,796,000 (Note3 and 4)	413,294	409,864	161,369	-	9	34,873,600 (Note3 and 4)	Y	N	N
0	The Company	Acter China, Sheng Huei Shenzhen and Shenzhen Dingmao	2	21,796,000 (Note3 and 4)	182,298	58,552	-	-	1	34,873,600 (Note3 and 4)	Y	N	Y
0	The Company	Acter China	2	21,796,000 (Note3 and 4)	311,892	257,550	5,631	-	6	34,873,600 (Note3 and 4)	Y	N	Y
1	Her Suo	The Company	3	7,325,430 (Note6)	48,307	-	-	-	-	8,546,335 (Note6)	N	Y	N
1	Her Suo	Nova Tech	4	7,325,430 (Note6 and 8)	41,601	41,601	41,601	-	17	8,546,335 (Note6)	N	N	N
1	Her Suo	Chung Hsiang Engineering	5	7,325,430 (Note6)	348,000	348,000	348,000	-	143	8,546,335 (Note6)	N	N	N

(In Thousands of Taiwan Dollars)

No	Endorsement/ Guarantee Provider	Guaranteed Party		Limited Amount for Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarante e Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Guaranteed Party	Nature of Relationship (Note 14)										
2	Nova Tech	The Company	3	4,450,668 (Note9)	289,800	289,800	289,800	-	13	6,676,002 (Note9)	N	Y	N
2	Nova Tech	Winmax and Suzhou Winmax	2	4,450,668 (Note9)	720,942	622,412	155,307	-	28	6,676,002 (Note9)	N	N	Y
2	Nova Tech	Sheng Huei Shenzhen	5	4,450,668 (Note9)	189,115	189,115	189,115	-	9	6,676,002 (Note9)	N	N	Y
2	Nova Tech	Suzhou Winmax	2	4,450,668 (Note9)	9,299	-	-	-	-	6,676,002 (Note9)	N	N	Y
2	Nova Tech	Winmax	2	4,450,668 (Note9)	757,249	684,433	521,294	-	31	6,676,002 (Note9)	N	N	Y
3	Acter China	AIL	2	7,235,070 (Note12)	107,683	107,490	107,490	-	9	9,646,760 (Note12)	N	N	N
3	Acter China	Sheng Huei Shenzhen	2	7,235,070 (Note12)	129,006	128,775	-	-	11	9,646,760 (Note12)	N	N	Y
3	Acter China	Acter Vietnam	2	7,235,070 (Note12)	657,364	657,364	657,364	-	55	9,646,760 (Note12)	N	N	N
3	Acter China	Shenzhen Dingmao	2	7,235,070 (Note12)	566,392	528,272	423,552	-	44	9,646,760 (Note12)	N	N	Y
3	Acter China	Versum Material	5	7,235,070 (Note12)	13,731	-	-	-	-	9,646,760 (Note12)	N	N	Y
4	Shenzhen Sheng Huei	Acter China	3	3,205,800 (Note12)	191,972	137,738	137,738	-	64	3,846,960 (Note12)	N	N	Y
5	Winmax	Nova Tech	3	3,382,458 (Note10)	222,485	162,367	162,367	-	14	5,637,430 (Note10)	N	N	N
5	Winmax	Suzhou Winmax	4	3,382,458 (Note10)	85,850	85,850	-	-	8	5,637,430 (Note10)	N	N	Y
6	Fuyu	Acter China	4	1,145,700 (Note13)	35,098	-	-	-	-	1,527,600 (Note13)	N	N	Y
7	Shenzhen Dingmao	Acter China	3	1,659,045 (Note12)	43,002	42,925	42,925	-	39	1,990,854 (Note12)	N	N	Y
8	Enrich Tech	The Company	3	4,010,160 (Note6)	30,804	30,804	30,804	-	23	4,678,520 (Note6)	N	Y	N
9	Suzhou Winmax	Winmax	4	6,755,105 (Note11)	582,044	191,741	191,741	-	99	6,755,105 (Note11)	N	N	Y

