



ACTER GROUP CORPORATION LIMITED

2021 Annual Report

Notice to readers

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

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

2021 annual report is available at: <http://www.acter.com.tw>

Printed on March 31, 2022

**Spokesperson**

Name : Tsao, Yun-Han

Title: Assistant Vice President

Tel: 886-4-2261-5288 ex.212

E-mail:angie@acter.com.tw

**Deputy Spokesperson**

Name : Huang, Tzu-Yen

Title: Section Manager

Tel: 886-4-2261-5288 ex.126

E-mail:vivian@acter.com.tw

**Headquarters, Branches and Plant**

Headquarters

Address: 19F.-1, No.201, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)

Tel: 886-4-2261-5288

**Stock Transfer Agent**

Firm : KGI Securities Registry and Transfer Department

Address: 5F., No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Tel: 886-2-2389-2999

Website: <http://www.kgieeworld.com.tw>

**Auditors**

CPA Firm : KPMG

Auditors : Chen, Cheng-Hsueh and Huang, Hai-Ning

Address : 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel: 886-2-8101-6666

Website: <http://www.kpmg.com.tw>

**Overseas Securities Exchange** : None.

**Corporate Website** : <http://www.acter.com.tw>

## Contents

I.	Letter to Shareholders .....	1
i.	Preface.....	1
ii.	Business Report.....	1
II.	Company Profile .....	8
i.	Date of Incorporation .....	8
ii.	Company History .....	8
III.	Corporate Governance Report .....	10
i.	Organization.....	10
ii.	Directors and Management Team .....	13
iii.	Remuneration paid during the most recent fiscal year to directors, supervisors, president, and vice president.....	25
iv.	Implementation of Corporate Governance.....	31
v.	Information on the professional fees of the attesting CPAs.....	75
vi.	Information on replacement of certified public accountant within the last 2 fiscal years or any subsequent interim period.....	76
vii.	The company’s chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm .....	76
viii.	Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.....	77
ix.	Relationship information, if among the company’s 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another .....	78
x.	The total number of shares and total equity stake held in any single enterprise by the company, its directors and managers, and any companies controlled either directly or indirectly by the company .....	79
xi.	Status of the Continuing Education of Directors in 2021 .....	79
IV.	Capital Overview .....	81
i.	Capital and Shares.....	81
ii.	Composition of Shareholders.....	81

iii.	Shareholding Distribution Status .....	81
iv.	List of Major Shareholders .....	82
v.	Market Price, Net Worth, Earnings, and Dividends per Share .....	82
vi.	Dividend Policy and Implementation Status.....	83
vii.	Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting.....	84
viii.	Compensation of employees and directors .....	84
ix.	Buyback of Treasury Stock.....	85
x.	Issuance of Corporate Bonds .....	86
xi.	Issuance of Preferred Stock.....	87
xii.	Issuance of Global Depository Receipts .....	87
xiii.	Employee Stock Options.....	87
xiv.	New Restricted Employee Stocks .....	87
xv.	Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	87
xvi.	Financing Plans and Implementation .....	87
V.	Operational Highlights .....	88
i.	Business Activities .....	88
ii.	Market and Sales Overview .....	94
iii.	Human Resources .....	104
iv.	Disbursements for Environmental Protection .....	104
v.	Labor Relations .....	104
vi.	Cyber security management.....	110
vii.	Important Contracts.....	114
VI.	Financial Information.....	118
i.	Five-Year Financial Summary .....	118
ii.	Five-Year Financial Analysis.....	121
iii.	Audit Committee's Review Report in the Most Recent Year.....	124
iv.	Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report.....	124
v.	A parent company only financial statement for Years Ended December 31, 2021 and 2020, certified by a CPA .....	124
vi.	Impact on the company's financial situation if the company or its affiliates have	

experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report .....	124
VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management.....	125
i. Financial Position.....	125
ii. Financial Performance .....	125
iii. Cash Flow .....	126
iv. Major Capital Expenditure Items .....	126
v. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year.....	126
vi. Analysis of Risk Management .....	128
vii. Other Important Matter .....	135
VIII.Special Disclosure.....	136
i. Summary of Affiliated Companies .....	136
ii. Private Placement Securities in the Most Recent Years .....	144
iii. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years .....	144
iv. Other matters that require additional description.....	144
IX. Any situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report .....	144

# I. Letter to Shareholders

## i. Preface

Dear Shareholders,

Thanks to all shareholders' support and encouragement during the past year. Acter develops its business through its Multi-Industries, Multi-Regions and Multi-type of Engineering Work strategic, adopts vertical division and horizontal integration and diversified talent cultivation layout, creates a competitive advantage, maintains the growth momentum of the overall operation. As well as the expansion needs, Acter group's performance of 2021 grows. Both annual consolidated revenue and earnings per share hits record highs. Looking forward to 2022, the company's management team will continue to actively face challenges and go all out to seek and contribute the greatest benefit to shareholders, employees and related parties of the company. The business performance in the previous year as well as this year's operating prospects is as follows:

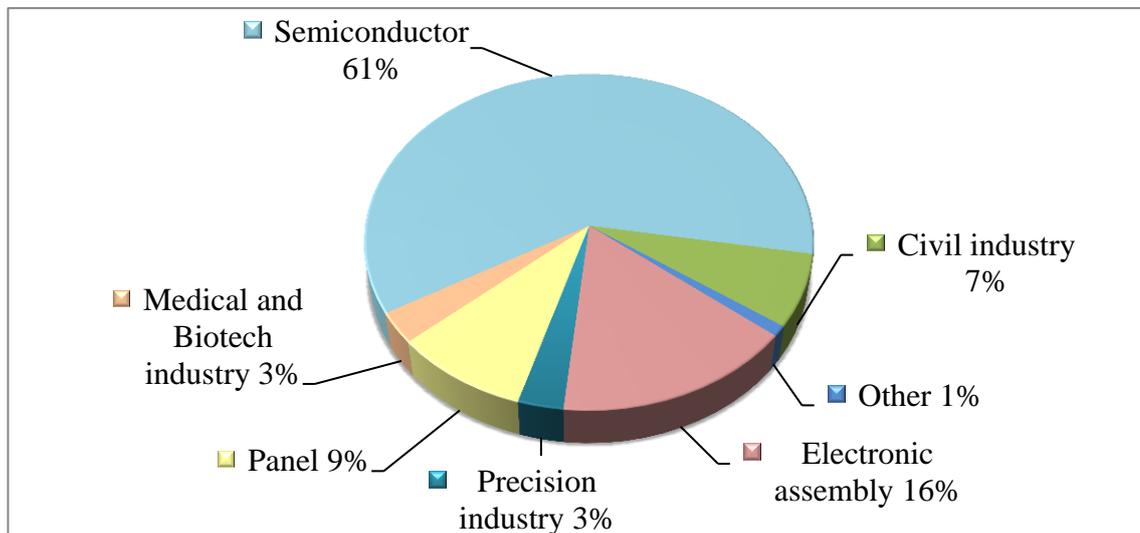
## ii. Business Report

### 1. 2021 Business results

#### (1) Business plan implementation results

Although Acter group's performance of 2021 was affected by COVID-19 and the shortage of material and human resource in recent years, the expansion needs has created a good order visibility for Acter, which has contributed to the growth of the overall revenue performance. Consolidated revenue of 2021 achieves NTD 20.2 billion, hitting a record-high, and has an increase of 44.65% compared to last year. In terms of profitability, the net profit after tax reached NTD 1,550 million, attaining 29.62% growth compared to last year.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2021	2020	%
Operating revenue	20,217,225	13,977,010	44.65
Operating cost	16,934,426	11,458,504	47.79
Gross profit	3,282,799	2,518,506	30.35
Operating expenses	1,143,540	817,444	39.89
Operating income	2,139,259	1,701,062	25.76
Non-Operating income and expenses	39,242	(6,956)	(664.15)
Income before income taxes	2,178,501	1,694,106	28.59

(2)State of budget implementation

This item is not applicable since Acter has not disclosed any financial forecasts.

(3)Financial structure and profitability

Items		2021	
Financial structure	Ratio of liabilities to assets (%)	60.99	
	Ratio of long-term capital to fixed assets (%)	1557.90	
Solvency	Current ratio (%)	176.59	
	Quick ratio (%)	112.23	
Profitability	Return on total assets (%)	9.30	
	Return on stockholders' equity (%)	22.86	
	Ratio to issued capital (%)	Operating income	374.08
		Pre-tax income	380.94
	Profit ratio (%)	7.68	
	Earnings per share (\$)	21.08	

(4)Research and development

The department in charge of technology, research, and development continued to develop different innovative techniques for different industries and projects taking advantage of value-added engineering in order to strengthen our competitive advantages. Descriptions are provided as follows:

A. Solvent Recycling Outsourcing Business

The Company cooperates with the overseas company and research institutions of domestic universities and colleges to develop high purity distillation as the core technology, in order to realizing the high purity and reusing of chemicals.

B. Concentration Control System for Chemical Liquid

It is a composite application of on-line distillation equipment and high precision meter and the precision will be assured by erasing the errors results from temperature and measurement according to temperature characteristics and moving average for data processing method.

C. New Type Electronic-grade Chemicals Supply System

We adopt different design manners such as flow-line design for avoiding transporting with higher efficiency, controlling the cleanliness of cleaning area, utilizing vertical type auto titling cleaning design and new style cleaning nozzle for better cleaning effect, employing visual determination system to distinguish the cleaning effect within a bucket. Besides, we also design clean parameter to be editable and recordable for building up product tracing system.

D. Biotech Industry

The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP.

The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard

SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects. We will proactively establish the standard operating procedures for critical component assessments (CCAs) of air-conditioning, water purification, distillation, steam purification, compressed air, partition, power, firefighting, drainage, and automatic control systems in order to more effectively, economically, and completely fulfill the needs of biotech pharmaceutical projects.

E. Continued Developments in Respective Engineering Aspects

a. Electrical and mechanical engineering:

- The BIM (Building Information Modeling) technology is employed to enhance technical capacity for space management, solve engineering pipeline construction collision problems, improve accuracy of construction, and reduce the loss of construction materials and manpower waste caused by repeated pipeline modifications. This will help improve project quality and achieve shorter construction period.
- A research and development cooperation between the industry and universities was formed for the production of aseptic wet stencils. To reduce micro-contamination of clean production line products caused by large amounts of air outside the plant, high-tech facilities adopt wet template rinsing systems to remove or reduce damage. However, general wet template can easily cause a large amount of bacteria to breed and survive in an environment with high temperature and high humidity. The research and development of a rinsing mechanism for sterile wet template can simultaneously solve the problem of micro-molecular contamination on the product and reduce risks for operators.
- Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
- The heat pump air-conditioning system is used in places where both cold and heat sources are required. In addition to the usual air-conditioning requirements, high-efficiency hot water sources can also be provided for use. In places such as restaurants, hotels, slaughterhouses, etc., this feature can improve the efficiency of energy use, reduce the amount of energy used, and achieve the best energy-saving design.

b. Special engineering: Taking advantage of air pressure differences between outdoors and indoors; the surrounding outdoor air will only flow toward the negative pressure area indoors because of the characteristic that air is flowing from a high pressure area to a lower one. Negative pressure is an important protection mechanism that blocks an area from an outside environment; it is often used as a means to control air dispersion as it helps ensure that air flows toward an anticipated direction. ACTER successfully applied the negative pressure technology to help hospitals configure isolated negative-pressure patient wards.

- c. Bio-tech engineering: PIC/S GMP standards have more rigid requirements for clean rooms configured in pharmaceutical manufacturing facilities; they differ from existing cGMP standards in Taiwan the most in facilities and operations that help prevent against cross contamination.
- d. Clean room engineering: ACTER helps businesses complete clean room engineering by controlling the temperature, humidity, airflow, air pressure, applying CFD (Computational Fluid Dynamics), detecting AMC (Airborne Molecular Contamination) technique and particles of indoor air along with indoor illumination and dust-free building materials.
- e. Ultra-high building engineering: Taking advantage of separation through the turn layer to successfully reduce the pressure resistance level of pipeline, increase operation stability and security, and significantly cut the overall engineering cost.
- f. Heat recovery system for air conditioner: The air conditioner needs to be cooled by cooling tower. A heat recovery pipe system is designed to recover the heat as a heat source for the temperature and humidity control of industrial plants. Using this system can reduce the environmental pollution caused by waste heat and reduce the equipment expenditure for temperature and humidity control as well. While doing our best to be friendly to the environment, it can also reduce customer's costs.
- g. Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.
- h. Green engineering: Selected systems with high performance and low energy-consumption and applied them in the production environment. Using methods such as installing variable-frequency drives and special insulation designs, the demand for electricity was reduced. Renewable energy is used to assist customers in achieving the effect of saving energy.
- i. Construction automation: The adoption of steel reinforcement cages enhances structural accuracy as well as construction quality and shortens construction period.

## 2. Summary of business plan for 2022

### (1) Business strategy

This year, Acter has set up its growth goals for various divisions and subsidiaries and implemented action plans for each unit. It also implemented the following business policies:

- A. Strengthen corporate governance, enhance enterprise culture and sustainable development
- B. Rooting deeply in this industry, continuously optimize engineering capabilities, provide a diverse, multi-project integrated engineering service, and strive to use core skills to help companies achieve carbon neutrality, focus on and invest in ESG
- C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, improve investment efficiency, and expand industrial integration
- D. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical, medical industries and desalination, and deepening of the professional technical capabilities such as green energy and environmental protection.
- E. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology

## F. Recruiting more diverse talents and actively training management teams

### (2) Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For over 40 years, it has provided services which cover cleanrooms, air conditioning, electrical machinery, chemical engineering as well as control and instrument, equipment installation, etc., with the support of its strong and reliable multi-disciplinary and elite engineering team. Aside from its strength and advantage, Acter aims to keep pace with the request of customers. It caters to the needs of clients through constant communication and by establishing brand value and competitive advantage via innovative technology and high quality services.

In addition to serving its existing customers, Acter is aggressively expanding its domestic and overseas markets by identifying new industries and new customers, satisfying the demand for a cross-disciplinary project service with integration system, and expanding industrial integration. As for internal operations, managing the company's integral resources is vital in providing the best and efficient solutions for customers.

### (3) Major production and sales policies

Acter provides rapid and flexible integration of services specializing in engineering and technology. It is a comprehensive turnkey service company that handles design and planning, construction, engineering supervision, maintenance after completion and transfer. Acter services offer horizontal integration and sustainable intensification of industry value-chain across various technologies that impact people's livelihood, biotechnology, green energy and the medical field as well as the photovoltaic industry, semiconductor industry, biotechnology industry, energy industry, energy engineering, railway stations, high-end housing, hotels, electromechanical solutions for air conditioning systems, biopharmaceutical, medical institutes, etc.

With respect to its manufacturing-retail policy, while considering the needs of its customers, the company shall maintain existing clients, acquire new ones, and enter new industries in order to maintain business volume and achieve stable growth and profit. With regard to engineering, the company shall continuously improve and manage all kinds of projects and energy-saving and green eco-friendly economical engineering in order to create value and provide comprehensive solutions for its customers. As for financial considerations, it shall apply proper financial risk control strategies in handling customers and accelerate the collection rate of accounts receivable.

## 3. Future development strategies

The company is deeply committed to every project which represents and embodies Acter. It has been a long time since the company focused on the improvement and development of engineering technology. Currently, it has become a diversified engineering technology company through horizontal integration and continuous development. The content of service and professional engineering method were improved to keep pace with progress. It has continued to expand its service stations given the increasing demand of customers. In order to approach its customers and provide real-time service, Acter service stations are situated all over Taiwan, Mainland China and Southeast Asia.

Engineering system integration service is the core business of Acter. Therefore, when facing the challenges by climate change and industrial transformation, Acter will dedicate to the research and development of innovative green technology. Not only provides customers energy-saving and green eco-friendly economical engineering solutions from the technology end, but also integrates our professional skills, knowledge and experiences to, through cooperation with our subcontractors, build "high value, low power consumption and low

pollution” quality spaces. We commit more effort to bring customers more general ideas of green sustainability and responsible services. In the global promotion of ESG and carbon neutrality, with the role of the driver of green project, Acter assists customers to achieve carbon neutrality, and together towards prospects of sustainability.

#### 4. Effect of the external competitive environment, legal and regulatory environment, and overall business environment

Large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry. Acter is committed to creating valuable projects and reduces the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expense and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering. Meanwhile, it develops related business of energy-saving which will not only provide better services for its customers but also contribute to the overall environment.

As far as the regulatory environment is concerned, the company periodically reviews changes made to laws and regulations to ensure compliance with requirements of the competent authority and adheres to its belief of legitimate management. Generally speaking, changes to the regulatory environment will not have a major impact on the company.

In the macro business environment, according to the estimation of S&P Global Market Intelligence, the capital expenditure of large global enterprises in 2022 is expected to increase by 6.1% compared with 2021. In addition, China’s 14<sup>th</sup> five-years plan makes an all-out effort to develop the third generation semiconductor and brings enormous factory expansion business opportunities. Those trends are beneficial to Acter’s performance. However, the overall industrial prosperity is affected by the trend of the epidemic and remains uncertain.

#### 5. Sustainability

Acter pursues corporate sustainability, strives to use core skills to help companies achieve carbon neutrality, focus on and invest in ESG and takes “Protecting the Earth, Reducing Energy Consumption” as the appeals. From needs assessment survey, concept design, benefit analysis, spatial planning, material evaluation, valuation, lean engineering, system debugging, and operations to concern, we implement each at every one of the steps so as to achieve the demands and targets and to fulfill the duty as a global citizen, providing the optimum balance for the teams, customers, environment, and suppliers.

Acter conducts industry-university cooperative projects to cultivate young talents and provide opportunities for students. It also participates in socially relevant activities such as emergency support and campaign to encourage reading which can benefit society and the community.

As Acter promotes engineering safety in accordance with government regulations, every project adheres to standard operating procedures to ensure safety management and zero accident at the construction site. It holds daily toolbox meetings before work begins and strictly implements security measures at the construction site. It conducts random inspection of safety equipment and practices to ensure smooth and safe completion of projects.

Whatever we take from the society shall be used for the society: We plant the trees, hope for next generation can get the shade. With our core competence, Acter is doing our best to care for the society and sow the seeds for future generations. Acter encourages our staffs to join the line to do something that is really meaningful. This will surely continue generation after generation and we will become better year after another year.

It deeply appreciates the support of shareholders. Acter hopes to create greater value for the entire organization and its shareholders.

Sincerely yours,

Chairman: Liang, Chin-Li

Lai, Ming-Kun

General Manager:

Wang, Chun-Sheng

Accounting Supervisor : Tsao, Yun-Han

## II. Company Profile

i. **Date of Incorporation:** February 19, 1979

ii. **Company History**

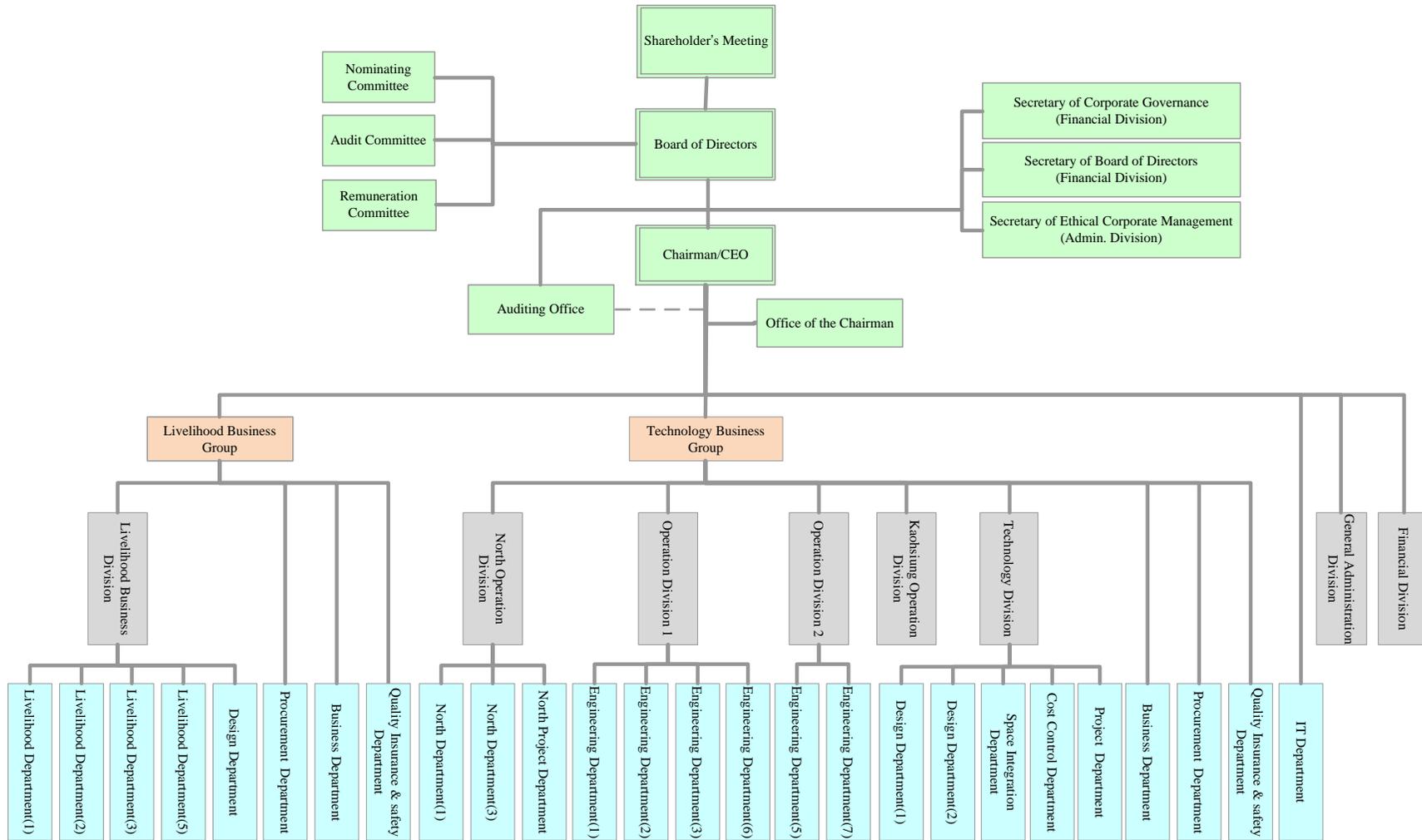
Year	Milestones
1979	1. Acter Co., Ltd. was established on Taiyuan North Road, Taichung City, Taiwan with a paid-in capital of NT\$ 10 million.
1992	1. Increased paid-in capital to NT\$20 million.
1993	1. Increased paid-in capital to NT\$50 million.
1999	1. Received ISO 9001 certification.
2002	1. Changed to the shareholding system. 2. Increased paid-in capital to NT\$100 million. 3. A branch office in Kaohsiung was established.
2003	1. Sheng Huei Engineering (Suzhou) Co., Ltd was established in Suzhou, China. 2. The office was moved to Zhongming S. Rd., Taichung City, Taiwan.
2004	1. Increased paid-in capital to NT\$200 million. 2. Acquired Her Suo Engineering Co., LTD.
2005	1. Sheng Huei (Shenzhen) Engineering Co., Ltd was established in Shenzhen, China. 2. Increased paid-in capital to NT\$230 million.
2006	1. Increased paid-in capital to NT\$260 million. 2. A branch office in Taipei was established. 3. Acter Trading Co., Ltd was established.
2008	1. Increased authorized capital to NT\$720 million.(Paid-in Capital was NT\$260 million) 2. Acquired Sheng Huei Engineering Technology Co., Ltd (Vietnam). 3. Suzhou Ding-Mao Engineering Co., Ltd. and Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd were established.
2009	1. Acquired Nova Technology Corp. by issuing 6,655,065 shares. 2. Increased paid-in capital to NT\$351,550,650. 3. The application for initial public offering was approved by FSC. 4. The application for the GTSM registration and trading was approved by Gre Tai Securities Market. 5. Acquired Nova Technology Singapore Pte., Ltd.
2010	1. Increased paid-in capital to NT\$415,358,190. 2. Listed on Gre Tai Securities Market (Code-5536).
2011	1. Jointly invested SCEC International (HK) Company, Limited with Sumitomo Chemical Engineering Singapore Pte. Ltd. and indirectly invested SCEC (Shanghai) CORP. 2. Increased paid-in capital to NT\$461,358,190. 3. Sheng Huei (Suzhou) Engineering Co., Ltd. increased capital of US\$3 million.
2012	1. Nova Technology Malaysia Sdn. Bhd. and Shenzhen Dingmao Trade Co., Ltd. were established.
2013	1. SCEC (Suzhou) Corp. and Pt.Novamex Indonesia were established. 2. Suzhou Ding-Mao Engineering Co., Ltd. and Acter Trading Co., Ltd were liquidated.
2014	1. Increased holding of SCEC (Shanghai) CORP. and it becomes the subsidiary of the company since 2014. 2. Enrich Tech Co., Ltd, Winmega Technology CORP. and Acter Engineering Co., Ltd. were established. 3. Invested Global One Source Life Sciences Co. Ltd.
2015	1. Issued 480,000 shares of New Restricted Employee shares and increased paid-in capital to NT\$466,158,190.
2016	1. Issued 720,000 shares of New Restricted Employee shares and canceled 99,000 shares that fail to meet the vesting conditions. Therefore, paid-in capital changed to NT\$472,368,190. 2. Suzhou Winmax Technology Corp. and Novatech Engineering & Construction Pte. Ltd. were established. 3. Subsidiary Nova Technology Corp.' application for initial public offering and being listed on

Year	Milestones
	<p>an emerging stock market were approved.</p> <p>4. The office was moved to Sec. 2, Wenxin Rd., Taichung City, Taiwan.</p>
2017	<p>1. Canceled 84,000 shares of New Restricted Employee shares that fail to meet the vesting conditions. Therefore, paid-in capital changed to NT\$471,528,190.</p> <p>2. Subsidiary Nova Technology Corp. was approved for being listed on over-the-counter market.</p> <p>3. SCEC (Shanghai) Corp. and SCEC (Suzhou) Corp. were liquidated and canceled.</p>
2018	<p>1. Canceled 23,000 shares of New Restricted Employee shares that fail to meet the vesting conditions and issued dividends stocks for 7,072,923 new shares. Therefore, paid-in capital changed to NT\$542,027,420.</p>
2019	<p>1. Disposed whole shares of Global One Source Life Sciences Co. Ltd.</p> <p>2. Acter Engineering Co., Ltd. (Myanmar) was liquidated.</p> <p>3. The company changed its english name to ACTER GROUP CORPORATION LIMITED.</p> <p>4. Canceled 16,000 shares of New Restricted Employee shares that fail to meet the vesting conditions. Therefore, paid-in capital changed to NT\$541,867,420.</p> <p>5. Subsidiary Sheng Huei (Suzhou) Engineering Co., Ltd. changed its type of organization and renamed to Acter Technology Integration Group Co., Ltd.</p> <p>6. Acter Technology Co., Ltd. and Space Engineering Co., Ltd. were established in Thailand.</p>
2020	<p>1. Issued the 1st domestic unsecured convertible bond. (Code: 55361)</p> <p>2. Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd was liquidated.</p>
2021	<p>1. Issued 3,000,000 shares through cash capital increase and increased paid-in capital to NT\$571,867,420.</p> <p>2. Subsidiary Nova Technology Corp. acquired 51.31% of the shares of RAYZHER INDUSTRIAL CO., LTD.</p> <p>3. Subsidiary Nova Technology Singapore Pte. Ltd. renamed to Acter Technology Singapore Pte. Ltd.</p> <p>4. Subsidiary Nova Technology Malaysia Sdn. Bhd. renamed to Acter Technology Malaysia Sdn. Bhd.</p> <p>5. Subsidiary Pt.Novamex Indonesia renamed to Pt Acter Technology Indonesia.</p>
2022	<p>1. Issued 81,876 shares due to the conversion of the domestic unsecured convertible bond and increased paid-in capital to NT\$572,686,180.</p>

### III. Corporate Governance Report

#### i. Organization

##### 1. Organization Chart



## 2. Major Corporate Functions

Department	Functions
Office of the Chairman	<ol style="list-style-type: none"> <li>1. Integration of Group Business and Market Development.</li> <li>2. Plans, co-ordinates and executes assigned projects.</li> </ol>
Auditing Office	<ol style="list-style-type: none"> <li>1. Conducts inspection and evaluates internal controls within various departments.</li> <li>2. Assists subsidiaries with internal audit tasks.</li> <li>3. Evaluates the robustness of internal control systems and related policies. Determines whether the internal control systems continue to be effective, and assesses the progress made by each department, while offering suggestions to improve the company's operations.</li> <li>4. Risk management.</li> </ol>
Livelihood Business Group	<ol style="list-style-type: none"> <li>1. Develops construction services and equipment related to living spaces.</li> </ol>
Livelihood Business Group Livelihood Business Division	<ol style="list-style-type: none"> <li>1. Provides construction services needed for the creation of domestic living spaces, from planning, design, work supervision, to turnkey solutions.</li> <li>2. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO90001 quality management system.</li> <li>3. Responsible for the development and auditing of a Work Safety and Environmental Protection Center, and ongoing improvements to the ISO14001/ ISO45001 system.</li> <li>4. Develops engineering methods.</li> <li>5. Designs, plans, and produces charts on the piping, wiring, and air conditioning of domestic living spaces, and designs electromechanical engineering projects.</li> </ol>
Livelihood Business Group Business Department	<ol style="list-style-type: none"> <li>1. Responsible for marketing, customer development, and business promotion in relation to the construction of domestic living spaces.</li> <li>2. Creates and maintains customer data.</li> <li>3. Resolves customer complaints.</li> <li>4. Develops and distributes construction facilities.</li> </ol>
Livelihood Business Group Procurement Department	<ol style="list-style-type: none"> <li>1. Responsible for the purchasing and warehousing of materials, equipment and tools for the Livelihood Business Group.</li> <li>2. Develops a robust supplier system that facilitates order tracking and strategic purchases.</li> </ol>
Livelihood Business Group Quality Insurance & safety Department	<ol style="list-style-type: none"> <li>1. Enhances employees' safety and health within the company; implements an ISO45001-compliant occupational health and safety system.</li> <li>2. Improves environmental management within the company; implements an ISO14001-compliant environmental management system.</li> <li>3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO90001 quality management system.</li> </ol>
Technology Business Group	<ol style="list-style-type: none"> <li>1. Provides construction services equipment related to the technology industries.</li> </ol>
Technology Business Group North Operation Division, Operation Division 1, Operation Division 2 and South Operation Division	<ol style="list-style-type: none"> <li>1. Constructs cleanrooms for local high-tech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions.</li> <li>2. Constructs cleanrooms for the local biotech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions.</li> <li>3. Implementation of a GMP document management system.</li> </ol>
Technology Business Group Technology Division	<ol style="list-style-type: none"> <li>1. Develops engineering methods.</li> <li>2. Designs, plans, and produces charts on the layout of industrial cleanrooms, and designs electromechanical engineering projects.</li> </ol>

Department	Functions
Technology Business Group Business Department	<ol style="list-style-type: none"> <li>1. Responsible for marketing, customer development, and business promotion of local industry construction projects.</li> <li>2. Creates and maintains customer data.</li> <li>3. Resolves customer complaints.</li> <li>4. Develops and distributes construction facilities.</li> </ol>
Technology Business Group Procurement Department	<ol style="list-style-type: none"> <li>1. Responsible for the purchasing and warehousing of materials, equipment, and tools related to the Technology Business Group. Develops a robust supplier system that facilitates order tracking and strategic purchasing.</li> <li>2. Handles processes such as import, export, and bonded warehouses.</li> </ol>
Technology Business Group Quality Insurance & safety Department	<ol style="list-style-type: none"> <li>1. Enhances employees' safety and health within the company; implements an ISO45001-compliant occupational health and safety system.</li> <li>2. Improves environmental management within the company; implements an ISO14001-compliant environmental management system.</li> <li>3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO90001 quality management system.</li> <li>4. Improves energy management within the company; implements an ISO50001-compliant energy management system.</li> </ol>
IT Department	<ol style="list-style-type: none"> <li>1. Development and management of information systems and networks.</li> <li>2. Responsible for the development, maintenance and management of various information systems and databases.</li> <li>3. Software access control and maintenance.</li> <li>4. Management and development of cyber security, data protection mechanism for information systems and authority control.</li> </ol>
Financial Division	<ol style="list-style-type: none"> <li>1. Board Secretary.</li> <li>2. Investor Relationship.</li> <li>3. Bookkeeping, cost analysis, financial statement analysis.</li> <li>4. Supervision and management of subsidiary's financial matters.</li> <li>5. Management of the activities for acquiring or disposing of assets, engaging in derivatives transactions, extending loans to others and granting endorsements or guarantees for others.</li> <li>6. Supervision and management of subsidiary's processes for making changes in accounting policies and estimates.</li> <li>7. Financial analysis and planning.</li> <li>8. Funding.</li> <li>9. Customer credit assessment.</li> <li>10. Regulatory reporting, announcements and share administration.</li> <li>11. Budget control.</li> <li>12. Promote corporate governance.</li> </ol>
General Administration Division	<ol style="list-style-type: none"> <li>1. Human resources management.</li> <li>2. Employee training management and planning.</li> <li>3. Document management.</li> <li>4. Administrative work for construction projects.</li> <li>5. General affairs.</li> <li>6. Legal affairs management.</li> <li>7. Secretary of Corporate Sustainability Committee.</li> <li>8. Secretary of ethical corporate management.</li> </ol>

