Stock Code:5536

ACTER GROUP CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors of Acter Group Corporation Limited:

Opinion

We have audited the financial statements of Acter Group Corporation Limited (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2020 in accordance with the auditing standards generally accepted in the Republic of China, and the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(p) "Revenue", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Revenue recognition", and Notes 6(s) "Revenue from contracts with customers" to the financial statements.

Description of key audit matter

The Company assesses its construction revenue by measuring the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs; the estimated total contract cost involves judgment and estimation uncertainty of the Company's management. Consequently, revenue recognition is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing the Company's internal control of sales and receipt cycle to assess whether there is any defects and irregularities of internal control systems; reviewing major contracts to understand the specific terms and risks of the contracts; comparing the actual construction costs incurred with the estimated construction costs to evaluate rationality of the estimation method; assessing whether the Company's accounting policy on revenue recognition is in accordance with the related accounting standards.

2. Assessment of impairment of receivables

Please refer to Note 4(f) "Financial instruments", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Impairment of receivables", and Note 6(d) "The net of notes and accounts receivable" to the financial statements.

Description of key audit matter

The recoverability of the Company's receivables is closely related to its business cycle and its customers' operating situation. The Company's management estimates the impairment for receivables by assessing each customer's financial status and historical collection record. Impairment of receivables involves judgment and estimation uncertainty of the Company's management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of accounts receivable; reviewing the collection of notes and accounts receivable during the subsequent period; evaluating the Company's assumption of impairment by performing receivables aging analysis and reviewing the historical collection record, comparing the allowance for impairment and actual unrecoverable receivables to assess the adequacy of allowance for impairment in order to assess whether the impairment is fairly presented.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,

design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese.)

ACTER GROUP CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a)and(v))	$ 1,660,258	20	596,478	9
1110	Current financial assets at fair value through profit or loss (note 6(b)and(v))	35,694	-	20,631	-
1140	Current contract assets (note 6(s) ,(v)and7)	997,207	12	454,274	7
1150	Notes receivable, net (note 6(d)and(v))	48,947	1	273,526	4
1170	Accounts receivable, net (note 6(d)and(v))	1,181,915	14	790,065	12
1180	Accounts receivable to related parties, net (note 6(d),(v)and7)	40,822	-	53,079	1
1200	Other receivables (note 6(e)and(v))	201	-	44	-
1210	Other receivables to related parties (note 6(e),(v)and7)	12,437	-	12,357	-
1476	Other current financial assets (note 6(v))	48,008	1	238,409	4
1479	Other current assets	113,583	1	91,757	2
		4,139,072	49	2,530,620	39
	Non-current assets:				
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c)and(v))	132,848	2	130,000	2
1550	Investments accounted for using equity method (note 6(g))	3,787,513	44	3,421,506	52
1600	Property, plant and equipment (note 6(h))	96,308	1	98,024	2
1755	Right-of-use assets (note 6(i))	51,842	1	56,526	1
1760	Investment property, net (note 6(j))	238,280	3	240,767	4
1840	Deferred tax assets (note 6(o))	35,265	-	31,429	-
1990	Other non-current assets	10,751	-	9,160	-
		4,352,807	51	3,987,412	61
	Total assets	**$ 8,491,879**	**100**	**6,518,032**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Current financial liabilities at fair value through profit or loss(note 6(b),(k)and(v))	$ 1,440	-	-	-
2130	Current contract liabilities (note 6(s)and7)	541,658	7	417,197	6
2150	Notes payable (note 6(v))	5,410	-	3,528	-
2170	Accounts payable (note 6(v))	1,202,292	14	833,254	13
2180	Accounts payable to related parties (note 6(v)and7)	1,167	-	2,518	-
2201	Accrued salaries and bonuses(note 6(v))	113,846	1	130,117	2
2230	Current income tax liabilities	60,560	1	17,248	-
2250	Current provisions (note 6(m))	27,883	-	33,792	1
2280	Current lease liabilities (note 6(l))	11,888	-	11,092	-
2399	Other current liabilities and accrued expenses	162,478	2	176,894	3
		2,128,622	25	1,625,640	25
	Non-Current liabilities:				
2530	Bonds payable(note 6(k)and(v))	770,519	9	-	-
2570	Deferred tax liabilities (note 6(o))	384,951	5	322,322	5
2580	Non-current lease liabilities (note 6(l))	40,389	-	45,680	1
2640	Non-current provisions for employee benefits (note 6(n))	21,100	-	20,657	-
2645	Guarantee deposits received	152	-	150	-
		1,217,111	14	388,809	6
	Total liabilities	3,345,733	39	2,014,449	31
	Equity attributable to owners of parent (note 6 (p)):				
3100	Ordinary shares	541,868	7	541,868	8
3140	Advance receipts for ordinary share	450,544	5	-	-
3200	Capital surplus	1,437,710	17	1,392,119	21
3300	Retained earnings	2,855,485	34	2,698,781	42
3400	Other equity interest	(139,461)	(2)	(129,185)	(2)
	Total equity	5,146,146	61	4,503,583	69
	Total liabilities and equity	**$ 8,491,879**	**100**	**6,518,032**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

ACTER GROUP CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
	Operating Revenues:				
4521	Construction revenue (note 6(s) and 7)	$ 4,570,066	100	$ 2,996,461	100
4529	Less: allowances	(1,304)	-	(4,129)	-
		4,568,762	100	2,992,332	100
4800	Other operating revenue (note 6(s) and 7)	-	-	11,325	-
		4,568,762	100	3,003,657	100
	Operating costs:				
5520	Construction cost (note 6 (n),(q),(t)and7)	3,970,292	87	2,485,569	83
5800	Other operating costs	-	-	9,736	-
		3,970,292	87	2,495,305	83
	Gross profit from operations	598,470	13	508,352	17
	Operating expenses (note 6(n),(q)and(t))**:**				
6100	Selling expenses	21,334	-	19,498	1
6200	Administrative expenses	179,686	4	174,246	6
6450	Expected credit loss (note 6(d))	9,768	-	5,798	-
		210,788	4	199,542	7
	Net operating income	387,682	9	308,810	10
	Non-operating income and expenses:				
7050	Finance costs (note 6(u))	(2,110)	-	(594)	-
7100	Interest revenue (note 6(u))	1,736	-	3,338	-
7010	Other income and expense (note 6(v))	17,648	-	12,180	-
7070	Shares of loss of associates accounted for using equity method, net	727,603	16	864,020	29
7020	Other gains and losses, net (note 6(v))	4,345	-	24,704	1
		749,222	16	903,648	30
	Profit before income tax	1,136,904	25	1,212,458	40
	Less: Income tax expense (note 6(o))	166,822	4	176,364	6
	Profit	970,082	21	1,036,094	34
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements effects on defined benefit plans (note 6(n))	(1,418)	-	(1,358)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,848	-	(577)	-
8330	Share of loss (profit) of associates and joint ventures accounted for using equity method though other comprehensive income, net, that may not be reclassified to profit or loss	841	-	(6,358)	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	-	-	-	-
		2,271	-	(8,293)	-
8360	**Items that will be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(16,405)	-	(74,749)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	3,281	-	14,951	-
		(13,124)	-	(59,798)	(2)
8300	**Other comprehensive income, net of tax**	(10,853)	-	(68,091)	(2)
8500	**Total comprehensive income profit for the years**	**$ 959,229**	**21**	**968,003**	**32**
	Earnings per share (note 6(r))				
9750	**Basic earnings per share(In new Taiwan dollars)**	**$ 17.90**		**19.16**	
9850	**Diluted earnings per share(In new Taiwan dollars)**	**$ 16.55**		**18.94**	

See accompanying notes to financial statements.

ACTER GROUP CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

				Retained earnings								
	Ordinary stock	**Advance receipt**	**Capital Surplus**	**Legal reserve**	**Special reserve**	**Unappropriated retained earnings**	**Total retained earnings**	**Exchange difference on translation of foreign operations**	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Others**	**Total Other equity interest**	**Total equity**
Balance, January 1, 2019	$ 542,028	-	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	(776)	(69,586)	4,349,126
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)
Share-based payment transaction	(160)	-	(1,120)	-	-	-	-	-	-	776	776	(504)
Profit for the years ended December 31,2019	-	-	-	-	-	1,036,094	1,036,094	-	-	-	-	1,036,094
Other comprehensive income for the years ended December 31,2019	-	-	-	-	-	(7,716)	(7,716)	(59,798)	(577)	-	(60,375)	(68,091)
Total comprehensive income	-	-	-	-	-	1,028,378	1,028,378	(59,798)	(577)	-	(60,375)	968,003
Balance, December 31, 2019	**$ 541,868**	**-**	**1,392,119**	**617,840**	**68,809**	**2,012,132**	**2,698,781**	**(123,035)**	**(6,150)**	**-**	**(129,185)**	**4,503,583**
Balance, January 1, 2020	541,868	-	1,392,119	617,840	68,809	2,012,132	2,698,781	(123,035)	(6,150)	-	(129,185)	4,503,583
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)
Changes in ownership interests in subsidiaries	-	-	(268)	-	-	-	-	-	-	-	-	(268)
Cash capital increase	-	450,544	-	-	-	-	-	-	-	-	-	450,544
Share-based payment transaction	-	-	12,162	-	-	-	-	-	-	-	-	12,162
Due to recognition of equity components due to issuance of convertible bonds	-	-	33,697	-	-	-	-	-	-	-	-	33,697
Profit for the years ended December 31,2020	-	-	-	-	-	970,082	970,082	-	-	-	-	970,082
Other comprehensive income for the years ended December 31,2020	-	-	-	-	-	(577)	(577)	(13,124)	2,848	-	(10,276)	(10,853)
Total comprehensive income	-	-	-	-	-	969,505	969,505	(13,124)	(2,848)	-	(10,276)	959,229
Balance, December 31 2020	**$ 541,868**	**450,544**	**1,437,710**	**721,449**	**129,186**	**2,004,850**	**2,855,485**	**(136,159)**	**(3,302)**	**-**	**(139,461)**	**5,146,146**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)
ACTER GROUP CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,136,904	1,212,458
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	17,460	17,200
Amortization expenses	4,397	3,363
Expected credit losses / Provisions for bad debt expense	9,768	5,798
Net loss from current financial liabilities at fair value through profit or loss	240	-
Interest expense	2,110	594
Interest income	(1,736)	(3,338)
Dividend income	(3,905)	-
Share-based payments	12,162	(504)
Shares of profit of associates and joint ventures accounted for using equity method	(727,603)	(864,020)
Losses on disposal of property, plant and equipment	-	25
Gains on disposal of investment	-	(19,515)
Total adjustments to reconcile profit (loss)	(687,107)	(860,397)
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in current financial assets at fair value through profit or loss	(15,063)	143,066
(Increase) decrease in current contract assets	(542,933)	38,264
Decrease (increase) in notes receivable	224,579	(212,562)
Increase in accounts receivable	(389,361)	(199,497)
Decrease (increase) in other financial assets	168,537	(1,385)
Total changes in operating assets	(554,241)	(232,114)
Changes in operating liabilities:		
Increase (decrease)in current contract liabilities	124,461	(107,547)
Increase in notes payable	1,882	578
Increase (decrease) in accounts payable	367,687	(392)
Decrease in provisions	(5,909)	(7,036)
Decrease in other current liabilities	(31,662)	(5,429)
Total changes in operating liabilities	456,459	(119,826)
Total adjustments	(784,889)	(1,212,337)
Cash inflow generated from operations	352,015	121
Interest received	1,537	4,550
Interest paid	(1,284)	(594)
Income taxes paid	(61,436)	(129,258)
Net cash flows from operating activities	290,832	(125,181)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(127,400)
Proceeds from disposal of non-current assets held for sale	-	72,627
Acquisition of property, plant and equipment	(1,110)	(632)
Increase guarantee deposits paid	(281)	(7)
Acquisition of intangible assets	(5,406)	(4,915)
Increase in other non-current assets	(301)	-
Dividends received	349,669	371,147
Net cash flows used in investing activities	342,571	310,820
Cash flows from (used in) financing activities:		
Increase in short-term loans	460,000	-
Decrease short-term loans	(460,000)	-
Issuance of corporate bonds	804,590	-
Increase (decrease)in guarantee deposits received	2	66
Payment of lease liabilities	(11,958)	(11,267)
Cash dividends paid	(812,801)	(813,042)
Capital increase by cash	450,544	-
Net cash flows from (used in) financing activities	430,377	(824,243)
Net increase (decrease) in cash and cash equivalents	1,063,780	(638,604)
Cash and cash equivalents at beginning of period	596,478	1,235,082
Cash and cash equivalents at end of period	$ 1,660,258	596,478