- Note 1. Inter-industry mutual endorsement guarantee based on the needs of the contracted project is subject to contractual mutual endorsement guarantee. The total amount shall not exceed 5 times the company's net worth, and the amount of endorsement guarantee for a single company shall not exceed 3 times the company's net worth.
- Note 2. For non-group subsidiaries, in addition to contracting engineering guarantees, the limit of endorsement guarantees to a single company shall not exceed 10% of the company's net worth. If there is a business relationship, in addition to the above regulations, the limit of endorsement guarantees to a single company it shall not exceed the value of the purchase or sale of the goods within a year of the business between the two parties, and the total amount of accumulated external endorsements shall not exceed 20% of the company's net value.
- Note 3. For companies that directly or indirectly hold more than 50% of the voting shares, the total amount of endorsements and guarantees shall not exceed 8 times the company's net worth, and the amount of endorsements and guarantees for a single company shall not exceed the net worth of the company 5 times as a limit.
- Note 4. The company and its subsidiaries need mutual endorsement guarantee for non-group companies in accordance with the contractual provisions of the contracted projects, and the parent-subsidiary company or the company directly and indirectly hold 100% of the voting shares in the company's endorsement guarantee, the total guarantee amount shall not exceed the company's net worth is 8 times, and the amount of endorsement guarantee for a single enterprise is limited to not more than 5 times the net worth of the company.
- Note 5. Transactions of purchases or sales and net value of business refer to the most recent financial statement amount that has been certified or reviewed by an accountant.
- Note 6. The total amount of endorsement guarantee provided by Her Suo Company and Enrich Tech Company shall not exceed 35 times the net worth of the company; the amount of endorsement guarantee for a single enterprise shall not exceed 30 times the net worth of the company.
- Note 7. Net value refers to the most recent financial statement amount that has been certified or reviewed by an accountant.
- Note 8. In accordance with the first paragraph of Article 13 of the company's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.
- Note 9. Nova Tech requires mutual endorsement guarantee between the same industry in accordance with the contract provisions for the contracted project, and the total amount shall not exceed 3 times of the company's net worth, and the amount of endorsement guarantee for a single enterprise shall not exceed 2 times of the company's net worth; Except for contracting projects that require mutual endorsement guarantee between the same industry in accordance with the provisions of the contract, the total accumulated external endorsement guarantee liability shall not exceed the limit of 3 times the company's net worth, and the limit of endorsement guarantees for a single enterprise shall not exceed the limit of 2 times the company's net worth; if there is business for those in a relationship, in addition to the above regulations, the limit of the endorsement guarantee for a single enterprise shall not exceed the actual purchase or sale amount that can be reasonably estimated by both parties in the last year or the next year, whichever is higher.

Note 10. The total amount of endorsement guarantee provided by Winmax shall not exceed 5 times the net value of the company; the amount of endorsement guarantee for a single enterprise shall not exceed 3 times the net worth of the company. For those engaged in endorsements due to business relationships, in addition to the aforementioned provisions, the amount of individual endorsements shall not exceed the amount of business transactions. The "business transaction amount" refers to the higher of the actual purchase or sale amount that can be reasonably estimated by the two parties in the last year or the next year.

Note 11. Suzhou Winmax endorses the parent company, the parent company directly and indirectly holds 100% of the voting shares, the total amount of endorsement guarantee shall not exceed 35 times the company's net worth; the endorsement guarantee amount for a single company shall not exceed the company's net worth 35 times. In addition to the foregoing, the total amount of external endorsements and guarantees of Suzhou Winmax shall not exceed 5 times the company's net worth; the amount of endorsements and guarantees for a single enterprise shall not exceed 3 times the net worth of the company.

Note 12. The total amount of external guarantees of China Acter shall not exceed 8 times of the company's most recent audited consolidated net worth; the amount of external guarantees for a single company shall not exceed 6 times of the company's most recent audited consolidated net worth; The total amount of external guarantees provided by its subsidiaries shall not exceed 18 times of the latest audited net assets of the subsidiary; the amount of external guarantees provided to a single enterprise shall not exceed 15 times of the latest audited net assets of the subsidiary. For those who engage in guarantees due to business relationships, in addition to the aforementioned provisions, the amount of individual guarantees shall not exceed the amount of business transactions. The amount of business transactions referred to refers to the higher of the purchase or sale amount between the two parties in the most recent year.

Note 13. The total amount of endorsement guarantee provided by Fuyu International Company shall not exceed 8 times the net worth of the company; the amount of endorsement guarantee for a single company shall not exceed 6 times the net worth of the company. In addition to the foregoing, the amount of individual endorsements and guarantees for those engaged in endorsements due to business relationships shall not exceed the amount of business transactions. The amount of business transactions referred to refers to the higher of the purchase or sale amount between the two parties in the most recent year.