**ii. Directors and Management Team**

1. Directors

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director (Note1)	R.O.C.	Liang, Chin-Li	Male 51~60 years old	Jul. 23, 2021	3	Jun. 19, 2008	2,299,867	4.02	2,304,867	4.02	102,405	0.18	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, National Chiao Tung University</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	<ul style="list-style-type: none"> <li>• CEO, ACTER GROUP CORPORATION LIMITED</li> <li>• Chairman, Her Suo Eng., Co., Ltd.</li> <li>• Chairman, Nova Technology Corp.</li> <li>• Chairman, Acter Technology Integration Group Co., Ltd</li> <li>• Director, Sheng Huei (Shenzhen) Engineering Co., Ltd.</li> <li>• Director, Shenzhen Dingmao Trade Co., Ltd.</li> <li>• Director, Sheng Huei International Co., Ltd.</li> <li>• Director, Acter International Limited</li> <li>• Director, New Point Group Limited</li> <li>• Director, Acter Technology Singapore Pte. Ltd.</li> <li>• Director, Acter Technology Malaysia Sdn. Bhd.</li> <li>• Supervisor, Winmax Technology Corp.</li> <li>• Director and CEO, Enrich Tech Co., Ltd.</li> <li>• Chairman, Winmega Technology Corp.</li> <li>• Supervisor, Suzhou Winmax</li> </ul>	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
																Technology Corp. <ul style="list-style-type: none"> <li>• Director, Novatech Engineering &amp; Construction Pte. Ltd.</li> <li>• Director, Sheng Huei Engineering Technology Co., Ltd.</li> <li>• Chairman, Acter Technology Co., Ltd.</li> <li>• Director, Waste Recovery Technology Inc.</li> <li>• Chairman, Rayzher Industrial Co., Ltd.</li> </ul>			
Director	R.O.C.	Yang, Jung-Tang	Male 61~70 years old	Jul. 23, 2021	3	Feb. 19, 1979	1,047,074	1.83	1,047,074	1.83	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, Tunghai University</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Xiang-Hui Development Co., Ltd.</li> <li>• Chairman, Johnwell Airconditioning Enterprise Co., Ltd.</li> <li>• Director, Sheng Huei International Co., Ltd.</li> <li>• Director, New Point Group Limited</li> <li>• Director, Season Arts Education Foundation.</li> <li>• Supervisor, Suzuka Chemical Co., Ltd.</li> </ul>	None	None	None
Director	R.O.C.	Hu, Tai-Tsen	Male 71~80 years old	Jul. 23, 2021	3	June 16, 2009	1,303,589	2.28	1,303,589	2.28	21,804	0.04	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, Tunghai University</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> <li>• Honorary Member, The Phi Tau Phi Scholastic</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Sheng Huei International Co., Ltd.</li> <li>• Director, New Point Group Limited</li> <li>• Director, Lishan Hotel Corporation</li> </ul>	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> <li>Honor Society of the Republic of China</li> <li>Lecturer, Department of Electrical Engineering, National Chin-Yi University of Technology</li> <li>Executive Director, Taiwan Refrigerator and Air-Conditioning Association of Republic of China</li> <li>Jury for Technical Examination of Refrigeration and Air Conditioning Repair Technician by the Ministry of Internal Affairs</li> </ul>					
Independent Director	R.O.C.	Yeh, Hui-Hsin	Female 51~60 years old	Jul. 23, 2021	3	May 28, 2015	3,593	0.01	3,593	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>Bachelor Degree in Accounting, Tunghai University</li> <li>Partner CPA, Ernst &amp; Young Global Limited</li> </ul>	<ul style="list-style-type: none"> <li>Representative, Wei Chin CPAs &amp; Co.</li> <li>Independent Director, Data Image Corporation</li> <li>Independent Director, Simula Technology Inc.</li> <li>Director, Wei Xin Financial Consultancy Co., Ltd.</li> </ul>	None	None	None
Independent Director	R.O.C.	Yang, Qian	Male 71~80 years old	Jul. 23, 2021	3	May 28, 2015	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>Doctor of Computer Science, Washington University, USA</li> <li>Master of Computer Science, Georgia Institute of Technology, USA</li> <li>Master of Management Science, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>Honorary Professor, Institute of Business and Management, National Chiao Tung University</li> <li>Member, Employee Complaint Deliberation Committee, Industrial Technology Research Institute</li> </ul>	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> <li>• Bachelor of Electronics Engineering, National Chiao Tung University</li> <li>• Professor and Dean, Institute of Business and Management, National Chiao Tung University</li> <li>• Consultant, Chairman Office, Hon Hai Precision Inc. Co., Ltd.</li> <li>• Member, Endowment Fund Committee, National Chiao Tung University</li> <li>• Member, Operation Fund Committee, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>• Supervisor, Chia Chang Co., Ltd.</li> <li>• Independent Director, Aspeed Technology Inc.</li> <li>• Independent Director, Associated Industries China, Inc.</li> <li>• Independent Director, Mars Semiconductor Corp.</li> </ul>				
Independent Director	R.O.C.	Wang, Mao-Rong	Male 61~70 years old	Jul. 23, 2021	3	May 28, 2015	5,676	0.01	5,676	0.01	7,395	0.01	0	0.00	<ul style="list-style-type: none"> <li>• Master, Institute of Management of Technology, National Chiao Tung University</li> <li>• Refrigerating Air-conditioning Division, College of Mechanical &amp; Electrical Engineering, National Taipei University of Technology</li> <li>• Consultant of Energy-saving Department and Senior Manager, Delta Electronics, Inc.</li> <li>• Industrial Technology Research Institute Laboratory Director and</li> </ul>	<ul style="list-style-type: none"> <li>• Person in Charge, MJ Energy Master</li> <li>• Supervisor, J-POWER SYSTEM ENGINEERING CO., LTD.</li> <li>• Supervisor, Compresses Air Energy Saving Co., Ltd.</li> </ul>	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														Promotion Manager • Great United Technicians Firm, Person in Charge • Top 10 Outstanding Engineer Award (Year 1996) • Refrigeration and air-conditioning engineer (Senior Examinations) • Adjunct Lecturer, National Chin-Yi University of Technology and Ming Chi University Of Technology					
Independent Director	R.O.C.	Huang, Tzu-Pei	Female 31~40 years old	Jul. 23, 2021	3	Jul. 23, 2021	0	0.00	1,000	0.00	0	0.00	0	0.00	• Master, School of Law, National Chiao Tung University • Lawyer, Meridian Attorneys-at-Law	• Lawyer, Meridian Attorneys-at-Law	None	None	None

Note1: Based on the group's organizational integration and business needs, the company's chairman also serves as the chief executive officer, responsible for the promotion and execution of the group's operating plans. The chairman's full understanding of the company's operation and development policies helps the board of directors quickly grasp the company's operating status. At the same time, in order to maintain the objectivity and independence of the board of directors, only one director concurrently serves as the company's officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.

2. Major shareholders of the institutional shareholders : Not applicable

3. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

Name	Qualification	Professional qualifications and experience (Note)	Independence analysis				No. of other public companies at which the person concurrently serves as an independent director
			Did independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?	The number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees)		Do independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?	
Shares	%						
Liang, Chin-Li	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Yang, Jung-Tang	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Hu, Tai-Tsen	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Yeh, Hui-Hsin	Possess an accountant's license and is currently the representative of Wei Chin CPAs & Co.; Not been a person of any conditions defined in Article 30 of the Company Law.	No	4,946	0.01	No	None	2

Name	Qualification  Professional qualifications and experience (Note)	Independence analysis				No. of other public companies at which the person concurrently serves as an independent director	
		Did independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?	The number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees)		Do independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?		The amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.
			Shares	%			
Yang, Qian	Have more than five years of work experience as a lecturer in colleges and universities; Not been a person of any conditions defined in Article 30 of the Company Law.	No	0	0.00	No	None	3
Wang, Mao-Rong	Possess a license of refrigeration and air-conditioning engineer (Senior Examinations) and working experience related to the company's business; Not been a person of any conditions defined in Article 30 of the Company Law.	No	13,071	0.02	No	None	None
Huang, Tzu-Pei	Possess an attorney's license; Not been a person of any conditions defined in Article 30 of the Company Law.	No	1,000	0.00	No	None	None

Note : Please refer to page 13~17 for each director's experience and education.

#### 4. Diversity and independence of the board of directors

##### (1) Diversity of the board of directors

The company has established “Corporate Governance Practical Rules” to formulate the composition of the board of directors. Diversity should be considered, and the board of directors shall possess ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead, ability to make policy decisions...etc. Besides, an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs be formulated, including gender, age, professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. In addition, the company has set up the Nominating Committee. Members of the committee will review the number and conditions of directors before the expiry of each term and will find, review, and nominate candidates based on standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. The company’s specific diversification goals and achievement status are as follows:

Policy on diversity	Goal	Achievement
Expertise, skills, experience	The board members shall possess professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience	Achieved, the board members are professionals in the fields of engineering, accounting, law and operation management, with professional capabilities and relevant experience
Gender	Increase the number of female directors	Achieved, the company has two female directors, an increase of one female director over the previous term.
Age	Average age of all directors not exceed 65 years old	Achieved, average age of all directors is 62 years old.
Standards of independence	Directors concurrently serve as company officers not exceed one-third of the total directorships, independent directors shall exceed one-third of the total directorships, and the consecutive terms for independent directors shall not exceed three terms.	Achieved, only one director concurrently serves as the company’s officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.

Item Name	Gender	The session of independent director	Officers of the company	Age				Experience				Ability					
				50 years old or below	51~60 years old	61~69 years old	70 years old or older	management administration	Financial accounting	Industry experience	Corporate Governance	Knowledge of the industry	Knowledge of Financial accounting	Knowledge of law	Ability to lead and make policy decisions	Ability to conduct management administration	Corporate Governance
Liang, Chin-Li	Male	-	✓	-	✓	-	-	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Yang, Jung-Tang	Male	-	-	-	-	✓	-	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Hu, Tai-Tsen	Male	-	-	-	-	-	✓	✓	-	✓	✓	✓	-	-	✓	✓	✓
Yeh, Hui-Hsin (Independent director)	Female	3	-	-	✓	-	-	✓	✓	-	✓	✓	-	-	✓	✓	✓
Wang, Mao-Rong (Independent director)	Male	3	-	-	-	✓	-	✓	-	✓	✓	✓	-	-	✓	✓	✓
Yang, Qian (Independent director)	Male	3	-	-	-	-	✓	✓	-	-	✓	✓	-	-	✓	✓	✓
Huang, Tzu-Pei (Independent director)	Female	1	-	✓	-	-	-	-	-	✓	✓	✓	-	✓	✓	-	✓

The board is comprised of members from a variety of backgrounds, genders and skills. Members have been chosen based on the development needs of the company. All directors have the academic background and experience necessary to enable the board's decision and supervisory capacity. Please refer to page 13~17 for their experience and education.

(2) Independence of the board of directors

The company has four independent directors, accounting for four-sevenths of the total directorships. None of the independent directors has served for more than three consecutive terms, and none of them violated the independence norms in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." In addition, the company's board of directors has only one director concurrently serving as the company's officers. After checking the written declarations and identity documents of each director, there is no kinship within the spouse and second relatives among the directors, reflecting the independence of the overall board of directors.

## 5. Management Team

March 28, 2022

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO (Note1)	R.O.C.	Liang, Chin-Li	Male	Jul. 01, 2011	2,304,867	4.02	102,405	0.18	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, National Chiao Tung University</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Her Suo Eng., Co., Ltd.</li> <li>• Chairman, Nova Technology Corp.</li> <li>• Chairman, Acter Technology Integration Group Co., Ltd</li> <li>• Director, Sheng Huei (Shenzhen) Engineering Co., Ltd.</li> <li>• Director, Shenzhen Dingmao Trade Co., Ltd.</li> <li>• Director, Sheng Huei International Co., Ltd.</li> <li>• Director, Acter International Limited</li> <li>• Director, New Point Group Limited</li> <li>• Director, Acter Technology Singapore Pte. Ltd.</li> <li>• Director, Acter Technology Malaysia Sdn. Bhd.</li> <li>• Supervisor, Winmax Technology Corp.</li> <li>• Director and CEO, Enrich Tech Co., Ltd.</li> <li>• Chairman, Winmega Technology Corp.</li> <li>• Supervisor, Suzhou Winmax Technology Corp.</li> <li>• Director, Novatech Engineering &amp; Construction Pte. Ltd.</li> <li>• Director, Sheng Huei Engineering Technology Co., Ltd.</li> <li>• Chairman, Acter Technology Co., Ltd.</li> <li>• Director, Waste Recovery Technology Inc.</li> <li>• Chairman, Rayzher Industrial Co., Ltd.</li> </ul>	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Lai, Ming-Kun	Male	Sep. 28, 2018	230,991	0.40	19,003	0.03	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, National Taiwan University of Science and Technology</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> <li>• Vice President, Hao-Han Chung-Hsiao Engineering Co., Ltd.</li> </ul>	None	None	None	None
President	R.O.C.	Wang, Chun-Sheng	Male	Sep. 28, 2018	91,212	0.16	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, Feng Chia University</li> <li>• Department of Electrical Engineering, Taipei Tech</li> <li>• Engineer, San-Chun Engineering Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Enrich Tech Co., Ltd.</li> <li>• Supervisor, Her Suo Eng., Co., Ltd.</li> </ul>	None	None	None
Vice President	R.O.C.	Chang, Ri-Dong	Male	Sep. 28, 2018	114,375	0.20	16,863	0.03	0	0.00	<ul style="list-style-type: none"> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> <li>• Assistant Vice President, Chin Chan Air-conditioning Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Director, Her Suo Eng., Co., Ltd.</li> </ul>	None	None	None
Vice President	R.O.C.	Wang, Jin-Cyuan	Male	Sep. 28, 2018	23,320	0.04	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• Master Degree in Mechanical Engineering, National Yunlin University of Science and Technology</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> <li>• Deputy manager, New Fab Planning and Engineering Division, TSMC</li> <li>• Factory Manager, TSMC Solar Ltd.</li> </ul>	None	None	None	None
Assistant Vice President	R.O.C.	Li, Po-Sheng	Male	Sep. 24, 2009	434,267	0.76	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• Department of Refrigerating and Air-conditioning, Fu-Hwa Senior High School</li> <li>• Vice Section Manager, Gongshan Air-conditioning and</li> </ul>	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Refrigerating Co., Ltd.					
Executives of Financial Division (Assistant Vice President)	R.O.C.	Tsao, Yun-Han	Female	Sep. 24, 2009	150,422	0.26	17,786	0.03	0	0.00	<ul style="list-style-type: none"> <li>• Master Degree in Accounting and Information Technology, National Chung Cheng University</li> <li>• Audit Officer, Forhouse Corporation</li> </ul>	• Supervisor, Enrich Tech Co., Ltd.	None	None	None	
Assistant Vice President	R.O.C.	Lee, Ming-Chih	Male	Sep. 28, 2018	14,000	0.02	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• Master Degree in Refrigeration, Air Conditioning and Energy Engineering, National Chin-Yi University of Technology</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> <li>• Technician for freezing &amp; air condition engineering</li> <li>• Assistant Vice President, Chin Chan Air-conditioning Co., Ltd.</li> </ul>	None	None	None		
Assistant Vice President	R.O.C.	Chen, Yuan-Pi	Male	Sep. 28, 2018	42,589	0.07	329	0.00	0	0.00	<ul style="list-style-type: none"> <li>• EMBA, Feng Chia University</li> <li>• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</li> </ul>	None	None	None		
Assistant Vice President	R.O.C.	Yang, Hui-Bao	Female	Sep. 28, 2018	51,817	0.09	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• Master Degree in Business &amp; Management, National Chiao Tung University</li> </ul>	None	None	None		
Assistant Vice President	R.O.C.	Lee, Shih-hui	Male	Apr. 09, 2019	73,159	0.13	0	0.00	0	0.00	<ul style="list-style-type: none"> <li>• Department of Electrical Engineering, Nan Kai University of Technology</li> <li>• Senior Engineer, Xingxin Electromechanical Co., Ltd.</li> <li>• Technical Director of Technology Department, Take Well Engineering Inc.</li> </ul>	None	None	None		

Note1: Based on the group's organizational integration and business needs, the company's chairman also serves as the chief executive officer, responsible for the promotion and execution of the group's operating plans. The chairman's full understanding of the company's operation and development policies helps the board of directors quickly grasp the company's operating status. At the same time, in order to maintain the objectivity and independence of the board of directors, only one director concurrently serves as the company's officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.

**iii. Remuneration paid during the most recent fiscal year to directors, supervisors, president, and vice president**

**1. Remuneration of Directors and Independent Director**

Unit: NT\$ thousand, Thousand Shares

Title	Name	Remuneration								Sum of A+B+C+D and ratio to net income (Note 10)				Relevant remuneration received by directors who are also employees								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)				Compensation paid to directors from an invested company other than the company's subsidiary (Note 11)
		(A) (Note 2 & Note 3)		(B) (Note 2 & Note 4)		(C) (Note 2)		(D) (Note 2 & Note 6)		(E) (Note 2 & Note 7)		(F) (Note 2 & Note 4)		(G) (Note 2 & Note 8)				(Note 10)								
		The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)	Cash	Stock	Cash	Stock	The company	(Note 1 & Note 9)	The company	(Note 1 & Note 9)			
		Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%			
Chairman	Liang, Chin-Li	1,346	1,946	0	0	25,486	27,690	78	179	26,910	2.23	29,815	2.48	9,975	12,213	0	0	3,800	0	3,800	0	40,685	3.38	45,828	3.81	12
Director	Yang, Jung-Tang	70	70	0	0	10,194	10,255	96	96	10,360	0.86	10,421	0.87	0	0	0	0	0	0	0	0	10,360	0.86	10,421	0.87	None
Director	Hu, Tai-Tsen	0	0	0	0	10,194	10,255	96	96	10,290	0.85	10,351	0.86	0	0	0	0	0	0	0	0	10,290	0.85	10,351	0.86	None
Independent Director	Yeh, Hui-Hsin	840	840	0	0	0	0	78	78	918	0.08	918	0.08	0	0	0	0	0	0	0	0	918	0.08	918	0.08	None
Independent Director	Yang, Qian	840	840	0	0	0	0	78	78	918	0.08	918	0.08	0	0	0	0	0	0	0	0	918	0.08	918	0.08	None
Independent Director	Wang, Mao-Rong	840	840	0	0	0	0	78	78	918	0.08	918	0.08	0	0	0	0	0	0	0	0	918	0.08	918	0.08	None
Independent Director	Huang, Tzu-Pei	350	350	0	0	0	0	24	24	374	0.03	374	0.03	0	0	0	0	0	0	0	0	374	0.03	374	0.03	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: According to the "Regulations governing remuneration paid to directors and functional committee," independent directors receive a fixed remuneration of NT\$40,000 per month and do not participate in the distribution of annual remuneration for directors. Independent directors that be appointed to be any member of functional committee by the board meeting can gain extra remuneration. The aforementioned fixed remuneration is recommended by the company's Remuneration Committee with reference to the market averages, taking into account the time invested and the responsibilities assumed by the independent directors, and approved by the board of directors.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): NT\$0

Note1: Refers to all companies in the consolidated financial statements

Note2: (A)Base Compensation (B)Severance Pay (C)Compensation to Directors (D)Allowances (E)Salary, Bonuses, and Allowances (F)Severance Pay (G)Employee Compensation.

Note3: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note4: Includes the contribution and real disbursement of the pension. In 2021, under the new system of labor pension act, total amount contributed by the company for director listed in the table is NT\$0.

Note5: Board of directors resolved on Feb. 24, 2022.

Note6: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration.

Note7: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note8: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the board of directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year.

Note9: Disclose the total amount of remuneration in each category paid to the directors of the company by all companies in the consolidated financial report (including the company).

Note10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note11: a. In this column, specifically disclose the amount of remuneration received by the directors of the company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. Remuneration means remuneration received by directors of the company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

\*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

## 2. Remuneration of Supervisors : Not applicable

### 3. Remuneration of President and Vice President

Unit: NT\$ thousand, Thousand Shares

Title	Name	Salary(A) (Note1)		Severance Pay (B) (Note2)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (Note4)				Sum of A+B+C+D and ratio to net income (Note6)				Compensation paid to the president and vice president from an invested company other than the company's subsidiary (Note7)
		The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company		Companies in the consolidated financial statements (Note5)		The company		Companies in the consolidated financial statements (Note5)		
								Cash	Stock	Cash	Stock	Sum	%	Sum	%	
CEO	Liang, Chin-Li	3,264	5,502	0	0	6,711	6,711	3,800	0	3,800	0	13,775	1.14	16,013	1.33	12
President	Lai, Ming-Kun	3,120	3,120	81	81	5,360	5,360	3,000	0	3,000	0	11,561	0.96	11,561	0.96	None
President	Wang, Chun-Sheng	2,820	2,820	81	81	7,080	7,080	3,000	0	3,000	0	12,981	1.08	12,981	1.08	None
Vice President	Chang, Ri-Dong	2,495	2,495	81	81	3,375	3,375	1,500	0	1,500	0	7,451	0.62	7,451	0.62	None
Vice President	Wang, Jin-Cyuan	1,916	1,916	81	81	2,083	2,083	1,200	0	1,200	0	5,280	0.44	5,280	0.44	None

In addition to the disclosure of the table above, there are remunerations to presidents and vice presidents provided service (e.g. serve as independent consultant rather than employee) in the most recent year for all companies : NT\$ 255 thousands

Note1: This includes salary, duty allowances, and severance pay to the president and vice president in the most recent fiscal year.

Note2: Includes the contribution and real disbursement of the pension. In 2021, pensions contributed to the pension account at Bank of Taiwan by the company for employees applying old system of labor standards act are NT\$1,200 thousand and disbursement from that account is NT\$0, while under the new system of labor pension act, total amount contributed by the company for managers listed in the table are NT\$324 thousand, which has been fully paid into their individual pension account at Bureau of Labor Insurance.

Note3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the president and vice president in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.

Note4: This refers to employee profit-sharing compensation (including stocks and cash) received by the president and vice president as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year.

Note5: Disclose the total amount of remuneration in each category paid to the president and vice president by all companies in the consolidated financial report (including the company).

Note6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note7: a. In this column, specifically disclose the amount of remuneration received by the president and vice president of the company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the president and vice president of the company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

\*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

#### 4. Employee Compensation Granted to Management Team

March 31, 2022, Unit: NT\$ thousand

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Chairman/CEO	Liang, Chin-Li	0	16,171	16,171	1.34%
	President	Lai, Ming-Kun				
	President	Wang, Chun-Sheng				
	Vice President	Chang, Ri-Dong				
	Vice President	Wang, Jin-Cyuan				
	Assistant Vice President	Li, Po-Sheng				
	Assistant Vice President/Principal Financial/Accounting/ Chief Corporate Governance Officer/ Spokesperson	Tsao, Yun-Han				
	Assistant Vice President	Lee, Ming-Chih				
	Assistant Vice President	Chen, Yuan-Pi				
	Assistant Vice President	Yang, Hui-Bao				
	Assistant Vice President	Lee, Shih-hui				

#### 5. Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents

(1) The ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, presidents and vice presidents of the Company, to the net income.

Unit : NT\$ thousand

Title	2020				2021			
	Total Remuneration paid to directors, presidents and vice presidents		Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)		Total Remuneration paid to directors, presidents and vice presidents		Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	81,570	84,801	8.41	8.74	101,786	107,256	8.45	8.91
CEO								
Presidents								
Vice Presidents								

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risk exposure.

A. Directors

Remuneration for directors includes the transportation and attendance fare for directors attending the board meetings, attendance fare for members of functional committee attending the committee, executive business expense, and the annual compensation for directors in accordance with the Articles of Incorporation. According to Article 26-1 of the Articles of Incorporation, when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. Total compensation paid to directors are reviewed by the Remuneration Committee in consideration of the company's business performance, the general pay levels in the industry and be submitted to the board of directors for approval. Compensation for individual director is determined in accordance with the "Regulations governing remuneration paid to directors and functional committee." The company takes into account the results of the performance evaluation of directors to calculate the points of each director. Such as the degree of participation in the company's operations, the attendance rate for the year, whether to serve as the chairman and other items. Then distributes the total amount approved by the board of directors according to the proportion.

Independent directors receive a fixed amount of remuneration per month and do not participate in the distribution of annual remuneration for directors. If an independent director is appointed as a member of any functional committee by the board of directors of the company, he/she will receive additional remuneration paid to members of functional committee.

B. Presidents and Vice Presidents

The remuneration for presidents and vice presidents includes fixed salary and variable salary. The fixed salary is the monthly salary; the variable salary includes the employee compensation and performance bonus, which is measured based on their personal annual appraisal performance. The content of the annual appraisal includes qualitative indicators (such as the key core competence of the job, future development potential... etc.) and quantitative indicators (such as personal goal achievement status, achievement rate... etc.) Employee compensation is in accordance with the company's articles of association, when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees. The performance bonus is determined based on the company's annual operating performance and will be submitted to the board of directors for resolution by the company and the Remuneration Committee. In addition, if the presidents and vice presidents serve as directors or supervisors of subsidiaries, they can also receive remuneration in accordance with the "Regulations governing the representative of a juristic person director or supervisor appointed to the group companies."

C. The company's procedure for determining remuneration is in accordance with the performance evaluation and salary regulations approved by the board of directors. After the overall consideration of the individual's participation in the company's operations and performance evaluation, reasonable remuneration will be given. The measurement aspects are listed in the following table. The Remuneration Committee and the Board of Directors also regularly review the fairness of salary and remuneration, and review the regulations in a timely manner based on actual operating conditions and relevant laws and regulations. There is no incentive for the directors, presidents and vice presidents to pursue compensation by engaging in activities that exceed the tolerable risk level.

Aspect	Items and proportions	Explanation
Core	Practice and management of core values	Company recognition, commitment and ethics are necessary conditions, as well as the ability to practice business philosophy, vision and strategic goals, and demonstrate leadership and management skills.
Index	Financial Performance Indicators (40%)	Business side, execution side, contribution, value output, etc.
	Comprehensive management indicators (30%)	Including innovation, integration, quality management, human resource management and cultivation, risk management, legal compliance and the practice of corporate social responsibility.
	Sustainable Practice Indicators (30%)	Proposals for environmentally friendly value projects, the proportion of energy-saving materials and equipment, the proportion of participation in social welfare activities, etc.

#### iv. Implementation of Corporate Governance

##### 1. Board of Directors

A total of 8(A) meetings of the board of directors were held in 2021. The attendance of director was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Liang, Chin-Li	8	0	100%	Was re-elected on Jul. 23, 2021
Director	Hu, Tai-Tsen	8	0	100%	Was re-elected on Jul. 23, 2021
Director	Yang, Jung-Tang	8	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Yeh, Hui-Hsin	8	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Yang, Qian	8	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Wang, Mao-Rong	8	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Huang, Tzu-Pei	3	0	100%	Was newly elected on Jul. 23, 2021 A total of 3 board meetings were held during active duty.

■ Other mentionable items:

(1) If there are any of the following circumstances applies, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:

A. Circumstances referred to in Article 14-3 of Securities and Exchange Act.: Since the company has set up its Audit Committee, the provisions of Article 14-3 shall not apply according to Article 14-5 of the Securities and Exchange Act.

B. Resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing.: None.

(2) If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:

Directors' names	Contents of motions	Causes for avoidance	Resolved
Liang, Chin-Li	The 2020 performance bonus for executives.	He concurrently served as the Company's chief officers.	Approved by the remaining attendees without objection.
Liang, Chin-Li	The company's 2021 remuneration for executives.	He concurrently served as the Company's chief officers.	Approved by the remaining attendees without objection.
Liang, Chin-Li	The distribution of 2020 employee's compensation for executives.	He concurrently served as the Company's chief officers.	Approved by the remaining attendees without objection.

(3) Performance Evaluation of the Board of Directors

Circle	Period	Range	Method	Content
Conducted once a year	From Jan. 1 to Dec. 31 of the evaluation year	<ol style="list-style-type: none"> <li>1. The board as a whole</li> <li>2. Individual directors</li> <li>3. Functional committees (Including Remuneration Committee, Audit Committee and Nominating Committee)</li> </ol>	<ol style="list-style-type: none"> <li>1. Internal evaluation by the board</li> <li>2. Self-evaluation by the board members of themselves</li> <li>3. Evaluation by an appointed external professional institution and experts once every three years</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluation of the board of directors: At least include participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, and internal control.</li> <li>2. Evaluation of the board members on themselves: At least include familiarity with the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.</li> <li>3. Evaluation of the functional committees: At least include participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.</li> </ol>

The Board has approved to establish the company's "Rules for Performance Evaluation of Board of Directors and Functional Committees" on Feb. 26, 2015. The company conducts internal evaluation at the end of each year through questionnaire. Directors and members of Functional Committees shall fill out questionnaires such as the Questionnaire of Self-Performance Evaluation of the Board, the Questionnaire of Self-Performance Evaluation of Board Members, and the Questionnaire of Self-Performance Evaluation of the Functional Committee. According to Article 3, the company also conducts external evaluation at least every three years. The criteria for evaluating the performance of the board of directors is regularly reviewed by the Nominating Committee and results of the evaluation will serve as a reference for the calculation of individual directors' remuneration and the selection or nomination of directors by the company.

After all questionnaires are completed, the Financial Division will then collect it and calculate the score. The internal evaluation in 2021 has been conducted. All participants including the entire Board, individual members of Board, and each functional committee have scored more than 90 points (out of 100 points). The performance is evaluated as excellent and there is no need to improve. During the overall board assessments, the directors offer recommendations regarding ESG issues. It has been suggested that the board reinforce assessments and monitoring of possible or potential risks associated with the climatic environment to minimize impacts and losses caused by unpredictable disasters. Actual implementation details should be incorporated into the key issues for board discussions this year. Furthermore, relevant departments should be requested to deliver reports on the current framework, implementation progress, and required resources. The General Administration Division of the Company has implemented and responded to these board recommendations. In addition, the Remuneration Committee members have proposed reviews of the reasonableness of job grades, performance criteria, salaries, bonuses, and compensations of employees in functional committee assessments. They have also offered opinions and agreements in fulfillment of their duties. However, the committee's valid contributions encompassed

recommendations of a too extensive and hard-to-define scope. The above result of the internal evaluation has been reported to the Board meeting after approval by the Nomination Committee on Feb. 24, 2022 and has been revealed on the website of the company.

The company commissioned the “Taiwan Corporate Governance Association” to carry out an external evaluation of Board performance in November 2020. It is confirmed that the Taiwan Corporate Governance Association and evaluating experts have no financial interest and business relations with the company, and they do not violate the requirement of professional and independence. All the evaluation processes were completed with the evaluation report available by Dec. 23, 2020. The result of the external evaluation has been reported to the Board meeting after approval by the Nomination Committee on Feb. 25, 2021 and has been disclosed on the company’s website. The content is summarized as follows.

- Evaluation duration: From November 1, 2019 to October 31, 2020.
- Evaluation standards and method: Evaluate the eight aspects of the Board, including the composition, leadership, authority, supervision, communication, internal control and risk management, self-discipline and others, through an online questionnaire and site visits.
- Overall evaluation results: The composition of the Board meets the needs of the company’s operational development and strategic goals; the company attaches great importance to corporate governance and ESG, integrates the concept of sustainable development into its operating model, actively cultivates talents at all levels and inherits, and continuously improves the effectiveness of the board of directors.
- Evaluation recommendations:
  - A. Make additional record in the minutes of board meeting, which the discussion process and speeches that are not recorded on audio or video tape;
  - B. Include suitability when assessing the appointment of CPAs every year, as a reference for appointment decisions and audit fee;
  - C. Strengthen the whistleblower mechanism to enable board members (especially independent directors) to receive messages simultaneously to ensure the effective operation of the mechanism.
  - D. Obtain opinions from independent directors in the performance appraisal of the chief internal auditor;
  - E. The responsibilities of the Nominating Committee can further cover the training and succession of senior managers;
- Improvement status: For no.1~4, the company has implemented as recommended. The company has established the “Regulations governing the CPA’s performance evaluation” after approval by the board on Feb. 4, 2021. Members of the Audit Committee evaluates the independence and competence of CPAs based on the indicators specified in these regulations each year.

#### (4) Measures taken to strengthen the functionality of the Board:

In addition to implementing the “Board of Directors Meeting Rules” in accordance with the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies,” the company also has an independent director system to complement its board. Independent directors perform their roles in accordance with the relevant laws and instructions of the competent authority, and serve both executive and supervisory purposes.

##### A. Board structure

The board is comprised of members from a variety of backgrounds, who have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board’s decision and supervisory capacity. “Directors Election Procedures” that stipulate a cumulative voting system and nomination system for director and independent director elections. Shareholders who hold above a certain number of shares are given the right to nominate candidates. The nomination process is fair and transparent; it increases minority shareholders’ chances to participate, protects the interests of investors, and prevents the nomination from becoming monopolized or excessive. Furthermore, a set of by-election procedures was also introduced to avoid disruption to the company’s business operations if some or all directors and independent directors are dismissed. To ensure the independence of the board, the company has rules that each director and independent director are required to exercise their authorities independently. The company also establishes a performance evaluation system for the board of directors in order to

improve the operation efficiency and enhance the board functions. According to the “Rules for Performance Evaluation of Board of Directors and Functional Committees,” the company not only conducts internal evaluation of the board and self-evaluation by the board members of themselves once a year but also commissions an external evaluation institution or panel of external experts and scholars to conduct external evaluation of the board at least every three years. Information such as directors’ shareholding positions, transfer restrictions, and collateralized shares are fully disclosed on the Market Observation Post System, which investors are welcome to make inquiries on.