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

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 40758, Taiwan (R.O.C.). 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. Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

(2) Approval date and procedures of the financial statements:

The parent-company-only financial statements were authorized for issuance by the Board of Directors on February 25, 2021.

(3) New standards, amendments 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 initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

● Amendments to IFRS 3 “Definition of a Business”

● Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”

● Amendments to IAS 1 and IAS 8 “Definition of Material”

● Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

● Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform －Phase 2”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	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.	January 1, 2023
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the 'costs of fulfilling a contract' comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

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.

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

(4) Summary of significant accounting policies:

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 financial statements, the Chinese version shall prevail.

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on the historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value;

3) The defined benefit asset is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

ACTER GROUP CORPORATION LIMITED

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Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

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

An operating cycle (usually one year to two year) is a criterion to make judgment on whether assets or liabilities related to construction contracts are classified as current or non-current. The rest assets and liabilities are classified according to the following criteria:

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

(i) It is expects to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(Continued)

classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

– debt securities that are determined to have low credit risk at the reporting date；and

– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment, as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 540 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data：

(Continued)

– significant financial difficulty of the borrower or issuer；

– a breach of contract such as a default or being more than 360 days past due；

– the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；

– it is probable that the borrower will enter bankruptcy or other financial reorganization； or

– the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before being classified as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company’s accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value, less, costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 - Impairment of Assets. Such assets will continue to be measured in accordance with the Company’s accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(h) Investment in associates

(Continued)

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The financial statements include the Company's shares of profit or loss and other comprehensive income of associates, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity is caused by non-profit or loss or other comprehensive income transactions, with no impact on the Company's shareholding ratio, the Company recognizes the changes in ownership interests of the associate attributable to the Company as capital surplus in proportion to its ownership associate.

Gains and Losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of its associate.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owner's equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

Changed in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental

(Continued)

income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 22~50 years

2) Other facilities: 3~9 years

3) The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful life within 50 years.

4) The estimated useful life for significant components items of other equipment are as follows:

Component Items	Useful Life(years)
Transportation vehicles	5
Instrument equipment	5
Computer equipment	3
Office decoration construction	9
Other equipment	5

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Lease

(Continued)

(i) Identifying a lease

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

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

– the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the customer has the right to direct the use of the asset throughout the period of use only if either:

(1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

(2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

  – the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  – the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

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

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

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

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

(Continued)

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– payments for purchase or termination options that are reasonably certain to be exercised.

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

– there is a change in future lease payments arising from the change in an index or rate; or

– there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

– there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

– there is a change of its assessment on whether it will exercise an extension or termination option; or

– there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

(Continued)

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(m) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful life are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for computer software is 3 years.

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

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

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

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Equipment contracts and construction contracts

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. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes those fixed amounts. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing its obligations under a construction contract that exceed its economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

For constructions, the Company offers a standard warranty to provide assurance that they comply with the agreed-upon specifications and has recognized the warranty provisions for this obligation; please refer to note 6 (m).

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

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c) the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(Continued)

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

Grant date of a share-based payment award is the date which the Board of Directors authorized the price and number of a new award.

(s) Income Taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when

(Continued)

they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(t) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding.

Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding, after adjustment, for the effects of all dilutive potential ordinary shares, such as employee bonuses and employee stock bonuses or rewards that have yet to be approved during the stockholders’ meeting.

Incremental shares from issuance of shares from earning or capital surplus are calculated through retroactive adjustment.

(u) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(Continued)

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

The preparation of the parent-company-only financial statements in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Management continues to monitor the accounting assumptions and estimates. It recognized any changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Revenue recognition

Contract revenue are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts. Please refer to note 6 (s) for further description of the for revenue recognition.

(b) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For relevant assumptions and input values, please refer to note 6 (d).

When measuring the assets and liabilities, the Company uses observable inputs in the market at its best. The hierarchy of fair value is classified based on the input used by the valuation techniques as follows:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Please refer to Note 6(v) for assumptions used in measuring fair value.

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Notes to the Parent-Company-Only Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Petty cash and cash on hand	$ 203	203
Checking and demand deposits	643,838	385,884
Time deposits	916,316	210,391
Cash equivalents-repurchased commercial paper	99,901	-
Listed in the cash flow statement	$ 1,660,258	596,478

The above-mentioned repurchased rate for commercial paper as of December 31,2020 is 0.26% , with maturity date January 11,2021.Please refer to note 6 (v) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Beneficiary securities - open-end funds	$ 35,694	20,631
Financial liabilities designated measured at fair value through profit and loss:		
Unsecured convertible corporate bonds-call and put provision	$ 1,440	-

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

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Emerging stocks	5,448	2,600
Unlisted stocks	127,400	127,400
	$ 132,848	130,000

(i) The Company 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 Company intends to hold for long-term for strategic purposes.

No strategic investments were disposed as of December 31, 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 (v).

(Continued)

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

(iii) The financial assets were not pledged.

(d) The net of notes and accounts receivable (including related parties)

		December 31, 2020	December 31, 2019
Notes receivable	$	48,947	273,526
Accounts receivable		1,207,535	806,234
Accounts receivable to related parties		40,822	53,079
Less: Allowance for impairment		(25,620)	(16,169)
	$	1,271,684	1,116,670

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2020. To measure the expected credit losses, notes and accounts receivable 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 were determined as follows:

	December 31, 2020			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	$	1,232,056	-	-
121 to 180 days		25,349	0.50%	126
181 to 360 days		14,281	1%	143
361 to 540 days		445	40%	178
More than 541 days		25,173	100%	25,173
	$	1,297,304		25,620

	December 31, 2019			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	$	1,044,625	-	-
121 to 180 days		31,914	0.50%	159
181 to 360 days		19,594	1%	196
361 to 540 days		34,819	40%	13,927
More than 541 days		1,887	100%	1,887
	$	1,132,839		16,169

(Continued)

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Notes to the Parent-Company-Only Financial Statements

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

		2020	2019
Balance on January 1	$	16,169	10,371
Impairment losses		9,768	5,798
Amount written off due to uncollectible		(317)	-
Balance on December 31	$	25,620	16,169

(i) Accounts receivable includes retained construction receivable, which amounted to $35,511 and $27,747 as of December 31, 2020 and 2019, respectively.

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

(e) Other receivables

		December 31, 2020	December 31, 2019
Other accounts receivable	$	201	44
Other accounts receivable to related parties		12,437	12,357
Less: Loss allowance		-	-
	$	12,638	12,401

Please refer to note (v) for credit risk.

(f) Non-current assets held for sale

On December 24, 2018, the Board of Directors of the Company resolved to sell the property, plant and equipment, which were located at Zhongming S. Rd., with an estimated selling price of $74,250(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.

(g) Investment in equity-accounted investees

The components of investments accounted for using the equity method at the reporting data were as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	$	3,787,513	3,421,506

(i) Subsidiaries

For the related information, please refer to consolidated financial statements for the year ended December 31, 2020.

(ii) Investment in equity accounted investees were not pledged.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(h) Property, plant and equipment

	Land	Building and construction	Other facilities	Total
Cost:				
Balance on January 1, 2020	$ 77,863	18,665	20,104	116,632
Additions	-	-	1,110	1,110
Balance on December 31, 2020	$ 77,863	18,665	21,214	117,742
Balance on January 1, 2019	$ 77,863	18,665	19,785	116,313
Additions	-	-	632	632
Disposals	-	-	(313)	(313)
Balance on December 31, 2019	$ 77,863	18,665	20,104	116,632
Depreciation:				
Balance on January 1, 2020	$ -	4,855	13,753	18,608
Depreciation	-	566	2,260	2,826
Balance on December 31,2020	$ -	5,421	16,013	21,434
Balance on January 1, 2019	$ -	4,289	11,407	15,696
Depreciation	-	566	2,634	3,200
Disposals	-	-	(288)	(288)
Balance on December 31, 2019	$ -	4,855	13,753	18,608
Carrying amounts:				
Balance on December 31, 2020	$ 77,863	13,244	5,201	96,308
Balance on January 1, 2019	$ 77,863	14,376	8,378	100,617
Balance on December 31, 2019	$ 77,863	13,810	6,351	98,024

The property, plant and equipment were not pledged.

(i) Right-of-use asset

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

	Building and construction	Facilities	Total
Cost:			
Balance on January 1, 2020	$ 51,209	16,830	68,039
Additions	1,208	6,255	7,463
decreases	(1,744)	(767)	(2,511)
Balance on December 31, 2020	$ 50,673	22,318	72,991

	Building and construction	Facilities	Total
Cost:			
Balance on January 1, 2019	$ 49,129	12,553	61,682
Additions	2,080	4,277	6,357
Balance on December 31, 2019	$ 51,209	16,830	68,039
Depreciation			
Balance on January 1, 2020	$ 7,408	4,105	11,513
Depreciation	7,199	4,948	12,147
decreases	(1,744)	(767)	(2,511)
Balance on December 31, 2020	$ 12,863	8,286	21,149

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Notes to the Parent-Company-Only Financial Statements

Balance on January 1, 2019	-	-	-
Depreciation	7,408	4,105	11,513
Balance on December 31, 2019	$ 7,408	4,105	11,513
Book values:			
Balance on December 31, 2020	$ 37,810	14,032	51,842
Balance on January 1, 2019	$ 49,129	12,553	61,682
Balance on December 31, 2019	$ 43,801	12,725	56,526

(j) 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.