Note 14. The relationship between the endorsement guarantor and the endorsed guarantor is as follows:

1. Companies with business relationships.
2. A company where the company directly or indirectly holds more than 50% of the voting shares.
3. A company that directly or indirectly holds more than 50% of the voting rights of the company.
4. Between companies where the company directly or indirectly holds more than 90% of the voting shares.
5. Based on the needs of the contracting project, the company in the same industry or co-builder by the people in accordance with the contractual guarantee.

## (iii) Securities fields held at the reporting date (excluding investment in subsidiaries and associates)

Unit: Thousand NTD Dollars / Thousand Stock

Name of holder	Category and name of security	Relationship with the company	Account code	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Allianz Global Investors All Seasons Harvest Fund of Bond Funds (Accumulated)	-	Current financial assets at fair value through profit or loss	799	10,291	-	10,291	
The Company	Nomura EMD & High Yield Bond Portfolio	-	Current financial assets at fair value through profit or loss	832	9,890	-	9,890	
The Company	FSITC US Top 100 Bond Fund (Accumulated)	-	Current financial assets at fair value through profit or loss	46	<u>14,409</u>		<u>14,409</u>	
					<u>34,590</u>		<u>34,590</u>	
The Company	Holy Stone Healthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	2,837	0.20	2,837	
The Company	Waste Recovery Technology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,560	<u>127,400</u>	9.77	<u>127,400</u>	
					<u>130,237</u>		<u>130,237</u>	
Nova Tech	Pine Bridge Preferred Securities Income fund USD A	-	Current financial assets at fair value through profit or loss	37	12,629	-	12,629	
Nova Tech	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	200	<u>19,980</u>		<u>19,980</u>	
					<u>32,609</u>		<u>32,609</u>	
Her Suo	TCB Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	2,451	25,078	-	25,078	
Her Suo	UPAMC James Bond Money Market Fund	-	Current financial assets at fair value through profit or loss	1,490	25,076	-	25,076	
Her Suo	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	3,504	50,135	-	50,135	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	167	30,069	-	30,069	
Her Suo	Fuh Hwa Money Market	-	Current financial assets at fair value through profit or loss	1,725	25,075	-	25,075	

Name of holder	Category and name of security	Relationship with the company	Account code	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	6,346	<u>80,197</u> <u>235,630</u>	-	<u>80,197</u> <u>235,630</u>	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	-	<u>2,246</u>	0.24	<u>2,246</u>	
SHI	JPMorgan Funds - Emerging Markets Debt Fund A (mth)- USD	-	Current financial assets at fair value through profit or loss	1	512	-	512	
SHI	Allianz Global Investors Fund – Allianz Global Multi-Asset Credit AT-USD	-	Current financial assets at fair value through profit or loss	45	<u>14,412</u> <u>14,924</u>	-	<u>14,412</u> <u>14,924</u>	
AIL	JPMorgan Funds - US Aggregate Bond Fund A (moth) - USD	-	Current financial assets at fair value through profit or loss	3	<u>1,050</u>	-	<u>1,050</u>	
Winmega	Franklin Templeton Sinoam Money Market Fund.	-	Current financial assets at fair value through profit or loss	1,929	<u>20,096</u>	-	<u>20,096</u>	

(iv) Information regarding purchase or sale of securities for the period exceeding \$300 million or 20% of the capital stock : None

(v) Acquisition of individual real estate with amount exceeding \$300 million or 20% of the Company's paid-in capital: None

(vi) Disposal of individual real estate with amount exceeding \$300million or 20% of the Company's paid-in capital : None

(vii) Related-party transaction for purchases and sales for which amounts exceeding \$100 million or 20% of the Company's paid-in capital:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable(payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable(payable)	
The Company	Enrich Tech	Be owned 56.94% by the company	Sales	139,090	4%	Depend on individual contract	Depend on individual contract	No significant difference	27,809	2%	Note

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable(payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable(payable)	
The Company	Her Suo	Be owned 100% by the company	Purchases	114,300	4%	Depend on individual contract	Depend on individual contract	No significant difference	(10,157)	(1%)	Note
Nova Tech	Winmax	Be owned 100 % by Nova Tech	Purchases	342,228	32%	Depend on individual contract	Depend on individual contract	No significant difference	-	-%	Note

Note: The transactions were written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding \$100 million or 20% of the Company's paid-in capital:

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions

No (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Enrich Tech	1	Construction revenue	139,090	Same with the third parties	1%
0	The Company	Enrich Tech	1	Advance payment	159,008	Same with the third parties	1%
0	The Company	Her Suo	1	Construction cost	114,300	Same with the third parties	1%
1	Nova Tech	Winmax	3	Construction cost	342,228	Same with the third parties	3%

Note 1. For the business relationship and important transactions between the parent and subsidiary companies, only information about subjects accounting for 1% of the consolidated total revenue or total assets is disclosed. The relative subjects will not be repeated.