B. The independent director system

The company has clearly outlined the availability, eligibility, and authorities of its independent directors in the “Articles of Incorporation” and “Independent Director Authorities and Responsibilities.” Currently, the company has established four independent director positions with the power to be involved in decision making and to express opinions according to the Securities and Exchange Act.

C. Establishment of an Audit Committee

The company established an Audit Committee, which replaced supervisors according to Article 14-4 of the Securities and Exchange Act. The committee is composed of four independent directors. All of them are chosen from persons with sufficient financial knowledge or business experience. “Audit Committee Charter” outlines the level of independence expected from the Audit Committee and the role they play in the company’s operations. The Audit Committee ensures that the company’s internal control system is effectively implemented and financial statements are properly prepared.

The company has created a mailbox exclusively for communication with the Audit Committee on its website (under the “Investors” section), which enables investors, stakeholders and employees to communicate with the Audit Committee directly by e-mail.

D. Establishment of a Remuneration Committee

The company established the “Remuneration Committee Charter” in accordance with Article 14-6 of the Securities and Exchange Act and completed the recruitment of committee members. The Committee evaluates matters relating to the compensation of the directors and managerial officers of the company in a professional and objective way, and submits recommendations to the board of directors for its reference in decision making.

E. Establishment of Nominating Committee

The company established the “Nominating Committee Charter” and set up the Nominating Committee to ensure the soundness of the board and strengthen the management mechanism. The 2<sup>nd</sup> Nominating Committee is composed of five directors selected by the board of directors and including four independent directors. The duties of the committee are finding, reviewing, and nominating candidates for directors, evaluating the performance of the board and so on....

F. Improving information transparency

Financial information, resolutions on material issues, board meeting participation, and director ongoing education information are published on the Market Observation Post System as required by law. The company’s financial and business performance is also made accessible to the public on its website.

(5) Independent directors’ attendance of board in 2021: A total of 8 board meetings were held in 2021, and all independent directors attended each meeting in person.

(6) In 2022, 2 board meetings were held as of March 31 and all directors and independent directors attended in person.

## 2. Audit Committee

A total of 6 (A) Audit Committee meetings were held in 2021. The attendance of the independent directors was as follows:

Title (Note)	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Independent Director	Yeh, Hui-Hsin	6	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Yang, Qian	6	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Wang, Mao-Rong	6	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Huang, Tzu-Pei	2	0	100%	Was newly appointed on Jul. 23, 2021. A total of 2 meetings were held during active duty.

Note : All audit committee members are independent directors. Please refer to page 13~19 for their professional qualification and experience.

### ■ Other mentionable items:

(1) Audit Committee's main responsibilities is to review the following matters:

- A. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- B. The adoption of or amendments to the internal control system and assessment of the effectiveness of the internal control system.
- C. The procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. Loans of funds, endorsements, or provision of guarantees of a material nature.
- G. The offering, issuance, or private placement of equity-type securities.
- H. The hiring or dismissal of a certified public accountant, or their compensation.
- I. The appointment or discharge of a financial, accounting, or internal audit officer.
- J. Business report and proposal for earnings distribution or offsetting of deficit.
- K. Other material matters as may be required by the company or by the competent authority.

(2) Audit Committee's work of 2021 :

- A. Review the financial reports.
- B. Review the amendments to the internal control system and assessment of the effectiveness of the internal control system.
- C. Review the endorsements or guarantees for others.
- D. Review the hiring of a certified public accountant and their compensation.
- E. Review the acquisition of material assets.
- F. Review the amendments to the "Risk and Crisis Management Rules."

(3) If any of the following circumstances exists, specify the Audit Committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of Audit Committee resolutions, and the measures taken by the company based on the opinions of the Audit Committee:

- A. Circumstances referred to in Article 14-5 of the Securities and Exchange Act.
- B. Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors.

Audit Committee Meetings	Major resolutions	Circumstances referred to in Article 14-5 of the Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors
Feb. 25, 2021	1. Resolved to approve the company's 2020 business report and financial statements.	✓	None
	2. Resolved to approve the company's 2020 statement of internal control system.	✓	None
	3. Resolved to approve the evaluation of qualification and independence, and remuneration of the Certified Public Accountants.	✓	None
	Independent director's dissenting or qualified opinion or significant recommendation: None.		
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Measures taken by the company based on the opinions of the Audit Committee: None.		
Aug. 05, 2021	1. Approved to amend the company's "Internal Audit Implementation Rules."	✓	None
	Independent director's dissenting or qualified opinion or significant recommendation: None.		
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Measures taken by the company based on the opinions of the Audit Committee: None.		

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

(5) Communications between the independent directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.)

CPAs and internal auditors report to the independent directors the results of the annual or semi-annual audited (reviewed) financial statements, or the functioning of internal controls through the Audit Committee meetings. In the meetings, independent directors are given sufficient opportunities to communicate with the CPAs and internal auditors face to face, which provides independent directors with sufficient overview of the company's operations and helps them to supervise appropriately. In addition to holding Audit Committee meetings quarterly, the independent directors also maintain regular e-mail contact with the CPAs and internal auditors in order to stay informed of the company's operations. Results of communication between the independent directors, the internal auditors and the CPAs in 2021 are listed in the table below and have been revealed on the company's website.

#### A. Communications between the independent directors and the internal auditors

Date	Communication matters	Execution results
Feb. 25, 2021 Audit committee meeting	<ul style="list-style-type: none"> <li>Internal audit activities report (2020/10~2020/12)</li> <li>2020 Statement of the internal control system</li> </ul>	<ul style="list-style-type: none"> <li>No comments</li> <li>Submit to the board of directors after approval</li> </ul>
May 06, 2021 Audit committee meeting	<ul style="list-style-type: none"> <li>Internal audit activities report (2021/01~2021/03)</li> </ul>	<ul style="list-style-type: none"> <li>No comments</li> </ul>
Aug. 05, 2021 Audit committee meeting	<ul style="list-style-type: none"> <li>Internal audit activities report (2021/04~2021/06)</li> <li>To amend the company's Internal Audit Implementation Rules.</li> </ul>	<ul style="list-style-type: none"> <li>No comments</li> <li>Submit to the board of directors after approval</li> </ul>
Nov. 05, 2021 Audit committee meeting	<ul style="list-style-type: none"> <li>Internal audit activities report (2021/07~2021/09)</li> <li>2022 Annual audit plans</li> </ul>	<ul style="list-style-type: none"> <li>No comments</li> <li>Submit to the board of directors after approval</li> </ul>
Aug. 04, 2021 Communication via e-mail or	<ul style="list-style-type: none"> <li>What is the basis and scope of the amendment of Internal Audit Implementation Rules?</li> </ul>	<ul style="list-style-type: none"> <li>The Rules is amended with reference to the control directions of each operating activity of the internal</li> </ul>

Date	Communication matters	Execution results
phone call	<ul style="list-style-type: none"> <li>The Internal Audit Implementation Rules specified the responsibilities of auditors are to compare and analyze the operating performance of the company, review the operating results, and take effective countermeasures to improve operating efficiency. However, reviewing the operating results and taking effective countermeasures should be the responsibility of the “managerial officers,” and it is recommended to revise the statement of this article.</li> </ul>	<p>control system, and is the basis for the implementation of audit.</p> <ul style="list-style-type: none"> <li>In practice, the audit unit regularly provides “performance index details” before the meeting for the managerial officers to refer to, as a reference for their countermeasure implementation and improvement. Therefore, the content is amended to “Compare and analyze the company’s operating performance indicators for each unit to review operating results and take effective countermeasures.”</li> </ul>
Nov. 01, 2021 Communication via e-mail or phone call	<ul style="list-style-type: none"> <li>Whether climate risk should be included in the risk assessment scale? Because there is a global consensus on the topic of climate crisis, in the ESG annual report, climate risk is an essential item that must be disclosed, and major factories such as TSMC have required third-party manufacturers to save energy by 20%. It has become an operation-related risk that manufacturers must face. If they fail to meet the standard, they will be disqualified as a supplier. In the initial stage, it may only be for the manufacturing industry. Sooner or later, the service industry will also be included.</li> </ul> <p>It is suggested that Acter can also incorporate this risk management into its normative projects. Homeopathically review the current and follow-up energy use status, including self-use (electricity and oil used by offices or subsidiaries, etc.) or providing customer (energy efficiency of projects), formulate regulations of energy conservation, carbon reduction and environmental protection, as an internal basis for the company to follow and cope with the next wave of ESG.</p>	<ul style="list-style-type: none"> <li>The environmental protection issue has been disclosed in the CSR report, and the TCFD framework is used to identify climate risks and opportunities. Measurement indicators and target management has been established based on the identification results.</li> <li>The quality insurance &amp; safety department is the management unit, responsible for promoting the ISO 14001. In accordance with PDCA, a systematic management method was set up to maintain the consistency of environmental protection goals and implementation strategies, and to establish pollution prevention and improvement mechanisms. At the same time, promote ISO 50001 to improve energy and resource efficiency.</li> <li>The general administration division regularly reports on climate change results to the board of directors.</li> </ul>

B. Communications between the independent directors and the CPAs

Date of Audit Committee Meeting	Communication matters	Execution results
Feb. 04, 2021 (KAM Meeting)	<ul style="list-style-type: none"> <li>2020 Key Audit Matters of the financial report</li> </ul>	No comments
Feb. 25, 2021	<ul style="list-style-type: none"> <li>2020 Annual audited financial statements</li> </ul>	No comments
Aug. 05, 2021	<ul style="list-style-type: none"> <li>2021 Semi-annual reviewed financial statements</li> </ul>	No comments

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

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company has established “Corporate Governance Practical Rules” based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. These practices are being implemented in compliance with laws with information properly disclosed in the best interests of investors, stakeholders and employees.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders’ suggestions, doubts and disputes according to the “Corporate Governance Practical Rules” and “Procedures for Handling Investor Relationship.”  (2) The company’s major shareholders are mostly comprised of the management team and long-term shareholders. The company constantly monitors shareholding positions of its directors and major shareholders. Changes in shareholding positions among directors, managers and shareholders with more than a 10% holding are reported regularly to the competent authority.  (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system and the “Subsidiary Management Policy.”  (4) The company has established “Procedures for Handling Material Inside Information and Avoiding Insiders Trading” to avoid insiders trading with undisclosed information and revealed the procedures on the company’s website. In 2017, the company introduced the integrity standards into the E-learning system and included it as the annual required course since 2018 to enhance the attentions of all the employees constantly. Contents of the course include the company’s internal rules about prohibiting insiders trading, employee ethical business guidelines and so on. In 2021, 261 employees completed the training and total education hours is 261 hours. Besides, the company provides information of insider trading, including laws and regulations and case analysis to its insider (directors and managerial	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			<p>officers) by E-mail at least once a year. Information of 2021 has been sent on Oct. 26, 2021. Directors of the company also irregularly participate in external training courses such as corporate governance and insider trading policies organized by external organizations. The amendment to the “Corporate Governance Practical Rules” was approved by board resolution on February 24, 2022. The amended provisions stipulate the adoption of stock trading control measures from the date insiders of the Company become aware of the contents of the company’s financial reports or relevant business results. Such measures include, but are not limited to, the prohibition of stock trading by directors during closure periods 30 days and 15 days prior to the release of annual and quarterly financial reports, respectively. We notified our insiders of the aforementioned closure periods by e-mail on the date the amendment took effect. In the future, insiders will be reminded of upcoming closure periods by e-mail 5 days in advance.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Whether the company formulates the regulations and method for the performance evaluation of the board of directors, conducts evaluation regularly every year, reports the results to the board of directors, and takes it as a reference for the remuneration, nomination and re-appointment of each director?</p>	✓		<p>(1) The company has established “Corporate Governance Practical Rules” to formulate the diversification of the Board members and revealed it on the company’s website and MOPS. Please refer to page 20~21 for the content of the diversified policy, specific management goals and implementation.</p> <p>(2) The company has established the “Nominating Committee Charter” after approval by the board on Feb. 23, 2018 and set up the Nominating Committee on May 30, 2018. Please refer to page 47~48 for the composition and operations of the Nominating Committee.</p> <p>(3) The Board has approved to establish the company’s “Rules for Performance Evaluation of Board of Directors and Functional Committees” on Feb. 26, 2015. The company conducts internal evaluation at the end of each year through questionnaire. According to Article 3, the company also conducts external evaluation at least every three years. Results of the evaluation will serve as a reference for the calculation of individual directors’ remuneration and the selection or nomination of directors by the company. The 2021 internal evaluation has been conducted. In addition, the company commissioned the “Taiwan Corporate Governance Association” to carry out an external evaluation of Board performance in November 2020.</p>	None

Evaluation Item	Implementation Status		Deviations and Reasons
	Yes	No	
(4) Does the company regularly evaluate the independence of CPAs?			<p>Please refer to page 32~33 for more information regarding content and results of evaluations.</p> <p>(4) Our Audit Committee will conduct annual assessments of CPA independence and competence and submit the results of such assessments to the board for resolution pursuant to the “Regulations governing the CPA’s performance evaluation”, which have been approved by the board of directors. In addition to the acquisition of a written statement issued by a CPA for financial reporting, Audit Committee members evaluate the performance and independence of CPAs pursuant to the aforementioned Guidelines. Adopted independence indicators include the following: (a) the CPA has no direct or material financial interest in the Company; (b) the CPA has no improper interest in the Company; (c) has the CPA provided relevant services for the Company within the past two years?; (d) the CPA’s name is not used by other companies; (e) do auditing service task force members utilize undisclosed information they have become privy to in the performance of their duties for the trading of securities held by customers?; (f) no debtor–creditor relationship exists between the CPA and the Company; (g) no joint investment or profit sharing relationship exists between the CPA and the Company; (h) the CPA holds no concurrent appointment with fixed compensation at the Company; (i) the CPA receives no business-related commissions from the Company; and (j) has the CPA served consecutive terms in excess of seven years? The 2021 assessment results were approved by the Audit Committee and ratified by board resolution on February 24, 2022. CPA independence and performance indicator scores reached an average of 95. Since relevant criteria have been met, the contract with the CPA has been renewed.</p>
4. Whether TWSE/TPEX listed companies have deployed appropriate numbers of suitable corporate governance personnel, and designated a chief corporate governance officer responsible for cooperate governance affairs (including but not limited to providing provision of information required for performance of duties by the directors and supervisors, assistance to the directors in complying with laws and regulations, handling	✓		<p>Upon approval by the board on Apr. 11, 2019, the company has appointed assistant vice president of financial division, Tsao, Yun-Han, as the chief corporate governance officer to be in charge of corporate governance affairs and designated Chairman and Board of Directors to be in charge of supervision. Ms. Tsao is the managerial officer of the company and has been in a managerial position for at least three years in a public company in handling financial affairs, meeting the requirements of the chief corporate governance officer.</p> <p>The chief corporate governance officer performs its business according to the duties. In 2021, the main duties and business execution are shown as follows.</p> <p>(1) Furnishing information required for business execution by directors and arranging continuing education for directors.</p>

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
of matters relating to board of directors meetings and shareholders meetings in compliance with law, and preparation of minutes of board of directors meetings and shareholders meetings) ?			<p>(2) Updating the developments of laws and regulations relating to the operation of the company in order to assist directors with legal compliance.</p> <p>(3) Plans to scheme proper corporate system as well as organizational frame to accelerate the independency of Board of Directors, transparency of company and compliance of decree.</p> <p>(4) Before directors' meeting, it will inquiry the opinion of every director to scheme and formulate agenda, inform to all directors for attendance at least 7 days prior to the meeting, and provide sufficient meeting materials and explain the proposals for directors' understanding about the content of relevant proposal as well as complete meeting minutes within 20 days after the board meetings.</p> <p>(5) Registers date of shareholders' meeting every year according to the deadline of law, produces and declares meeting notice, handbook for agenda and proceeding by deadline, and handles amendment registration after revision of Article of Incorporation or re-election of directors.</p> <p>(6) Improves relevant information of corporate governance in compliance with the indicator of the corporate governance evaluation system.</p> <p>(7) Pay attention to the transparency and symmetry of information to protect shareholders' rights. The chief corporate governance officer has completed a total of 14 hours of training in 2021. Please refer to &lt;Table 1&gt; on page 44 for the states of education.</p>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders(e.g., including but not limited to shareholders, employees, customers and suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company sets up stakeholder zones of official sites including employee, client, supplier, investor with respective specific contact windows respectively by category of stakeholder, continuously listens to feedback from stakeholders, understands their concerns, and reports relevant communication mechanisms and implementation results to the board of directors every year. The result of 2021 has been reported to the Board meeting on Nov. 5, 2021 and revealed on the company's website.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Registry and Transfer Department to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial	✓		(1) The company has an official website ( <a href="http://www.acter.com.tw">http://www.acter.com.tw</a> ) that regularly updates the company's financial performance and discloses corporate governance information.	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>			<p>(2) The company has adopted “Procedures for Handling Investor Relationship” to ensure the effective communication of systematically integrated information pertaining to financial and operational status, future development, and corporate governance to different target audiences in accordance with their individual needs based on the principles of fairness and transparency. The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner.</p> <p>A. The company has implemented a spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company’s website.</p> <p>B. Information on investor seminars is disclosed on the company’s website as it becomes available.</p> <p>C. The Company has already set up its English website to keep foreign investors informed of its financial and business standings.</p> <p>(3) In order to enable investors to obtain sufficient and accurate information in a timely manner, the company has announced and reported its 2021 financial report on February 24, 2022 and the financial reports for each quarter of 2021 as well as the operating status for each month of 2021 have been announced and reported before the specified deadline.</p>	
<p>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p> <p>Below is a summary of steps taken by the management to ensure sound corporate governance:</p> <p>(1) The company has a set of work rules in place that protect employees’ interests. Under these rules, employees, irrespective of rank, gender or nationality, are provided with benefits such as insurance, training, health checkups and retirement plans superior to legal requirements. In addition, the company’s Employee Welfare Committee introduces welfare packages that aim to create a harmonious workplace and to enrich employees’ lifestyles. The company is ISO 14001:2015 and ISO45001:2018-certified for the purpose of ensuring proper management over workplace safety and health. It has a Quality Insurance &amp; safety Department that is dedicated to promoting and supervising workplace safety; meanwhile, the company has established different kinds of meetings to encourage an open exchange of</p>				

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>opinions between employees and management. An employee mailbox and whistle-blower system has also been made available on the company's website (under the HR section), through which employees may reflect their opinions and offer suggestions.</p> <p>(2) Investor relations, supplier relations and stakeholders' rights: as part of its goal of information transparency, the company discloses financial and business information in a timely and appropriate manner in compliance with related laws. It has contact windows and mailboxes that investors, suppliers and stakeholders can use to leave messages and give opinions. The company has also created a corporate governance section on its website in both Chinese and English to protect the interests of local and foreign investors and provide them with diversified information.</p> <p>The company establishes trade arrangements and issues purchase orders to suppliers in compliance with the principle of equality. These agreements clearly outline the rights and obligations between the two parties, and work to secure both parties' legal interests.</p> <p>(3) Status of the Continuing Education of Directors: all directors of the company have completed the mandatory courses stipulated under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." For status of the continuing education of directors in 2021, please refer to page 79~80 of the annual report.</p> <p>(4) Risk management policy and risk assessment standards: the company is focused on its primary business. It has risk and crisis management rules and policies in place to avoid or minimize risks that may jeopardize the company's interests, while in the meantime ensure employees' safety. All major operating policies, investments, asset acquisitions and disposals, corporate guarantees and endorsements are subjected to thorough analysis before they are proposed for the board's resolution. The Auditing Office develops annual audit plans based on assessed risks and executes accordingly as a means of risk supervision and reports to the board of directors on risk management once a year. The company's risk management scope, organization and performance of 2021 have been disclosed on the company's website.</p> <p>(5) Customer policy: The company has a Business Department and an Engineering Department responsible for engaging customers in timely communications, responding to customization needs, providing excellent services and resolving any issues that might arise. Besides, the General Administration Division conducts customer satisfaction survey from time to time and keeps all channels open for bilateral communication with customers.</p> <p>(6) Insurance against directors' liabilities: the company has taken out liabilities insurance for its directors. Information about the insured amount, coverage and premium rate has been reported in the Board meeting on Jan. 22, 2022 and revealed on the MOPS.</p> <p>(7) Succession planning and execution of board members and key management levels of the company: At present, the succession planning of the company is under way, and presidents of the company and its subsidiaries are the successor of the chairman, who shall cultivate succession ability through experience in operating the company or its subsidiaries. The operating directors of each company of the group agree with the company's culture and their values are consistent with those of the company. They have already served the group for a certain period of time. They have gained recognition for their integrity, customer service and operating ability. At present, the successors are already members of the board of directors of each company. They are expected to learn about the operations of the board of directors in the next 8-10 years and take over from the board of directors in the future 10-15 years.</p> <p>The succession of senior executives in the company is mainly hierarchical, so it does not only focus on a few high-level executives. First, the departmental executives must have agents and prepare them as successors to the senior executives of each department. Subsequently, there will be an agent system for the executives of divisions and staff. Through work rotation training and functional development, mentorship, education, training, self-study, teaching and work experience, and the company's</p>				

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
existing performance appraisal system, the company's future successors are assessed and cultivated for the company's future development. The company recruits excellent talents, internally and externally to increase the width and depth of the company's successors.				
(8) The company participated in the CG6012 (2019) Corporate Governance System Evaluation in 2020, which was hosted by the Taiwan Corporate Governance Association and was awarded the Top rating on Oct. 25, 2021. The certificate is valid from Oct. 25, 2021 to Oct. 24, 2023. In the future, we will respond to the feedback and suggestions obtained from the evaluation and continue to improve our corporate governance mechanisms accordingly.				
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange The company is ranked in top 5% in 7th Corporate Governance Evaluation of Listed Companies. The company reviews items not achieving evaluation standard every year after the result of evaluation be announced, makes adjustment and improvement successively and carries out step by step. Among the indicators that did not meet the standards this year, the company has improved such as the establishment and disclosure of the quantitative management goals for the following years on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management. In addition, the company increases one female independent director and the numbers of independent directors exceed one-half of the total directorships. As for other advanced indicators, the company will review and discuss continuously.				

<Table 1>

Date	Host Organization	Course	Education Hours
Aug. 09, 2021	Accounting Research and Development Foundation	Case Analysis of "Illegal Securities Transactions by Fake Foreign Investment" and Discussion on Legal Liability	3
Aug. 20, 2021	Accounting Research and Development Foundation	The Role and Operational Practice of "Independent Directors" in Corporate Governance	3
Aug. 31, 2021	Taipei Exchange	2021 Sustainable Online Forum	2
Sep. 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6

#### 4. Composition and Operations of Remuneration Committee or Nominating Committee

##### (1) Remuneration Committee

##### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

March 31, 2022

Title	Qualifications	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as Remuneration Committee member
	Name			
Independent Director (Convener)	Yang, Qian	Please refer to page 18~19 for the professional qualifications and experience of directors and the independence of independent directors		3
Independent Director	Yeh, Hui-Hsin			2
Independent Director	Wang, Mao-Rong			None
Independent Director	Huang, Tzu-Pei			None

##### B. Attendance of Members at Remuneration Committee Meetings

a. There are four members in the Remuneration Committee.

b. The tenure of the 5th Remuneration Committee is from Jul. 23, 2021 to Jul. 22, 2024. A total of 5(A) meetings of the Remuneration Committee were held in 2021. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By proxy	Attendance Rate in Person(%) (B/A)	Remark
Convener	Yang, Qian	5	0	100%	Was appointed on Jul. 23, 2021
Member	Yeh, Hui-Hsin	5	0	100%	Was appointed on Jul. 23, 2021
Member	Wang, Mao-Rong	5	0	100%	Was appointed on Jul. 23, 2021
Member	Huang, Tzu-Pei	2	0	100%	Was newly appointed on Jul. 23, 2021. A total of 2 meetings were held during active duty.

Other matters to be disclosed :

1. If the board of directors declines to adopt, or modifies a recommendation of the Remuneration Committee, the date of the Board of Directors meeting, term, content of motions, board resolution results and Company handling of Remuneration Committee opinions shall be specified. (If the compensation approved by the Board of Directors exceeds that proposed by the Remuneration Committee, the circumstances and cause of the difference shall be specified): None.
2. Resolutions of the Remuneration Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

C. The main duties of the Remuneration Committee

- a. Periodically reviewing the “Remuneration Committee Charter” and making recommendations for amendments.
- b. Establishing and periodically reviewing the annual and long-term performance goals for the directors and managerial officers of the company and the policies, systems, standards, and structure for their compensation.
- c. Periodically assessing the degree to which performance goals for the directors and managerial officers of the company have been achieved, and setting the types and amounts of their individual compensation.

D. Resolutions of the Remuneration Committee in 2021

Date	Major resolutions	Resolutions of the Remuneration Committee	Remuneration Committee’s dissenting opinion or qualified opinion
Feb. 04, 2021	1.Resolved to approve the 2020 performance bonus for executives. 2.Approved to amend the company’s “Regulations governing remuneration paid to directors and functional committee.”	Approved by all attending members without objection.	None.
Feb. 25, 2021	1.Resolved to approve the distribution of 2020 employees and directors compensation.	Approved by all attending members without objection.	None.
May 06, 2021	1.Resolved to approve the company’s 2021 remuneration for executives. 2.Approved to amend the company’s “Remuneration Committee Charter.”	Approved by all attending members without objection.	None.
Aug. 05, 2021	1.Resolved to approve the distribution of 2020 directors’ compensation. 2.Resolved to approve the distribution of 2020 employee’s compensation for executives.	Approved by all attending members without objection.	None.
Nov. 05, 2021	1.Resolved to approve the company’s 2021 remuneration policy to directors and employees. 2.Resolved to approve the company’s 2021 compensation policy for executives.	Approved by all attending members without objection.	None.

(2)Nominating Committee

A. The required qualifications and the responsibilities of the company’s Nomination Committee members.

The 2<sup>nd</sup> Committee is composed of four independent directors and one director. Each member has the expertise to perform his or her duties such as expertise in corporate governance or work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business. Please refer to page 20~21.

The Committee shall convene at least once a year, and may call a meeting at its discretion whenever necessary. The duties of the Committee are shown as follows and members of the Committee perform their business according to the duties.

- a. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of independent directors and non-independent directors.
- b. Planning the composition of the board and each committee, and evaluating the performance of the board.
- c. Finding, reviewing and nominating candidates for independent directors and non-independent directors.
- d. Review the establishment and amendment of the relevant regulations for the operation of the board of directors of the company, including but not limited to “Procedures for Election of Directors,” “Rules for Performance Evaluation of Board of Directors and Functional Committees,” “Rules for Independent Director’s Scope of Duties,” “Standard Operating Procedures for Handling Requirements of Directors,” etc.
- e. Reviewing the amendment of “Corporate Governance Practical Rules” of the Company.
- f. Other matters instructed by the board of directors.

B. The professional qualifications and experience of the members and status of operations of the Nomination Committee

a. There are five members in the Nominating Committee.

b. The tenure of the 2<sup>nd</sup> Nominating Committee is from Jul. 23, 2021 to Jul. 22, 2024. A total of 2(A) meetings of the Nominating Committee were held in 2021. The professional qualification, experience and attendance record of the Nominating Committee members was as follows:

Title	Name	Professional qualifications and experience (Note)	Attendance in Person(B)	By proxy	Attendance Rate in Person(%)(B/A)	Remark
Convener	Yang, Qian	Management administration	2	0	100%	Was appointed on Jul. 23, 2021
Member	Liang, Chin-Li	Corporate governance	2	0	100%	Was appointed on Jul. 23, 2021

Title	Name	Professional qualifications and experience (Note)	Attendance in Person(B)	By proxy	Attendance Rate in Person(%)(B/A)	Remark
Member	Yang, Jung-Tang	Corporate governance	2	0	100%	Was dismissed on Jul. 23, 2021. A total of 2 meetings were held during active duty.
Member	Yeh, Hui-Hsin	Accounting	2	0	100%	Was appointed on Jul. 23, 2021
Member	Wang, Mao-Rong	Industry experience	2	0	100%	Was appointed on Jul. 23, 2021
Member	Huang, Tzu-Pei	Law	0	0	Not applicable	Was newly appointed on Jul. 23, 2021. No meeting was held during active duty.

Note : Please refer to page 20~21.

C. Resolutions of the Nominating Committee in 2021 : The meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the Nomination Committee members, the outcome of the resolution of the Nomination Committee, and the measures taken by the company with respect to the Nomination Committee members' opinions.

Date	Major resolutions	Resolutions of the Nominating Committee	Recommendations or dissenting opinions of the Nomination Committee members
Feb. 25, 2021	1.Resolved to approve the internal and external performance evaluation of board of directors in 2020. 2.Resolved to approve the 2021 programs for director continuing education. 3.Resolved to approve the review of the number of directors and the conditions that should be met. 4.Resolved to approve the review of the establishment standards and membership qualifications of the committees, and recommended their organizational charters.	Approved by all attending members without objection.	None.
Apr. 15, 2021	1.Resolved to approve the directors (including independent directors) nomination proposed from both shareholder(s) holding above one percent (1%) of the total number of outstanding shares of a company and the company.	Approved by all attending members without objection.	None.