The movements in investment property for the Group were as follows:

	Land and improvement	Building and construction	Facilities	Total
Cost:				
Balance on December 31, 2020 (Balance on January 1, 2020)	$ 139,922	111,777	86	251,785
Balance on December 31, 2019 (Balance on January 1, 2019)	$ 139,922	111,777	86	251,785
D**epreciation**:				
Balance on January 1, 2020	$ -	10,947	71	11,018
Depreciation	-	2,487	-	2,487
Balance on December 31, 2020	$ -	13,434	71	13,505
Balance on 1 January 2019	$ -	8,460	71	8,531
Depreciation	-	2,487	-	2,487
Balance on December 31, 2019	$ -	10,947	71	11,018
C**arrying amounts**:				
Balance on December 31, 2020	$ 139,922	98,343	15	238,280
Balance on January 1, 2019	$ 139,922	103,317	15	243,254
Balance on December 31, 2019	$ 139,922	100,830	15	240,767
F**air value**:				
Balance on December 31, 2020				$ 302,119
Balance on December 31, 2019				$ 314,327

(i) The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.

(ii) The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value to asset its impairment.

(iii) The investment property is not pledged.

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Notes to the Parent-Company-Only Financial Statements

(k) Bonds payable

The details of unsecured convertible bonds were as follows:

	December 31, 2020
Total convertible corporate bonds issued	$ 800,000
Unamortized discounted corporate bonds payable	(29,481)
Corporate bonds issued balance at year-end	$ 770,519
Embedded derivative-call and put options, included in financial liabilities at fair value through profit or loss	$ 1,440
Equity component-conversion options, included in capital surplus-stock options	$ 33,697

	2020
Embedded derivative-call and put rights, included in financial liabilities at fair value through profit or loss	$ 240
Finance cost	$ 826

The company issued 8,000 unsecured 3 year convertible bonds on November 27,2020, without any effective interest rate.

The conversion price was set at $196.4 at the time of issue. When the common shares qualify for conversion price adjustment in accordance to the terms of issue, such adjustment will be made based on a formula in accordance with the terms of issue. There are no reset terms for this bond.

Beginning from three month after the issue date (February 28, 2021) until forty days before maturity (October 18, 2021), if the closing price of the company’s common shares on the Taipei Exchange is higher than 130% of the conversion price for thirty consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, the Group may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.

Bondholders are entitled to exercise the put option beginning from the put date (November 27, 2022) with an exercise price at 100% of the face value of the bonds. Upon receipt of a sell request, the Group shall pay the amount to the bondholders by cash within five trading days of the put date.

(l) Leases liabilities

	December 31, 2020	December 31, 2019
Current	$ 11,888	11,092
Non-current	$ 40,389	45,680

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

The amounts recognized in profit or loss was as follows:

	2020	2019
Interest on lease liabilities	$ 542	592
Expenses relating to short-term leases	$ 6,234	4,481
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 3,996	2,813

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

	2020	2019
Total cash outflow for leases	$ 22,730	19,153

(i) Real estate leases

The company leased houses and buildings as office premises. The lease period of office premises is usually three to five years

(ii) Other leases

The lease period of the company's leased transportation equipment is between three and five years, and some lease contracts stipulate that the company has the option to purchase the leased assets when the lease period expires

The lease period of the company's leased office, employee dormitory and office equipment is one year. These leases are short-term or low-value goods leases. The company chooses to apply the exemption recognition requirement instead of recognizing as right-of-use assets and lease liabilities

(m) Provisions

(i) The movement in the provisions with respect to warranties was as follows:

	2020	2019
Balance on January 1	$ 33,792	40,828
Provisions reversed during the period	(2,938)	(37)
Provisions used during the period	(2,971)	(6,999)
Balance on December 31	$ 27,883	33,792

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Notes to the Parent-Company-Only Financial Statements

(ii) The Company'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.

(n) Employee benefits

(i) Defined benefit plans

The reconciliation in the present value of defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 31,520	29,535
Fair value of plan assets	(10,420)	(8,878)
Defined benefit obligations	**$ 21,100**	**20,657**

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

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to these funds, its minimum earnings in the annual distributions on the final financial statements shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $10,420 as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movement in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company were as follows:

	2020	2019
Balance, January 1	$ 29,535	$ 27,532
Service cost and interest for the period	332	379
Remeasurement of the net defined benefit liability (asset)		
—Actuarial loss (gain) arising from changes in financial assumptions	1,644	1,098
—Actuarial loss arising from changes in experience adjustments	9	526
Balance, December 31	**$ 31,520**	**29,535**

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Notes to the Parent-Company-Only Financial Statements

3) Movement in fair value of defined benefit plan assets

The movement in fair value of defined benefit plan assets for the Company were as follows:

	2020	2019
Balance, January 1	$ 8,878	$ 7,303
Contributions made	1,200	1,200
Interest revenue	107	109
Remeasurements of the net defined benefit liability－Return on plan assets (excluding the interest revenue)	235	266
Balance, December 31	$ 10,420	8,878

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2020	2019
Net interest cost of net defined benefit liability(Operating expense)	$ 225	270

5) Remeasurements of the net defined benefit liability recognized in other comprehensive income

The actuarial gains and losses are recognized in other comprehensive income for the Company were as follows:

	2020	2019
Actuarial loss arising from defined benefit obligation	$ 1,653	1,624
Actuarial loss (gain) arising from Fair value of plan assets	(235)	(266)
Actuarial loss recognized in the current period	$ 1,418	1,358

6) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation by the Company at the reporting date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.75%	1.125%
Increases in future salary rate	3.00%	3.00%

The Company is expected to make a contribution payment of $1,200 to the defined benefit plans for the one year period after the reporting date.

The weighted – average duration of the defined benefit plans is 16.81 years.

7) Sensitivity analysis

	The impact on defined benefit obligation	
December 31,2020	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (1,110)	1,158
Future salary increase	1,115	(1,073)

	The impact on defined benefit obligation	
December 31,2019	**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$ (1,098)	1,144
Future salary increase	1,102	(1,066)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company contribute an amount at the rates of 6% of their employee’s monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company’s offshore subsidiaries contribute their pensions to their respective local social insurance agency in accordance with the provisions of their local acts. The Company’s contributions to the Bureau of the Labor Insurance or other local social insurance agency for the Company’s employee pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2020 and 2019, the Company set aside $11,327 and $10,562, respectively, of the pension costs to the Bureau of Labor Insurance under the defined contribution plan.

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(o) Income tax

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current income tax expense:			
Current period	$	101,186	69,183
Prior years income tax adjustment		3,562	1,482
		104,748	70,665
Deferred tax expense:			
Origination and reversal of temporary differences		62,074	105,699
Income tax expense	**$**	**166,822**	**176,364**

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences－foreign operations	**$**	**(3,281)**	**(14,951)**

Reconciliation of income tax expense (benefit) and income before tax were as follows:

		2020	2019
Profit before tax	$	1,136,904	1,212,458
Tax rate according to the Company's location	$	227,381	242,492
Investments tax credits		(65,893)	(72,956)
Surtax on undistributed earnings		2,580	5,706
Others		(808)	(360)
Prior years income tax adjustment		3,562	1,482
Total	**$**	**166,822**	**176,364**

(Continued)

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax asset and liability

Recognized deferred tax asset and liabilities

Deferred tax asset:

		January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Warranty cost	$	13,286	(3,835)	-	9,451	(869)	-	8,582
Estimated construction loss		679	(276)	-	403	(193)	-	210
Excessive provision of bad debt		2,098	(1,130)	-	968	1,561	-	2,529
Exchange of Unrealized Losses		622	(622)	-	-	-	-	-
Compensated absences		1,463	169	-	1,632	53	-	1,685
Foreign currency translation differences for foreign operations		3,980	-	14,951	18,931	-	3,281	22,212
Others		-	44	-	44	3	-	47
	$	22,128	(5,650)	14,951	31,429	555	3,281	35,265

Deferred tax liability:

		January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Gains on investment in foreign equity- accounted investee	$	222,273	99,848	-	322,121	62,427	-	384,548
Exchange of Unrealized Profits		-	…………201	-	201	202	-	403
	$	222,273	100,049	-	322,322	62,629	-	384,951

(iii) Income tax examination and approval

The income tax returns of the Company have been assessed by the tax authorities through year 2018.

(p) Capital and other equity

(i) Issuance of common stock

As of December 31, 2020 and 2019, the authorized common stock was $720,000, while the issued common stock amounted to $541,868 thousand with a par value of $10 per share.

A resolution was passed during the board meeting held on September 14, 2020 for the issuance of 3,000 new ordinary shares for cash, at a par value of $10 per share, amounting to $30,000 thousand, with the tentative issuing prices of $168 per share. The actual issuing prices were determined by the chairman and lead securities underwriter based on the market condition. The capital increase became effective with the registration of Letter No. 1090371590 issued by the Financial Supervisory Commission on October 30, 2020.

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On May 9, 2019, the Company's Board of Directors approved to write off the restricted stock to employees of 16,000 shares with the record date of capital reduction on May 31, 2019. The Company had finished the capital reduction registration.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2020	December 31, 2019
From issuance of common stock	$ 946,809	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	43,991	43,991
Changes in ownership interest in subsidiaries	381,801	382,069
From issuance of restricted stocks for employees	19,250	19,250
Cash capital increase reserved for employee subscription	12,162	-
Equity component of convertible bonds recognized in stock option	33,697	-
	$ 1,437,710	**1,392,119**

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

According to the 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 stockholders' bonuses, and they will be recommended by the board of directors to be approved in the stockholders' 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.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

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 special earnings reserve during earnings distribution. Other prior accumulated debit balance of stockholders’ 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.

According to the Letter No.1010051600 issued by the FSC on November 21, 2012, the “Unearned employee benefit” arising from issuing restricted stock to employees is deemed as unrealized gains and losses, therefore, there is no need to set aside any special reserve.

As of December 31, 2020 and 2019, the Company’s balance of special reserve were $129,186 thousand and $68,809 thousand.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on January 27, 2020, as well as the shareholders’ meeting on May 29, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019	2018
	Total amount	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 812,801	813,042

The amounts of cash dividends on the appropriations of earnings for 2020 had been approved during the board meeting on January 25, 2021. The relevant dividend distributions to shareholders were as follows:

	2020
	Total amount
Dividends distributed to ordinary shareholders	
Cash	$ 686,241

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4) 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, January1, 2020	$ (123,035)	(6,150)	-	(129,185)
Foreign currency exchange differences (net of tax)	(13,124)	-	-	(13,124)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	2,848	-	2,848
Balance, December 31, 2020	$ (136,159)	(3,302)	-	(139,461)
Balance, January1, 2019	$ (63,237)	(5,573)	(776)	(69,586)
Foreign currency exchange differences (net of tax)	(59,798)	-	-	(59,798)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(577)	-	(577)
Employee's unrealized bonus		-	776	766
Balance, December 31, 2019	$ (123,035)	(6,150)	-	(129,185)

(q) Share-based payment

The Company's shareholders' meeting on June 18, 2014 approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to $4,800 thousand in December 2014, with a par value $10, approbated by the Financial Supervisory Commission, effective on January 12, 2015. The record date of issuance of restricted stock to employees resolved by the Board of Directors was January 26, 2015. The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to $7,200 thousand and a par value $10. The effective date of this issuance is June 12, 2015. The record date of issuance of restricted stock to employees resolved by the Board of Directors was January 11, 2016.