Note 2. The above-mentioned trading businesses are written off when preparing consolidated statements.

Note 3. The type of relationship with the trader is marked as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 4. The type of relationship with the trader is marked as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(b) Information on investees (excluding mainland invested companies):

The information on the investee of the consolidated company from January 1 to September 30, 2020 is as follows:

Unit: Thousand NTD Dollars / Thousand Stock

Name of investor	Name of investee	Location	Main business and product	Original investment amount		Balance as of September 30,2020			Net income of investee	Share of profits of investee	Note
				September 30,2020	December 31,2019	Share (Thousand)	Percentage of ownership	Carrying value			
The Company	Nova Tech	Hsinchu	Wholesale of electronic and design chemical supply system for semi-conductor industrial	141,364	141,364	21,098	62.19%	1,383,828	326,672	203,142	Note2
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100%	232,170	36,770	36,770	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	5,694	56.94%	99,022	32,631	17,714	Note2
The Company	SHI	Samoa	Investment holding company	129,126	129,126	4,205	100%	1,832,878	249,714	249,714	Note2
Nova Tech	Winmega	Hsinchu	Wholesale of electronic and chemical engineering equipment	15,000	15,000	3,000	100%	99,977	33,431	33,431	Note2
Nova Tech	NTEC	Singapore	Chemical supply system business	24,179	24,179	1,000	100%	53,486	(4,737)	(4,737)	Note2
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100%	351,522	4,667	4,667	Note2
Acter China	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	69,678	25,327	100%	93,345	14,779	14,779	Note2
Acter China	NTS	Singapore	Investment holding company	80,000	80,000	3,376	100%	65,783	6,766	6,766	Note2
NTS	NTM	Malaysia	Investment holding company	26,780	26,780	2,600	100%	3,189	(41)	(41)	Note2
NTS	NMI	Indonesia	Equipment trading and set-up	14,816	14,816	495	99%	38,683	9,921	9,822	Note2
NTS	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	15,076	147	49%	11,417	(3,795)	(1,860)	Note2
AIL	NMI	Indonesia	Equipment trading and set-up	150	150	5	1%	391	9,921	99	Note2
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	48,238	48,238	Note1	100%	116,412	21,988	21,988	Note2
AIL	Space Acter Thailand	Thailand	Investment holding company and trading of equipment	7,339	7,400	74	49%	5,882	(1,559)	(764)	Note2
Space Acter Thailand	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	15,076	147	49%	11,417	(3,795)	(1,860)	Note2

Note 1: Limited company.

Note 2: Relevant transactions and ending balances have all been written off.



(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 11)	Accumulated outflow of investment from Taiwan as of January 1,2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30,2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 8)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Winmax	Design and manufacture of air containers and liquid containers	151,426 (Note 1)	1	9,635	-	-	9,635	265,212	62.19%	164,935	701,184	621,053
Acter China	Construction and set-up of electronic equipment and air conditioners	284,355 (Note 2)	2	106,177	-	-	106,177	282,859	86.66%	245,134	1,045,022	154,384 (Note 4)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	12,063	86.66%	10,454	76,844	-
Sheng Huei Shenzhen	Construction and set up of electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	18,024	86.66%	15,620	183,580	55,876 (Note 4)
Fuyu	Agent for electronic equipment importing and exporting	6,110	2	6,110	-	-	6,110	(766)	100%	(766)	189,177	-
Suzhou Winmax	Design and manufacture of air containers and liquid containers	32,478	1	32,478	-	-	32,478	45,188	62.19%	28,103	120,028	-

2. Limitation on investment in Mainland China

<b>Accumulated Investment in Mainland China as of September 30,2020 (Note7)</b>	<b>Investment Amounts Authorized by investment Commission,MOEA (Note5 and 7)</b>	<b>Maximum Limit on Investment (Note 6)</b>
193,372(USD6,238 thousand)	670,967(USD21,222 thousand)	2,615,520

Note 1: It includes US\$4,590,000 capitalization of retain earning in 2007 and 2012.

Note 2: Including the surplus in 2006, 2007, 2010, 2011 and 2019, the capitalization of retain earning amounted to USD 4,537,000.