5. The state of the company’s promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>To promote sustainable development; facilitate economic, environmental and social progress; and implement sustainable operations and management of the company, the company has established “Corporate Social Responsibility Best Practice Principles” based on the resolution of the Board of Directors on Apr. 29, 2014 and established “Corporate Social Responsibility Committee” chaired by the chairman in 2019. The principle is renamed to “Sustainable Development Best Practice Principles” in 2022, and the Committee is renamed to “Corporate Sustainability Committee” in 2021. Apart from promoting sustainable development by the General Administration Division as the executive secretary, the Committee also has five teams of sustainable operations team, green economy team, risk governance team, sustainable supply chain team and corporate philanthropy team in charged by management personnel of related departments and divisions. The committee’s work progress will be discussed regularly at the executive meeting yearly, while the implementation situation will be reported to the board of directors in the fourth quarter and the result will be disclosed on the company’s website simultaneously. The performance of 2021 has been reported to the Board meeting on the 5th of November 2021. Excerpts are as follows</p> <ol style="list-style-type: none"> <li>1. Facilitate the shared prosperity with the whole society to take the corporate social responsibility to the utmost. <ul style="list-style-type: none"> <li>– Specific approaches: Contribute to the social welfare and help the vulnerable groups with our expertise and professional skills to form a corporate culture of willing to do something good and helping people.</li> </ul> </li> <li>2. Facilitate the workplace health and build up a safe working environment <ul style="list-style-type: none"> <li>– Specific approaches: Facilitate the project of health promotion and conduct the activities for physical-psychological-spiritual relax and work-life balance. Meanwhile, implement all required working security management system to build up a safe working environment.</li> <li>– Implementation results: There were some activities like On-site health services by professional specialists, prevention of illegal infringements in the workplace, advocate of</li> </ul> </li> </ol>	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			<p>smoking hazards and health information (such as influenza prevention, cardiovascular disease, etc.) and family day conducted. In 2021, the injury at work in Acter was 0%; the total accumulated working hours without injury at work were 5,764,552 hours from 2011 to 2021 (total labors involved was 278 people).</p> <p>3. Establish an equal and open workplace culture</p> <ul style="list-style-type: none"> <li>- Specific approaches: Establishing related rules to protect human rights of all employees.</li> <li>- Implementation results: “Human Rights Policy” was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary staff, interns etc.) Meanwhile, the policy will be updated based on the related regulations continuously.</li> </ul> <p>Directors offer recommendations regarding ESG issues. It has been suggested that the board reinforce assessments and monitoring of possible or potential risks associated with the climatic environment to minimize impacts and losses caused by unpredictable disasters. Actual implementation details should be incorporated into the key issues for board discussions this year. Furthermore, relevant departments should be requested to deliver reports on the current framework, implementation progress, and required resources. The General Administration Division of the Company has implemented and responded to these board recommendations. The Board of Directors will continue to pay attention to the promotion of sustainable development and give advice in a timely manner.</p>	
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulate relevant risk management policies or strategies? The materiality principles refer to those who have a significant influence on the company’s investors and other	✓		<p>The disclosed information encompasses the sustainable development performance between January and December 2021. Risk assessments currently focus on the Taichung HQ and the defined boundaries currently do not include the Company’s subsidiaries.</p> <p>The company has formulated a “Risk and Crisis Management Rules” and approval by the board. The board of director is appointed as the supreme governance unit and established an inter-departmental risk management unit to joint identify all types of risks that could impact company’s operations and adopt appropriate response based on the evaluation results to effectively reduce the company’s operating risks. In addition, the company set up the “Corporate Social Responsibility Committee” in 2019, the Committee is renamed to “Corporate Sustainability Committee” in 2021, with the chairman as the convener and the</p>	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
stakeholders on environmental, social and corporate governance issues.			<p>General Administration Division as the executive secretary, responsible for promoting sustainable development. Based on the GRI guidelines set by the Global Sustainability Report Association and the AA1000 Stakeholder Engagement Standard, the Committee carry out materiality analysis through four phases that include identification, analysis, confirmation and review to identify major issues of environmental, social and corporate governance and formulate relevant risk management policies or strategies as follows:</p> <ol style="list-style-type: none"> <li>1. In the environmental dimension, we have formulated climate risk identification procedures with reference to the TCFD framework. Regular GHG emission inventories are conducted in line with the ISO14064-1:2006 standard. Inspections of potential impacts facing company operations are paired with the formulation of strategies for the ongoing development of green, energy-saving engineering technologies.</li> <li>2. In terms of social, we assess the issue of “occupational health and safety management.” By establishing an Occupational Safety Committee, we jointly deliberating, coordinating and planning safety and health relevant regulations to effectively prevent occupational disasters and protect employees’ health and safety.</li> <li>3. In terms of corporate governance, we assess the issue of “corporate governance and legal compliance.” By strengthening the operation of the board of directors and implementing integrity management to ensure that all personnel around the company comply with the relevant laws and regulations and create a sound corporate governance culture.</li> </ol> <p>Please refer to the “Stakeholders and Analysis of Materiality Issues” and “Sustainable Management” chapter of the company’s sustainability report for more information.</p>	
<p>3. Issues of Environment</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	✓		<p>(1) The company has set up standard operating procedures and operations manuals according to the nature of its construction work. In addition to requiring employees to comply with construction procedures, the company is also dedicated to enhancing safety and hazard control over the work environment, work activities, and any instruments or equipment used. Work environments are tested regularly and the company’s work practices have received ISO45001:2018 Occupational Health and Safety certification.</p>	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
(2) Does the company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?			(2) The company has passed ISO14001:2015 Environmental Management certification and ISO50001:2018 Energy Management Systems certification processes and are firmly committed to realizing optimal use of energy and substantial achievements in the field of energy conservation through systematization, implementation, maintenance, and ongoing improvements of energy management, continues to devote resources to technology R&D to provide customers with energy-saving solutions. By using energy-saving and heat recovery equipment, the company expects to reduce environmental pollution and promote recycling. To improve the use efficiency of power and water in daily operations, the company also implements a number of energy-saving programs to facilitate operational energy management. For example, making regular inventories and reviews to understand our energy use status, enhancing energy efficiency through regular maintenance works; adopting energy-saving, water-saving or energy star labeled products; and, with the efforts of department supervisors, educating employees the energy-saving concepts and enhancing their awareness towards energy saving. Acter mostly relies on purchased electricity (within the boundaries of the Taichung HQ) and gasoline for company vehicles to meet its energy demands. We set a value not exceeding the baseline value (defined as the average value of the preceding two years) in the respective year as the energy conservation target for the following year. Power and gasoline consumption per person in 2021 amounted to 1.03 (GJ/number of employees) and 3.78 (GJ/number of employees), respectively. This represents a decrease by 11.21% and 33.33% compared to the baseline values of 1.16 (GJ/number of employees) and 5.67 (GJ/number of employees), respectively, which conforms to the aforementioned energy conservation targets.	
(3) Does the company assess the current and future potential risks and opportunities of climate change to the company, and adopt measures to respond to climate-related issues?			(3) With a view to tackling the challenges of climate change early on, a Corporate Sustainability Committee has been formed as the highest body in the field of climate change with the chairperson of the Company serving as chair. This committee deliberates climate change-related strategies and targets, manages climate change risks and opportunity initiatives, reviews the implementation status of current plans, discusses future plans, and submits reports to the board of directors. We assess risks and opportunities generated by	

Promotion Item	Implementation Status			Deviations and Reasons																				
	Yes	No	Abstract Explanation																					
			climate change in accordance with the TCFD recommendations framework announced by the Financial Stability Board. Assessments are relaunched every two years and updates are inspected every year. The latest climate risk assessment was completed at the end of 2020 and relevant response measures were devised. For a more detailed description, please refer to the Environmental Sustainability chapter in the Sustainability Report of the Company.																					
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?			<p>(4) The statistical results of the company's greenhouse gas emissions, water consumption and total weight of waste in the past two years are as follows:</p> <p>1.Greenhouse gas emissions: The boundary is Taichung HQ and the data of Scopes 1 and Scopes 2 has been verified by a third-party verification agency SGS.</p> <p style="text-align: right;">Unit: ton-CO2e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Item</th> <th>2018 (base year)</th> <th>2020</th> <th>2021</th> <th>Reduction ratio in 2021</th> </tr> </thead> <tbody> <tr> <td>Scopes 1</td> <td>156.7480</td> <td>130.0040</td> <td>103.2774</td> <td>(25.39%)</td> </tr> <tr> <td>Scopes 2</td> <td>47.0280</td> <td>46.6260</td> <td>48.7653</td> <td></td> </tr> <tr> <td>Emissions per capita (ton-CO2e / No. of people)</td> <td>2.7537</td> <td>2.3241</td> <td>1.7887</td> <td>(35.04%)</td> </tr> </tbody> </table> <p>The company sets the greenhouse gas reduction target for each year in the future so that the value of the current year does not exceed the value of the base year, and 2021's reduction target has been achieved. In order to reduce the greenhouse gas, the "Greenhouse Gas Inventory Committee" has been established since 2018 in accordance with ISO 14064-1:2006 and the GHG Protocol to self-inspect the internal greenhouse gas emissions of enterprises. Through systematic management and reports, the company can effectively grasp the greenhouse gas emissions. Both the 2020 and 2021 annual reports have been approved by the President and certified by the third-party verification agency SGS, for reference in the subsequent implementation of greenhouse gas reduction measures. At present, the scope of the company's greenhouse gas inventory verification only includes scope 1 and scope 2. It is expected that scope 3 will be added in 2023 and will be verified in accordance with ISO14064-1:2018.</p>	Item	2018 (base year)	2020	2021	Reduction ratio in 2021	Scopes 1	156.7480	130.0040	103.2774	(25.39%)	Scopes 2	47.0280	46.6260	48.7653		Emissions per capita (ton-CO2e / No. of people)	2.7537	2.3241	1.7887	(35.04%)	
Item	2018 (base year)	2020	2021	Reduction ratio in 2021																				
Scopes 1	156.7480	130.0040	103.2774	(25.39%)																				
Scopes 2	47.0280	46.6260	48.7653																					
Emissions per capita (ton-CO2e / No. of people)	2.7537	2.3241	1.7887	(35.04%)																				

Promotion Item	Implementation Status			Deviations and Reasons																		
	Yes	No	Abstract Explanation																			
			<p>In addition to an ongoing commitment to the innovative application of energy conservation and carbon reduction technologies in the field of engineering and reduction of resource waste and environmental pollution generated in engineering processes in line with sustainability concepts, the following energy conservation and carbon reduction measures are implemented in our daily office operations:</p> <p>(a) Adoption of zoned control of lighting in office areas (lighting control is also implemented during lunch breaks and overtime hours)</p> <p>(b) Turning off unnecessary power sources and setting of AC thermostats to 26–28°C</p> <p>(c) Regular inspection of energy-consuming equipment in office areas and prioritized selection of high-performance products that have been awarded eco-friendly marks</p> <p>(d) Encouragement of employees to take public transportation and adopt carpooling or video conferencing to reduce carbon emissions generated by transportation</p> <p>(e) Regular internal announcements to remind co-workers to practice energy conservation habits and promote an energy-saving culture</p> <p>2. Water consumption: The boundary is Taichung HQ.</p> <p style="text-align: right;">Unit: m<sup>3</sup></p> <table border="1"> <thead> <tr> <th>Item</th> <th>2019</th> <th>2020</th> <th>Reference value</th> <th>2021</th> <th>Reduction ratio in 2021</th> </tr> </thead> <tbody> <tr> <td>Total water consumption</td> <td>704</td> <td>631</td> <td>668</td> <td>759</td> <td>13.71%</td> </tr> <tr> <td>Water consumption per capita (m<sup>3</sup> /No. of people)</td> <td>9.78</td> <td>8.31</td> <td>9.05</td> <td>8.93</td> <td>(1.27%)</td> </tr> </tbody> </table> <p>We adopt the average value of the previous two years as the baseline value and set a value for the respective year not exceeding the baseline value as the target for water consumption reduction for the following year. Despite the fact that the total water consumption in 2021 failed to reach the projected reduction target, the water consumption per capita was lower</p>	Item	2019	2020	Reference value	2021	Reduction ratio in 2021	Total water consumption	704	631	668	759	13.71%	Water consumption per capita (m <sup>3</sup> /No. of people)	9.78	8.31	9.05	8.93	(1.27%)	
Item	2019	2020	Reference value	2021	Reduction ratio in 2021																	
Total water consumption	704	631	668	759	13.71%																	
Water consumption per capita (m <sup>3</sup> /No. of people)	9.78	8.31	9.05	8.93	(1.27%)																	

Promotion Item	Implementation Status			Deviations and Reasons																		
	Yes	No	Abstract Explanation																			
			<p>than the baseline value, which conforms to the reduction target. With a view to reinforcing the management of water resources and reduction of water consumption, Acter has adopted automatic sensing devices for all faucets on its company premises. Water conservation slogans are displayed to remind all staff members to cherish water resources.</p> <p>3.Total weight of waste: The boundary is Taichung HQ.</p> <p style="text-align: right;">Unit: kg</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Item</th> <th>2019</th> <th>2020</th> <th>Reference value</th> <th>2021</th> <th>Reduction ratio in 2021</th> </tr> </thead> <tbody> <tr> <td>Total weight of waste</td> <td style="text-align: center;">620.0</td> <td style="text-align: center;">452.8</td> <td style="text-align: center;">536.4</td> <td style="text-align: center;">333.6</td> <td style="text-align: center;">(37.81%)</td> </tr> <tr> <td>Output per capita (kg /No. of people)</td> <td style="text-align: center;">8.61</td> <td style="text-align: center;">5.96</td> <td style="text-align: center;">7.29</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">(46.23%)</td> </tr> </tbody> </table> <p>In the field of waste reduction, we also adopt the average value of the previous two years as the baseline value and set a value for the respective year not exceeding the baseline value as the waste reduction target for the following year. The waste reduction target for 2021 has already been reached. Since Acter is an engineering service provider, waste management at its HQ mainly consists of kitchen waste recycling. The building management committee engages a professional, qualified waste treatment business for the unified collection and use of such waste for composting.</p> <p>For details of the greenhouse gas emissions, water consumption, total weight of waste in the past two years, policies on energy saving, carbon reduction, reduction of greenhouse gas and water consumption or other waste management, please refer to the “Environmental sustainability” chapter of the company’s sustainability report.</p>	Item	2019	2020	Reference value	2021	Reduction ratio in 2021	Total weight of waste	620.0	452.8	536.4	333.6	(37.81%)	Output per capita (kg /No. of people)	8.61	5.96	7.29	3.92	(46.23%)	
Item	2019	2020	Reference value	2021	Reduction ratio in 2021																	
Total weight of waste	620.0	452.8	536.4	333.6	(37.81%)																	
Output per capita (kg /No. of people)	8.61	5.96	7.29	3.92	(46.23%)																	
4. Issues of Social (1) Does the company formulate appropriate management policies and procedures according to			(1) The Company will follow the human rights related policies announced by the government. According to the Labor Standards Act, Act of Gender Equality in Employment and the related regulations, the company has set the “Work Rules” to secure the legal rights of the	None																		

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
relevant regulations and the International Bill of Human Rights?			employees. "Human Rights Policy" was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the related international initiatives, i.e. human rights related parts in International Bill of Human Rights and International Labor Convention etc. This policy has been announced to all employees and is disclosed on the company's website.	
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employee?			(2) The Company stipulated "Employment Remuneration Administration Policies," "Employee Appraisal Guidelines," "Employee Reward and Discipline Guidelines," "Employee Ethical Business Guidelines," and "Regulations Governing Employee Reward" in accordance with relevant laws and regulations. It is expected to encourage employees to perform well and improve on weak performance with the open and concrete administrations measures in order to carry out the business philosophy and achieve sustainable development of the company. In order to provide sound rewards and remuneration program, the General Administration Division adjusts employee's salary based on the market level of salary, the trend of economic, and employee's potential every year. They also take achievement rate of annual budget target, the company's annual operating performance and individual performance into consideration when calculating employee's bonus. We are firmly committed to realizing the concept of equal pay for equal work and equal promotion opportunities for male and female employees and maintaining a ratio of female supervisors in excess of 20% to stimulate economic growth on the foundation of the concepts of sustainability and inclusion. In 2021, female employees and supervisors accounted for 33% and 29% on average, respectively. In terms of welfare planning, in addition to statutory standards, provide more welfare measures that meet the needs of employees such as leave without pay that are superior to the law, group insurance, professional training, etc. For employees applying the old system of labor standards act, professional actuaries are commissioned to safeguard the future welfare of employees, while under the new system of labor pension act, the company contributes 6% of employees' salaries into individual pension accounts. Besides, according to Article 26-1 of the "Articles of Incorporation," when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent	

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees. The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. For employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, please refer to page 104~106 of the annual report or the "Common Prosperity" chapter of the company's sustainability report.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?			(3) The Company follows all the regulations and system about the work safety, and the Quality Insurance & safety Department is responsible for planning, implementing, and monitoring health management related tasks and educational trainings, and has obtained ISO45001:2018 certification. Through the regular security and health educational trainings for spontaneous check and disaster prevention, the awareness of work environment hazards and emergency responding capabilities of the staff could be improved. In 2021, 18 messages for the health promotion and 31 educational work safety trainings were conducted with accumulated 518 hours of educational trainings. In addition, there was no occupational accident or major industrial safety incident in 2021. For protective measures about safety and health of employees, please refer to page 106~109 of the annual report or the "Common Prosperity" chapter of the company's sustainability report.	
(4) Does the company provide its employees with career development and training sessions?			(4) In order to enhance the professional abilities, the company has set up employee promotion relative systems and founded the Acter A <sup>+</sup> Academy in 2014, arranging different courses for different ranks. The courses include core value training, professional training, management training, and general training. With the adoption of PDCA quality management model and E-Learning platform system, the company trains every employee from new employee orientation to setting their career development plan and to holding education and training programs that can satisfy their functional work requirements. Consensus meetings, seminars, workshops, external training and online classes also take place at Act to offer our employees diverse learning resources. For the implementation of education and training, please refer to page 105~106 of the annual report.	

Promotion Item	Implementation Status			Deviations and Reasons																								
	Yes	No	Abstract Explanation																									
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?			<p>(5) The company provides engineering technical service and provides customized design, as well as integrating construction service, etc. and its marketing and indication are in accordance with the execution of the following regulation and international criterion to ensure the safety of customers. On the other hands, Acter is devoted to protecting customers' confidentiality, and has regulations such as "Obligation of Confidentiality" to ensure the rights of customers.</p> <table border="1"> <thead> <tr> <th>Construction Items</th> <th>Regulation / Guide</th> </tr> </thead> <tbody> <tr> <td>Civil construction</td> <td>Building Code and Regulations</td> </tr> <tr> <td>Fire protection</td> <td>Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy</td> </tr> <tr> <td>Air conditioning</td> <td>ISO 14644, PIC/S, FDA</td> </tr> <tr> <td>Instrument and Control</td> <td>GAMP 5</td> </tr> <tr> <td>Compartment material</td> <td>GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act</td> </tr> <tr> <td>Electric force and illumination</td> <td>Electrical Code</td> </tr> <tr> <td>Commissioning</td> <td>ISPE Commissioning and Qualification</td> </tr> <tr> <td>Water, Water for injection, and Vapor</td> <td>ISPE Water and Steam Systems (Second Edition)</td> </tr> <tr> <td>Sanitary pipe laying and equipment</td> <td>ASME BPE 2009</td> </tr> <tr> <td>Sterile preparation</td> <td>Sterile Product Manufacturing Facilities (Second Edition)</td> </tr> <tr> <td>Biological Products</td> <td>Biopharmaceutical Manufacturing Facilities</td> </tr> </tbody> </table>	Construction Items	Regulation / Guide	Civil construction	Building Code and Regulations	Fire protection	Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy	Air conditioning	ISO 14644, PIC/S, FDA	Instrument and Control	GAMP 5	Compartment material	GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act	Electric force and illumination	Electrical Code	Commissioning	ISPE Commissioning and Qualification	Water, Water for injection, and Vapor	ISPE Water and Steam Systems (Second Edition)	Sanitary pipe laying and equipment	ASME BPE 2009	Sterile preparation	Sterile Product Manufacturing Facilities (Second Edition)	Biological Products	Biopharmaceutical Manufacturing Facilities	
Construction Items	Regulation / Guide																											
Civil construction	Building Code and Regulations																											
Fire protection	Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy																											
Air conditioning	ISO 14644, PIC/S, FDA																											
Instrument and Control	GAMP 5																											
Compartment material	GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act																											
Electric force and illumination	Electrical Code																											
Commissioning	ISPE Commissioning and Qualification																											
Water, Water for injection, and Vapor	ISPE Water and Steam Systems (Second Edition)																											
Sanitary pipe laying and equipment	ASME BPE 2009																											
Sterile preparation	Sterile Product Manufacturing Facilities (Second Edition)																											
Biological Products	Biopharmaceutical Manufacturing Facilities																											
(6) Does the company formulate a supplier management policy which			(6) The company rules management operations of suppliers upon internal control system, and makes records of supplier basic information for material and engineering contractor. For the																									

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how their implementation is?			<p>case of suppliers obtaining ISO 9001 quality and management system certificate ISO 14001 international environmental management system criteria, ISO45001 occupational health and safety system relevant certificates, and other qualification remark of government and quality qualification remarks of foreign government, it will be listed as priority suppliers. It enforces and promotes company corporate social responsibility in its transactions company with its suppliers :</p> <ol style="list-style-type: none"> <li>1. It specifies in the article of the condense agreement of the Company : "Article 12 The suppliers shall abide by the corporate social responsibility company requirements of the company. In the event that any of the policies were violated and their actions cause an impact on environment and society, the company can terminate or cancel the agreement at any time."</li> <li>2. It stipulates environmental security and management procedure of contractor to specify that contractor shall the related regulations and requirement of environmental safety and health.</li> <li>3. It regulates "safety and health requirement of contractor" on engineering contracting agreement and rigidly conduct the requests the suppliers shall comply with every environmental safety and health requirement during construction toward supplier.</li> <li>4. It concludes "Honest and Integrity Commitment" establish healthy supplier chain relationship between the company and suppliers once the supplier breaches the commitment. The company holds the right to terminate the cooperation relationship and the supplier shall burden all legal responsibilities accordingly.</li> </ol>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the	✓		The company's report complies with the core options of the GRI Standards, corresponds to the SDGs, also refers to the GRI Financial Services Industry Supplementary Guidelines, Sustainable Development Best Practice Principles for TWSE Listed Companies, ISO26000 Social Responsibility Guidelines, the UN Global Compact, and Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and will obtain the assurance or verification statement through the third-party organization. The company has entrusted the third-party BSI Taiwan to conduct verification for two consecutive years since	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
reports above?			2020. Report of 2020 has obtained the verification and uploaded on the company's website. Report of 2021 is expected be completed by the end of August.	
6. If the company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the company's operations: The company has made a commitment to sustainability, and has implemented measures such as an employee code of conduct and environmental safety and health policies. These actions are consistent with the rationale of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development : Please refer to <Table 1> on page 60.				

<Table 1>

Item	Detailed Description
<b>■ Human rights</b>	
Compliance with the Labor Standards Act	The Company will follow the human rights related policies announced by the government. According to the Labor Standards Act, Act of Gender Equality in Employment and the related regulations, the company has set the "Work Rules" to secure the legal rights of the employees. "Human Rights Policy" was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the International Labor Convention and related international initiatives. To maintain employer-employee relations, the company holds employment meetings on a regular basis according to the "Regulations for Implementing Labor-Management Meetings." Four meetings were held in 2021.
Other (e.g. protecting employees and recruitment candidates from harassment and discrimination)	The company has implemented the "Human Rights Policy," "Sexual Harassment Prevention Policy," and "Personal Information Protection Policy" to protect employees' rights, interests and privacy. There were no complaints to violation of human rights as of 2021.
<b>■ Employees' rights, safety and health</b>	
Adequate training for employees	In order to inspire growth among employees and nurture professional talent, the company has implemented a set of training guidelines and empowered General Administration Division to oversee employee training.

Item	Detailed Description
Employees' right to express opinions	The company implements two-way communication through multiple channels such as internal platforms, employee mailboxes, seminars, labor-management meetings, and employee satisfaction surveys. An employee mailbox has been made available on the company's website (under the HR section), through which employees may reflect their opinions about rights, welfare, management and the work environment. The company conducts employee satisfaction surveys through questionnaire each year and improvement measures are then proposed so as to achieve employee demands and expectations.
Other (e.g. ISO45001 certification on occupational health and safety, and offering of reasonable welfare and remuneration packages to employees)	The company has obtained ISO9001:2015 certification on quality, ISO14001:2015 certification on environmental management, ISO50001:2018 certification on energy management systems and ISO45001:2018 certification on occupational safety and health. Its employee remuneration system has been developed in compliance with relevant laws including those that govern minimum wages and mandatory benefits.
<b>■ Employee care</b>	
Workplace safety	The company has empowered a Quality Insurance & safety Department to oversee safety and health conditions at various work sites. The department conducts regular tests on the operating environment and takes steps to ensure that safety and health regulations have been strictly complied with to provide employees with the utmost assurance.
Establishment of written employee health and safety policies	The company has an environmental safety and health policy and related regulations and cooperates in their execution.
Other (e.g. care for employees' physical/mental development and family life)	The company has established "Employee Welfare Committee" in 2005. It plans employee traveling activities, association, gathering party, reunion party and so on, including family day, using activities to increase the interaction of employees with their families. We anticipated that our employee could attach importance on the family life and mental development apart from work value the importance of family for our employees and our Human Resource Division staff aims to take care of the needs of the employee, including physical and mental development. In 2021, total budget of Employee Welfare Committee is NT\$5,469,285, including special funds for employees to have overseas or domestic trips. A total of 7 overseas or domestic trips were held, including 2 family day activities.
<b>■ Environmental Protection</b>	
Establishment of written environmental protection policy, compliance with environmental protection laws, and other (e.g. development of energy-saving and	The Company has established the environmental management system based on the internal "Environment manual" and passed the certification of ISO14001 International Environmental Management Systems in 2010. We have not only continuously improved the ISO14001 International Environmental Management Systems but also followed the requirements of the revised ISO version to have the system upgraded in 2017. We've done our best to

Item	Detailed Description															
pollution-reducing technologies, equipment and activities; steps taken to reuse or recycle waste, or to reduce or prohibit the use of hazardous substances)	protect the environment to take our corporate social responsibility. We have done nothing illegal or against regulations by the end of 2021.															
<b>■ Community involvement</b>																
Participation in community services and charity activities, and other (e.g. aid and investment in the community [including manpower, supplies, knowledge and skills], steps taken to ensure the health and safety of the community)	<p>Employees of the company have formed the 「Volunteering group of Acter」 to join in the irregular community services and activities. The total involvement of employees in community services and service hours were as the following table, and service hour has a decrease of 10.17% compared with last year due to the impact of the epidemic:</p> <table border="1" data-bbox="712 576 2152 807"> <thead> <tr> <th data-bbox="712 576 1547 619">Content</th> <th data-bbox="1547 576 1906 619">Number of participants</th> <th data-bbox="1906 576 2152 619">Total hours</th> </tr> </thead> <tbody> <tr> <td data-bbox="712 619 1547 691">2021/11/01 Environmental education volunteer activities in Da-cheng Elementary School</td> <td data-bbox="1547 619 1906 691">6</td> <td data-bbox="1906 619 2152 691">36</td> </tr> <tr> <td data-bbox="712 691 1547 727">2021/12/11~12/12 Building volunteers</td> <td data-bbox="1547 691 1906 727">15</td> <td data-bbox="1906 691 2152 727">161</td> </tr> <tr> <td data-bbox="712 727 1547 767">2021/12/19 Shopping with vulnerable seniors</td> <td data-bbox="1547 727 1906 767">18</td> <td data-bbox="1906 727 2152 767">90</td> </tr> <tr> <td data-bbox="712 767 1547 807">Total</td> <td data-bbox="1547 767 1906 807">39</td> <td data-bbox="1906 767 2152 807">287</td> </tr> </tbody> </table>	Content	Number of participants	Total hours	2021/11/01 Environmental education volunteer activities in Da-cheng Elementary School	6	36	2021/12/11~12/12 Building volunteers	15	161	2021/12/19 Shopping with vulnerable seniors	18	90	Total	39	287
Content	Number of participants	Total hours														
2021/11/01 Environmental education volunteer activities in Da-cheng Elementary School	6	36														
2021/12/11~12/12 Building volunteers	15	161														
2021/12/19 Shopping with vulnerable seniors	18	90														
Total	39	287														
<b>■ Social contributions and social welfare</b>																
Donations to charities, educational, healthcare, artistic activities etc., and other (e.g. aid to less-developed countries, offering of employment opportunities to the socially disadvantaged etc)	<p>There are six aspects in regard to Acter’s social participation, including “social welfare,” “industrial-academic cooperation,” “humanity and arts,” “community building,” “friendly environment” and “external initiatives.” Relevant actions are facilitated, reviewed and reported by the Company’s General Management Division and volunteer team each year. In 2021, we have totally invested NTD7,555,535 in social participation. Related activities are as follows:</p> <ol style="list-style-type: none"> <li>1. Social participation <ul style="list-style-type: none"> <li>- Purpose: Sponsor related groups and drive all employees to participate in volunteer work</li> <li>- Description: Social participation expenditures and donations of second-hand materials</li> <li>- Implementation results: <ul style="list-style-type: none"> <li>• Sponsored the “Digital Philanthropic Library” project</li> <li>• Renewal of desks, chairs and notebooks for Da-cheng Elementary School</li> <li>• Sponsored rural after-school counseling, aesthetic education and talent cultivation programs</li> <li>• Sponsored emergency relief funds, after-school care and improving the teaching environment and equipment</li> </ul> </li> </ul> </li> </ol>															

Item	Detailed Description
	<p>funds to Da-cheng Elementary School</p> <ul style="list-style-type: none"> <li>• Sponsored shopping with vulnerable seniors activity</li> <li>• Sponsored NIEA's 11 elementary schools in Changhua the journals of Future Youth and Future Children for one year</li> <li>• Sponsored Rotary Club of Taichung Toyu's children's creative competition</li> </ul> <p>2. Industrial-academic cooperation</p> <ul style="list-style-type: none"> <li>- Purpose: Foster Actor's human capital and enhance young people's employment ability.</li> <li>- Description: Industrial-academic training plan, enterprise internship plan, scholarship</li> <li>- Implementation results: <ul style="list-style-type: none"> <li>• A total of 1 students participated in the industry-academic training plan in 2021, costing NTD379,343.</li> <li>• A total of 9 student participated in the semester-based internship (8 in the semester-based internship and 1 in the winter internship), costing NTD 3,234,870.</li> <li>• Provide scholarship for National Taipei University of Technology, National Yunlin University of Science and Technology and National Kaohsiung University of Science and Technology, totaled NTD 420,000.</li> <li>• Provide lecture fee for National Yunlin University of Science and Technology and National Kaohsiung University of Science and Technology, totaled NTD 97,568.</li> </ul> </li> </ul> <p>3. External initiatives</p> <ul style="list-style-type: none"> <li>- Purpose: Facilitate partnership; share knowledge and expertise; and participate in initiatives of sustainable development associations/ institutions.</li> <li>- Description: Facilitate industrial development and enhance the corporate brand image</li> <li>- Implementation results: <ul style="list-style-type: none"> <li>• Taiwan Energy Service Association</li> <li>• Taiwan Refrigeration &amp; Air-conditioning Engineering Association of R.O.C.</li> <li>• Taiwan Electrical Contractors Association</li> <li>• Taiwan Water Pipe Engineering Industries Association</li> <li>• Solar PV Generation System Association of R.O.C.</li> <li>• Taiwan Pharmaceutical Manufacturer's Association</li> <li>• Taichung Importers &amp; Exporters Chamber of Commerce</li> <li>• Taiwan Cleaning Technology Association</li> <li>• Taiwan Parenteral Drug Association</li> </ul> </li> </ul>

Item	Detailed Description
	<ul style="list-style-type: none"> <li>• Semiconductor Equipment and Materials International</li> </ul> <p>The Company has followed the article 38 of “People with Disabilities Rights Protection Act” and article 12 of “Indigenous Peoples Employment Rights Protection Act” to hire the people with disabilities and indigenous people. By 2021, 5 people with disabilities and 3 indigenous people were hired and they’d represent 1% of total employees in the company. The ratio meets the provisions of the laws and Acter will continue to evaluate if they were at the right position and provide them the equal rights for working.</p>
<p>■ Social services</p>	
<p>Promotion of social welfare and other</p>	<p>Over the years, the company has been continuously cooperated with schools and relevant educational institutes for industrial and academic projects, including “industrial and academic cooperation” and “internship programs.” It is the Company’s expectation to integrate the industry and school resources to generate synergy and create more opportunities for students. In 2021, total expenses for “industrial and academic cooperation” and “internship programs” are NT\$379 thousand and NT\$3,234 thousand respectively.</p>
<p>■ Investor relations</p>	
<p>Operating transparency</p>	<p>The company publishes financial and business information on the Market Observation Post System and its website as required by law.</p>
<p>Corporate governance</p>	<p>In an attempt to achieve more robust corporate governance, the company has empowered its directors and Audit Committee in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to make the company’s operations more transparent to shareholders.</p>
<p>Other</p>	<p>The company has set up its own website and implemented a spokesperson and a deputy spokesperson policy as a means of providing more transparent financial information to investors.</p>
<p>■ Supplier relations</p>	
<p>Reasonableness of procurement prices and other</p>	<p>The company has developed a set of “Material Procurement and Management Procedures” based on ISO9001 standards. By establishing procurement contracts with suppliers, the company is able to define the specifications for its purchases and thereby protect its own interests. Business dealings with suppliers are based on trust and a mutually beneficial relationship made possible by open communications.</p>
<p>■ Stakeholder interests</p>	
<p>Intellectual property rights</p>	<p>The company respects intellectual property rights, and is yet to be involved in any case of IP infringement.</p>
<p>Regulatory compliance</p>	<p>The company’s operating policies and systems are in strict compliance with laws.</p>

Item	Detailed Description
Other (e.g. disclosure of corporate social responsibilities on company website)	The company has disclosed its corporate social responsibilities in prospectus and in its annual reports.
■ Consumer interests	
Emphasis put on customers relations (e.g. consumer protection, product quality, safety and innovation, attention to customers' complaints, provision of full product information etc.)	In order to provide customers with "total satisfaction," the company conducts customer satisfaction surveys every year. Analysis and review are carried out for customer complaints and problems or where the overall evaluation score has not reached a certain score, and treatment options, improvement measures, and prevention methods are then proposed so as to achieve customer demands and expectations. Regarding the average customer satisfaction level of Acter in 2021 was score 91.

6. The Status of the Company's Performance in the Area of Ethical Corporate Management and Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

(1) To uphold operational principles of the utmost integrity, the company has established "Ethical Corporate Management Practice Principles," "Code of Ethics," "Ethical Corporate Management Operating Procedures and Conduct Guide," "Corporate Governance Practical Rules," "Corporate Social Responsibility Best Practice Principles" and "Employee Ethical Business Guidelines" that prohibit employees from offering, accepting, committing or requesting any inappropriate benefits, whether directly or indirectly, while performing their duties. Employees are also prohibited against involvement in any conduct that may be construed as dishonest, illegal, or a breach of trust.

(2) Measures adopted :

- A. Employees of the company are prohibited from offering or accepting inappropriate benefits, and are discouraged from doing business with dishonest agents, suppliers, customers or other business partners.
- B. All employees of the company are required to comply with policies and refrain from dishonest conduct.
- C. Employees of the company are required to disassociate themselves whenever there is a conflict between their interests and the interests of the company.
- D. Employees of the company are bound to maintain confidentiality over any commercial secrets learned during their involvement. They are prohibited from revealing such secrets to others as well as inquiring into secrets unrelated to their job roles.
- E. All major operating policies, investments, asset acquisitions and disposals, loans, corporate guarantees and endorsements, and bank financing are subjected to thorough analysis before they are proposed for the board's resolution.
- F. The company's Financial Division is responsible for reviewing transactions according to accounting policies and conducting credit assessments of its customers. The Financial Division clarifies with the financial statement auditor should they encounter any major issues or queries. It reports regularly to the competent authority and makes public announcements on mandatory disclosures as required by law.
- G. The Auditing Office is responsible for carrying out internal audits on various departments within the company, and therefore ensures the robustness and effectiveness of the company's internal control systems.

H. For the purpose of pursuing sustainable development, the company is committed to the concept of “integrity” as an operational principle. This integrity is reflected in the company’s transparent disclosure of financial and corporate governance information on its website and on the Market Observation Post System and its corporate governance system (comprising of its “Ethical Corporate Management Practice Principles” and “Ethical Corporate Management Operating Procedures and Conduct Guide”).