Employees with restricted stock awards are entitled to purchase the Company's shares without charge, provided that these employees continue to work for the Company for another three years, upon reaching their goals of financial performance. 20%, 30% and 50% of the restricted shares are vested in year 1, 2 and 3, respectively, when the above conditions are met. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issuance price, and cancel the shares thereafter.

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

Unit: In thousand shares	**2019**
Balance, beginning of the period	291
Granted	-
Vested	(275)
Forfeited	(16)
Balance, end of the period	-

The Company has two share-based payment trade as of December 31, 2020 and 2019：

	December 31,2020 Equity-settled	**December 31,2019 Equity-settled**
	Cash capital increase reserved for employees to subscribe	**Restricted stock to employee**
Grant date	2020.12.7	2016.1.11
Grant (Unit：In thousand shares)	450	720
Contractual life	0.0603year	2016.1.11~2019.1.11
Object of grant	The Company's employees who have formal employment relationship with the Company and employees of the controlling company or affiliated company that meet certain conditions	The Company's employees who have formal employment relationship with the Company and serve as supervisors or above managerial level related to business operation
Vesting conditions	Immediately vested	Note 1

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

1) The Company's financial performance is measured by the sum of operating revenue and profit before tax, less, share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the following three years after the issuance.

2) Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

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

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(i) The Company used the Black-Scholes options pricing model to measure the fair value of the share-based payment at grant date, and the main inputs to the pricing model were as follows:

	2020	2019
	Cash capital increase reserved for employees to subscribe	**Restricted stock to employee**
Fair value at grant date	27.0259	74.1
Stock price at grant date	193	80
Exercise price	166	-
Expected price volatility (%)	23.6%	0.46%
Life of option (year)	0.0603	3
Expected price volatility (%)	-	2.52%
Risk-free rate (%)	0.1080%	1.13%

Expected price volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. Life of option is determined by the Company's regulation regarding the issuance of restricted stock. Expected divided yield rate is determined based on the annual cash dividend yield rate measured by weighted stock index. Risk-free rate is determined based on rate of time deposits. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(ii) Relevant information on restricted stock to employee:

Information on restricted stock to employee was as follows:

(Expressed in thousand unit)	2019	
	Weighted-Average Exercise Price	**Number of Exercisable Shares**
Balance, beginning of the period	$ -	291
Vested	-	(275)
Forfeited	-	(16)
Balance, end of the period		-

	December 31, 2019
Weighted-average remaining contractual life	-

(iii) Expenses and liabilities resulting from share-based payments

The Company incurred expenses from shares-based payments transactions as follows:

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	2020	2019
Expenses resulting from issuance of restricted stock to employees	-	(504)
Cash capital increase reserved for employee subscription	12,162	-
	$ 12,162	(504)

(r) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share for the 2020 and 2019 were calculated based on the current net profit of $970,082 thousand and $1,036,094 thousand, and the weighted average number of common shares outstanding were 54,187 thousand and 54,074 thousand shares respectively. The relevant calculations are as follows:

(1) Profit attributable to common shareholders

	2020	2019
Profit attributable to common shareholders	$ 970,082	1,036,094

(2) Weighted average number of common shares

	2020	2019
Weighted average number of common shares (In thousand shares)	54,187	54,074

(ii) Diluted earnings per share

(1) Profit attributable to common shareholders(Diluted)

	2020	2019
Profit attributable to common shareholders(Basic)	$ 970,082	1,036,094
The after-tax effect of the interest expense and other income or expense loss of convertible corporate bonds	853	-
Profit attributable to common shareholders(Diluted)	970,935	1,036,094

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(2) Weighted average number of ordinary (Diluted)

	2020	2019
Weighted average number of common shares	54,187	54,074
The impact of convertible corporate bonds	4,073	-
Add: effect on dilutive potential common stock		
Employee bonuses	390	500
Restricted stock to employees	-	120
Diluted weighted average number of common shares	**58,650**	**54,694**

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020	2019
Primary geographical markets		
Taiwan	**$ 4,568,762**	**3,003,657**
Major products		
Cleanroom electromechanical integration engineering	$ 3,367,007	2,145,212
Biomedical integration engineering	534,339	474,785
Consumer industry electromechanical integration engineering	665,911	370,950
High-tech equipment and materials sales and services	1,505	12,710
	$ 4,568,762	**3,003,657**

(ii) Contract balances

	December 31, 2020	December 31, 2019
Accounts receivable(including related parties)	$ 1,248,357	859,313
Less: allowance for impairment	(25,620)	(16,169)
	$ 1,222,737	**843,144**
Contract assets-Construction	**$ 997,207**	**454,274**
Contract liabilities-Construction	**$ 541,658**	**417,197**

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

The amount of revenue recognized for the year ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $413,487 thousand and $313,644 thousand.

The contract assets primarily relate to the Company had recognized contract revenue but yet to issue bill on reporting date. The contract assets are transferred to receivables when the rights to consideration become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract, for which revenue is recognized progressively during the construction period.

(Continued)

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 were no major changes in 2020 and 2019.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2020 and 2019, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were $7,442,099 and $4,973,580, respectively. The Company will recognize revenue gradually over time as the consideration is completed, which is expected to occur over the next 12 to 36 months.

If the contract of construction has an original expected duration of less than one year, the Company shall apply the practical expedient of IFRS 15 and shall not disclose the information about the transaction price allocated to the remaining performance obligations of the contract.

All consideration from contracts with customers are included in the transaction price disclosed above.

(t) 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 years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $60,000 thousand and $79,943 thousand and its directors' and supervisors' remuneration amounting to $28,000 thousand and $39,972 thousand, 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 operating expenses during 2020 and 2019. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2020 and 2019.

(u) Non-operating income and expenses

(i) Finance costs

	2020	2019
Interest expense-Bank loan	$ 742	2
Interest expense-Lease liabilities	542	592
Interest expense-Bonds payable	826	-
	$ 2,110	594

(ii) Interest income

		2020	2019
Interest income from bank deposits	$	1,358	3,198
Other interest income		378	140
	$	1,736	3,338

(iii) Other revenue

		2020	2019
Rental income	$	851	928
Others		16,797	11,252
	$	17,648	12,180

(iv) Other income and losses

		2020	2019
Exchange gain (loss) on foreign currency	$	4,291	(1,292)
Gain on disposal of non-current assets held for sale		-	19,515
Loss on disposals of property, plant and equipment		-	(25)
Net gain on financial assets at fair value through profit and loss		294	6,506
Net loss on financial liabilities at fair value through profit and loss		(240)	-
	$	4,345	24,704

(v) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of December 31, 2020 and 2019, the accounts receivable (including related parties) from the Company's top 5% customers representing 73% and 69% of the accounts receivable, respectively, which exposes the Company to credit risk.

3) Receivables

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

Other financial assets at amortized cost include other receivables 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 (f). There is no loss allowance provision recognized for the year of 2020 and 2019.

(Continued)

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2020						
Non-derivative financial liabilities						
Notes payable	$ 5,410	5,410	5,410	-	-	-
Accounts payable (including related parties)	1,203,459	1,203,459	1,194,029	7,141	2,289	-
Accrued salaries and bonuses	113,846	113,846	113,846	-	-	-
Other accrued expenses	141,757	141,757	141,757	-	-	-
Bonds payable	770,519	800,000	-	-	800,000	-
Lease liabilities (current and non-current)	52,277	52,828	12,094	11,214	23,816	5,704
	$ 2,287,268	2,317,300	1,467,136	18,355	826,105	5,704

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2019						
Non-derivative financial liabilities						
Notes payable	$ 3,528	3,528	3,528	-	-	-
Accounts payable (including related parties)	835,772	835,772	827,198	5,906	2,668	-
Accrued salaries and bonuses	130,117	130,117	130,117	-	-	-
Other accrued expenses	158,182	158,182	158,182	-	-	-
Lease liabilities (current and non-current)	56,772	57,867	11,304	10,556	24,080	11,927
	$ 1,184,371	1,185,466	1,130,329	16,462	26,748	11,927

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 1,930	28.515	55,034	2,928	30.203	88,434
CNY	5,932	4.3664	25,901	483	4.3152	2,084
Non-Monetary items						
USD	14,257	28.515	406,538	200	30.203	6,041
Financial liabilities						
Monetary items						
USD	686	28.515	19,561	132	30.203	3,987

(Continued)

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD and CNY as of December 31, 2020 and 2019 would have increased or decreased the before-tax net income by $614 thousand and $865 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

Due to the wide variety of monetary items of the company, the information on exchange gains and losses was disclosed in a consolidated manner. The foreign currency exchange gains and losses (including realized and unrealized) in 2020 and 2019 were $4,291 thousand and ($1,292) thousand respectively.

(iv) Other market price risk

For the years ended December 31, 2020 and 2019, 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:

	2020		2019	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income before tax**	**Other comprehensive income before tax**	**Net income before tax**
Increasing 3%	**$ 3,985**	**1,071**	**3,900**	**619**
Decreasing 3%	**$ (3,985)**	**(1,071)**	**(3,900)**	**(619)**

(v) 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 is measured on a recurring basis. The carrying amount and fair value of the Company'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 lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	35,694	35,694	-	-	35,694
Financial assets at fair value through other comprehensive income					
Emerging stock	5,448	5,448	-	-	5,448
Unlisted stock	127,400	-	-	127,400	127,400
	132,848	5,448	-	127,400	132,848
Financial assets measured at amortized cost					

(Continued)

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Cash and cash equivalents	1,660,258	-	-	-	-
Contract assets	997,207	-	-	-	-
Notes receivable	48,947	-	-	-	-
Accounts receivable	1,181,915	-	-	-	-
Accounts receivable to the related parties	40,822	-	-	-	-
Other receivables	201	-	-	-	-
Other receivables to the related parties	12,437	-	-	-	-
Other financial assets	48,008	-	-	-	-
	3,989,795	-	-	-	-
Total	$ 4,158,337	41,142	-	127,400	168,542
Designated financial liabilities measured at fair value through profit and loss	$ 1,440	-	1,440	-	1,440
Financial liabilities at amortized cost					
Notes payable	$ 5,410	-	-	-	-
Accounts payable	1,203,459	-	-	-	-
Accounts payable to related parties	113,846	-	-	-	-
Other accrued expenses	141,757	-	-	-	-
Bonds payable	770,519	-	918,240	-	- 918,240
Leases liabilities (current and non-current)	52,277	-	-	-	-
	2,287,268	-	918,240	-	- 918,240
Total	$ 2,288,708	-	918,680	-	919,680

	December 31, 2019				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	20,631	20,631	-	-	20,631
Financial assets at fair value through other comprehensive income					
Emerging stock	2,600	2,600	-	-	2,600
Unlisted stock	127,400	-	-	127,400	127,400
	130,000	2,600	-	127,400	130,000
Financial assets measured at amortized cost					
Cash and cash equivalents	596,478	-	-	-	-
Contract assets	454,274	-	-	-	-
Notes receivable	273,526	-	-	-	-
Accounts receivable	790,065	-	-	-	-
Accounts receivable to the related parties	53,079	-	-	-	-
Other receivables	44	-	-	-	-
Other receivables to the related parties	12,357	-	-	-	-
Other financial assets	238,409	-	-	-	-
	2,418,232	-	–	-	-- -
Total	$ 2,568,863	23,231	-	127,400	150,631
Financial liabilities at amortized cost					
Notes payable	$ 3,528	-	-	-	-
Accounts payable	835,772	-	-	-	-
Accrued salaries and bonuses	130,117	-	-	-	-
Other accrued expenses	158,182	-	-	-	-

(Continued)

Leases liabilities (current and non-current)	56,772	-	-	-	-
Total	$ 1,184,371	-	-	-	-

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

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

3) 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 Company'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.