Note 3: Including the surplus in 2009, 2010 and 2011, the capitalization of retain earning amounted to US\$4,830 thousand.

Note 4: It included retained earnings to the Company amount \$78,958 thousand (US\$2,616 thousand) and RMB 27,822 thousand was paid to SHI.

Note 5: Including the investment amount \$183,904 thousand (US\$5,890 thousand) approved by the investment review committee of Nova Tech Company, but does not include Winmax's retained earnings to Nova Tech Company for deduction of the mainland investment amount of \$621,053 thousand (US\$20,362 thousand) and Acter China's retained earnings to the Company for deduction of the mainland investment amount of \$78,958 thousand (US\$2,616 thousand).

Note 6: The maximum limit of the cumulative amount of investment in Mainland China is 60% of the net value stipulated by the Investment Review Committee on August 29, 2008 on the "Principles of Investment or Technical Cooperation Review in Mainland China".

Note 7: If the relevant figures in this table involve foreign currencies, they are converted into New Taiwan dollars at the original exchange rate.

Note 8: Except for Acter China, Winmax and Suzhou Winmax, which are calculated based on the quarterly financial statements reviewed by the accountants of the parent company, the rest are calculated based on the quarterly financial statements of the same period that have not been reviewed by the accountants.

Note 9: GLOBAL Biotech completed the liquidation in January, 2018, the accumulated investment amount remitted from Taiwan to the mainland area of \$165,000 (US\$5,000) has not been remitted.

Note 10: SCEC Shanghai has completed liquidation in October 2017, but the accumulated investment amount of \$22,827 thousand (USD 783,000) remitted from Taiwan to the mainland has not been remitted.

Note 11: Investment methods are divided into the following three types:

- (1) Go directly to the Mainland for investment.
- (2) Reinvest in Mainland China through third-region companies.
- (3) Investing in Mainland companies through existing companies in Mainland China.

3. Major transaction

The company's direct or indirect major transactions with the Mainland investee company from January 1 to September 30, 2020 (which have been written off

when the consolidated report was prepared), please refer to "Information on significant Transactions" and "Business relations and important transactions between parent and subsidiary companies".

(d) Major shareholder information:

As of September 30, 2020, there were no shareholders holding more than 5% of the shares.

(14) Segment Information

Information and conciliation of the operating segment of the combined company are as follows:

<u>For the three months ended September 30, 2020</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	\$ 1,619,340	1,558,817	137,067	-	3,315,224
Intersegment revenues	<u>92,580</u>	<u>15,852</u>	<u>-</u>	<u>(108,432)</u>	<u>-</u>
Total revenue	<u>\$ 1,711,920</u>	<u>1,574,669</u>	<u>137,067</u>	<u>(108,432)</u>	<u>3,315,224</u>
<b>Reportable segment profit or loss</b>					<b><u>\$ 234,726</u></b>

<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>1,976,279</u>
<b>Reportable segment profit or loss</b>					<b><u>\$ 322,418</u></b>

<u>For the nine months ended September 30, 2020</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	\$ 5,423,861	4,321,852	507,026	-	10,252,739
Intersegment revenues	<u>291,569</u>	<u>483,590</u>	<u>-</u>	<u>(775,159)</u>	<u>-</u>
Total revenue	<u>\$ 5,715,430</u>	<u>4,805,442</u>	<u>507,026</u>	<u>(775,159)</u>	<u>10,252,739</u>
<b>Reportable segment profit or loss</b>					<b><u>\$ 870,945</u></b>

<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>
					<b><u>\$ 945,367</u></b>

	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and Eliminations</u>	<u>Total</u>
<b>Reportable segment asset</b>					
September 30, 2020	<u>\$ 11,084,591</u>	<u>6,078,905</u>	<u>3,407,687</u>	<u>(7,649,711)</u>	<u>12,921,472</u>
December 31, 2019	<u>\$ 10,750,055</u>	<u>10,035,474</u>	<u>2,757,892</u>	<u>(11,550,341)</u>	<u>11,993,080</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>
<b>Reportable segment liability</b>					
September 30, 2020	<u>\$ 4,001,607</u>	<u>3,062,889</u>	<u>815,059</u>	<u>(397,810)</u>	<u>7,481,745</u>
December 31, 2019	<u>\$ 3,532,311</u>	<u>3,984,057</u>	<u>384,806</u>	<u>(1,457,136)</u>	<u>6,444,038</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>