(3) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company formulate a policy of ethical corporate management approved by the board of directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board and senior management to implement the policies?</p> <p>(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include preventive measures stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the company establish policies to prevent unethical conduct with clear statements</p>	✓		<p>(1) The company has always conducted its business activities with the utmost integrity, and for which it has implemented the “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating Procedures and Conduct Guide,” “Code of Ethics,” and “Employee Ethical Business Guidelines” after approval by the board. These corporate ethics policies, along with the board’s and the management’s commitments, have been explained in annual reports and on the company’s website.</p> <p>(2) The company’s “Employee Ethical Business Guidelines” prohibit employees from requesting, agreeing, delivering, or accepting any form of gift, kickback, bribe or other inappropriate benefits. Reporting channels have been made available for employees to report improper business activities. Also, the company adopts the practice of checking counterparties’ legitimacy and credibility before engaging in any business relationships, and therefore ensures that its business partners adopt the same level of fairness and transparency as does the company, and do not request, offer or accept bribes.</p> <p>(3) The company has established the “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies as well as review and revise the aforementioned policies regularly?			Procedures and Conduct Guide,” and “Code of Ethics” and published it on its website so employees can inquire at anytime. The aforementioned policies are reviewed and revised irregularly in accordance with the updated issued by the competent authority.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		<p>(1) The company must assess the legitimacy of suppliers and contractors who have a business relationship with the company, and check any records of unethical conduct, to ensure that the business operating methods of such parties is fair and transparent, and shall avoid conducting business with suppliers and contractors that are involved in unethical conduct.</p> <p>When conducting the above assessment, the company may employ appropriate examination procedures to investigate a company’s business partners based on the following items in order to know the state of that party’s ethical corporate management:</p> <ol style="list-style-type: none"> <li>1. The country, location of the business operations, organizational structure, management policy and payment location.</li> <li>2. Has an ethical corporate management policy been drafted? What is the policy’s state of implementation?</li> <li>3. Is the location of this company’s business operations in a high corruption risk country?</li> <li>4. Is the business of this company classified as a high corruption risk business?</li> <li>5. The long-term operating situation and goodwill of this company.</li> <li>6. Ask the business partners of this company about their opinions concerning the company.</li> <li>7. Has this company been involved in any unethical conduct, such as</li> </ol>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the board of directors about the programs, supervision and execution situations for the ethical corporate management policies and the prevention against unethical conducts?			<p>bribery or illegal political contributions?</p> <p>When signing a contract, it shall be specified in contracts that when suppliers or contractors are involved in unethical conduct while engaging in business activities, the company can terminate or cancel the contract at any time. Besides, suppliers or contractors are required to sign a “Letter of Ethical Commitment.”</p> <p>(2) The company has established “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating Procedures and Conduct Guide,” and “Code of Ethics,” etc. and is active in conveying its underlying rationale to the employees. In order to promote honest business, the General Administration Division supports the Executive Secretary to take charge of honesty relevant system and maintenance and supervision and execution, it shall report to the Board periodically every year and the promoting situation of 2019 has been reported to the Board on November 5, 2021, and which was disclosed on the site. Upon discovering or receiving reports of dishonest conduct, the General Administration Division investigates immediately and demands immediate cessation if such conduct has been verified to have violated laws or the corporate ethical principles. In which case, the violator will be subject to disciplinary action and legal claims if necessary in order to protect the company’s reputation. For dishonest conduct that has already occurred, the General Administration Division will help identify weaknesses in the internal control systems or procedures that led to the incident, and instruct the responsible department to rectify so that such incidents do not recur. All departments are required to report to the board of directors on dishonest conduct discovered, actions taken, and subsequent improvements made.</p>	
(3) Does the company establish policies to prevent			(3) The company has implemented a set of “Employee Ethical Business	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management and has its internal audit unit developed relevant audit programs according to the assessment results for the risks of unethical conducts as well as reviewed compliance to prevention against unethical behaviors or entrusted accountants to conduct the review?</p> <p>(5) Does the company regularly hold internal and external educational training on operational integrity?</p>			<p>Guidelines” that requires employees to disassociate themselves from cases that involve their own interests. Violators are subject to disciplinary actions.</p> <p>(4) The company has always paid great attention to the accuracy and completeness of its financial reporting procedures and controls. It has developed effective accounting systems and internal controls to address business activities that present higher integrity risks. Meanwhile, the internal auditor devises annual audit plans based on risk assessment outcomes, and compiles its findings into audit reports for the board of directors’ review.</p> <p>(5) The Company would promote the company management concept and requirements by educational training and internal meetings to let the employees understand well and follow accurately. Year 2017, we have introduced the integrity standards into the E-learning system and included it as the annual required course since 2018. In 2021, 261 employees completed the training (the number of trainees should be 336,) the completion ratio is 78% and total education hours is 261 hours. The company assigns employees to participate in ethics training whenever deemed appropriate.</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	✓		<p>(1) The company established a “Code of Ethics” and “Employee Ethical Business Guidelines,” and published it on company governance page of the official site. All employees shall abide by the rules and regulations, all executives of each unit shall carry out and ensure that all department employees understand, accept and comply with the relevant regulations with all its strength. Employees shall be cautious about any behavior that</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases and follow-up measures to be taken after the investigation is completed?</p> <p>(3) Does the company provide proper whistleblower protection?</p>			<p>violates the code of conduct, on occasion that any inquiry or discovery of behaviors relating with violating any rule and the norm serious violation cases shall be reported to the Board and then given the corresponding punishment according to the “Employee Reward and Discipline Guidelines,” and a proceeding will be brought up once there is any relevant violation to the law. Employees who violated the regulation with a post under the level of manager for any personal punishment and measure considered as violation of law or impairment of interest and right as unjustified cause, it may submit concrete matter of fact and enclose with related information to appeal to Investigation Unit of General Administration Division, while the person who violated rules with post of above manager, it can conduct according to the regulation about appealing in Code of Ethics. For the reporting channels of the company, in addition to employee personal opinion or claim box, it also set up auditing commission mailbox for completing the function of supervision.</p> <p>(2) In order to reinforce the protection on the interest and right of reporter and avoid the revenge occurred by improper personnel measure, it built “whistleblower protection” relevant measures, for the staff and relevant personnel who denounced someone who has violated regulation or participated with the process of investigation, it will give appropriate protection measure for refrain in them from suffering unfair treatment and revenge. In case that the whistleblower has suffered from revenge, it can seek remedies at specific responsibility unit or Office of the Chairman.</p> <p>(3) Concerning “Whistleblower Protection,” it safeguards the reporter’s position and rewards from degradation or expelling due to reporting, as for the case of suffering the revenge via normal reporting, in addition to providing compensation, a punishment will be imposed on the revenging party according to “Employee Reward and Discipline Guidelines.”</p>	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(1) The company has clearly disclosed its business philosophy on its website. Ethical guidelines are also made available for employees to inquire.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The company has devised "Ethical Corporate Management Practice Principles" and "Ethical Corporate Management Operating Procedures and Conduct Guide" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies" and the company's practices. These codes, procedures and manuals serve as guidance to employees while carrying out their roles.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). In order to develop honesty as part of its corporate culture, governance and risk management, the company has outlined in its "Ethical Corporate Management Operating Procedures and Conduct Guide" the regulations that directors, managers and employees are bound to comply with and a list of conduct to avoid.				

#### 7. Corporate Governance Guidelines and Regulations

The company has established "corporate governance principals and regulations," "Ethical Corporate Management Practice Principles," "Code of Ethics," and "Ethical Corporate Management Operating Procedures and Conduct Guide," etc, and disclosed the relevant information on the Market Observation Post System ([newmops.tse.com.tw](http://newmops.tse.com.tw)) as required by law. Furthermore, the company has established a spokesperson system for public inquiry.

#### 8. Other Important Information Regarding Corporate Governance

The company has established "Procedures for Handling Material Inside Information and Management of the prevention of insider trading." The adoption or amendment to the procedures was submitted to the board of directors for approval by resolution and publicly announced. Please refer to the company's website at [www.acter.com.tw](http://www.acter.com.tw)→Investors→Corporate Governance.

#### 9. Internal Control System

(1)Statement of Internal Control System: Please refer to page 72.

(2)Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

## **ACTER GROUP CORPORATION LIMITED**

### **Statement of Internal Control System**

Date : Feb. 24, 2022

Acter has conducted a self-assessment of internal controls for the period of January 1, 2021 to December 31, 2021. The results are as follows:

1. Acter acknowledges that the company's Board of Directors and management are responsible for establishing, implementing and maintaining the preexisting internal control system. The purpose of the internal control system is to provide a reasonable assurance for achieving the company's goals: efficient and effective operations (including profit, efficiency, and the safeguard of assets, etc.), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws and regulations.
2. The internal control system has its inherent constraints. Regardless of how well the system is implemented, it can only provide a reasonable assurance that the above goals will be achieved. Indeed the effectiveness of the internal control system may vary due to resulting changes in the environment and circumstances. Acter's internal control system is self-monitoring and requisite actions are promptly taken to address any recognized shortcomings in the system.
3. Acter evaluates the effectiveness of the design and performance of its internal control system as indicated in the Rules Governing Internal Control Systems Established by Public Listed Companies announced by the Securities and Exchange Commission, MOF. Based on the management control process, the items for assessing the internal control specified in the Points are: 1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information and Communication and 5. Monitoring. Each is comprised of certain factors that are described in the Points.
4. Acter has evaluated the effectiveness of the design and performance of its internal control system in accordance with the above factors.
5. Acter believes that the effectiveness of the design and execution of its internal control system in 2021/12/31 the above mentioned assessment period provides reasonable assurance of achieving the goals of operation efficiency and effectiveness, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws and regulations.
6. This Statement of Internal Control will be a prominent feature of Acter's annual report and prospectus and will be released to the public. Should any statement contained within be misleading or falsely represented, Articles 20, 32, 171 and 174 of the Securities Exchange Law shall apply.
7. This Statement of Internal Control has been approved by Acter's Board of Directors at the Feb. 24, 2022 board meeting. Seven directors attended the meeting and agreed with the content of the statement.

**ACTER GROUP CORPORATION LIMITED**

Chairman : Liang, Chin-Li

President : Lai, Ming-Kun  
Wang, Chun-Sheng

10. If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.

None.

11. Major Resolutions of Shareholders' Meeting and Board Meetings

(1) Major Resolutions of Shareholders' Meeting

Date	Major resolutions	Implementation Status
Jul. 23, 2021	<ol style="list-style-type: none"> <li>1. Adoption of the 2020 Business Report and Financial Statements.</li> <li>2. Adoption of the Proposal for Distribution of 2020 Profits.</li> <li>3. Discussion on the proposal to amend "Rules of Procedure for Shareholder Meetings."</li> <li>4. Discussion on the proposal to amend "Procedures for Election of Directors."</li> <li>5. To elect 7 members of the 12th Board of Directors. (Including 4 independent directors)</li> <li>6. To release the directors from non-competition restrictions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Resolved by Shareholders' Meeting.</li> <li>2. Resolved by Shareholders' Meeting and the record date was set at Jul. 11, 2021. The company distributed cash dividends on Jul. 23, 2021. (NT\$12 per share.)</li> <li>3. Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS.</li> <li>4. Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS.</li> <li>5. Elected and approved by Economic Development Bureau on Aug. 6, 2021. It has been revealed on the company's website and MOPS.</li> <li>6. Resolved by Shareholders' Meeting. It was implemented and has been revealed on MOPS.</li> </ol>

(2) Major Resolutions of Board Meetings

Date	Major resolutions
Feb. 04, 2021	<ol style="list-style-type: none"> <li>1. Resolved to approve the 2020 performance bonus for executives.</li> <li>2. Approved to amend the company's "Regulations governing remuneration paid to directors and functional committee."</li> <li>3. Resolved to approve the retroactive recognition of the company's guarantees and endorsements.</li> <li>4. Approved to establish the company's "Regulations governing the CPA's performance evaluation."</li> <li>5. Approved to amend the company's "Risk Management Rules."</li> <li>6. Resolved to approve the retroactive recognition of company's application for credit limit at banking institutions.</li> </ol>
Feb. 25, 2021	<ol style="list-style-type: none"> <li>1. Resolved to approve the distribution of 2020 employees and directors compensation.</li> <li>2. Resolved to approve the company's 2020 business report and financial statements.</li> <li>3. Resolved to approve the distribution of 2020 profit.</li> <li>4. Resolved to approve the company's 2020 statement of internal control system.</li> <li>5. Resolved to approve the evaluation of qualification and independence, and remuneration of the Certified Public Accountants.</li> <li>6. Resolved to approve the retroactive recognition of the company's guarantees and endorsements.</li> <li>7. Approved to provide commitments for subsidiary Acter Technology Integration Group Co., Ltd to be listed in China.</li> <li>8. Approved to sign an agreement to avoid horizontal competition between the company, Sheng Hwei International Co., Ltd and Acter Technology Integration Group Co., Ltd.</li> <li>9. Approved to elect 7 members of the 12th Board of Directors. (Including 4 independent directors)</li> </ol>

Date	Major resolutions
	10. Approved to release the directors from non-competition restrictions. 11. Approved to amend the company’s “Rules of Procedure for Shareholder Meetings.” 12. Approved to convene the company’s 2021 annual shareholders’ meeting.
Apr. 15, 2021	1. Resolved to approve the retroactive recognition of the company’s guarantees and endorsements. 2. Resolved to correct the 2020 profit distribution table. 3. Approved to provide a guarantee for credit limits applied for by subsidiaries. 4. Resolved to approve the directors (including independent directors) nomination proposed from both shareholder(s) holding above one percent (1%) of the total number of outstanding shares of a company and the company. 5. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions. 6. Resolved to approve subsidiary Acter Technology Integration Group Co., Ltd to apply for listing on SSEA of China
May 06, 2021	1. Resolved to approve the company’s 2021 remuneration for executives. 2. Approved to amend the company’s “Remuneration Committee Charter.” 3. Resolved to approve the ex-dividend date for cash dividends distribution.
Jun. 28, 2021	1. Resolved to change the date of 2021 Annual Shareholders’ Meeting.
Jul. 23, 2021	1. Approved by all attended directors to elect CHIN-LI LIANG as the chairman of the 12th Board of Directors. 2. Resolved to approve the appointment of the Remuneration Committee members. 3. Resolved to approve the appointment of the Audit Committee members. 4. Resolved to approve the appointment of the Nominating Committee members.
Aug. 05, 2021	1. Resolved to approve the distribution of 2020 directors’ compensation. 2. Resolved to approve the distribution of 2020 employee’s compensation for executives. 3. Resolved to approve the retroactive recognition of the company’s guarantees and endorsements. 4. Resolved to approve the retroactive recognition of the company’s acquisition of subsidiary’s shares(Nova Technology Corp.) in the centralized securities exchange market. 5. Approved to amend the company’s “Internal Audit Implementation Rules.” 6. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions.
Nov. 05, 2021	1. Resolved to approve the company’s 2021 remuneration policy to directors and employees. 2. Resolved to approve the company’s 2021 compensation policy for executives. 3. Resolved to approve the retroactive recognition of the company’s guarantees and endorsements. 4. Resolved to approve the company’s 2022 annual audit plan. 5. Approved to amend the company’s “Risk and Crisis Management Rules.” 6. Resolved to approve the retroactive recognition of the company’s securities subscription. 7. Resolved to approve the company’s application to financial institutions for foreign currency-denominated securities transactions. 8. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions.
Jan. 22, 2022	1. Resolved to approve the 2021 performance bonus for executives. 2. Approved to amend the company’s “Sustainable Development Best Practice Principles.” 3. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions. 4. Approved to provide a “Letter of Support” for credit limits applied for subsidiary.
Feb. 24, 2022	1. Resolved to approve the distribution of 2021 employees and directors compensation. 2. Resolved to approve the company’s 2021 business report and financial statements. 3. Resolved to approve the distribution of 2021 profit. 4. Resolved to approve the company’s 2021 statement of internal control system. 5. Resolved to approve the company’s securities subscription. 6. Resolved to approve the evaluation of qualification and independence of the Certified Public

Date	Major resolutions
	Accountants. 7. Resolved to approve the retroactive recognition of the company's guarantees and endorsements. 8. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets." 9. Approved to amend the company's "Procedures for Election of Directors." 10. Approved to amend the company's "Corporate Governance Practical Rules." 11. Approved to amend the company's "Nominating Committee Charter." 12. Resolved to approve the record date of new common shares converted from the 1st domestic unsecured convertible bonds. 13. Approved to amend the company's "Articles of Incorporation." 14. Resolved to approve the retroactive recognition of company's application for credit limit at banking institutions. 15. Approved to convene the company's 2022 annual shareholders' meeting.

12. Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.

None.

13. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, chief corporate governance officer, and principal research and development officer

None.

**v. Information on the professional fees of the attesting CPAs**

1. Professional fee of the attesting CPAs

Unit : NT\$ thousand

CPA Firm	CPA's Name	Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
KPMG	Chen Cheng Hsueh Huang, Hai-Ning	Jan. 1, 2021~ Dec. 31, 2021	1,840	540	2,380	Note1

Note1: Non-Audit fees include tax certification of NT\$520 thousand and checklist for the salaries of the full-time employees who are not in a managerial position of NT\$20 thousand.

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed.

None.

3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed.

None.

**vi. Information on replacement of certified public accountant within the last 2 fiscal years or any subsequent interim period**

1. Regarding Former CPA

Date of replacement	Approved by board of director on Feb. 25, 2021		
Reason for replacement and explanation	Internal job assignment and scheduling adjustment made by KPMG		
Describe whether the company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The company
	Circumstances	Not Applicable	
	Terminated the engagement		
No longer accepted (discontinued) the engagement			
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the company?	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	Other
	No	✓	
Specify details : None.			
Other matters to be disclosed (disclosures for Clause 6.1.4~6.1.7, Article 10 of these guidelines)	None		

2. Regarding the Successor CPA

Name of accounting firm	KPMG
Names of CPAs	Chen Cheng Hsueh 、Huang, Hai-Ning
Date of engagement	Approved by board of director on Feb. 25, 2021
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the company and the former CPAs	None

3. The Reply Letter From the Former CPA Regarding Clause 6.1 and 6.2.3, Article 10 of these Guidelines

There is no disagreement from the former CPAs.

**vii. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm**

None.

**viii. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report**

1. Shares Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Share

Title	Name	2021		As of Mar. 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman(CEO)	Liang, Chin-Li	0	0	5,000	0
Director	Hu, Tai-Tsen	0	0	0	0
Director	Yang, Jung-Tang	0	0	0	0
Independent Director	Yeh, Hui-Hsin	0	0	0	0
Independent Director	Yang, Qian	0	0	0	0
Independent Director	Wang, Mao-Rong	0	0	0	0
Independent Director	Huang, Tzu-Pei (Note 1)	0	0	1,000	0
President	Lai, Ming-Kun	0	0	0	0
President	Wang, Chun-Sheng	0	0	0	0
Vice President	Chang, Ri-Dong	0	0	0	0
Vice President	Wang, Jin-Cyuan	0	0	0	0
Assistant Vice President	Li, Po-Sheng	0	0	0	0
Assistant Vice President of Financial Division	Tsao, Yun-Han	0	0	0	0
Assistant Vice President	Lee, Ming-Chih	63	0	0	0
Assistant Vice President	Chen, Yuan-Pi	0	0	0	0
Assistant Vice President	Yang, Hui-Bao	0	0	0	0
Assistant Vice President	Lee, Shih-hui	0	0	10,917	0

Note1: Independent Director Huang, Tzu-Pei was newly elected on Jul. 23, 2021. The increase (decrease) in the number of shares held in 2021 is number of changes after the election.

2. Shares Trading in Shareholding of Directors, Managers and Major Shareholders with a Stake of More than 10 Percent

None.

3. Shares Pledge in Shareholding of Directors, Managers and Major Shareholders with a Stake of More than 10 Percent

None.

**ix. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another**

As of March 28, 2022

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Xiang-Hui Development Co., Ltd. Representative : Yang, Jung-Tang	2,697,888	4.71%	0	0.00%	0	0.00%	Yang, Jung-Tang	Chairman of Xiang-Hui Development Co., Ltd.	None
Chiu-Chang Investment Co., Ltd Representative : Wang, Yi-Hua	2,432,290	4.25%	0	0.00%	0	0.00%	Liang, Chin-Li	Spouse of the representative of Chiu-Chang Investment Co., Ltd.	None
Liang, Chin-Li	2,304,867	4.02%	102,405	0.18%	0	0.00%	Chiu-Chang Investment Co., Ltd	The representative of Chiu-Chang Investment Co., Ltd is the spouse of Liang, Chin-Li	None
Sumitomo Chemical Engineering Co., Ltd. Representative : Hajime Tsukimori	1,380,499	2.41%	0	0.00%	0	0.00%	None	None	None
Hu, Tai-Tsen	1,303,589	2.28%	21,804	0.04%	0	0.00%	None	None	None
Yang, Jung-Tang	1,047,074	1.83%	0	0.00%	0	0.00%	Xiang-Hui Development Co., Ltd.	Chairman of Xiang-Hui Development Co., Ltd.	None
Standard Chartered in custody for Fidelity Funds	777,000	1.36%	0	0.00%	0	0.00%	None	None	None
HSBC in custody for Morgan Stanley & Co. International Plc	772,164	1.35%	0	0.00%	0	0.00%	None	None	None
Tsai, Chih-Cheng	766,507	1.34%	365,558	0.64%	0	0.00%	None	None	None
J.P. Morgan in custody for Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	684,416	1.20%	0	0.00%	0	0.00%	None	None	None

**x. The total number of shares and total equity stake held in any single enterprise by the company, its directors and managers, and any companies controlled either directly or indirectly by the company**

As of Dec. 31, 2021, Unit : Share/%

Long-Term Investment (Note 1)	Ownership by Acter		Ownership by directors and managers, and any companies controlled either directly or indirectly by the company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Her Suo Eng., Co., Ltd.	10,000,000	100%	0	0%	10,000,000	100%
Nova Technology Corp.( Note 2)	21,598,179	63.66%	364,418	1.07%	21,962,597	64.73%
Enrich Tech Co., Ltd	5,693,508	56.94%	935,659	9.36%	6,629,167	66.30%
Sheng Hwei International Co., Ltd	3,950,000	100%	0	0%	3,950,000	100%

Note1: Investments accounted for using the equity method.

Note2: Numbers of shareholding is according to the register of shareholders of Nova Technology Corp. on March 26, 2022.

**xi. Status of the Continuing Education of Directors in 2021**

Title	Name	Date	Host Organization	Course	Continuing Education Hours
Chairman	Liang, Chin-Li	Oct. 16, 2021	Taiwan Investor Relations Institute	Analysis of industrial economic prospects	3
		Nov. 15, 2021	Taiwan Institute of Directors	The 10th Annual Chinese Family Business Forum	3
		Dec. 18, 2021	Taiwan Academy of Banking and Finance	Corporate Governance	3
Director	Yang, Jung-Tang	Jan. 22, 2021	Taiwan Corporate Governance Association	Competition for management rights and case analysis	3
		Mar. 12, 2021	Taiwan Corporate Governance Association	A guide to information security for directors and supervisors	3
		Mar. 25, 2021	Securities & Futures Institute, ROC	Analysis and decision-making application of corporate financial information	3
		Sep. 07, 2021	Securities & Futures Institute, ROC	View corporate governance 3.0 from the perspective of inspection	3
		Dec. 14, 2021	Taiwan Corporate Governance Association	Talking about anti-money laundering and anti-capital terrorism from illegal cases	3
Director	Hu, Tai-Tsen	Nov. 10, 2021	Securities & Futures Institute, ROC	Corporate M&A Practice Sharing-Centered on Hostile M&A	3
		Nov. 11, 2021	Securities & Futures Institute, ROC	Discussion on Cases of Fraud in Enterprise Financial Statements	3
		Nov. 18, 2021	Securities & Futures Institute, ROC	The impact and response of the latest tax law reforms on business operations	3
		Nov. 23, 2021	Taiwan Corporate Governance Association	From the perspectives and voting behavior of foreign shareholders, share how the issuing company truly implements ESG	3
Independent Director	Yeh, Hui-Hsin	Mar. 29, 2021	ROC Certified Public Accountant Organization	Corporate Governance 3.0-Blueprint for Sustainable Development	3
		Jul. 26, 2021	ROC Certified Public Accountant Organization	Practical analysis of closed company	3
		Oct. 27, 2021	ROC Certified Public Accountant Organization	Legal issues in the struggle for company management rights	3
Independent Director	Yang, Qian	Feb. 26, 2021	Securities & Futures Institute, ROC	Early Warning and Type Analysis of Enterprise Financial Crisis	3

Title	Name	Date	Host Organization	Course	Continuing Education Hours
		Aug. 18, 2021	Securities & Futures Institute, ROC	Discussion on Human Resources and M&A Integration Issues in the Process of Enterprise M&A	3
		Sep. 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
Independent Director	Wang, Mao-Rong	Jan. 19, 2021	Taiwan Corporate Governance Association	Accelerator for enterprise sustainability-CSR, ESG and SDGs	3
		Apr. 27, 2021	Independent Director Association Taiwan	How the Board of Directors Review the ESG Sustainability Report	3
		Aug. 06, 2021	Securities & Futures Institute, ROC	Technology development and business model of Blockchain	3
		Aug. 12, 2021	Accounting Research and Development Foundation	Practical analysis of the “sustainability report” under the corporate governance 3.0	3
		Aug. 31, 2021	Taipei Exchange	2021 Sustainable Online Forum	2
		Sep. 01, 2021	Taipei Exchange	2021 Sustainable Online Forum	2
		Sep. 01, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Independent Director	Huang, Tzu-Pei	Sep. 17, 2021	Accounting Research and Development Foundation	Analysis of Legal Responsibilities and Practical Cases of the “The Taxpayer Rights Protection Act” applicable to enterprises	3
		Sep. 23, 2021	Accounting Research and Development Foundation	Case analysis of “fraudulent financial report” and discussion of related legal responsibilities	3
		Oct. 18, 2021	Taipei Exchange	The OTC-listed or Emerging Stock Company Insider Equity Propaganda Seminar	3
		Nov. 30, 2021	Taiwan Corporate Governance Association	Analysis of Key Messages and Responsibilities of the Annual Report: Views of Directors and Supervisors	3

## IV. Capital Overview

### i. Capital and Shares

#### 1. Source of Capital

Unit : NT\$/Share

Month/ Year	Offering Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
01/2021	10	72,000,000	720,000,000	57,186,742	571,867,420	Cash capital increase NT\$30,000 thousand	None	Note 1
03/2022	10	72,000,000	720,000,000	57,268,618	572,686,180	Common shares converted from domestic unsecured convertible bonds for NT\$818,760	None	Note 2

Note1: Approved no. Jing So Shang Zi 11001007310, 01/18/2021

Note2: Approved no. Jing So Shang Zi 11101038400, 03/14/2022

#### 2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	57,268,618	14,731,382	72,000,000	GTSM Listed Company Stock

#### 3. Information for Shelf Registration: Not applicable.

### ii. Composition of Shareholders

As of March 28, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	100	8,967	132	9,200
Shareholding (Shares)	0	649,000	7,997,063	37,107,122	11,515,433	57,268,618
Percentage	0.00%	1.13%	13.96%	64.80%	20.11%	100.00%

### iii. Shareholding Distribution Status

#### 1. Common Shares (The par value for each share is NT\$10)

As of March 28, 2022

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	3,155	445,952	0.78%
1,000 ~ 5,000	4,926	8,661,790	15.12%
5,001 ~ 10,000	557	3,969,330	6.93%
10,001 ~ 15,000	194	2,351,726	4.11%
15,001 ~ 20,000	84	1,473,672	2.57%
20,001 ~ 30,000	86	2,095,514	3.66%
30,001 ~ 40,000	50	1,727,306	3.02%

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
40,001 ~ 50,000	27	1,218,483	2.13%
50,001 ~ 100,000	50	3,653,509	6.38%
100,001 ~ 200,000	26	3,830,184	6.69%
200,001 ~ 400,000	24	7,245,710	12.65%
400,001 ~ 600,000	3	1,361,015	2.38%
600,001 ~ 800,000	12	8,068,220	14.09%
800,001 ~ 1,000,000	0	0	0.00%
1,000,001 or over	6	11,166,207	19.49%
Total	9,200	57,268,618	100.00%

## 2. Preferred Shares

The Company did not issue any preferred share.

### iv. List of Major Shareholders

As of March 28, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Xiang-Hui Development Co., Ltd.	2,697,888	4.71%
Chiu-Chang Investment Co., Ltd	2,432,290	4.25%
Liang, Chin-Li	2,304,867	4.02%
Sumitomo Chemical Engineering Co., Ltd.	1,380,499	2.41%
Hu, Tai-Tsen	1,303,589	2.28%
Yang, Jung-Tang	1,047,074	1.83%
Standard Chartered in custody for Fidelity Funds	777,000	1.36%
HSBC in custody for Morgan Stanley & Co. International Plc	772,164	1.35%
Tsai, Chih-Cheng	766,507	1.34%
J.P. Morgan in custody for Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	684,416	1.20%
Total	14,166,294	24.75%

### v. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$ ; Thousand Shares

Item	2020	2021	2022/01/01-2022/03/31 (Note 8)
<b>Market Price per Share (Note 1)</b>			
Highest Market Price	222.50	230.00	240.00
Lowest Market Price	158.00	178.00	199.50
Average Market Price	194.52	195.95	222.24
<b>Net Worth per Share (Note 2)</b>			
Before Distribution	94.97	98.52	Note 9
After Distribution	82.31	83.50	Not Applicable
<b>Earnings per Share</b>			
Weighted Average Shares(thousand shares)	54,187	57,138	Note 9
Basic Earnings Per Share (Note 3)	17.90	21.08	Note 9
Diluted Earnings Per Share (Note 3)	16.55	19.55	Not Applicable
<b>Dividends per Share</b>			
Cash Dividends	12	15	Not Applicable
<b>Stock Dividends</b>			
• Dividends from Retained Earnings	0	0	Not Applicable
• Dividends from Capital Surplus	0	0	Not Applicable

Item	2020	2021	2022/01/01-2022/03/31 (Note 8)
Accumulated Undistributed Dividends (Note 4)	0	0	Not Applicable
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 5)	10.87	9.30	Not Applicable
Price / Dividend Ratio (Note 6)	16.21	13.06	Not Applicable
Cash Dividend Yield Rate (Note 7)	6.17%	7.66%	Not Applicable

Note1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note9: As of Mar. 31, 2022, the data has not been reviewed by CPA.

## **vi. Dividend Policy and Implementation Status**

### **1. Dividend Policy**

(1)The dividend policy according to the Article of Incorporation provides as follows.

Article 27 The company's profit after tax following annual closing, if any, shall be distributed in the following order:

A. Compensate loss;

B. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;

C. Special reserve in accordance with law and the competent authority.

D. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment, growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.

(2)The board of directors shall set out the company's dividend policy based on the operational performance and the need of capital and submit it to the shareholder meeting for resolution. The distribution of dividends in whole or in part that be paid in cash shall be resolved with a majority vote of directors attended by at least two-thirds of total directors and reported to the shareholder's meeting. According to the resolution of board, the distributed shareholder dividend would be not less than 51% of the current undistributed profit. Besides, cash dividend should account for 10% or more of the total shareholder dividend. Please refer to the company's website at [www.acter.com.tw](http://www.acter.com.tw)→Investors→Shareholder service→Stock quote & Dividends history.

## 2. Distribution of Dividend

A cash dividend of NT\$859,029,270 (NT\$15 per share) was approved by the Meeting of the Board of Directors on Feb. 24, 2022.

### **vii. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting**

There was no stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

### **viii. Compensation of employees and directors**

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation.

When distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors. The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. The distribution of dividends and bonuses in whole or in part that be paid in cash or compensation to employees and directors shall be resolved with a majority vote of directors attended by at least two-thirds of total directors and reported to the shareholder's meeting.

Compensation to employees can be distributed in the form of shares or in cash and employees of parents or subsidiaries of the company meeting certain conditions set by the company can receive it as well.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

- (1)The basis for estimating the amount of employee and director compensation

Please refer to viii.1 Policy.

- (2)The company doesn't distribute employee compensation in stock for the current period.

- (3)The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

Shall there be any difference between the actual distributed amount and the estimated figure, it will be deemed as the changes in accounting estimates and will be recognized in the profit and loss account of the distributing year.

3. Information on any approval by the board of directors of distribution of compensation

- (1)The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

- A. The amount of any employee compensation distributed in cash or stocks and compensation for directors.

The proposal was passed at the Meeting of the Board of Directors on Feb. 24, 2022. The employee cash compensation is NT\$91,748,100 and the compensation

for directors is NT\$45,874,050.

B. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.

(2)The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.

None.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated

(1)The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) are as follows.

Employee compensation: NT\$60,000,000.

The compensation for directors: NT\$28,000,000.

(2)If there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated: None.

**ix. Buyback of Treasury Stock**

None.

**x. Issuance of Corporate Bonds**

1. Outstanding and pending corporate bonds

Type of corporate bonds		1st Domestic Unsecured Convertible Bond
Issue Date		Nov. 27, 2020
Face value		NT\$100,000
Place of Issuance and Trading		Issued in Republic of China; listed at TPex
Issue Price		101% of par value
Total amount		Total par value is NT\$800 million
Interest rate		0%
Term		Three years; Expired on: Nov. 27, 2023
Guarantor(s)		Not applicable
Trustee		Trust Department of The Shanghai Commercial & Savings Bank, Ltd.
Underwriter		IBF Securities Co., Ltd.
Attesting lawyer		Not applicable
Attesting accountant		Not applicable
Method of repayment		Other than the conversion to the company's common shares by the convertible corporate bond holders pursuant to Article 10 of the Procedures, or the company's early redemption pursuant to Article 17 of the Procedures, or when the convertible corporate bond holder decides to exercise early redemption rights pursuant to Article 18 of the Procedures, or the company's buyback from securities companies to cancel, at the expiration, the company will repay in cash at once based on the bond's face value.
Outstanding principals		NT\$785 million
Clause about redemption and early repayment		Please refer to the Procedures for Issuance and Conversion of the 1st domestic unsecured convertible bond
Restrictive terms		None
Name of the rating agency, date of rating, and outcome of the corporate bond rating		Not applicable
With other rights	Up to the printing date of the annual report, the amount of the converted common shares	NT\$15 million
	Procedures of Issuance and Conversion (Exchange or Subscription)	Please refer to the Procedures for Issuance and Conversion of the 1st domestic unsecured convertible bond
Procedures of issuance, conversion, exchange, and subscription; the potential dilution and impacts to the current shareholders' interest from the issuance conditions.		The potential dilution and impacts to the 2020 shareholders' interest is 11.55% if all bonds are converted into common share at NT\$196.4 per share.
Custodian where the underlying exchange is trusted		Not applicable

2. Information of Convertible Bond

Type of corporate bonds		1st Domestic Unsecured Convertible Bond		
Year		2020	2021	As of Mar. 31, 2022
Item				
Market price to convert the corporate bonds	Highest	119.15	132.00	130.10
	Lowest	111.00	111.10	118.70
	Average	114.76	119.16	124.90
conversion price		NT\$183.2 per share		
Issuance (handling) date and the conversion price at issuance		Issuance date: Nov. 27, 2020 Conversion price at issuance: NT\$196.4 per share		
Method to perform the conversion obligation		New share issued		

**xi. Issuance of Preferred Stock**

None.