When the financial instrument of the Company is not traded in an active market, its fair value is determined as follows:

– The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another for the year ended December 31, 2020 and 2019.

5) Reconciliation of Level 3 fair values

	2020	2019
Opening balance, January 1	$ 127,400	-
Purchased		127,400
Ending Balance, December 31	**$ 127,400**	**127,400**

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

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income － equity investments".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Market Approach	♦ P/E multiplier (2020.12.31:15.81 and 2019.12.31:20.62) ♦ Discount for lack of marketability (2020.12.31 and 2019.12.31 both were 30%)	♦ The higher the price-equity ratio, the higher the fair value. ♦ 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:

			Effects of changes in fair value on other comprehensive income	
	Inputs	Increase or decrease	Favorable	Unfavorable
December 31, 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%	18,200	(18,200)

	Inputs	Increase or decrease	Effects of changes in fair value on other comprehensive income: Favorable	Unfavorable
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.

(w) Financial risk management

(i) Overview

The Company is exposed to the following risks due to its use in financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses the exposure risk information, and the Company’s objectives, policies and procedures of measuring and managing risks. For more quantitative disclosure information, please refer to notes of the financial statements.

(ii) Risk management framework

The Company’s finance department provides business services for the overall internal department. It coordinates the domestic and international financial market operations, as well as supervises and manages financial risks related to the Company’s operation based on internal risk report about exposure to risk, with the analysis of the extent and width of risk. Operation of derivative financial instruments is subject to the policy approved by the Board of Directors, which is documented based on exchange rate risk, interest risk, and credit risk, operation of derivative and non-derivative financial instruments, and investment in the remaining current capital. The internal auditors of the Company continue with the review of the compliance with the policy and the extent of the exposure to risk. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

The Company's audit committee oversees how management supervision is in compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Company. The internal auditors assist the Company's audit committee in oversight, maintain control on risk management and procedures of both regular and exceptional reviews, and report the review results to the audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Company's accounts receivable, investments in securities and financial guarantees.

1) Accounts receivable and other receivable

The Company goes through the process of credit assessment on the trading parties pertaining to company size, industry perspective and general impression from the same industry before transaction begins. The engineering department also conducts an on-site interview, and the finance department will check to financial institutions for any abnormal dishonored check. The engineering department also establishes credit lines for each client, and updates the credit lines on a timely basis to reduce the transaction risk. The Company follows every uncollected receivable monthly. The administrative and the engineering department are responsible for gaining understandings about the overdue receivables and their anticipated date of collection, gaining understandings about clients' financial position, negotiations with the clients or demanding pledges or installment payment.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and open-end fund investments are measured and monitored by the Company's finance department. Since, the Company deals with banks and other external parties with good credit standing, the Company believes that there is no significant impact on credit risk.

3) Guarantee

The Company's policy stated that financial guarantee may be rendered to subsidiaries and trading parties running construction business.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments.

(Continued)

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the Chinese Yuan (CNY) and US Dollars (USD) as well.

2) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments. The Company assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(x) Capital management

The Company meets its objectives for managing capital to safeguard the capacity to continue to operate and provide a return on its shareholders; also, to benefit other related parties, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Company and other entities in the similar industry use the debt-to-equity ratio to manage capital. This ratio uses the total net debt to be divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity, plus, net debt.

The Company's debt to capital ratios at the balance sheet date were as follows:

		December 31, 2020	December 31, 2019
Total liabilities	$	3,345,733	2,014,449
Less: cash and cash equivalents		(1,660,258)	(596,478)
Net debt		1,685,475	1,417,971
Total equity		5,146,146	4,503,583
Total capital	**$**	**6,831,621**	**5,921,554**
Debt to capital ratio		**24.67%**	**23.95%**

There were no changes in the Company's approach to capital management for the year ended December 31, 2020.

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

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, was as follows:

(Continued)

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Notes to the Parent-Company-Only Financial Statements

	January 1,2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	December 31,2020
Leases liabilities	$ 56,772	(11,958)	-	7,463	52,277
Bonds payables	-	804,590	-	(34,071)	770,519
Total liabilities from financing activities	**$ 56,772**	**792,632**	**-**	**(26,608)**	**822,796**

	January 1,2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	December 31,2019
Leases liabilities	$ 61,682	(11,267)	-	6,357	56,772
Total liabilities from financing activities	**$ 61,682**	**(11,267)**	**-**	**6,357**	**56,772**

(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 financial statements and its subsidiaries.

Name of related party	Relationship with the Company
Nova Technology Corp. (Nova Tech)	The Subsidiary
HerSuo Engineering Co., Ltd. (HerSuo)	The Subsidiary
Enrich Tech Co., Ltd. (Enrich Tech)	The Subsidiary
Winmega Technology Corp. (Winmega)	The Subsidiary
Suzhou Winmax Technology Corp. (Suzhou Winmax)	The Subsidiary
Novatech Engineering & Construction Pte., Ltd. (NTEC Singapore)	The Subsidiary
Sheng Huei International Co., Ltd. (SHI)	The Subsidiary
Acter International Ltd.(AIL)	The Subsidiary
Nova Technology Singapore Pte., Ltd.(NTS)	The Subsidiary
Nova Technology Malaysia Sdn. Bhd. (NTM Acter Malaysia)	The Subsidiary
PT. Novamex Indonesia. (NMI Indonesia)	The Subsidiary
Acter Technology Co.,Ltd.(Acter Thailand)	The Subsidiary
New Point Group Ltd.(New Point)	The Subsidiary
Winmax Technology Corp. (Winmax)	The Subsidiary
Sheng Huei Engineering Technology Co., Ltd. (Acter Vietnam)	The Subsidiary
Acter Technology Integration Group Co. Ltd (Acter China)	The Subsidiary
Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	The Subsidiary
Shenzhen Ding –Mao Trade Co., Ltd. (Shenzhen Dingmao)	The Subsidiary
Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. (Fuyu)	The Subsidiary
Johnwell Ent Co.,Ltd.	The key management personnel of the parent company’s directors

(b) Other related party transactions

(i) Construction revenue, related assets and liabilities:

1) Revenue and accounts receivable to the related parties

The amounts of significant sale transactions and outstanding receivable between the Company and its related parties were as follows:

	Revenue		Receivable to Related Parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	$ 154,871	54,879	40,822	53,079

2) Contract assets and liabilities

	December 31, 2020		December 31, 2019	
	Contract assets	**Contract assets**	**Contract assets**	**Contract liabilities**
Subsidiaries	$ 10,042	44	-	24,536

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

(ii) Construction cost and related liabilities

The amounts of significant purchase transactions and outstanding payables for goods and equipment between the Company and its related parties were as follows:

	Construction cost		Payables to Related Parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	$ 114,937	32,385	513	2,205
Entity under the key management's control	2,066	1,092	654	313
	$ 117,003	33,477	1,167	2,518

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

(iii) Collections and payment transfer:

For the years ended December 31, 2020 and 2019, the Company paid the expenses on the behalf of subsidiaries amounting to $78 thousand and $257 thousand which were recognized as other receivable to related parties. As of December 31, 2020 and 2019, the balance of other receivable to related parties amounting to $6 thousand and $257 thousand.

(iv) Endorsements to the related parties:

For the years ended December 31, 2020 and 2019, the Company provide subsidiary with credit loan, Stand by L/C, Bank guarantee letter and promissory note for engaging in bank guarantee loan and construction fulfillment amounting to $2,098,534 thousand and $2,510,071 thousand, respectively.

For the years ended December 31, 2020 and 2019, the Company charged interest expenses to related parties from endorsements amounting to $234 thousand and $177 thousand, which were recognized as other receivable to related parties. As of December 31, 2020 and 2019, the balance of other receivable to related parties amounting to $227 thousand and $194 thousand.

(Continued)

For the years ended December 31, 2020 and 2019, the Company’s subsidiaries acquired bank loan credit from abovementioned bank guarantee loan amounting to $1,295,346 thousand and $1,290,914 thousand and actual usage amounting to $427,482 thousand and $332,220 thousand, respectively.

(v) Guarantees from the related parties:

For the years ended December 31, 2020 and 2019, the subsidiaries provided guarantees to the Company for fulfillment and warranty guarantee for engaging in construction contracts amounting to$398,604 thousand and $364,934 thousand.

(vi) Others:

For the years ended December 31, 2020 and 2019, the Company estimated its directors' and supervisors' remuneration from subsidiaries amounting to $12,204 thousand and $11,906 thousand, which were recognized as other receivable to related parties. As of December 31, 2020 and 2019, the balance of other receivable to related parties amounting to $12,204 thousand and $11,906 thousand, respectively.

(c) Key management personnel compensation

		2020	2019
Short-term employee benefits	$	78,030	90,200
Post-employment benefits		405	432
Share based payments		3,135	363
	$	**81,570**	**90,995**

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

(8) Pledged assets:

The Group’s pledged assets were as follows:

Asset	Purpose of pledge	September 30, 2020	December 31, 2019
Other financial assets－current:			
Demand deposit and time deposit	Construction contract fulfillment and warranty guarantee	**$ 21,702**	**202,559**

(9) Significant commitments and contingencies:

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

(a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $606,532 thousand and $617,844 thousand, respectively.

(b) The amounts pledged to the bank for engaging in construction contracts amounted to $558,887 thousand and $735,648 thousand, respectively.

(c) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (s).

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

A resolution was passed during the board meeting held on September 14, 2020 for the issuance of 3,000 thousand new ordinary shares for cash, with par value of $10 per share, amounting to $30,000 thousand. As of January 4, 2021, all funds for the issued ordinary shares had been received, with January 4, 2021 set as the date of capital increase.