**xii. Issuance of Global Depository Receipts**

None.

**xiii. Employee Stock Options**

None.

**xiv. New Restricted Employee Stocks**

None.

**xv. Status of New Shares Issuance in Connection with Mergers and Acquisitions**

None.

**xvi. Financing Plans and Implementation**

None.

## V. Operational Highlights

### i. Business Activities

#### 1. Business Scope

##### (1) Main areas of business operations

- A. Turnkey engineering projects.
- B. Cleanroom engineering.
- C. Bio-medical engineering.
- D. Energy technology services.
- E. Air-conditioning electromechanical engineering.
- F. Ice storage projects.
- G. Industrial ventilation engineering.
- H. Constant-temperature constant-humidity engineering.
- I. Design and construction of pure water as well as wastewater systems.
- J. Environmental engineering.
- K. Water, gas, and chemical system integration engineering services for high-tech processes.
- L. Design and construction of high-purity chemical supply systems.
- M. Design and construction of high-purity gas supply systems.
- N. Design and construction of volatile organic gas processing systems.
- O. Design and construction of CMP solution supply systems.
- P. Design and construction of shared systems for entire plants.
- Q. Repair and maintenance engineering.
- R. High-tech equipment/materials sales and services.

##### (2) Revenue distribution

	Unit ; NT\$ thousand ; %	
Major Divisions	Total Sales in Year 2021	(%) of total sales
Construction Revenue	19,229,174	95%
Sales and Other Revenue	988,051	5%
Total	20,217,225	100%

##### (3) Main products (Services)

Currently, our primary services include the design and construction of cleanrooms, electromechanical equipment, and process pipelines for high-tech electronics and biomedical industries. In particular, we specialize in turnkey services (responsible for the overall design, construction, testing, and verification of integrated system solutions). Our services include the following (categorized according to services provided as well as industry type):

- A. Cleanroom engineering or full-plant electromechanical system integration for high-tech factory construction.
- B. Full-plant electromechanical system integration for biomedical technology facilities.
- C. Air-conditioning electromechanical engineering for traditional industries.
- D. Other general electromechanical engineering and customer services.
- E. Liquid waste recycling system.
- F. Reclaimed water recycling system.
- G. Green energy certification.

(4) New products (Services) planned for development

- A. Energy conservation technique
- B. Wastewater reclamation system
- C. Heat recovery system for air conditioner

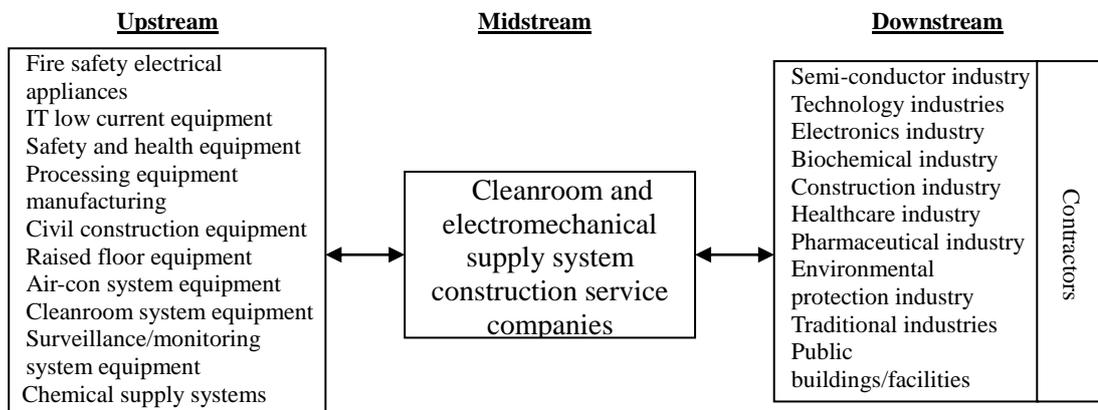
2. Industry Overview

(1) Current Status and Development of the Industry

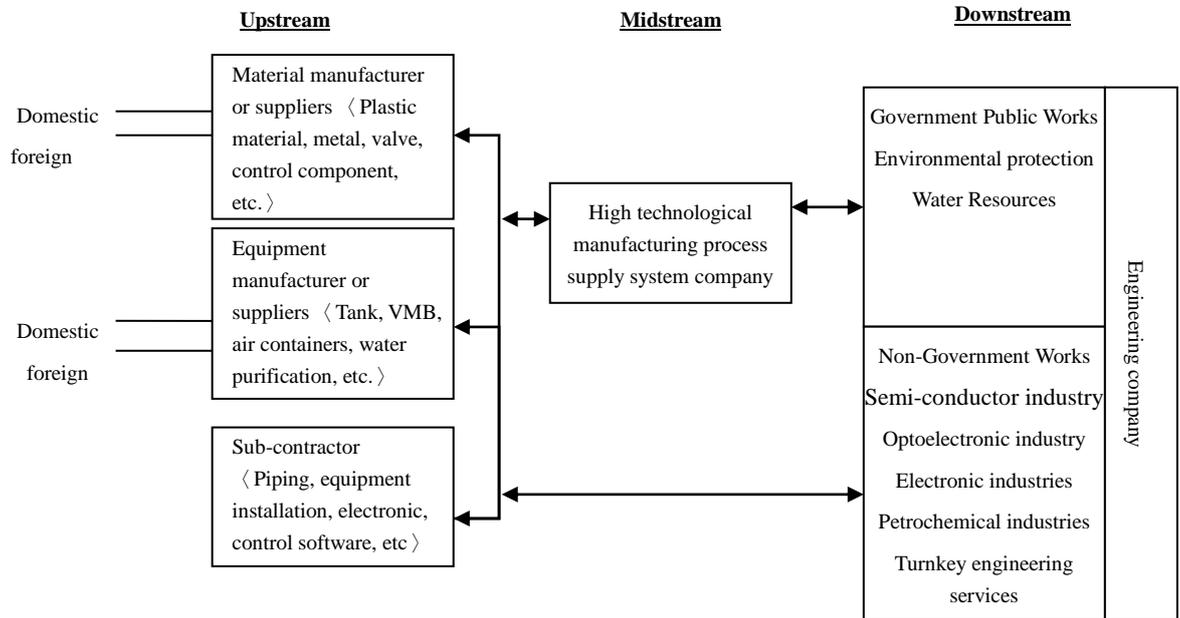
In the macro business environment, according to the estimation of S&P Global Market Intelligence, the capital expenditure of large global enterprises in 2022 is expected to increase by 6.1% compared with 2021. In addition, China’s 14<sup>th</sup> five-years plan makes an all-out effort to develop the third generation semiconductor and brings enormous factory expansion business opportunities. Those trends are beneficial to Acter’s performance. However the overall industrial prosperity is affected by the trend of the epidemic and remains uncertain, there are still many opportunities. As Acter’s business covers multiple industries, except for the semiconductor industry and the photovoltaic panel industry, other industries also have considerable demand for plant and capital expenditures. It shows huge business opportunities in the market. Although large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry, Acter is committed to creating valuable projects and reducing the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expenses and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering.

(2) The Links between the Upstream, Midstream and Downstream segments of the Industry

The cleanrooms and electromechanical systems integration engineering services industry encompasses construction contractors and construction materials, equipment, and subcontractors, providing customers with full-plant electromechanical and cleanroom turnkey engineering services based on contractor requirements, by combining engineering disciplines and technologies from various professional fields. The relationships between upstream, midstream, and downstream service providers are shown in the figure below:



High technological manufacturing process supply system industry is in charge of the connection between the owners of engineering companies and the merchants of engineering materials, equipment and projects. The industry will provide the manufacturing process supply system equipment and engineering services. The relationships between upstream, midstream, and downstream are shown in the figure below:



### (3) Development Trends for the Company's Products

- A. The systems integration engineering services industry is becoming increasingly important.
- B. There is a trend towards joint venture projects or cross-industry alliances and turnkey services.
- C. User-friendly spatial integration is becoming increasingly popular.
- D. High-tech product life cycles are becoming shorter, resulting in an increased need to quickly and safely adjust production lines.
- E. Health awareness and preventive healthcare has become mainstream, creating a wealth of opportunities for the biotech industry.
- F. Safety, stability, conciseness and precision of each system. Safety and quality requirements are becoming increasingly strict.
- G. Energy conservation and environmental protection awareness is on the rise. Pursuing sustainable development of enterprises.

### (4) Competition for the Company's Products

Engineering services have been a cornerstone for the advancement of civilization and industry. Human knowledge and intellect are continuing to evolve, while the industrial engineering market undergoes rapid changes. The key to survival and rapid growth in this highly competitive environment is being able to keep up with the pace of change. With competition between both foreign and domestic engineering service providers becoming increasingly fierce, economies of scale, increased efficiency, and integrated services are the keys to success. Sound engineering practices and professional techniques have always been critical to the expansion of engineering businesses and to the creation of new

opportunities. The ability to quickly obtain sources of raw materials as well as provide customers with rapid and advanced engineering services will dictate whether or not a service provider will be able to achieve industry-leading status in today's competitive environment. This is why Acter continues to engage in the development of new system integration techniques, as well as research ways to conserve energy, with an emphasis on inter-system compatibility, in order to meet the integration needs of plant-wide systems.

### 3. Research and Development

#### (1) Technology and Research Development

System integration engineering techniques are different from those of other industries and involve the rearrangement of working techniques and equipment in order to achieve higher levels of performance. In addition, based on the requirements of the client industry, professional expertise from the fields of architecture, electromechanical engineering, air conditioning, fire prevention, instrumentation control, pipeline distribution, and project management need to be integrated and tailored to fit the customer's production environment. Since this involves a wide range of complex issues, there are usually many different service providers working independently and in parallel with each other, making it difficult to integrate all of their efforts. Furthermore, due to divisions of labor resulting in a high level of subcontracting as well as a large number of subcontractors working on relatively small parts of the overall project, engineering quality is difficult to control. In addition, different personnel and equipment need to be involved in different project phases, making the presence of experienced personnel with sound professional expertise extremely important in ensuring construction quality and on-time project delivery. Project durations are usually longer than the production times of other industries, with wider ranges of technical expertise being involved, making the accumulation of experience and sound construction techniques extremely important. In general, our company belongs to an industry with a high degree of professional division of labor and in what is considered a labor-intensive field.

#### (2) Research and Development expenses during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

Unit ; NT\$ thousand

Year	2021	As of March 31, 2022
Total R&D Expenses	207,367	58,834 (Note 1)

Note1: As of Mar. 31, 2022, the data has not been reviewed by CPA.

#### (3) Research and Development Achievements during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

We strive to develop innovative techniques, accumulate technical experience, and enhance performance. The following is a description of some of our unique and innovative construction techniques and patents.

Category	Unique or innovative technique
Ice storage and energy conservation engineering	Taking advantage of mat foundations to store ice in order to offload peak loads
	Taking advantage of fire-extinguishing water tanks to store cold water in order to reduce the amount of space occupied and lower electricity contract capacities
Skyscrapers	Reduction of pipeline occupancy areas for ultra-cold ventilation systems
	42-story general-use buildings
Special types of engineering technologies	Exclusive integrated negative-pressure SARS technology for hospitals
	The Department of Health and Welfare's dedicated bio-chemical laboratory
	Integration engineering technology of whole plant import of Tobacco

Category	Unique or innovative technique
	manufacturer
	Knitting and dyeing and finishing plant electromechanical integration technologies
Bio-tech engineering	Integrated technologies for the first H1N1 vaccine plant
	Cleanroom integration technologies for CGMP plants
	Integration techniques for professional bio-tech drug production (Cordyceps sinensis) plants
	Biomedical equipment plant energy conservation electromechanical integration technologies
	GTP cleanroom integration engineering technology
	Food cGMP plants integrate their technologies to reach beyond borders
	Energy saving mechatronics technology for poultry mooring and processing manufacturer
	Integration technologies of switching environments of positive or negative pressure randomly by product attribute at manufacturing sector
	High toxicity OEB5 injection plant integrated engineering technology
Cell preparation site integration engineering technology	
Green energy engineering	Integration of techniques in solar power supply
Cleanroom turnkey engineering	Innovative techniques for the first PDP mass production plant
	Innovative techniques for Japanese light polarization board production plants
	Innovative techniques for professional TFT glass board production plants
	Special techniques for the 6" fab turnkey project in cooperation with Sony
	Innovative techniques for Taiwan's second-largest packaging and production plant
	Innovative techniques for the plant-wide electromechanical integration of a module plant
	Innovative techniques for a soft PCB board copper film plant
	Innovative techniques for a Japanese full-plant export components factory
	Innovative techniques for the electromechanical integration of an optoelectronics chemical materials production plant
	Micro environmental innovation method of semiconductor element washing manufacturer

Patent type	Patent name
Utility model	Load-bearing structure for easy alignment of chemical drums
	Working case for chemical barrels
	Disassembly and assembly mechanism for vent cover of chemical tank
	Removal module for lids of chemical barrels
	Backfire check valve structure
	The heater of one filter element type chemical
	Selective Wafer conveyor Unit
	High-efficiency process waste gas treatment device
	Air conditioner condensate recycling device
	RTO heat exchanger
	Clean room keel ceiling anti-fall blind plate and fixing clip assembly
	Combined constant temperature and humidity air conditioning unit
	Air Duct Insulation Skid Bracket
	Anti-5G electromagnetic wave interference library board
	fan filter unit
	Integrated Pipe Fixtures

Patent type	Patent name
	Clean room integrated air duct system for electronic factory
	Anti-static floor cleaning device for electronic factory
	VAV air conditioning system energy-saving control equipment
	Air pressure energy saving system equipment
Invention patents	Equipment for disassembly and assembly of chemical drum lids and joints
Software copyright	Cleaning equipment control system application software
	Alternate DIW high pressure spray cleaning equipment control software V1.0
	Array developer concentration control system application software V1.0
	Array Developer Concentration Dilution System Application Software V1.0

Note : The above patents were newly added in 2021.

#### 4. Long-term and Short-term Development

##### (1) Short-term Development

- A. To expand the scope of operation in Southeast Asia.
- B. Energy conservation service expansion engineering.
- C. Assisting biotech companies with factory upgrades.
- D. Actively develop turnkey services for technology industries.
- E. Establish industry-academia cooperative efforts in order to develop talent.
- F. Integrate marketing services in order to boost customer satisfaction levels.
- G. Waste water and gas treatment and cremation of sludge and waste liquids.
- H. Water recycling, desalination, and zero emissions of waste water.
- I. Pre-fabrication Technique for Large Cement Tanks.
- J. Development of developer recovery and reuse system.

##### (2) Long-term Development

- A. Strengthen corporate governance, enhance enterprise culture and sustainable development.
- B. Rooting deeply in this industry, continuously optimize engineering capabilities, carry out a diverse, multi-project integrated engineering service, and building a comprehensive marketing service system. Continuing to root deeply in the technology, biotechnology, livelihood, petrochemical, and other industries, and strive to use core skills to help companies achieve carbon neutrality, focus on and invest in ESG.
- C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, improve investment efficiency, and expand industrial integration.
- D. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical, medical industries and desalination.
- E. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology.
- F. Recruiting more diverse talents and actively training management teams.
- G. Deepening the professional technical capabilities such as green energy and environmental protection in fulfillment of its duty as a global citizen.

## **ii. Market and Sales Overview**

### **1. Market Analysis**

#### **(1) Sales (Service) Region**

Our company as well as our subsidiary companies currently provides cleanroom and electromechanical systems integration services, as well as water, gas, and chemical integration engineering services for process systems. We primarily serve the domestic, China, and Southeast Asian regions.

#### **(2) Market Share (%)**

High-tech cleanrooms and electromechanical systems integration services for industrial plants are needed in a wide range of fields and sectors including the semiconductor industry, the optoelectronic industry, as well as the biomedical industry. In addition, domestic engineering companies participate in bidding on projects across a wide range of engineering fields, therefore, market share percentages calculated based on individual industries would not be able to reflect the actual state of the market, making it difficult to calculate our company's market share based on output on a consistent basis. However, in terms of engineering scale as well as technological maturity, there are only a few engineering companies that can compete with publicly listed companies, and Acter is one of the few companies that can simultaneously service the optoelectronics, electronics, biochemical drug production, and residential construction industries, with a wealth of project experience. In Common Wealth Magazine's survey of the top 2000 Greater China companies, in the service industry - engineering contractors category, Acter ranked 8th in 2020. (2021 rankings not yet announced)

#### **(3) Demand and supply conditions for the market in the future, and the market's growth potential**

##### **A. Supply conditions for the market in the future**

There are currently many service providers providing cleanroom air conditioning electromechanical engineering services in Taiwan. Electromechanical systems integration services, on the other hand, require long-term accumulation of experience and technological expertise. In some market segments, factors including professionalism of employees, company reputation, and past engineering accomplishments form entrance barriers, resulting in only a few service providers currently being able to provide professional electromechanical system integration services, with Acter being one of them.

##### **B. Demand conditions for the market in the future**

Electromechanical engineering services business opportunities are created by factory expansion, plant upgrade, or maintenance projects of customers. Primary customer groups include high-tech manufacturers, biomedical manufacturers, and hospitals. In recent years, due to innovation in the global semiconductor, optoelectronics, and other electronics-related industries, the functionality and performance of electronic products has continued to advance, creating new market demand for the electronics industry. In light of the uniqueness of the industry, businesses have to be ready for an upgrade and expansion at all times. In addition, the constantly increasing awareness of environmental protection and energy saving gives rise to the needs for mechanical and electrical engineering not only in the high-tech industry but also in the daily life. As such, the demand for integration of mechanical/electrical systems and clean rooms continues to remain at a certain level. According to the research report from DATA

BRIDGE, the global cleanroom technology market would growth to 6.63 billion USD in 2026. Base on the semiconductor and passive element industries continue the factory expansion plans, Taiwanese business back to invest in Taiwan and dispersion the manufacturing basement to Southeast Asia, outlook for the next year remains the same level or slightly growth.

#### C. The market's growth potential

Cleanroom electromechanical air conditioning systems and chemical systems engineering are considered an important production facility for high-tech manufacturers, and particular emphasis is placed on the technological grade and sophistication of these systems. Industries, including semiconductors, optoelectronics, as well as biomedical, all rely on these types of equipment to achieve their required production environments. In addition, driven by continual industry upgrade requirements, market demand for cleanroom electromechanical systems is significantly increasing. Furthermore, domestic service providers have accumulated an abundant amount of high-tech factory construction experience in recent years, allowing their technological capabilities to significantly improve. Domestic service providers also have a price advantage as well as the advantage of being based locally and being able to provide local services, allowing them to compete head-to-head with foreign service providers. Looking to the future, demand for cleanrooms, electromechanical systems integration engineering, and chemical systems engineering will come from factory expansion and factory upgrade projects of semiconductor, and biomedical manufacturers. Another source of future demand will come from the need for domestic manufacturers to establish new plants in Taiwan and Southeast Asian region, as well as Japanese and other foreign investors expanding their investments in the Southeast Asian region, which will in turn drive spending as well as capital expenditure for the establishment of factory facilities. Moreover, the biotech industry, which the government is currently heavily investing in, is still in its infancy, with strong demand for cleanroom facilities, electromechanical systems integration engineering services, and chemical systems engineering. Looking to the future, business opportunities are unlimited, therefore, the cleanroom, electromechanical engineering, and chemical systems engineering markets still have room for future growth.

#### (4)competitive niche

##### A. Exceptional construction performance and extensive service coverage

Over the 44 years of the company's existence, it has been involved in the construction of commercial buildings, public infrastructure, department stores, hospitals, and facilities for green energy, optoelectronics, semiconductors, and biotech industries. It has built up a strong track record in the construction of air-conditioning, electrical and cleanroom facilities, making it one of the few local construction service companies that are able to deliver across different industries and across borders. Compared to its peers, the company is able to quickly adjust to changes in economic cycles, and hence is exposed to fewer business risks. In addition, the company also proactively engages itself in the environmental protection and energy saving fields. The company and its subsidiary Nova Technology Corp. cooperate with the overseas large-scale company for developing water treatment relevant business and actively expand various fields.

#### B. A high quality image and reputation

A “creator of quality space” is how the company positions itself. It delivers cutting-edge work spaces supported by comprehensive after-sale services/warranties that has gained it a sparkling reputation. The company is ISO-9001:2015, ISO14001:2015, ISO45001:2018, and CANB certified. It is also the only company among its industry peers that has been recognized and rewarded for achievements in energy conservation. “Quality” and “reputation” are the critical intangible assets that give the company the assurance to win over customers.

#### C. A quality management team and modularized construction methods

The company provides services to businesses on a project-by-project basis. It has project managers who engage customers directly to oversee construction progress and quality according to customer needs and the terms of construction agreements. The company’s key project managers all have more than 10 years of experience in the industry, and each of them is well-versed in managing construction work. For completed projects, the Company has established a complete and detailed database. With engineering experiences accumulated over the years, for related projects, there are the closure meetings where authorities concerned are invited to take part so that we can learn further and it helps us modularize different types of customers and is therefore able to reduce design costs and respond to customers with optimal construction solutions in a timely manner.

#### D. Specialized construction talents

The Company has staff with practical experience in many areas and has placed comparable emphasis on educational training for its employees and recruitment of various professionals since its establishment. Besides internally, the Company sends people to attend all kinds of educational training that are held externally as well. It has placed great emphasis on training and recruitment since its establishment. Employees undertake regular training to develop skills applicable both in the integration of large-scale construction projects and in ensuring work quality. These training courses give our engineers a distinct advantage over competitors. The company also works with professional institutions in developing new construction design methods.

#### E. Stringent cost control and complete after-sales services

The company places great emphasis on the cost control and after-sales services of its construction projects. In order to accurately estimate and control costs, the company maintains good relationships with, and has up-to-date information on, all the certified suppliers and contractors it works with, which gives it control over changes in the costs of purchasing and outsourcing. With regards to after-sales services, the company makes a commitment to serving customers during the warranty period exactly as agreed in the contract, and takes the initiative to resolve customer queries regarding their construction projects, which builds up sound relationships that help boost the company’s reputation and competitiveness.

#### F. Robust financial structure

Although the company is a provider of integrated system construction services, it outsources actual construction work to other subcontractors. Depending on the nature of the construction agreement, some of the materials and equipment needed for the job are purchased by the subcontractors while others are purchased by the company subject to proper procurement procedures. Subcontractors are required to have sufficient capital resources for payments such as tender bonds, performance bonds,

material and equipment purchases, construction costs, and warranties, before they engage in large-scale integrated system projects. Meanwhile, the financial structure of the Company has been sound and healthy. There is sufficient working fund to support engineering operations. There are also abundant financing credits available at financial institutions. The sound and healthy financial structure helps enhance the level of confidence that clients have in the Company as well.

(5) Favorable and Unfavorable Factors in the Long-range Future, and the company's response to such factors.

A. Favorable Factors

a. Technological development and plant upgrade

We are currently in an era characterized by rapidly evolving technology and emerging opportunities such as biotech, healthcare, energy conservation, environmental control, etc. The pace of technological development means a constant need for plant upgrade to keep up with production, and thus gives construction service providers an opportunity to thrive. The demand for industries relating to cloud application is also increasing on a daily basis as changes continue. One of the most prominent opportunities in the future will perhaps be biotech industries. A focus of recent government policy and an ongoing global trend, the growth of the biotech industries should not be underestimated. Due to the fact that biotech workplaces are subject to more stringent regulatory requirements and higher technology standards, the company is confident that its abundant experience in the sector stands it in good stead for future development.

b. As living standards rise living space requirements also rise

Because of improved living standards, people accordingly have increased demand for quality living spaces. This naturally gives rise to the sightseeing and tourism industry. The demand for constructions of large hotels and shopping malls, for example, is climbing as well and construction companies with the ability to deliver quality living space will be able to capitalize on this growth.

c. Opportunities within the China market

Although it may be affected by the COVID-19 and the U.S.-China trade war in the short term, the overall opportunities within the China market are expected to maintain an upward growth trend. China presents enormous and growing potential for Taiwanese businesses because of the similarities in language and culture unmatched by any foreign company. Over the years, investment from Taiwan in China has evolved from small businesses to large conglomerates, and from labor-intensive businesses to capital and technology-intensive businesses. The increasing amount of factory construction presents immense opportunities for the company's air-conditioning business in China, and our subsidiary, Acter Technology Integration Group Co., Ltd., has acquired the highest qualification of the first grade of general contractor in mechanical and electrical installation engineering and Winmax Technology Corp. become a participating development unit simultaneously for technical code for chemical system of electronic engineering in China with the technical advantage, which is very beneficial for business development in Mainland China.

d. Growth in Southeast Asia Markets

Due to rising production costs in China and impact of US-China trade war, business operators are looking towards Southeast Asia as the next step of their development. In response to this trend, the company has set up subsidiaries in Singapore, Malaysia, Vietnam, Indonesia and Thailand and transplanted its successful Taiwanese experience to quickly develop a working system. Because of its early entry, the company is confident of securing a competitive advantage in this market.

e. The biomedical industries

Biomedicine is the fastest growing, most widely applied and most influential technology among all human science and technology. In light of the prosperous outlook and the importance of the biomedical industry, the government continues to promote The Biomedical Industry Innovation Program (BIIP), expects to establish Taiwan as the “Asia-Pacific Biomedical R&D Industry Center” and envisions biomedicine as next trillion-dollar industry by 2025. Acter has been involved in the biotech industry for several years; it has the experience, the technology and the track record to help China accomplish its biotech goals.

f. Complete and versatile categories of services and providing TOTAL SOLUTION

The company provides engineering integration services including construction, mechatronics, cleanroom, processing, environmentally-friendly and energy saving programs, biotechnology certification, chemical supplying system and equipment. Moreover, it possesses a professional design work to provide utmost efficiency and maintenance service.

B. Unfavorable Factors and the company’s response to such factors

a. Price competition

Many large construction companies are starting to offer cleanrooms as part of their factory turnkey solutions, and hence pose a threat to cleanroom specialists.

**Response strategies:**

The company will compete for customers with an emphasis on the use of innovative technologies and construction methods to help customers reduce costs. Meanwhile, the company will aim to control human resources and administrative expenses and minimize construction risks by exercising proper work management and quality assurance, and deliver greater output efficiency by investing in talent training. The company will also keep up with new construction techniques by collaborating with academic and technical institutions in R&D projects, and earn customer trust to undertake more complex projects that mitigate the impact of reduced margins. To remain price competitive, the company will leverage the strong partnership it has with suppliers and control costs to its advantage.

b. Intensifying competition from international industry peers

Construction projects in China are becoming more and more competitive not only in terms of pricing, but also in terms of capabilities of local competitors. Given the service intensive nature of the company’s cleanroom business, the company needs to constantly improve its technical and management capabilities to meet uncertainties and changes in economic cycles. The training, attrition and aging of service talent all pose risks to the company’s business.

**Response strategies:**

For more than 40 years, the company has grown its business through differentiation and specialized construction techniques. This method has proven to be effective not only in Taiwan, but in China and Southeast Asia as well. It has been our goal to play the role of a pioneer in industry upgrade and optimization. We respond to changes in the construction market by striving for outstanding innovation and services that set us apart; over time, this becomes the means by which we compete in the market. Furthermore, the company is taking a proactive step towards globalization and hopes to develop a business presence outside of China.

c. Recruitment and retention of professionals meet challenges

For the engineering service industry that the Company belongs to, professional engineers have to deal with a relatively changeable and difficult workplace, not to mention the required technical attainments. It is hence comparatively difficult for younger generations to work in such an environment, which makes recruitment of talent uneasy and results in the susceptibility to brain drain, particularly among new hires, and talent shortage. “People” are the most important assets of the Company. It is hence a big challenge for the Company as to how to find professionals and enable them to develop steadily in their profession.

**Response strategies:**

Internally, the apprenticeship system is adopted in order to pass down the experience, culture, and technology. Each new hire is led by a senior master while getting to know the Company and the new hire’s work. This helps reduce the sense of frustration felt by new hires, make them feel cared for, and expose them to professional learning to greatly cut down the learning time and create a sense of belonging as well as achievement in them. In addition, there is a defined discipline and reward system and a transparent evaluation system in place to adequately provide employees with feedback. The sound systems and humanistic warmth create a substantial momentum that helps retain talent.

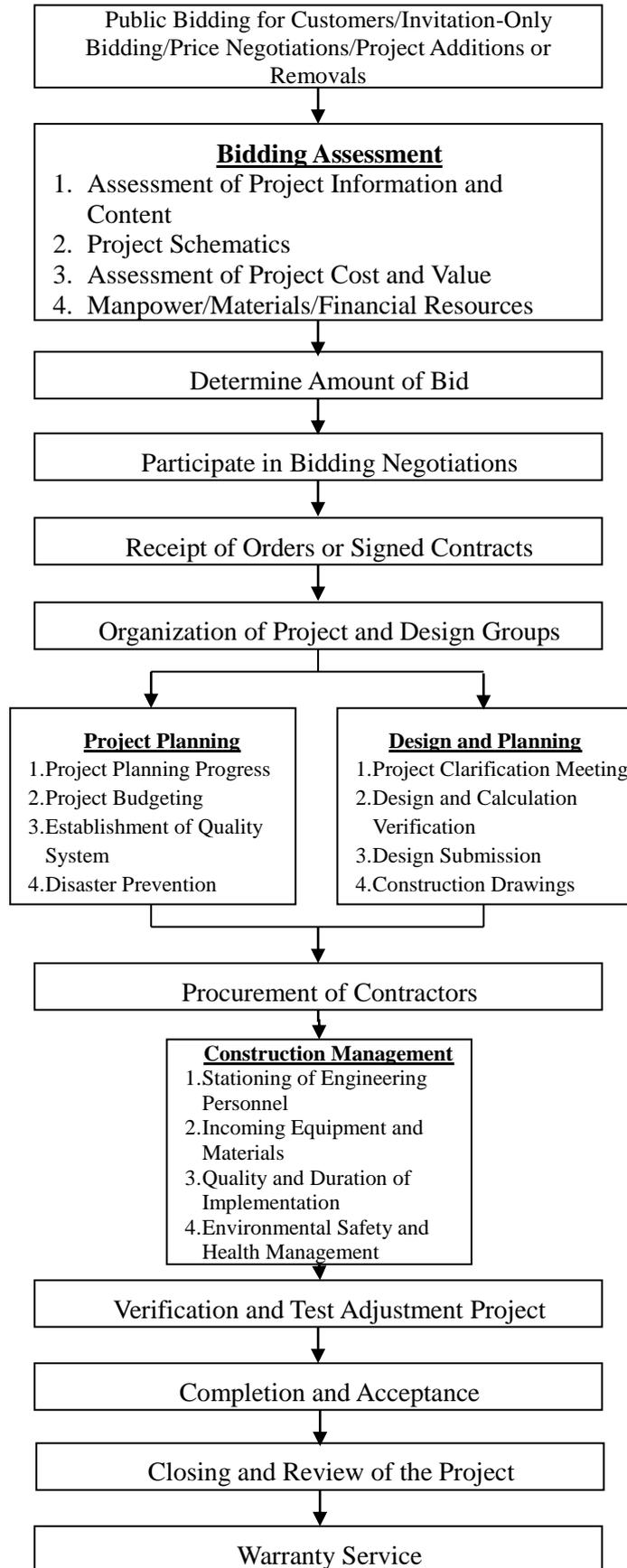
Externally, the Company creates a favorable image and collaborates with related departments in colleges and universities to increase its publicity and a sense of identity so that students will prioritize the Company when choosing a career in the future.

2. The Production Procedures of Main Products

(1) Major Products and Their Main Uses

The company specializes in the design and installation of cleanroom facilities, a service that helps manufacturers manufacture products in a dust-free environment with controlled temperature and humidity for the highest precision, yield and product quality.

(2)Major Products and Their Production Processes



### 3. Supply Status of Main Materials

Our company's materials and equipment procurement operations are carried out according to contractual agreements put in place for different projects, and are mainly divided into two models: (1) subcontracting projects to subcontractors, including all labor and materials requirements, and (2) making procurements ourselves. Construction materials and equipment our company purchases include various types of machines, air conditioning equipment, fan equipment, pumps, water towers, electrical generators, cleanroom equipment, electrical wires and cables, pipeline materials, valves, power distribution panels, buses, raised floor panels, vibration/shock proofing equipment, control equipment, lighting equipment, interior materials, and fire safety equipment, etc. These products are all purchased from domestic suppliers that we enjoy stable relationships with.

4. A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

(1) Major Suppliers Information for the Last Two Calendar Years

Unit : NT\$ thousand

Item	2020				2021				As of March 31, 2022			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	10,799,657	100	Not applicable	Others	15,770,766	100	Not applicable	Note3			
	Net Total Supplies	10,799,657	100	Not applicable	Net Total Supplies	15,770,766	100	Not applicable				

Note1: The reason for increases or decreases of the amount was due to business demand.

Note2: There were no suppliers accounting for 10 percent or more of the company's total procurement amount in 2020 and 2021.

Note3: Information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

(2) Major Clients (each commanding 10%-plus share of annual order volume) Information for the Last Two Calendar Years

Unit : NT\$ thousand

Item	2020				2021				As of March 31, 2022			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	13,977,010	100	Not applicable	Others	20,217,225	100	Not applicable	Note3			
	Net Sales	13,977,010	100	Not applicable	Net Sales	20,217,225	100	Not applicable				

Note1: The reason for increases or decreases of the amount was due to business demand.

Note2: There were no clients accounting for 10 percent or more of the company's total sales amount in 2020 and 2021.

Note3: Information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

## 5. Production over the Last Two Years

Unit: NT\$ thousand

Output	Year	2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products(or by departments)							
Cleanroom electromechanical integration engineering	Note	Note	6,928,680	Note	Note	9,904,190	
Consumer industry electromechanical integration engineering	Note	Note	854,792	Note	Note	1,235,396	
Biomedical integration engineering	Note	Note	542,299	Note	Note	461,635	
Water gasification supply integration engineering	Note	Note	2,828,282	Note	Note	4,583,940	
High-tech equipment and materials sales and services	Note	Note	304,451	Note	Note	749,265	
Total	Note	Note	11,458,504	Note	Note	16,934,426	

Note1: Due to the characteristics of the industry, the major products cannot be measured using production capacity or production quantity.

## 6. Shipments and Sales over the Last Two Years

Unit: NT\$ thousand

Shipments & Sales	Year	2020				2021			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products(or by departments)									
Cleanroom electromechanical integration engineering	Note	8,237,650	Note	0	Note	11,279,045	Note	0	
Consumer industry electromechanical integration engineering	Note	916,409	Note	0	Note	1,422,445	Note	0	
Biomedical integration engineering	Note	686,914	Note	0	Note	613,070	Note	0	
Water gasification supply integration engineering	Note	2,639,117	Note	1,091,755	Note	4,918,380	Note	996,234	
High-tech equipment and materials sales and services	Note	182,314	Note	222,851	Note	765,954	Note	222,097	
Total	Note	12,662,404	Note	1,314,606	Note	18,998,894	Note	1,218,331	

Note1: Due to the characteristics of the industry, the major products cannot be measured using production capacity or production quantity.

### iii. Human Resources

Year		2020	2021	As of March 31, 2022
Number of Employees	Direct Employees	1,039	1,305	1,351
	Indirect Employees	261	334	362
	Total	1,300	1,639	1,713
Average Age		35.58	35.18	34.88
Average Years of Service		5.52	5.15	4.97
Education	Ph.D.	0	1	1
	Masters	80	87	82
	Bachelor's Degree	613	847	843
	Junior College	398	466	517
	Senior High School	116	124	129
	Below Senior High School	93	114	141

### iv. Disbursements for Environmental Protection

1. Any losses suffered by the company in the most recent fiscal year and up to the date of printing of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

### v. Labor Relations

1. List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

#### (1) Employee Benefit Plans

To win employees' loyalty, the company provides employees with labor and national health insurance and has established an Employee Welfare Committee to oversee employee benefits such as health check-ups, annual company trips, recreational activities and year-end celebrations, while serving as a bridge for communication of employer and employee opinions. Below are the company's key employee benefits:

- A. Labor insurance, national health insurance, group insurance, pension plan, and health check-ups
- B. A variety of subsidies such as child birth, wedding, funeral, injury, illness, and disaster relief.
- C. The company offers cash gifts on occasions such as birthdays, Dragon Boat Festival, Mid-Autumn Festival etc, as well as other compensation including year-end bonus, year-end banquet lucky draw, profit distribution and share subscription.
- D. Group trips, recreational events and birthday parties are organized for employees on a regular basis.
- E. The company strives to achieve stable growth and thus secure employees' work rights.

(2) Continuing Education, Training

Talent training has been identified by the company as a key to human resource management and a sustainable solution to respond to rapidly changing technologies. For this reason, the company has organized a range of workshops and training courses that aim to enhance employees' skills and knowledge, and subsidizes employee participation in external training in the hope that they may contribute what they learn to improve the quality of work and generate profits for the company. The following is a list of training courses offered to employees in recent years:

Unit: hour; NT\$

Content		Acter	Taiwan Subsidiaries	Mainland	Southeast Asia	Total expense
Senior Executives (Executives of Vice President Rank or Higher) Average Training Hours	Male	6	4.06	2	0	7,745,482
	Female	0	0	0	0	
Middle Management Executives (Executives of Managerial Rank or Higher) Average Training Hours	Male	12	50.53	20.36	8	
	Female	20	3.76	32.53	0	
General Management Executives (Executives of Associate Department Head Rank) Average Training Hours	Male	15	35.13	29.40	32	
	Female	24	12.16	26.69	32	
General Employees Average Training Hours	Male	21	50.18	67.70	32	
	Female	19	21.94	33.21	32	

Below is a description of courses offered to employees:

- A. Specialized training: these courses are offered to enhance employees' work skills and practical experience, and include training on sales skills, construction design and supervision, project management, project cost estimation, 3D drawing, quality management, and work site safety. These courses are carried out in a lecture format combined with the practical experience of project managers.
- B. General knowledge training: the company organizes seminars on a variety of topics such as self-development, time management, listening and communication to help employees develop a positive attitude towards their jobs. These courses also give them the chance to learn about their own potential and encourage them to participate in mental and physical activities.
- C. Operation and management training: For important staff, operation and management-related training courses are provided; with case studies and the instructor's abundant practical experiences, it helps enrich the trainees' management skills.
- D. Orientation: these are training courses given to new hires upon arrival. They provide an introduction to the company's welfare system, work culture, and basic work practices such as construction management, procurement, information processing and accounting.
- E. Subsidies: Different subsidies are available for different areas and positions. There are cross-area allowances, phone bill subsidies, and medical care reimbursements, for example.

F. Bounties: In some companies, there are subsidies and bounties for foreign language learning programs, covering tuition or increasing salary.

(3) Retirement Systems, and the Status of their Implementation

The company has an employee retirement policy in place. It has assembled a Pension Supervisory Committee and contributes 2% of employees' monthly salaries into a pension account held with the Bank of Taiwan. Since July 1, 2005, the company has adopted the new pension system where the company contributes 6% of employees' salaries into individual pension accounts. Overseas companies also follow local laws and regulations governing employee benefits.

(4) The Status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

A. The company values employees' opinions and is dedicated to building an environment of open communication. Departmental meetings are held on a regular basis where opinions can be expressed openly and directed to the personnel responsible. Managers are also designated to oversee timely responses to such opinions.

B. Due to harmonious employer-employee relations, there were no employment-related disputes in the last year.

2. List any losses suffered by the company in the most recent 2 fiscal years and up to the date of printing of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

3. Protective measures about safety and health of employees

The company has passed ISO 14001:2015 (Validity period: from Dec. 14, 2021 to Dec. 13, 2024) and ISO45001:2018 (Validity period: from Dec. 14, 2021 to Dec. 13, 2023) certification for the purpose of ensuring proper management over workplace safety and health. It has a Quality Insurance & safety Department that is dedicated to promoting and supervising workplace safety.

The company strives to prevent occupational disasters and safeguard labor safety and health. According to its industrial mandate, the company maintains a management system that ensures environmental safety and health, and identifies unacceptable risks by taking into account major environmental considerations and occupational safety and health. It monitors possible risks and hazards caused by the environment and personnel. Using the PDCA management method, it continuously plans, implements, checks, improves and enhances its environmental safety and health performance.

The company's operating procedures related to working environment and employee safety include: protective measures such as general safety operations, elevated safety operations, hot work safety operations, electrical safety operations, hanging safety operations, milling hole safety operations, stacker safety operations, confined space safety operations, organic solvent safety operations, cleanroom safety operations, environmental safety and health inspections, safety equipment management, emergency response management, hazard education and management, site audits, self-inspection operations, etc., and employee safety.

The company's major target/subject and project management was as follows:

No.	Target/Subject	Project management	Status description	Course of action
1	Projects to enhance the identification of engineering personnel risk factors and safety management capabilities	<ol style="list-style-type: none"> <li>1. All engineers are required to obtain the qualification of safety and health affair managers.</li> <li>2. All engineers are required to effectively take action in case of major risks.</li> <li>3. Continue to strictly monitor safety and health work conditions, as well as collection, integration and management of safety and health documents at each site.</li> <li>4. Continue to require all safety staff to strengthen inspections to prevent unsafe behavior from contractors.</li> <li>5. Impose fines on contractors with poor cooperation and poor implementation of safety and health standards according to relevant regulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Some newly recruited engineers had poor management capabilities in handling site environmental hazards, and safety and health procedures.</li> <li>2. Some engineering personnel have poor management capabilities in requiring manufacturers to implement safety and health procedures.</li> <li>3. Some contractors fail to cooperate.</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuously follow up those who have not yet qualified and arrange training for them.</li> <li>2. Continuously implement site audit in terms of safety and health and management capabilities, and require engineers to comply with company risk management and operating procedures operations, to enable the project personnel to assess risks and improve protection capabilities.</li> <li>3. The annual manufacturer's appraisal obtains the appraisal score of the engineer for a fair evaluation. Manufacturers that do not meet the requirements are filtered out and excluded.</li> <li>4. Impose fines on contractors with poor cooperation and poor implementation of safety and health standards according to relevant regulations.</li> </ol>
2	Projects to improve contractor safety and health monitoring	<ol style="list-style-type: none"> <li>1. A contractor is required to obtain a qualification certificate after completing a 6-hour safety and health education/ training held by the training unit before the project is carried out, or personally undergo a safety and health education/ training.</li> <li>2. A contractor issues a hazard notification before commencing</li> </ol>	<ol style="list-style-type: none"> <li>1. A construction contractor personnel failed to comply with company safety and health regulations.</li> <li>2. Contractors have limited knowledge of risk factors on-site and relevant safety and health procedures.</li> <li>3. The company's engineering staff (security personnel and engineers) fails to strictly require contractor</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to require the construction contractor personnel to acquire relevant knowledge on safety and health from the training unit before entering the site, or personally obtain certification or proof of safety and health education and training provided by the contractor.</li> <li>2. A pre-work construction safety</li> </ol>

No.	Target/Subject	Project management	Status description	Course of action
		<p>construction.</p> <p>3. Strengthen on-site inspections. A contractor found to have violated company safety and health regulations shall be penalized according to company rules. All engineering personnel are required to implement safety and health management procedures.</p> <p>4. A contractor who underperforms and fails to implement safety and health procedures is required to conduct a rehabilitative training and perform regular inspections.</p>	<p>personnel to follow safety and health procedures.</p>	<p>meeting shall be convened everyday to inform about matters of safety and health that should be noticed.</p> <p>3. Strengthen on-site safety officers implementation capability, assist newly recruited engineers, strictly implement labor safety and health management policies and require contractors to perform self-checks.</p>
3	<p>Projects to improve office wiring inspection and lighting installation procedures</p>	<p>1. Wiring inspections are conducted in February, May, August and November. Damaged wires should be replaced immediately. Any induction problem should be solved.</p> <p>2. In February, May, August and November, the company conducts lighting inspections to maintain sufficient illumination in the workplace, providing a comfortable and safe operating environment for employees and preventing eye/vision-related problems. (The office illumination remains above 500 meters.)</p> <p>3. Damaged light fixtures should be replaced immediately.</p>	<p>1. To prevent electrical risks, wiring inspections should be conducted regularly and damaged electrical wires should be replaced immediately. All electricity related matters should be addressed promptly.</p> <p>2. Damaged lighting fixtures cause insufficient illumination.</p>	<p>1. Wiring inspections are conducted in February, May, August and November to ensure electrical safety.</p> <p>2. In February, May, August and November, the company conducts lighting inspections to maintain sufficient illumination in the workplace, providing a comfortable and safe operating environment for employees and preventing eye/vision-related problems.</p>

No.	Target/Subject	Project management	Status description	Course of action
4	Office Energy Saving Program	<ol style="list-style-type: none"> <li>1. Temperature in the office should be set at 26-28 degrees and posted this rule next to the switch.</li> <li>2. Doors and windows should be closed to reduce cold air leakage or hot air intrusion.</li> <li>3. Use T5 lamps and divide the office by area. Turn off any lights that are not used in each area.</li> <li>4. Promote to turn off lights during lunch break.</li> <li>5. Regular internal announcements to cultivate colleagues' energy-saving habits and establish energy-saving corporate culture.</li> </ol>	<ol style="list-style-type: none"> <li>1. Some air conditioners are not set at 26-28 degrees and colleagues occasionally forget to close doors and windows.</li> <li>2. During the lunch break, the lighting in some areas was not turned off.</li> <li>3. The colleague who left last forgot to turn off the air conditioner and lighting switch.</li> </ol>	<ol style="list-style-type: none"> <li>1. Continue to proclaim that temperature in the office should be set at 26-28 degrees and posted this rule next to the switch.</li> <li>2. Continue to proclaim that doors and windows should be closed to reduce cold air leakage or hot air intrusion.</li> <li>3. Continue to proclaim that the colleague who left last should remember to turn off the air conditioner, and also set the central control system to automatically turn off the air-conditioning power at 9 pm.</li> <li>4. Promote to turn off lights during lunch break.</li> <li>5. Regular internal announcements to cultivate colleagues' energy-saving habits and establish energy-saving corporate culture.</li> </ol>

## vi. Cyber security management

1. The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

With the development of technology, the information security risks faced by enterprises are increasing day by day. The company also pays attention to this issue. To strengthen information security management, protect security of computer information data, systems, equipment and networks of the company, prevent the improper use, leakage, alteration and destruction of information assets due to human negligence and deliberate sabotage, which may affect the normal operation of the computer operating system or damage the operations of the company, the company formulates an “Information Security Policy” for all colleagues to follow, and at the same time promotes it from time to time to enhance employees’ awareness of information security

### (1) Management Framework

The company assigns the IT department as the information security unit. Supervisor of the IT department concurrently serves as the company’s chief information security officer and has one information security personnel, jointly responsible for the maintenance and management of information security. They will regularly evaluate the appropriateness and effectiveness of information security policies, draw up a plan to strengthen protection measures and reduce information security risks, take ISO27001 as the benchmarks for information security management, and in the spirit of PDCA, continue to implement information infrastructure and information security measures to ensure the Security, Integrity and Availability of the company’s important information.

The IT department executes the routine information security inspections and submits inspection reports to the responsible supervisor for review and verification. The ratification status of the findings and issues addressed in such inspection shall be understood, tracked and verified to confirm that the information security policy has been complied with by the internal and external related personnel and units.

The company conducts the internal audit and the specific audit in accordance with the annual audit plan for the information and communications security inspection items of the company. The audit results are not only submitted to the Board of Directors but also reported to the chairman on a monthly basis or on an as need basis in order to provide the operation status of internal control functions to the management level so that they can understand the existing or potential issues and then made the optimization.

### (2) Specific Management Scheme

The company does not insured information security insurance, but the following specific management schemes are applied to minimize the information security risks. The company believes and expects that information technology can be enhanced and information security can be ensured through these efforts, so that the operation results of the company will be improved to promote the interests of all shareholders.

#### A. Respect the Intellectual Property

The use of the network resources and information assets of the company means respecting intellectual property rights and preventing the following behaviors that may infringe on intellectual property rights:

- a. Use of unauthorized computer software.
- b. Illegal downloading or copying works or software that are protected by copyright laws.

- c. Uploading copyright protected works to a public website without the consent of the copyright owner.
  - d. Randomly reposting articles published in internet discussion sections when reposting is expressly forbidden by the author.
  - e. Setting up a website that allows the public to download protected works illegally.
  - f. Other behaviors that infringe on intellectual property rights.
- B. Authority Control over the Information System
- a. The control is managed in accordance with the Information Service Request Form that any modification to the System shall be approved by the immediate supervisor and the head of the IT department to reduce the risk of unauthorized modification of data.
  - b. Users have the relevant functions in accordance with their given authority, and users of the non-relevant system do not have the authority to use the system that is not related to their business.
- C. Security Control of the Account Passwords
- a. Each user shall have his/her own account and password. In the event of departure or transfer of employees, his/her account shall be deleted or renewed.
  - b. The password of the user shall be updated regularly to reduce the risk of unauthorized use.
- D. Regulations Governing the Use of Internet and Email
- The users shall not conduct the following behaviors:
- a. Spreading a computer virus or other programs that may interrupt or break the system functions.
  - b. Using the internet resource or email to release official information outside the company without the permission.
  - c. Hacking, impersonating the account and password of others or lending your own account to others without justifiable reasons.
  - d. Abusing internet resources in any way, such as sending mass unsolicited marketing materials, chain letters or useless messages via email, or flooding mailboxes or robbing resources, etc. that affect the normal operations of the system.
  - e. Conducting fraudulent or illegal transactions, and using defamatory, insulting, obscene, harassing, discriminatory language in messages or illegal software transaction distributed by e-mail, online chats, bulletin board system (BBS) or similar functions.
  - f. Any use behavior that is not expressly regulated herein is prohibited if such behavior may endanger the information assets or information security of the company or if it violates the laws of the country.
- E. Regulations governing the Use of Information Assets
- a. In the event that the information equipment of the company or its' own device is used, the latest version of the virus protection software issued by the company shall be installed, and its virus code shall be updated regularly. We plan to amend our "Computer Operation and Management Guidelines" in 2022 to explicitly prohibit employees from bringing computer equipment not provided by the company to their workplaces.
  - b. The IT department publishes information concerning information security from time to time, such as update notices of the system software, introduction and prevention campaigns for common viruses, to ensure that employees are aware of

relevant information.

- c. Backup the necessary data regularly.

#### F. Data Protection Mechanism for Information System and Server Room Management

- a. The documents in different classes are controlled by the access principle of divisional authorization, and the document management system establishes a document access security mechanism in accordance with the level of confidentiality, such as download forbidden, printing forbidden, and duplicating the content forbidden.
- b. The routine data backup is performed by the IT department which performs the operation for the data file backup of all application systems and fills out the Server Backup History Table as backup records; the data after backup is stored offsite in case it is needed again.
- c. Access control shall be installed for the Server Room and the computer server equipment shall be installed with appropriate security measures in case of fire, flooding and theft; an uninterrupted power system is installed to prevent damage caused by power interruptions.

#### G. Manual governing the Emergency Contingency Response and System Restoration

- a. In the event that an abnormal incident occurs to the computer server, the logout notification shall be immediately made to the user and the data backup operation shall be carried out.
- b. In the event that the restoration of the System is required due to any abnormality of system, the system restoration plan shall be prepared by the user with the help of the information personnel, which shall achieve the following objectives:
  - (a) Disrupt the source of disaster as soon as possible to reduce the scope of the disaster.
  - (b) Restore the operation of equipment as soon as possible.
  - (c) Utilize the backup device or media to carry out the system restoration.
  - (d) Notify the user to conduct the restoration work of time-difference data.
- c. The system restoration plan shall be rehearsed, tested and modified from time to time to ensure that the restoration can be done as soon as possible.

#### (3) Execution in 2021

In 2021, we commissioned a third-party business to conduct a safety assessment encompassing the following items:

- A. Inspection of malicious online activities: Carrying out of safety testing operations by relying on the list of malicious IP and domains provided by the international Cyber Intelligence Center with a focus on packet sniffing and analysis and information security equipment log file analysis
- B. Inspection of malicious computer activities on the user end: Detection of malware or malicious files on personal computers including active and dormant malware, hacker utilities, and abnormal accounts and groups
- C. Inspection of malicious computer activities on the server end: Detection of malware or malicious files on servers including active and dormant malware, hacker utilities, and abnormal accounts and groups
- D. Social engineering drills: Sending of test mails to employees and recording of click rates to gain a better understanding of employee information security awareness

The assessment results indicate that there is still room for improvement in the field of social engineering performance. We have therefore organized a 2-hour information

security awareness training course to raise our employees' awareness of security threats. This course focused on safe use of social media, protective measures, sharing of cases, and e-mail safety rules. After conclusion of the course, relevant contents were made available to employees who were unable to attend the course via the E-learning system. The completion rate of corrective action aimed at material and high-risk items has reached 100%, which guarantees optimal information security.

(4)The incident handling process, response measures and daily prevention and protection for the Information Security Instances

Establish the response for various phases, as follows:

- A. Security Prevention: Establish various prevention, contingency and restoration plan and protection measures related to the software and hardware, environment, and personnel training for the system equipment.
- B. Emergency Response during the Incident: In the event of an intrusion or attack, activate the emergency response plan to minimize the damage caused by the incident promptly.
- C. Restoration Operation after incidents occurred: Review the existing protective measures, execute the restoration and reconstruction works, and amend the loopholes of the existing security mechanisms and related contingency plans in a timely manner.

Response Procedure for Security Incidents:

- A. Inform the Information Unit promptly for Handling.
- B. Whether the incident is an information security incident that is judged by the Information Unit: Identify the incident that belongs to internal security incidents, external intrusion incidents, natural disasters or catastrophic emergencies and determine the response methods and procedures.
- C. The reporting level is determined based on the judgment and the damage control is carried out in line with various incidents to reduce the degree and scope of impact and to resolve the problem thoroughly.
- D. Restore the system back to its normal state of operation before the incident occurred and review the ratification and establish related preventive measures.

Daily Protection

- A. Promotion and education training shall be emphasized in order to increase the employees awareness of the information security risks
  - B. Adjust the network security level and acquire the equipment in accordance with the current situation from time to time
2. Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

## vii. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taiwan Cooperative Bank	2021/11/08~2022/11/08 (Acter) 2021/12/25~2022/12/25 (Her Suo)	Overall credit limit	None
Financing Contract	Mega International Commercial Bank	2021/06/23~2022/06/22 (Acter) 2021/08/19~2022/08/18 (Her Suo) 2017/10/31~2023/01/30 (Nova Tech) 2022/01/25~2023/01/24 (Winmax & Suzhou Winmax) 2021/06/22~2022/06/21 (Acter Thailand)	Overall credit limit	None
Financing Contract	Hua Nan Bank	2021/07/01~2022/07/01 (Acter) 2021/02/18~2022/02/18 (Nova Tech)	Overall credit limit	None
Financing Contract	Shin Kong Bank	2021/07/20~2022/07/20 (Acter) 2021/08/31~2022/08/31 (Acter Thailand) 2022/01/24~2023/01/23 (Acter Indonesia)	Overall credit limit	None
Financing Contract	Taishin International Bank	2021/12/01~2022/11/30 (Acter) 2021/12/01~2022/11/30 (Nova Tech) 2021/11/30~2022/11/30 (AIL)	Overall credit limit	None
Financing Contract	Bank of Shanghai	2018/07/12~2022/10/12 (Acter) 2021/07/03~2022/07/03 (Enrich Tech)	Overall credit limit	None
Financing Contract	CTBC Bank	2021/12/29~2024/12/31 (Acter) 2021/12/31~2022/12/31 (Acter Vietnam) 2021/02/19~2022/12/31 (Acter China) 2022/01/01~2023/12/31 (Enrich Tech)	Overall credit limit	None
Financing Contract	Bank SinoPac	2021/09/02~2022/09/02 (Acter Shenzhen & Shenzhen Dingmao) 2021/11/15~2022/11/14 (Acter China)	Overall credit limit	None
Financing Contract	CITI BANK	2021/03/15~2022/03/14 (Acter) 2020/02/27~2021/02/27 (Acter Shenzhen & Shenzhen Dingmao & Acter China) 2021/04/01~2021/12/31 (Acter Indonesia)	Overall credit limit	None
Financing Contract	DBS	2021/03/31~2022/03/30 (Nova Tech)	Overall credit limit	None
Financing Contract	Standard Chartered	2021/10/31~2022/10/31 (Acter) 2021/12/03~2022/12/02 (Acter Shenzhen & Acter China) 2022/01/11~2023/01/10 (Acter Thailand) 2021/12/30~2022/12/29 (AIL)	Overall credit limit	None
Financing Contract	HSBC	2021/12/03~2022/12/02 (Acter) 2021/12/01~2022/11/30 (Nova Tech) 2021/03/05~2022/03/04 (Winmax & Suzhou Winmax) 2021/08/28~2022/08/27 (Acter Thailand) 2021/12/03~2022/12/03 (Rayzher) 2021/12/29~2022/12/28 (AIL)	Overall credit limit	None
Financing Contract	SMBC	2021/10/09~2022/10/09 (Acter)	Overall credit limit	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taipei Fubon Bank	2021/10/29~2022/10/29 (Acter) 2021/11/30~2022/11/29 (Nova Tech)	Overall credit limit	None
Financing Contract	E.SUN BANK	2021/09/07~2022/09/07 (Nova Tech)	Overall credit limit	None
Financing Contract	First Bank	2021/04/08~2022/04/08 (Acter Vietnam)	Overall credit limit	None
Financing Contract	Bank Of Taiwan	2021/07/30~2022/07/30 (Nova Tech)	Overall credit limit	None
Financing Contract	Shanghai Pudong Development Bank	2021/11/24~2022/11/23 (Acter China)	Overall credit limit	None
Financing Contract	China Construction Bank	2021/11/11~2022/12/28 (Acter China) 2021/10/28~2022/09/22 (Suzhou Winmax)	Overall credit limit	None
Financing Contract	Mizuho Bank	2021/09/30~2022/09/30 (Acter)	Overall credit limit	None
Financing Contract	Far Eastern International Bank	2022/01/18~2025/01/18 (Acter) 2022/03/01~2023/03/01 (Nova Tech)	Overall credit limit	None
Financing Contract	Huaxia Bank	2021/08/06~2022/08/06 (Acter China)	Overall credit limit	None
Financing Contract	Bank Of Ningbo	2021/09/23~2022/06/08 (Acter China)	Overall credit limit	None
Financing Contract	Fubon China	2021/10/28~2022/04/30 (Winmax & Suzhou Winmax)	Letter of Guarantee	None
Financing Contract	Bank Of China	2022/03/11~2023/01/12 (Winmax)	Letter of Guarantee	None
Engineering Contract	T2 Company	Work completed and inspected according to schedule from 2022/01/21	Engineering Contract	Guaranteed commitment
Engineering Contract	C2 Company	Work completed and inspected according to schedule from 2021/12/01	Engineering Contract	Guaranteed commitment
Engineering Contract	L5 Company	Work completed and inspected according to schedule from 2021/11/03	Engineering Contract	Guaranteed commitment
Engineering Contract	S6 Company	Work completed and inspected according to schedule from 2021/09/30	Engineering Contract	Guaranteed commitment
Engineering Contract	T3 Company	Work completed and inspected according to schedule from 2021/06/25	Engineering Contract	Guaranteed commitment
Engineering Contract	T4 Company	Work completed and inspected according to schedule from 2021/06/17	Engineering Contract	Guaranteed commitment
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2021/02/22	Engineering Contract	Guaranteed commitment
Engineering Contract	L3 Company	Work completed and inspected according to schedule from 2020/11/05	Engineering Contract	Guaranteed commitment
Engineering Contract	T2 Company	Work completed and inspected according to schedule from 2020/11/20	Engineering Contract	Guaranteed commitment
Engineering Contract	W6 Company	Work completed and inspected according to schedule from 2020/10/08	Engineering Contract	Guaranteed commitment
Engineering Contract	F1 Company	Work completed and inspected according to schedule from 2020/08/17	Engineering Contract	Guaranteed commitment
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2019/11/07	Engineering Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering Contract	C2 Company	Work completed and inspected according to schedule from 2019/06/27	Engineering Contract	Guaranteed commitment
Engineering Contract	Chunghwa Post Co., Ltd.	Work completed and inspected according to schedule from 2018/05/21	Engineering Contract	Guaranteed commitment
Engineering Contract	W3 Company	2020/08/01~2021/04/30	Engineering Contract	Guaranteed commitment
Engineering Contract	W4 Company	2020/12/07~2021/06/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Panasonic Homes Taiwan Co., Ltd.	Work completed and inspected according to schedule from 2016/12/26	Engineering Contract	Guaranteed commitment
Engineering Contract	Highlight Tech Corp.	Work completed and inspected according to schedule from 2018/07/01	Engineering Contract	Guaranteed commitment
Engineering and Equipment Contract	P1 Company	2021/08/24~2022/09/30	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S1 Company	Work completed and inspected according to schedule from 2020/06/11	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S3 Company	2020/11/04~2021/07/31	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	T1 Company	2017/08/01~2023/06/29	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S7 Company	Work completed and inspected according to schedule from 2021/04/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	G1 Company	Work completed and inspected according to schedule from 2021/12/16	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	U1 Company	2021/06/08~2022/01/31	Engineering and Equipment Contract	None
Engineering and Equipment Contract	W7 Company	2021/10/01~2022/09/30	Engineering and Equipment Contract	Guaranteed commitment
Equipment Contract	X1 Company	Work completed and inspected according to schedule from 2018/08/16	Equipment Contract	Guaranteed commitment
Engineering Contract	H1 Company	Work completed and inspected according to schedule from 2021/03/01	Engineering Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering Contract	L1 Company	Work completed and inspected according to schedule from 2019/01/25	Engineering Contract	Guaranteed commitment
Engineering Contract	W1 Company	Work completed and inspected according to schedule from 2019/09/01	Engineering Contract	Guaranteed commitment
Engineering Contract	B1 Company	Work completed and inspected according to schedule from 2019/09/05	Engineering Contract	Guaranteed commitment
Engineering Contract	S5 Company	Work completed and inspected according to schedule from 2019/12/10	Engineering Contract	Guaranteed commitment
Engineering Contract	Q1 Company	Work completed and inspected according to schedule from 2020/12/08	Engineering Contract	None
Engineering Contract	C5 Company	Work completed and inspected according to schedule from 2021/03/15	Engineering Contract	Guaranteed commitment
Engineering Contract	X1 Company	Work completed and inspected according to schedule from 2021/08/27	Engineering Contract	Guaranteed commitment
Engineering Contract	X1 Company	Work completed and inspected according to schedule from 2021/09/01	Engineering Contract	Guaranteed commitment
Engineering Contract	C6 Company	Work completed and inspected according to schedule from 2022/01/01	Engineering Contract	Guaranteed commitment
Engineering Contract	C6 Company	Work completed and inspected according to schedule from 2021/12/20	Engineering Contract	Guaranteed commitment
Engineering Contract	T1 Company	Work completed and inspected according to schedule from 2022/02/10	Engineering Contract	Guaranteed commitment
Engineering Contract	H2 Company	Work completed and inspected according to schedule from 2022/02/11	Engineering Contract	Guaranteed commitment

## VI. Financial Information

### i. Five-Year Financial Summary

#### 1. Condensed Balance Sheet

##### (1) Condensed Consolidated Balance Sheet-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary					Financial data as of 2022/03/31
		2017	2018	2019	2020	2021	
Current assets		10,686,151	10,892,189	10,805,708	13,795,953	17,257,605	(Note 1)
Property, plant and equipment		401,971	417,228	463,872	466,402	573,294	
Intangible assets		21,561	18,683	18,357	22,729	108,183	
Other assets		444,088	452,689	705,143	833,511	764,885	
Total assets		11,553,771	11,780,789	11,993,080	15,118,595	18,703,967	
Current liabilities	Before distribution	6,602,150	5,921,201	5,714,613	7,268,508	9,772,602	
	After distribution	7,285,865	6,734,243	6,527,414	7,954,749	10,631,631	
Non-current liabilities		287,100	478,076	729,425	1,551,607	1,635,367	
Total liabilities	Before distribution	6,889,250	6,399,277	6,444,038	8,820,115	11,407,969	
	After distribution	7,572,965	7,212,319	7,256,839	9,506,356	12,266,998	
Equity attributable to owners of the parent							
Common stock(Note 2)		471,529	542,028	541,868	541,868	571,868	
Capital surplus		1,412,098	1,393,239	1,392,119	1,437,710	1,866,632	
Retained earnings	Before distribution	2,057,315	2,483,445	2,698,781	2,855,485	3,367,371	
	After distribution	1,373,600	1,670,403	1,885,980	2,169,244	2,508,342	
Other equity		(66,649)	(69,586)	(129,185)	(139,461)	(171,385)	
Treasury stock		0	0	0	0	0	
Non-controlling interest		790,228	1,032,386	1,045,459	1,152,334	1,661,458	
Total shareholders' equity	Before distribution	4,664,521	5,381,512	5,549,042	6,298,480	7,295,998	
	After distribution	3,980,806	4,568,470	4,736,241	5,612,239	6,436,969	

Note1: Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

Note2: There are advance receipts for share capital of NT\$ 450,544 thousand and NT\$ 54 thousand in 2020 and 2021.