(12) Other:

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

By function / By item	2020 Operating costs	2020 Operating expense	2020 Total	2019 Operating costs	2019 Operating expense	2019 Total
Employee benefit						
Salary	275,359	94,217	369,576	308,584	71,858	380,442
Labor, health and social insurance	15,723	8,812	23,905	14,927	7,902	22,829
Pension	9,209	2,343	11,552	8,535	2,297	10,832
Remuneration of directors	-	32,612	32,612	-	44,264	44,264
Other	6,699	6,806	13,505	7,114	5,222	12,336
Depreciation	354	14,619	14,973	473	14,240	14,713
Amortization	-	4,397	4,397	-	3,363	3,363

Note: Depreciation for investment property for the year ended December 31, 2020 and 2019 was $2,487thousand, respectively, and was recorded in non-operating expense.

As of December 31, 2020 and 2019, the additional information for employee numbers and employee benefits were as follows:

	2020	2019
Average employee numbers	$ 284	265
Average directors numbers without serving concurrently as employee	5	5
Average employee benefits	$ 1,500	1,640
Average employee salaries	$ 1,325	1,463
Average adjustment rate of employee salaries	(9.43)%	(3.81)%
Supervisor's remuneration	$ -	-

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

1. Remuneration policy for directors and managers:

   (1). The salary and remuneration of the company's directors is determined by the company's salary and remuneration committee in accordance with reference to the policies of other companies in the same industry and shall be approved by the board of directors.

   (2). The remuneration of the company’s managers is based on the company’s operating conditions and individual performance, and is evaluated by the responsible supervisor. The remuneration of managers is reviewed by the Salary and Compensation Committee and approved by the board of directors.

2. Employee salary and remuneration policy:

   It is based on the “Employee Salary Management method”, “Dividend Performance Bonus Management method” and “Employee Appraisal Method” and refer to comprehensive factors such as seniority and performance.

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Notes to the Parent-Company-Only Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The follows were the information on significant transactions required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, of the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	SHI	NMI	Other receivables due from related parties	Yes	187,725	-	-	-	Short-term financing	-	Operating capital	-	none	-	1,788,741 (note 4)	1,788,741 (note 4)
1	SHI	AIL	Other receivables due from related parties	Yes	169,985	-	-	-	Short-term financing	-	Operating capital	-	none	-	1,788,741 (note 4)	1,788,741 (note 4)
1	SHI	Acter Thailand	Other receivables due from related parties	Yes	24,944	-	-	-	Short-term financing	-	Operating capital	-	none	-	794,996 (note 4)	1,788,741 (note 4)
2	New point	NMI	Other receivables due from related parties	Yes	19,749	-	-	-	Short-term financing	-	Operating capital	-	none	-	315,005 (note 4)	315,005 (note 4)
3	AIL	Acter Vietnam	Other receivables due from related parties	Yes	175,656	171,090	114,060	1.02	Short-term financing	-	Operating capital	-	none	-	1,018,560 (note 5)	1,018,560 (note 5)
3	AIL	NMI	Other receivables due from related parties	Yes	45,054	42,773	42,773	3.03	Short-term financing	-	Operating capital	-	none	-	1,018,560 (note 5)	1,018,560 (note 5)
3	AIL	Acter Thailand	Other receivables due from related parties	Yes	18,816	18,816	18,816	1.55	Short-term financing	-	Operating capital	-	none	-	40,742 (note 5)	40,742 (note 5)
4	Acter China	Shenzhen Dingmao	Other receivables due from related parties	Yes	105,199	104,794	-	-	Short-term financing	-	Operating capital	-	none	-	559,329 (note 5)	559,329 (note 5)
4	Acter China	Sheng Huei Shenzhen	Other receivables due from related parties	Yes	105,199	104,794	6,550	1.50	Short-term financing	-	Operating capital	-	none	-	559,329 (note 5)	559,329 (note 5)
4	Acter China	Acter Vietnam	Other receivables due from related parties	Yes	88,286	87,945	29,315	1.00	Short-term financing	-	Operating capital	-	none	-	559,329 (note 5)	559,329 (note 5)
4	Acter China	Acter Thailand	Other receivables due from related parties	Yes	29,429	29,315	-	-	Short-term financing	-	Operating capital	-	none	-	559,329 (note 5)	559,329 (note 5)

Note 1. The ending balance was the used credit line approved by the Board of Directors for the year ended December 31, 2020.

Note 2. The limited amount and the total amount available for lending purpose shall not exceed 10% of the Company's net worth.

Note 3. The net worth was audited by a Certified Public Accountant.

Note 4. The total amounts available for loan to other parties shall not exceed 90% of the offshore subsidiaries' net worth. The total amount and maximum amount available loan to short term financing needs and loan to single party shall not exceed 40% of the foreign subsidiaries' net worth respectively; and the maximum amount to directly or indirectly wholly owned foreign subsidiaries for short term financing needs is not limited to 40% of the foreign subsidiaries' net worth; however, the total maximum amount for lending shall not exceed 90% of the net worth of each foreign subsidiary.

Note 5. Both total amount and maximum amount available for lending purpose and short-term financing needs, respectively, shall not exceed 40% of Acter China and its subsidiaries' net worth; and the maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan (must be within the scope of the consolidated financial statements of Acter China) for short-term financing needs is not limited to 40% of the net worth of each foreign subsidiary; however, the total amount and maximum amount for lending shall not exceed 1000% of the net worth of each foreign subsidiary.

Note 6. The transaction had been eliminated upon consolidation.

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(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

		Counter-party of guarantee and endorsement											
No.	Name of guarantor	Name	Relationship with the Company (note 14)	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	NMI	2	25,730,730 (note 3 and 4)	9,200	-	-	-	- %	41,169,168 (note 3 and 4)	Y	N	N
0	The Company	Acter Vietnam	2	25,730,730 (note 3 and 4)	103,324	99,803	52,716	-	1.94%	41,169,168 (note 3 and 4)	Y	N	N
0	The Company	Her Suo	2	25,730,730 (note 3 and 4)	289,708	187,438	187,438	-	3.64%	41,169,168 (note 3 and 4)	Y	N	N
0	The Company	AIL	2	25,730,730 (note 3 and 4)	460,976	456,240	347,240	-	8.87%	41,169,168 (note 3 and 4)	Y	N	N
0	The Company	Acter China, Sheng Huei Shenzhen and Shenzhen Dingmao	2	25,730,730 (note 3 and 4)	182,298	57,030	-	-	1.11%	41,169,168 (note 3 and 4)	Y	N	Y
0	The Company	Acter China and Sheng Huei Shenzhen	2	25,730,730 (note 3 and 4)	472,213	170,290	14,201	-	3.31%	41,169,168 (note 3 and 4)	Y	N	Y
0	The Company	Acter China	2	25,730,730 (note 3 and 4)	311,892	261,984	13,325	-	5.09%	41,169,168 (note 3 and 4)	Y	N	Y
0	The Company	Enrich Tech	2	25,730,730 (note 3 and 4)	1,170,250	865,750	615,750	-	16.82%	41,169,168 (note 3 and 4)	Y	N	N
1	Her Suo	Nova Tech	4	7,521,240 (note 6 and 8)	41,601	41,601	41,601	-	16.59%	8,774,780 (note 6 and 8)	N	N	N
1	Her Suo	Chung Hsiang Engineering	5	7,521,240 (note 6)	348,000	348,000	348,000	-	138.81%	8,774,780 (note 6)	N	N	N
1	Her Suo	The Company	3	7,521,240 (note 6)	78,000	78,000	78,000	-	31.11%	8,774,780 (note 6)	N	Y	N
2	Nova Tech	Suzhou Winmax	2	4,656,412 (note 9)	9,299	-	-	-	- %	6,984,618 (note 9)	N	N	Y
2	Nova Tech	Winmax and Suzhou Winmax	2	4,656,412 (note 9)	720,942	633,128	121,180	-	27.19%	6,984,618 (note 9)	N	N	Y
2	Nova Tech	Winmax	2	4,656,412 (note 9)	757,249	652,384	519,412	-	28.02%	6,984,618 (note 9)	N	N	Y
2	Nova Tech	The Company	3	4,656,412 (note 9)	289,800	289,800	289,800	-	12.45%	6,984,618 (note 9)	N	Y	N
2	Nova Tech	Sheng Huei Shenzen	5	4,656,412 (note 9)	189,115	189,115	189,115	-	8.12%	6,984,618 (note 9)	N	N	Y
3	Acter China	Acter Vietnam	2	8,389,938 (note 12)	980,645	980,645	980,645	-	70.13%	11,186,584 (note 12)	N	N	N
3	Acter China	AIL	2	8,389,938 (note 12)	254,755	253,773	253,773	-	18.15%	11,186,584 (note 12)	N	N	N
3	Acter China	Sheng Huei Shenzhe	2	8,389,938 (note 12)	131,499	130,992	-	-	9.37%	11,186,584 (note 12)	N	N	Y
3	Acter China	Shenzhen Dingmao	2	8,389,938 (note 12)	577,337	537,367	430,844	-	38.43%	11,186,584 (note 12)	N	N	Y
3	Acter China	Versum Material	5	8,389,938 (note 12)	13,731	-	-	-	- %	11,186,584 (note 12)	N	N	Y
4	Sheng Huei Shenzhen	Acter China	3	3,734,100 (note 12)	195,682	140,109	140,109	-	56.28%	4,480,920 (note 12)	N	N	Y
5	Winmax	Nova Tech	3	3,654,729 (note 10)	224,529	165,162	165,162	-	13.56%	6,091,215 (note 10)	N	N	N
5	Winmax	Suzhou Winmax	4	3,654,729 (note 10)	87,666	87,328	-	-	7.17%	6,091,215 (note 10)	N	N	Y
6	Fuyu	Acter China	4	- (note 13)	35,098	-	-	-	- %	- (note 13)	N	N	Y
7	Shenzhen Dingmao	Acter China	3	1,369,560 (note 12)	43,833	43,664	43,664	-	47.82%	1,643,472 (note 12)	N	N	Y
8	Enrich Tech	The Company	3	5,135,700 (note 6)	30,804	30,804	30,804	-	17.99%	5,991,650 (note 6)	N	Y	N
9	Suzhou Winmax	Winmax	4	7,320,670 (note 11)	587,390	-	-	-	- %	7,320,670 (note 11)	N	N	Y

Note 1. The total amount of endorsements and guarantees provided by the Company to other entities, who need to fulfill their contractual obligation by providing mutual endorsements and guarantees for peer in order to undertake a construction project, shall not exceed 500% of the Company's net worth, and the maximum amount for single party shall not exceed 300% of the Company's net worth.

Note 2. The maximum amount of endorsements and guarantees provided by the Company to other third parties (excluded in the consolidated financial statements) for the purpose of not undertaking a construction project, shall not exceed 10% of the Company's net worth; and the maximum amount of endorsements and guarantees provided by the Company to other third parties (excluded in the consolidated financial statements) that have ordinary business relationship with the Company shall not exceed the amount of their business transactions, which have the highest amount of the latest purchase or sales amount within the previous year, and the total amount, shall not exceed 20% of the Company's net worth.

(Continued)

Note 3. The total amount of endorsements and guarantees provided by the Company to subsidiaries who the Company, directly and indirectly, holds more than 50% of their voting shares, shall not exceed 800% of the Company's net worth. Also, the maximum amount for single subsidiary shall not exceed 500% of the Company's net worth.

Note 4. The total amount of endorsements and guarantees provided by the Company to its subsidiaries, who need to fulfill their contractual obligation by providing mutual endorsements and guarantees for peer in order to undertake a construction project, or inter the parent company and subsidiaries, or to a subsidiary who the parent company owns, directly and indirectly, 100% of its voting shares, shall not exceed 800% of the Company's net worth. Also, the maximum amount for single party shall not exceed 500% of the Company's net worth.

Note 5. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount was audited by a Certified Public Accountant.

Note 6. The total amount of endorsements and guarantees provided by Her Suo and Enrich Tech shall not exceed 3500% of each company's net worth. Also, the maximum amount for single party shall not exceed 3000% of each company's net worth.

Note 7. The net worth was audited by a Certified Public Accountant.

Note 8. According to the first paragraph of Article 13 of “Procedure for Loaning of Funds and Endorsements and Guarantees” issued by the Company, the Company had proposed an improvement plan for the amount of endorsements and/or guarantees for the endorsement guarantee object that did not comply with the regulations.

Note 9. The total amount of endorsements and guarantees provided by Nova Tech to other parties, fulfillment of contractual obligation by providing mutual endorsements and/or guarantees for peer in order to undertake a construction project, shall not exceed 300% of the company's net worth. Also, the maximum amount for single party shall not exceed 200% of the company's net worth. In addition to the above, the total amount of endorsements and guarantees provided by Nova Tech to other entries shall not exceed 300% of the company's net worth. Also, the maximum amount for single party shall not exceed 200% of the company's net worth. The maximum amount of endorsements and guarantees provided by Nova Tech to other entities that have ordinary business relationship shall not exceed the highest amount of the latest purchase or sales amount that the two parties can reasonably estimate within the past one year or the next one year.

Note 10. The total amount of endorsements and guarantees provided by Winmax to other entities shall not exceed 500% of the company’s net worth and the maximum amount for single party mount shall not exceed 300% of the company’s net worth. The maximum amount of endorsements and guarantees provided by Winmax to other parties that have ordinary business relationship shall not exceed the amount of business transaction amount. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount that the two parties can reasonably estimate within the past one year or the next one year.

Note 11. The total amount of endorsements and guarantees provided by Suzhou Winmax to its parent company, or to a subsidiary who the parent company owns, directly and indirectly, 100% of its voting shares, shall not exceed 3500% of the company’s net worth; as well as to any single party, shall not exceed 3500% of the company’s net worth. In addition, the total amount of endorsements and guarantees provided by Suzhou Winmax to other parties shall not exceed 500% of the company’s net worth and to any individual entity, shall not exceed 300% of the company’s net worth.

Note 12. The total amount of endorsements and guarantees provided by Acter China to other entities shall not exceed 800% of the company’s net worth. Also, the maximum mount shall not exceed 600% of the company’s net worth. The total amount of endorsements and guarantees provided by the subsidiaries of Acter China to other parties shall not exceed 1800% of the company’s net worth. Also, the maximum amount shall not exceed 1500% of each company’s net worth. The maximum amount of endorsements and guarantees provided by Acter China to other entities that have ordinary business relationship shall not exceed the amount of business transaction amount. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount within the past one year.

Note 13. The total amount of endorsements and guarantees provided by Fuyu to other entities shall not exceed 800% of the company’s net worth. Also, the maximum amount for single party shall not exceed 600% of the company’s net worth. The maximum amount of endorsements and guarantees provided by Fuyu to other parties that have ordinary business relationship shall not exceed the amount of business transaction amount. The amount of business transaction amount refers to the highest amount of the latest purchase or sales amount within the past one year.

Note 14. Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligation by providing mutual endorsements and/or guarantees for peer or joint builders in order to undertake a construction project.

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(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest balance during the year	Note
The Company	Allianz Global Investors All Seasons Harvest Fund (Accumulated)	Outside third party	Current financial assets at fair value through profit or loss	799	10,806	- %	10,806	- %	
The Company	Nomura EMD & High Yield Bond Portfolio	Outside third party	Current financial assets at fair value through profit or loss	832	10,401	- %	10,401	- %	
The Company	FSITC US Top 100 Bond Fund (Accumulated)	Outside third party	Current financial assets at fair value through profit or loss	46	14,487	- %	14,487	- %	
					35,694		35,694		
The Company	Holy Stone Healthcare Co., Ltd.	Outside third party	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	5,448	0.20%	5,448	0.20%	
The Company	Waste Recovery Technology Inc.	Outside third party	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,560	127,400	9.77%	127,400	9.77%	
					132,848		132,848		
Nova Tech	Pine Bridge Preferred Securities Income fund USD A	Outside third party	Current financial assets at fair value through profit or loss	18	6,459	- %	6,459	- %	
Nova Tech	Chailease Holding Company Limited Class A Preferred Shares	Outside third party	Current financial assets at fair value through profit or loss	200	19,920	- %	19,920	- %	
					26,379		26,379		
Her Suo	UPAMC James Bond Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	1,484	25,000	- %	25,000	- %	
Her Suo	Taishin Ta-Chong Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	1,746	25,000	- %	25,000	- %	
Her Suo	FSITC Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	139	25,000	- %	25,000	- %	
Her Suo	Fuh Hwa Money Market	Outside third party	Current financial assets at fair value through profit or loss	688	10,000	- %	10,000	- %	
Her Suo	Mega Diamond Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	2,372	30,000	- %	30,000	- %	
Her Suo	Jih Sun Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	1,672	25,000	- %	25,000	- %	
Her Suo	Franklin Templeton Sinoam Money Market	Outside third party	Current financial assets at fair value through profit or loss	2,397	25,000	- %	25,000	- %	
Her Suo	DFE DWS Taiwan Money Market	Outside third party	Current financial assets at fair value through profit or loss	2,120	25,000	- %	25,000	- %	
Her Suo	Yuanta De-Li Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	1,521	25,000	- %	25,000	- %	
					215,000		215,000		
Her Suo	Hsinchu Golf Country Club Co., Ltd.	Outside third party	Non-current investments in equity instruments measured at fair value through other comprehensive income	0.002	2,246	- %	2,246	- %	
SHI	JPMorgan Funds-Emerging Markets Debt Fund A (mth)-USD	Outside third party	Current financial assets at fair value through profit or loss	1	529	- %	529	- %	
SHI	Allianz Global Investors Fund－Allianz Global Multi-Asset Credit AT-USD	Outside third party	Current financial assets at fair value through profit or loss	45	14,374	- %	14,374	- %	

(Continued)

ACTER GROUP CORPORATION LIMITED
Notes to the Parent-Company-Only Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest balance during the year	Note
SHI	RED ARC TERM LIQUIDITY FUND-185A3USD	Outside third party -	Current financial assets at fair value through profit or loss	19	57,030	- %	57,030	- %	
					71,933		71,933		
AIL	JPMorgan Funds－US Aggregate Bond Fund A (moth)－USD	Outside third party	Current financial assets at fair value through profit or loss	3	1,023	- %	1,023	- %	
Winmega	Franklin Templeton Sinoam Money Market Fund	Outside third party	Current financial assets at fair value through profit or loss	1,929	20,116	- %	20,116	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance Shares	Beginning Balance Amount	Purchases Shares	Purchases Amount	Sales Shares	Sales Price	Sales Cost	Sales Gain (loss) on disposal	Ending Balance Shares	Ending Balance Amount
Nova Tech	Ordinary Shares	Investments accounted for using equity method	Former Shareholder of Rayzher	-	-	-	3,125	112,500	-	-	-	-	3,125	112,500

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Enrich Tech	Be owned 56.94% by the Company	Sales	154,871	3%	Depend on individual contract	Depend on individual contract	No significant difference	40,822	3%	Note
The Company	Her Suo	Be owned 100% by the Company	Purchases	114,300	3%	Depend on individual contract	Depend on individual contract	No significant difference	(513)	-%	Note
Nova Tech	Winmax	Be owned 100% by Nova Tech	Purchases	342,228	27%	Depend on individual contract	Depend on individual contract	No significant difference	-	-%	Note

Note: The transactions have been eliminated upon consolidation.

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

(ix) Trading in derivative instruments: None.

ACTER GROUP CORPORATION LIMITED
Notes to the Parent-Company-Only Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar Shares)

				Original investment amount		Balance as of December 31, 2020			Net income	Share of	
Name of investor	Name of investee	Location	Main businesses and products	December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value	(losses) of investee	profits of investee	Note
The Company	Nova Tech	Hsinchu	Wholesale of electronic and chemical equipment	141,364	141,364	21,098	62.19%	1,447,799	407,392	253,338	
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100%	250,708	55,919	55,919	
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	5,694	56.94%	101,516	37,518	20,208	
The Company	SHI	Samoa	Investment holding company	129,126	129,126	4,205	100%	1,987,490	398,139	398,139	
Nova Tech	Winmega	Hsinchu	Wholesale of electronic and chemical engineering equipment	15,000	15,000	3,000	100%	109,870	43,323	43,323	
Nova Tech	NTEC	Singapore	Chemical supply system business	24,179	24,179	1,000	100.00%	55,051	(3,523)	(3,523)	
Nova Tech	Rayzher	Taoyuan	Piping engineering, installation cable and automatic control equipment, etc.	112,500	-	3,125	25%	112,500	-	-	
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100%	350,005	1,889	1,889	
Acter China	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	69,678	25,327	100%	101,856	25,416	25,416	
Acter China	NTS	Singapore	Investment holding company	80,000	80,000	3,376	100%	81,202	20,964	20,964	
NTS	NTM	Malaysia	Investment holding company	26,780	26,780	2,600	100%	3,071	(166)	(166)	
NTS	NMI	Indonesia	Equipment trading and set-up	14,816	14,816	495	99%	55,088	25,605	25,349	
NTS	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	15,076	147	49%	11,260	(4,640)	(2,273)	
NTS	DJR	Thailand	Investment holding company	908	-	13	25%	913	-	-	
NTS	Daejin Road	Thailand	Investment holding company	1,371	-	13	25%	1,379	-	-	
AIL	NMI	Indonesia	Equipment trading and set-up	150	150	5	1%	556	25,605	256	
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	48,238	48,238	Note1	100%	110,757	18,801	18,801	
AIL	Space Thailand	Thailand	Investment holding company and trading of equipment	7,308	7,400	74	49%	5,775	(2,039)	(999)	
AIL	DJR	Thailand	Investment holding company	871	-	12	24%	871	-	-	
AIL	Daejin Road	Thailand	Investment holding company	1,317	-	12	24%	1,317	-	-	
Space Thailand	Acter Thailand	Thailand	Construction and set up of electronic equipment and air conditioner	14,428	15,076	147	49%	11,260	(4,640)	(2,273)	

Note 1: Limited company.

ACTER GROUP CORPORATION LIMITED
Notes to the Parent-Company-Only Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of surplus 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 December 31, 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	336,313	62.19%	209,153	757,625	621,053
Acter China	Construction and set-up of electronic equipment and air conditioners	284,355 (Note 2)	2	106,177	-	-	106,177	456,536	86.66%	395,648	1,211,828	154,384 (Note 4)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	13,198	86.66%	11,438	79,126	-
Sheng Huei Shenzhen	Construction and set-up electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	50,939	86.66%	44,146	215,739	55,876 (Note 4)
Fuyu (liquidated)	Agent for electronic equipment importing and exporting	6,110	2	6,110	-	-	6,110	(829)	-%	(829)	- (Note 11)	-
Suzhou Winmax	Design and manufacture of air containers and liquid containers	32,478	1	32,478	-	-	32,478	57,971	62.19%	36,052	130,078	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
193,372 (USD6,238 thousand)	670,967 (USD21,222thousand)	3,087,688

Note 1: The amount of capital included the capital increase by retained earnings of USD4,590 thousand in 2007 and 2012.

Note 2: The amount of capital included the capital increase by retained earnings of USD4,537 thousand in 2006, 2007, 2010, 2011 and 2019.

Note 3: The amount of capital included the capital increase by retained earnings of USD4,830 thousand in 2009, 2010 and 2011.

Note 4: The amount of cash dividends distributed to the Company and SHI were $78,958 thousand (USD2,616 thousand) and CNY27,822 thousand, respectively.

Note 5: The accumulated investment in Mainland China included through Nova Tech $183,904 thousand (USD5,890 thousand) was authorized by Investment Commission. However, the remittance from Winmax to Nova Tech amounting to $621,053 thousand (USD20,362 thousand) and the remittance from Acter China to the Company amounting to $78,958 thousand (USD2,616 thousand) were not include in the accumulated investment amount.

Note 6: According to the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” issued by Investment Commission on August 29, 2008, the limit amount on investment in Mainland China shall not exceed 60% of the Company’s net worth.

Note 7: The amount was translated at the rates of exchange at each authorization by Investment Commission.

Note 8: The amount was recognized based on the audited financial statements.

Note 9: GLOBAL Biotech had been liquidated in January 2018. However, the accumulated investment in Mainland China amounting to $165 thousand (USD5 thousand) had not yet remitted to the Company.

Note 10: SCEC Shanghai had been liquidated in October 2017. However, the accumulated investment in Mainland China amounting to $22,827 thousand (USD783 thousand) had not yet remitted to the Company.

Note 11: Fuyu had been liquidated in December 2020. However, the accumulated investment in Mainland China amounting to $6,110 thousand (USD200 thousand) had not yet remitted to the Company.

Note 12: Ways to invest in Mainland China:

(1) Direct investment in Mainland China.

(2) Indirect investment in Mainland China through a foreign company.

(3) Investment in Mainland China through an existing company in Mainland China.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in “the Information on significant transactions”.

(d) Major shareholders:

As of December 31, 2020, there were no shareholders holding more than 5% of the shares.

(14) Segment Information

Please refer to the consolidated financial statements for the years ended December 31, 2020

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Cash and Cash Equivalents

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Cash in hand	$ 80
	Foreign Currency cash in hand (USD1.009 thousands x 28.515 MYR0.5019 thousands x 7.0412 RMB14.4641 thousands x 4.3664 JPY99 thousands x 0.275)	123
Bank deposit	Demand deposit	588,735
	Note deposit	58
	Foreign currency deposits (USD1,929.8409 thousands x 28.515 RMB3.6654 thousands x 4.3664	55,045
	Time deposits (USD890,493 thousands RMB5,914.0113 thousands x 4.3664	916,316
	Commercial paper with repurchase agreement	99,901
		$ 1,660,258

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Financial Assets Measured at Fair Value through Profit or Loss - Current

December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units	Acquisition cost	Fair value: Unit price (in dollars)	Fair value: Total amount
Allianz Global Investors All Seasons Harvest Fund of Bond Funds-A-TWD	Fund of Bond Funds-TWD	799	10,000	13.5165	10,806
Nomura EMD & High Yield Bond Portfolio Accumulate	Emerging Market High Yield Bond	832	10,000	12.5018	10,401
FSITC US Top 100 Bond Fund Acc	Enterprise Bond	46	14,768	11.1474	14,487
Total			34,768		**35,694**
Less: Adjustments at fair value			926		
			$ 35,694		

Note: The financial assets were not pledged.

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Notes Receivable
December 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name		Amount
A company	$	42,652
B company		3,285
Others((Each amount is less than 5% of notes receivable)		3,010
	$	48,947

Statement of Accounts Receivable

Client Name		Amount
C company	$	554,014
D company		139,449
E company		87,019
F company		70,644
Others((Each amount is less than 5% of account receivable)		356,409
		1,207,535
Less: Allowance for impairment		(25,620)
	$	1,181,915

Statement of Contract Assets and Liabilities

"Statement of Contract Assets and Liabilities", Please refer to Note 6(s).

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Other Current Financial Assets

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount
Contract refundable deposit	$ 26,306
Restricted assets-current	21,702
	$ 48,008

Statement of Other Current Assets

Item	Amount
Project advance payments	$ 89,592
Payments for purchase	20,497
Others((Each amount is less than 5% of other current assets)	3,494
	$ 113,583

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive income - Non-current

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition(decrease)		Others(Note 1)		Ending Balance		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Holy Stone Healthcare Co., Ltd.	250	$ 2,600	-	-	-	2,848	250	5,448	None
WASTE Recovery Technology Inc.	1,300	$ 127,400	260	-	-	-	1,560	127,400	None
		$ 130,000	-	-		2,848		132,848	None

Note 1: The others are the unrealized gains (losses) from financial assets measured at fair value through other comprehensive income.

Note 2: WASTE Recovery Technology Inc.'s increase of 260 thousand shares in the current period cause of the capital increase of the invested company's surplus in 2020, the capital increase ratio is 20%, the number of shares held is increased according to the investment ratio

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Changes in Investments Accounted for Using the Equity Method
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Addition(decrease)						Ending Balance				
Name of investee	Shares	Amount	Shares	Amount	Gains (losses) on investment	Exchange differences in transaction foreign financial statements	Cash dividends	Others (Note)	Shares	Amount	Percentage of owner ship	Net Assets value	Collateral
Nova Technology Corp. (Nova Tech)	21,098	$ 1,397,153	-	-	253,338	6,148	(210,982)	2,142	21,098	1,447,799	62.19	1,477,799	None
HerSuo Engineering Co., Ltd. (HerSuo)	10,000	244,181	-	-	55,919	-	(48,780)	(612)	10,000	250,708	100.00	250,708	None
Sheng Huei International Co., Ltd.	4,205	1,698,864	-	-	398,138	(22,553)	(86,002)	(957)	4,205	1,987,490	100.00	1,987,490	None
Enrich Tech Co., Ltd. (Enrich Tech)	5,694	81,308	-	-	20,208	-	-		5,694	101,516	56.94	101,516	None
		$ 3,421,506		-	727,603	(16,405)	(345,764)	573		3,787,513			

Note : Including actuarial losses $ 841 thousand from defined benefit plan and recognize the changes in ownership interests in subsidiaries for $(268)thousand.

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

“Statement of in Property, Plant and Equipment”, Please refer to Note 6(h).

Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment

“Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment”, Please refer to Note 6(h).

Statement of Changes in Right-of-use asset

“Statement of Changes in Right-of-use asset”, Please refer to Note 6(i).

Statement of Changes in Accumulated Depreciation of Right-of-use asset

“Statement of Changes in Accumulated Depreciation of Right-of-use asset”, Please refer to Note 6(i).

Statement of Change in Investment Property

“Statement of Statement of Change in Investment Property”, Please refer to Note 6(j).

Statement of Changes in Accumulated Depreciation of Investment Property

“Statement of Changes in Accumulated Depreciation of Investment Property”, Please refer to Note 6(j).

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Deferred Tax Assets

December 31, 2020

(In Thousands of New Taiwan Dollars)

“Statement of Deferred Tax Assets”, Please refer to Note 6(o).

Statement of Other Non-current Assets

Item		Amount
Computer software	$	6,317
Refundable deposit		4,088
Others (Each amount is less than 5% of other non-current assets)		346
	$	10,751

Statement of Notes Payable

Vendor Name		Amount
A company	$	5,291
Others (Each amount is less than half million)		119
	$	5,410

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Accounts Payable

December 31, 2020

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
B company	$ 62,999
C company	49,404
D company	43,536
Others (Each amount is less than 3% of account payable)	1,046,353
	$ 1,202,292

Statement of Accrued Expenses and Other Current Liabilities

Item	Amount
Employee remuneration payable	$ 95,442
Directors remuneration payable	28,000
Accrued expenses	18,315
Value-Added tax payable	9,950
Other payable-others	8,376
Others (Each amount is less than 5% of accrued expenses and other current liabilities)	2,395
	$ 162,478

Statement of Deferred Tax Liabilities

“Statement of Deferred Tax Liabilities”, Please refer to Note 6(o).

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Bonds payables

December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of Bonds	Trustee of creditors	Issued date	Rate	Beginning Balance	Addition	Amortized Discount	Ending Balance	Payment method	Collateral
The first domestic unsecured convertible corporate bonds	IBF Securities Co Ltd	2020.11.27	0%	$ -	800,000	-	800,000	Note	Note
Less: Discount on bonds payable				-	(30,307)	826	(29,481)		
Total				$ -	$ 769,693	$ 826	$ 770,519		

Note : Payment method and secured status , Please refer to Note 6(k)

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Operating Revenues
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Construction revenue	$ 4,567,257
Maintenance revenue	1,505
	$ 4,568,762

Statement of Operating Costs

Item	Amount
Construction cost	
Construction outsourcing	$ 2,124,442
Raw material and equipment	1,473,510
Direct labor salary	306,061
Direct expenses	65,120
Maintenance cost	1,159
Operation cost	**$ 3,970,292**

ACTER GROUP CORPORATION LIMITED

Notes to the Parent-Company-Only Financial Statements

Statement of Operating Expenses
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses
Salary and wages expenses	$ 14,474	84,355
Directors remuneration	-	32,612
Entertainment expenses	2,562	2,985
Depreciation expenses	1,368	13,251
Impairment gain and reversal of impairment loss	-	9,768
Others (Each amount is less than 5% of operating expenses)	2,930	46,483
	$ 21,334	**189,454**

Statement of the Net Other Income

“Statement of the Net Other Income”, Please refer to Note 6(u).

Statement of the Net Other Gains and Losses

“Statement of the Net Other Gains and Losses”, Please refer to Note 6(u).