Note3: The above-mentioned after distribution figures are based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

##### (2) Condensed Standalone Balance Sheet-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Current assets		2,562,762	2,995,520	2,530,620	4,139,072	4,782,850
Property, plant and equipment		155,580	100,617	98,024	96,308	95,895
Intangible assets		4,750	3,755	5,308	6,317	6,534
Other assets		2,768,913	3,282,145	3,884,080	4,250,182	4,605,696
Total assets		5,492,005	6,382,037	6,518,032	8,491,879	9,490,975
Current liabilities	Before distribution	1,465,536	1,790,325	1,625,640	2,128,622	2,599,527
	After distribution	2,149,251	2,603,367	2,438,441	2,814,863	3,458,556
Non-current liabilities		152,176	242,586	388,809	1,217,111	1,256,908
Total liabilities	Before distribution	1,617,712	2,032,911	2,014,449	3,345,733	3,856,435

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
	After distribution	2,301,427	2,845,953	2,827,250	4,031,974	4,715,464
Equity attributable to owners of the parent						
Common stock(Note 1)		471,529	542,028	541,868	541,868	571,868
Capital surplus		1,412,098	1,393,239	1,392,119	1,437,710	1,866,632
Retained earnings	Before distribution	2,057,315	2,483,445	2,698,781	2,855,485	3,367,371
	After distribution	1,373,600	1,670,403	1,885,980	2,169,244	2,508,342
Other equity		(66,649)	(69,586)	(129,185)	(139,461)	(171,385)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	3,874,293	4,349,126	4,503,583	5,146,146	5,634,540
	After distribution	3,190,578	3,536,084	3,690,782	4,459,905	4,775,511

Note1: There are advance receipts for share capital of NT\$ 450,544 thousand and NT\$ 54 thousand in 2020 and 2021.

Note2: The above-mentioned after distribution figures are based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

## 2. Condensed Statement of Income

### (1) Condensed Consolidated Statement of Income-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary					Financial data as of 2022/03/31
		2017	2018	2019	2020	2021	
Operating revenue		11,437,682	14,220,653	12,674,886	13,977,010	20,217,225	(Note1)
Gross profit		2,043,869	2,536,179	2,572,339	2,518,506	3,282,799	
Income from operations		1,376,732	1,721,618	1,778,512	1,701,062	2,139,259	
Non-operating income(expenses)		(85,179)	117,428	87,954	(6,956)	39,242	
Income before tax		1,291,553	1,839,046	1,866,466	1,694,106	2,178,501	
Income from continuing operations - after tax		982,140	1,275,432	1,276,284	1,198,813	1,553,872	
Loss of discontinued operation		0	0	0	0	0	
Net income		982,140	1,275,432	1,276,284	1,198,813	1,553,872	
Other comprehensive income - after tax		(19,543)	(23,062)	(85,338)	(7,470)	(44,982)	
Total comprehensive income		962,597	1,252,370	1,190,946	1,191,343	1,508,890	
Net income attributable to owners of the parent		842,154	1,049,020	1,036,094	970,082	1,204,410	
Net income attributable to non-controlling interest		139,986	226,412	240,190	228,731	349,462	
Total comprehensive income attributable to owners of the parent		824,751	1,032,800	968,003	959,229	1,166,203	
Total comprehensive income attributable to non-controlling interest		137,846	219,570	222,943	232,114	342,687	
Earnings per share		15.76	19.52	19.16	17.90	21.08	

Note1: Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

## (2) Condensed Standalone Statement of Income-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Operating revenue		3,866,236	4,234,865	3,003,657	4,568,762	5,994,312
Gross profit		537,602	670,071	508,352	598,470	670,508
Income from operations		354,695	456,078	308,810	387,682	459,248
Non-operating income(expenses)		576,874	783,908	903,648	749,222	930,913
Income before tax		931,569	1,239,986	1,212,458	1,136,904	1,390,161
Income from continuing operations - after tax		842,154	1,049,020	1,036,094	970,082	1,204,410
Loss of discontinued operation		0	0	0	0	0
Net income		842,154	1,049,020	1,036,094	970,082	1,204,410
Other comprehensive income - after tax		(17,403)	(16,220)	(68,091)	(10,853)	(38,207)
Total comprehensive income		824,751	1,032,800	968,003	959,229	1,166,203
Net income attributable to owners of the parent		842,154	1,049,020	1,036,094	970,082	1,204,410
Net income attributable to non-controlling interest		0	0	0	0	0
Total comprehensive income attributable to owners of the parent		824,751	1,032,800	968,003	959,229	1,166,203
Total comprehensive income attributable to non-controlling interest		0	0	0	0	0
Earnings per share		15.76	19.52	19.16	17.90	21.08

## 3. Auditors' Opinions from 2017 to 2021

Year	CPA Firm	CPA's Name	Auditing Opinion
2017	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2018	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2019	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2020	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2021	KPMG	Chen, Cheng-Hsueh 、Huang, Hai-Ning	Unqualified opinion

## ii. Five-Year Financial Analysis

### 1. Financial Analysis-IFRS(Consolidated Financial Statements)

Item	Year	Financial analysis in the past five years					As of 2022/03/31
		2017	2018	2019	2020	2021	
Financial structure	Ratio of liabilities to assets (%)	59.62	54.31	53.73	58.33	60.99	(Note 1)
	Ratio of long-term capital to property, plant and equipment (%)	1,231.83	1,404.40	1353.49	1,683.11	1,557.90	
Solvency	Current ratio (%)	161.85	183.95	189.08	189.80	176.59	
	Quick ratio (%)	106.44	150.24	146.88	137.22	112.23	
	Times interest earned ratio	137	376	356	237	90	
Operating ability	Accounts receivable turnover (turns)	4.17	4.41	3.26	3.36	3.89	
	Average collection period	87.52	82.76	111.96	108.63	93.83	
	Inventory turnover (turns)	0.80	0.82	0.63	0.63	0.75	
	Accounts payable turnover (turns)	3.27	3.61	2.97	3.37	3.48	
	Average days in sales	456.25	445.12	579.36	579.36	486.66	
	Property, plant and equipment turnover (turns)	29.45	34.71	28.76	30.04	38.89	
	Total assets turnover (turns)	1.11	1.21	1.06	1.03	1.20	
Profitability	Return on total assets (%)	9.68	10.96	10.77	8.88	9.30	
	Return on stockholders' equity (%)	24.41	25.39	23.35	20.23	22.86	
	Ratio of Pre-tax income to issued capital (%)	273.90	339.29	344.45	312.64	380.94	
	Profit ratio (%)	8.58	8.96	10.06	8.57	7.68	
	Earnings per share (\$)	15.76	19.52	19.16	17.90	21.08	
Cash flow	Cash flow ratio (%)	16.21	25.10	13.18	9.20	(0.80)	
	Cash flow adequacy ratio (%)	63.54	105.71	101.23	75.64	44.86	
	Cash reinvestment ratio (%)	13.73	14.67	(0.95)	(1.83)	(8.60)	
Leverage	Operating leverage	1.02	1.01	1.04	1.04	1.06	
	Financial leverage	1.01	1.00	1.00	1.00	1.01	
Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)							
<ol style="list-style-type: none"> <li>1. The decrease in times interest earned ratio was mainly due to the amortization of corporate bonds issued in November 2020 and the increase in borrowings for operations, resulting in an increase in interest expenses compared with 2020.</li> <li>2. The increase in property, plant and equipment turnover and ratio of pre-tax income to issued capital were mainly due to the increase in net sales compared with the previous year.</li> <li>3. The decrease in cash flow ratio and cash reinvestment ratio were mainly due to the cash outflow and cash inflow from operating activity in 2021 and 2020 respectively.</li> <li>4. The decrease in cash flow adequacy ratio was mainly due to the increase in inventory and cash dividends in the past five years.</li> </ol>							

Note1: Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA

## 2. Financial Analysis-IFRS(Standalone Financial Statements)

Item	Year	Financial analysis in the past five years				
		2017	2018	2019	2020	2021
Financial structure	Ratio of liabilities to assets (%)	29.45	31.85	30.90	39.39	40.63
	Ratio of long-term capital to property, plant and equipment (%)	2588.03	4563.57	4990.99	6607.22	7186.46
Solvency	Current ratio (%)	174.86	167.31	155.66	194.44	183.98
	Quick ratio (%)	128.41	138.29	122.08	142.26	115.47
	Times interest earned ratio	61,816	83,053	204	540	134
Operating ability	Accounts receivable turnover (turns)	4.21	5.47	3.24	3.76	4.20
	Average collection period	86.69	66.72	112.65	97.07	86.90
	Inventory turnover (turns)	0.65	0.66	0.52	0.80	0.74
	Accounts payable turnover (turns)	3.73	4.13	2.84	3.87	3.37
	Average days in sales	561.53	553.03	701.92	456.25	493.24
	Property, plant and equipment turnover (turns)	24.84	33.05	30.24	47.02	62.37
	Total assets turnover (turns)	0.76	0.71	0.46	0.60	0.66
Profitability	Return on total assets (%)	16.55	17.66	16.07	12.94	13.48
	Return on stockholders' equity (%)	24.27	25.51	23.40	20.10	22.34
	Ratio of Pre-tax income to issued capital (%) (Note 4)	197.56	228.76	223.75	209.81	243.09
	Profit ratio (%)	21.78	24.77	34.49	21.23	20.09
	Earnings per share (\$)	15.76	19.52	19.16	17.90	21.08
Cash flow	Cash flow ratio (%)	23.94	34.56	(7.7)	13.66	(15.00)
	Cash flow adequacy ratio (%)	53.21	61.79	56.14	35.60	16.12
	Cash reinvestment ratio (%)	(0.66)	0.12	(19.34)	(8.25)	(15.66)
Leverage	Operating leverage	1.01	1.01	1.05	1.04	1.04
	Financial leverage	1.00	1.00	1.00	1.01	1.02

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

- The decrease in times interest earned ratio was mainly due to the increase in interest expenses caused by the amortization of corporate bonds issued in November 2020.
- The increase in property, plant and equipment turnover was mainly due to the net sales increased.
- The decrease in cash flow ratio and cash reinvestment ratio were mainly due to the cash outflow and cash inflow from operating activity in 2021 and 2020 respectively.
- The decrease in cash flow adequacy ratio was mainly due to the increase in inventory and cash dividends in the past five years and the decrease in net cash flow from operating activity in the past five years.

Formulas for the above two tables are as follows.

### 1. Financial Structure

- Ratio of liabilities to assets = Total liability / Total assets
- Ratio of long-term capital to property, land and equipment = (Net shareholders' equity + Long-term liability) / Net property, land and equipment

### 2. Solvency

- Current ratio: Current assets / current liability
- Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
- Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year

### 3. Operating ability

- Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
- Days sales in accounts receivable = 365 / Account receivable turnover

- (3) Inventory turnover = Cost of goods sold / Average inventory amount
- (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
- (5) Average days in sales = 365 / Inventory turnover
- (6) Property, land and equipment turnover = Net sales / Net property, land and equipment
- (7) Total assets turnover = Net sales / Total assets
4. Profitability
- (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
- (2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity
- (3) Profit ratio = Net income (loss) / Net sales
- (4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average stock shares issued(note 1)
5. Cash flow
- (1) Cash flow ratio = Net cash flow from operating activity / Current liability
- (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years
- (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital) (note 2)
6. Leverage
- (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income(note 3)
- (2) Degree of financial leverage = Operating income / (Operating income – interest expense)
- Note1: The following factors are to be included in the consideration for the calculation of earnings per share:
1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
  2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
  3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
  4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.
- Note2: The following factors are to be included for consideration for the analysis of cash flow:
1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
  2. Capital expenditure meant for the cash outflow of capital investment annually.
  3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
  4. Cash dividend includes the amount for common stock and preferred stock.
  5. Gross Property, land and equipment for the total Property, land and equipment before deducting the cumulative depreciation.
- Note3: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.
- Note4: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent.

### **iii. Audit Committee's Review Report in the Most Recent Year**

#### **ACTER GROUP CORPORATION LIMITED**

##### **Audit Committee's Review Report**

This company's 2021 financial statements have been approved by the Audit Committee and resolved by the board of directors. The foregoing financial statements have been audited by CPA of KPMG under commission to the board, and the auditor has issued an audit report relating to the financial statements.

This company's 2021 business report and earnings distribution proposal have been prepared and issued by the board of directors. The foregoing business report and earnings distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

2022 shareholders meeting of ACTER GROUP CORPORATION LIMITED

#### **ACTER GROUP CORPORATION LIMITED**

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 24, 2022

### **iv. Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report**

Please refer to page 145 ~ page 231 of this annual report.

### **v. A parent company only financial statement for Years Ended December 31, 2021 and 2020, certified by a CPA**

Please refer to page 232 ~ page 297 of this annual report.

### **vi. Impact on the company's financial situation if the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report**

None.

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

### i. Financial Position

Unit: NT\$ thousand

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		13,795,953	17,257,605	3,461,652	25.09
Non-Current Assets		1,322,642	1,446,362	123,720	9.35
<b>Total Assets</b>		<b>15,118,595</b>	<b>18,703,967</b>	<b>3,585,372</b>	<b>23.71</b>
Current Liabilities		7,268,508	9,772,602	2,504,094	34.45
Non-Current Liabilities		1,551,607	1,635,367	83,760	5.40
<b>Total Liabilities</b>		<b>8,820,115</b>	<b>11,407,969</b>	<b>2,587,854</b>	<b>29.34</b>
Capital stock		541,868	571,868	30,000	5.54
Capital surplus		1,437,710	1,866,632	428,922	29.83
Retained Earnings		2,855,485	3,367,371	511,886	17.93
Other Equity		(139,461)	(171,385)	(31,924)	22.89
<b>Total Equity attributable to the parent of company</b>		<b>5,146,146</b>	<b>5,634,540</b>	<b>488,394</b>	<b>9.49</b>
<b>Total Equity</b>		<b>6,298,480</b>	<b>7,295,998</b>	<b>997,518</b>	<b>15.84</b>
1. Analysis of changes in financial ratios:					
(1) Current assets and total assets increased due to the increase in contract assets and net accounts receivable in 2021.					
(2) Current liabilities and total liabilities increased due to the increase in accounts payable in 2021.					
(3) Capital surplus increased due to the issuance of new shares through cash capital increase in 2021.					
(4) Other equity decreased due to the exchange differences on translation of foreign financial statements.					
2. Future response actions: Not applicable.					
3. There are advance receipts for share capital of NT\$ 450,544 thousand and NT\$ 54 thousand included in the total equity in 2020 and 2021.					

### ii. Financial Performance

Unit: NT\$ thousand

Item	Year	2020	2021	Difference	Percentage change (%)
Cost of Sales		11,458,504	16,934,426	5,475,922	47.79
Gross Profit		2,518,506	3,282,799	764,293	30.35
Operating Expenses		817,444	1,143,540	326,096	39.89
Operating Income		1,701,062	2,139,259	438,197	25.76
Non-operating Income and Gains		69,478	103,147	33,669	48.46
Non-operating Expenses and Losses		76,434	63,905	(12,529)	(16.39)
Income Before Tax		1,694,106	2,178,501	484,395	28.59
Tax Expense		495,293	624,629	129,336	26.11
Net Income		1,198,813	1,553,872	355,059	29.62
1. Analysis of changes in financial ratios:					
(1) The increase in net sales was mainly due to the income increased from cleanroom electromechanical project and the acquisition of subsidiary in 2021.					
(2) The increase in cost of sales and gross profit were mainly due to the increase in material cost and labor shortage.					
(3) The increase in operating expenses and operating income were mainly due to the increase in employment costs.					

- (4) The increase in non-operating income and gains and income before tax were mainly due to share of profit of associates and joint ventures accounted for using equity method in 2021.
- (5) The increase in tax expense and net income were mainly due to the increase in income before tax and the income tax expenses from subsidiaries.
2. Expected sales volume and basis for estimates :  
Please refer to page 5 “2.2.2 Expected sales volume and basis for estimates” of this annual report.

### iii. Cash Flow

#### 1. Cash Flow Analysis for the Current Year (2021)

Item \ Year	2020	2021	Variance %
Cash Flow Ratio (%)	9.20	(0.80)	(108.70)
Cash Flow Adequacy Ratio (%)	75.64	44.86	(40.69)
Cash Reinvestment Ratio (%)	(1.83)	(8.60)	369.95

Analysis of financial ratio change:

- The decrease in cash flow ratio and cash reinvestment ratio were mainly due to the cash outflow and cash inflow from operating activity in 2021 and 2020 respectively.
- The decrease in cash flow adequacy ratio was mainly due to the increase in inventory and cash dividends in the past five years.

#### 2. Remedy for Cash Deficit and Liquidity Analysis

None.

#### 3. Cash Flow Analysis for the Coming Year(2022)

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow(Inflow) from Investing and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
3,698,831	800,000	(1,150,000)	3,348,831	None	None

Analysis of change in cash flow for the coming year:

- Operating Activities: The cash inflow will be generating from construction revenue.
- Investing Activities: The cash outflow will be mainly due to financing or investment plans.
- Financing Activities: The cash outflow will be mainly due to cash dividend payment and repayment of bank loans.

### iv. Major Capital Expenditure Items

None.

### v. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

#### 1. Investment Policy

Acter aims to become a globalized organization, first by securing a strong foothold in Asian markets, and then gradually replicating its successful experience to other parts of the world. This strategy begins with the Greater China region, where the company has subsidiaries in Suzhou, Shenzhen and Shanghai. Each subsidiary will be run by a dedicated team in order to closely serve local industry. Southeast Asia is another one of the company’s overseas business focuses, with plans to set up in Malaysia, Indonesia, and Thailand. By which time, Taiwan, China, Singapore and Vietnam will play a role as a support center that supplies Malaysian and Indonesian counterparts with raw materials,

technical know-how, and human resources. Once the Southeast Asian subsidiaries have formed a functional network, they will provide more flexibility to the company's engineering services in Southeast Asia.

In addition, with the aims of expanding China and international business, attracting and motivating local talents, increasing the company's reputations and enhancing its global competitiveness, the company's subsidiary Acter Technology Integration Group Co., Ltd. applied for listing in China. The successful listing of this subsidiary is expected to bring positive effects to the image and business development of the company and create added value to its reinvestments.

## 2. Main Causes for Profits or Losses and Improvement Plans

(1)The global industry is short of supply and demand in the post-epidemic era. As countries actively promote the autonomy of semiconductors and the development of 5G and AI application technologies, not only semiconductor upstream, midstream, and downstream supply chains, but also companies in the field of high-tech electronics, Netcom Information Center, and high-end office buildings have capital expenditure plans. The expansion needs of various industries have continued to increase, creating a good order-taking environment for cleanroom and electromechanical integration engineering businesses, and driving the growth of the company's investors in Taiwan, China, and Southeast Asia.

### (2)Improvement Plans

The company will seek to implement its management model with the subsidiaries, while in the meantime developing an elite team of local talent that is capable of handling existing technologies and actively visit customers to obtain orders.

## 3. Investment Plans for the Coming Year

The company actively develops business in Southeast Asia and will follow the path over the next year. Through the globalization strategy to expand the company's operation scale and gradually integrate operation in China area. The company's subsidiary Acter Technology Integration Group Co., Ltd. will have the core service of clean room engineering and electromechanical system integration service and Winmax Technology will have the core service of chemical system of electronic engineering respectively in China. It is expected to create optimum returns for the investors.

The company and its subsidiary Nova Technology Corp. for the group growth invest on AMPOC Far-East Co., Ltd. The company will cooperate with AMPOC and provide PCB (Printed Circuit Board) and semiconductor advanced process equipment and material integration service. Furthermore, proceeded resource combination and acquire synergy in business expansion, enlarge the semiconductor, optoelectronic, PCB and etc. industries business opportunity and helpful for mutual long term development, so as to seek more development in horizontal and vertical integration.

## vi. Analysis of Risk Management

### 1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate and its affiliates Finance, and Future Response Measures

#### (1) Interest Rates

##### A. Effects of Changes in Interest Rates on Corporate and its affiliates Finance

The interest income or interest expenses to net operating revenues in 2021 were below 0.17%. The effect of interest rate movements on net income was limited.

Unit: NT\$ thousand

Item	Year	2021	The 1 <sup>st</sup> Quarter of 2022
Interest Income(1)		33,405	Note1
Interest Expenses(2)		24,460	
Net Operating Revenue(3)		20,217,225	
Ratio of Interest Income to Net Operating Revenue (1)/(3)		0.17%	
Ratio of Interest Expenses to Net Operating Revenue (2)/(3)		0.12%	

Note1: Financial information in 2021 has been audited by CPA and financial information for the 1<sup>st</sup> quarter of 2022 has not been reviewed by CPA.

##### B. Future Response Measures

The company's interest expenses were incurred mainly due to the utilization of short-term working capital financing offered by banks. The company will continue maintaining close relationships with banking partners in order to borrow funds at more favorable rates and reduce interest expenses.

#### (2) Foreign exchange rates

##### A. Effects of Changes in Foreign Exchange Rates on Corporate and its affiliates Finance

The company and its affiliates are construction services providers and not importer/exporter. Although some of its raw materials are purchased from overseas suppliers and are denominated in foreign currencies, the NTD (18,531) thousand in exchange gains (losses) in 2021 was relatively insignificant compared to overall revenue and operating profits. For this reason, changes in exchange rates should not cause any significant impact on the company and its affiliates' revenues and profitability.

Unit: NT\$ thousand

Item	Year	2021	The 1 <sup>st</sup> Quarter of 2022
Income/Loss from Foreign Exchange Transactions		(18,531)	Note1
Net Operating Revenue		20,217,225	
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)		(0.09%)	
Operating Income		2,139,259	
Ratio of Income/Loss from Foreign Exchange Transactions to Operating Income (%)		(0.87%)	

Note1: Financial information in 2021 has been audited by CPA and financial information for the 1<sup>st</sup> quarter of 2022 has not been reviewed by CPA.

## B. Future Response Measures

Although exchange rate fluctuations have little effect on the company and its affiliates' operations, the company still attempts to mitigate exchange risks by closely monitoring exchange rate information provided by its banking partners, and by reflecting exchange rate fluctuations into the pricing of its sales and purchases.

### (3) Inflation

#### A. Effects of Changes in Inflation on Corporate and its affiliates Finance

The changes in inflation does not have a significant impact on the company's profits and business operations during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

#### B. Future Response Measures

The company constantly monitors price changes in the market, and maintains good relations with suppliers to minimize the effect of cost variations on profitability. At the same time, the company has strict budget and internal controls in place to keep operating costs and expenses within reasonable levels.

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

(1) The Company did not engage in any high-risk or high-leveraged investments during the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report.

(2) The company and its subsidiaries have established respectively the "Procedure for Loaning of Company Funds" or "Financing and external guarantee management system" which were reported to and approved by the shareholders meeting as the basis for making loans to others. The transactions and procedures related to lending are based on the company's norm.

(3) The company and its subsidiaries have established respectively the "Procedure for Endorsements and Guarantees" or "Financing and external guarantee management system" which were reported to and approved by the shareholders meeting as the basis for making endorsements and guarantees for others. The transactions and procedures related to making endorsement and guarantees are based on the company's norm.

(4) The Company and its subsidiaries have established the "Procedure for Acquisition and Disposal of Assets." or "Major operation and investment decision management system" which were reported to and approved by the shareholders meeting as the basis for conducting any derivative transactions. The transaction and procedures related to conducting any derivative transactions are based on the Company's norm.

## 3. Future Research & Development Projects and Corresponding Budget

The R&D focus of system integration engineering is different from that of other industries in that system integration engineering is a customized solution developed based on a project owner's needs, for which the company is required to explore different combinations of construction techniques, materials and equipment to deliver the best solution, while developing an operating system and environment that satisfies customers' production requirements. Due to the high dependency on customers' industry characteristics, the company's R&D efforts are largely focused on industry-specific innovations. In order to excel in innovation, the company and its affiliates have developed

a fundamental research, design and management procedure that brings different teams of researchers to develop a tightly integrated customer solution. Below is a description of the company's future R&D plans:

- (1) Patent development: the company keeps acquiring patents in China; most of them relating to construction methods, applications and new materials, and software programming of a chemical equipment supply system.
- (2) Talent incubation and academia-industry cooperation: the company has comprehensive on-the-job training programs in place to help employees develop skills required, and works with scholars to explore new innovations. The company has been collaborating with National Taipei University of Technology, National Taiwan University of Science and Technology, and National Chin-Yi University of Technology in an internship program since 2006, and allying with Feng Chia University.
- (3) Energy-saving technologies: in light of rising global emphasis on energy-saving, green and low-carbon lifestyles, the company has devoted many resources into research on energy-saving construction techniques and products that help customers reduce costs by making more efficient use of available resources, and improving business competitiveness.
- (4) Biotech research: The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP.  
The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.
- (5) Studies on rationalized production procedures: in-depth studies on project owners' production procedures are helpful to facilitate communications with them. Doing so allows the company to make adjustments and help project owners optimize the efficiency of their production environment. Due to the extensive range of industries that the company's services touch on, it is imperative for the company to gain in-depth knowledge of production procedures involved before recommending any solutions to customers.
- (6) In utilization of the technical capability of established Building Information Modeling (BIM) - Revit of Company, take one step further into the Digital Twin application technology for air conditioning system which applies the digital computing and simulation technology in design and construction process so that the design efficiency, optimization design, construction efficiency and efficiency optimization of system energy is improved; the system balance and performance validation is assisted during the completion acceptance process so that the acceptance efficiency is improved; in the operation phase, the BIM, energy model,

environmental control model, and monitoring system of physical and digital systems is integrated to perform the system operation management, system predictive maintenance diagnosis, faults diagnosis, operation optimization analysis, and artificial intelligence mechanical learning so that the risk of unanticipated faults is reduced, the operating costs is decreased, and the system energy efficiency is improved.

(7) To solve the time-consuming and complicated modeling and calculation issues of air conditioning design engineers in the design stage, the Building Information Modeling (BIM) of Revit and energy simulation technology is integrated and utilized by external computer programs so that the system design calculation report will be produced automatically through the automation database connection mechanism between the system design data, which not only can assist the air conditioning design engineers to complete air conditioning design volume calculations efficiently but also perform the value engineering analysis such as energy efficiency and cost optimization calculations.

(8) The adoption of illuminance simulation software-aided lighting design ensures that the number of installed lighting fixtures matches actual needs, while achieving the goal of minimal deviations and reduced energy consumption.

(9) Corresponding Budget

Unit : NT\$ thousand

Research projects	Current Progress	Expected research expenditure in the future	Completion Date	Project Description	Major factors that will impact future success
【Digital Intelligence】 industry-academia cooperation program	In progress	1,224	Jun. 2023	<ul style="list-style-type: none"> <li>Apply multi-industry experience to establish standardized design to accelerate R&amp;D innovation</li> </ul>	<ul style="list-style-type: none"> <li>Combining academic knowledge with practice</li> <li>Passing down technical applications</li> </ul>
Useful new patents	We are continually applying for related patents	312,804	Jun. 2024	<ul style="list-style-type: none"> <li>Construction techniques are optimized and the capabilities of equipments are upgraded.</li> <li>New function requirements and new system development</li> <li>Reduce procurement costs</li> </ul>	<ul style="list-style-type: none"> <li>Personnel participate in research</li> <li>Encouragement and support from company</li> <li>local policy support</li> </ul>
Constructing Digital Twin and applications of air-conditioning systems with BIM and simulation technology	In progress	2,040	Mar. 2023	Integrate Revit's BIM and energy simulation technology in the design and construction process to improve design efficiency and system energy efficiency optimization	<ul style="list-style-type: none"> <li>Openness of the application</li> </ul>

Research projects	Current Progress	Expected research expenditure in the future	Completion Date	Project Description	Major factors that will impact future success
BIM introduce ISO drawing output software	In progress	1,652	Dec. 2022	Make ISO drawings with BIM, and pre-set off-site pipelines to speed up the work.	• Output efficiency of drawing

#### 4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The company constantly monitors changes in key policies and regulations around the world. The company also gathers market intelligence and adjusts business strategies to better control its financial performance. There have been no changes in key policies or regulations, locally or overseas, that have caused significant impact on the company's financial performance during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

#### 5. Effects of and Response to Changes in Technology (including cyber security risks) and in Industry Relating to Corporate Finance and Sales

In light of the relocation of many tech industries to Southeast Asia and China, the company has established subsidiaries in strategic locations such as Singapore, Malaysia, Vietnam, Indonesia, Thailand, Shenzhen, Suzhou, and Shanghai. This expanded network has enabled the company to cover a broader area and reach more customers.

With the development of technology, the information security risks faced by enterprises are increasing day by day. The company also pays attention to this issue. To strengthen information security management, protect security of computer information data, systems, equipment and networks of the company, prevent the improper use, leakage, alteration and destruction of information assets due to human negligence and deliberate sabotage, which may affect the normal operation of the computer operating system or damage the operations of the company, the company formulates an "Information Security Policy" for all colleagues to follow, and at the same time promotes it from time to time to enhance employees' awareness of information security

There have been no changes in technology (including information security risks) or the overall industry that have caused significant impact on the company's financial performance during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

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

The company and its affiliates have strived to upgrade its technical know-how in line with market trends since incorporation. It places a primary focus on quality, technology and service, and is dedicated to helping customers adopt the latest technologies. Over the years, the company has provided engineering services to a number of well-known companies including Siliconware Precision Industries, TSMC, DELTA, and Corning (Taiwan). There has been no negative impact on the company's image requiring crisis management during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

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

The Company and its affiliates have no ongoing merger and acquisition activities.

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

The company currently does not have any plans to expand its plants.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The company provides construction services on a project-by-project basis. It mainly serves manufacturing companies and has no fixed customers. However, for large projects, there may be cases where revenue is earned from a few concentrated customers over a short period of time. As a means of controlling credit risks, the company performs credit assessments on customers before a project begins, and closely monitors customers' operations and market information once a project has kicked off.

The company conducts purchasing according to the nature and progress of construction, while adhering strictly to procurement and outsourcing procedures. There has been no concentration of purchasing during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

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

The shareholdings of the Company's directors have been stable during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report, and there have been no major transfers or swaps of shares.

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

There were no changes in control over the company during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

12. Litigious or Non-litigious Matters

(1) Major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report:

A. A lawsuit of engineering cost for elimination of white smoke against Leal & League Technology Co., Ltd. (Original name: AX-CELLENT GREEN ENERGY & REPRODUCTION INC.) (L&L) :

Cause of lawsuit: Nova Technology Corp. (Nova Tech) and L&L have entered an engineering contract. This engineering project has been terminated by L&L without completing the engineering project. According to the payment terms in the contract, L&L shall pay Nova Tech for NT\$3,379,227 based on the progress percentage of the engineering project then.

Status of lawsuit: Nova Tech, a subsidiary company, undertook the expansion of L&L on October 12, 2016. In accordance with the Supreme Court's judgment, the judgment of Taiwan High Court Tainan Branch Court on Feb. 19, 2019 was upheld, L&L needs to pay Nova Tech NT\$1,013,768 and 5% interests calculated from March 20, 2016. The "Civil petition of motion for fixing the amount of litigation expenses" was filed with the court on February 5, 2021 to commence the enforcement proceedings and is currently awaiting notice from the court. Regarding the cost of construction performed, Nova Tech has recognized the

valuation allowance according to the related accounting standards. Taiwan Tainan District Court 2021 Jien-Zi No.537, ordered Nova Tech shall refund NT\$1,264,016. The case is no longer on appeal.

(2)Major litigious, non-litigious or administrative disputes that are still under litigation as of the date of printing of this annual report:

A. The non-contentious case of project payment with Wintek Corporation (Wintek) and its subsidiaries in China and Vietnam:

Cause of lawsuit: The Company and its subsidiary undertook the new manufacturing facility projects of Wintek in Dongguan, China and Gwangju, Vietnam between 2012 and 2013. Wintek started to be delinquent on payments in 2013 and filed for reorganization with Taiwan Taichung District Court on October 13, 2014. To protect the Company's rights as creditor, proceedings have been ongoing in respective jurisdictions for the debts in accordance with local legal requirements.

Status of lawsuit:

- a. Wintek Taiwan: Taiwan Taichung District Court has confirmed the reorganization ruling of Wintek on October 5, 2016. Currently it has entered the reorganization procedure. As of the printing date of the annual report, Wintek has made three installments and loss ratio for the firm with unwarranted claim is 16%, 6%, and 10%, respectively. The Company has acquired the first to third compensation payments.
- b. Wintek subsidiary in Vietnam: It has obtained an arbitrary award of winning a court case through Vietnam international arbitrary center. The parties shall reach a settlement pursuant to the payment on the arbitrary award and come to an agreement on reduction of debt with three installment payments. The Company has acquired all installment payments.
- c. Wintek subsidiary in China: After Guangdong Dongguan People' Court conducted corporate reorganization ruling, the first loss ratio for the firm with unwarranted claim is 6.5%, and every firm will be paid with an extra of CNY 50,000 as compensation money. The Company has acquired the first compensation money in 2017 and the second allocation in 2021. The amount of the second allocation is the unpaid balance after the first payment multiplied by the second loss ratio the firm with unwarranted claim of 6.26%.

B. Project payment lawsuit against Jing He Science Co., Ltd. (JHS) N2O & CO2 Gas Plant:

Cause of lawsuit: Nova Technology Corp. (Nova Tech), a subsidiary company, undertook the expansion of Jing He's JHS N2O&CO2 Gas Plant on October 29, 2012. Jing He terminated the contract unilaterally before completion. Both parties disputed over the percentage of completion, and Jing He refused to make payments. The said dispute required the judicial investigations, so Nova Tech filed an action to request for NT\$122,090,708, payments of the construction.

Status of lawsuit: Nova Tech filed a civil action against Jing He on October 29, 2013 and the first trial is in the process of hearing. (Case No: Taiwan Taoyuan District Court 2013 Jien-Zi No.71) As of the publish date of annual report, Nova Tech is still unable to predict the result of the judgment and damages; however, Nova Tech has recognized the valuation allowance for the cost of construction performed according to the related accounting standards.

13. Other Major Risks

None.

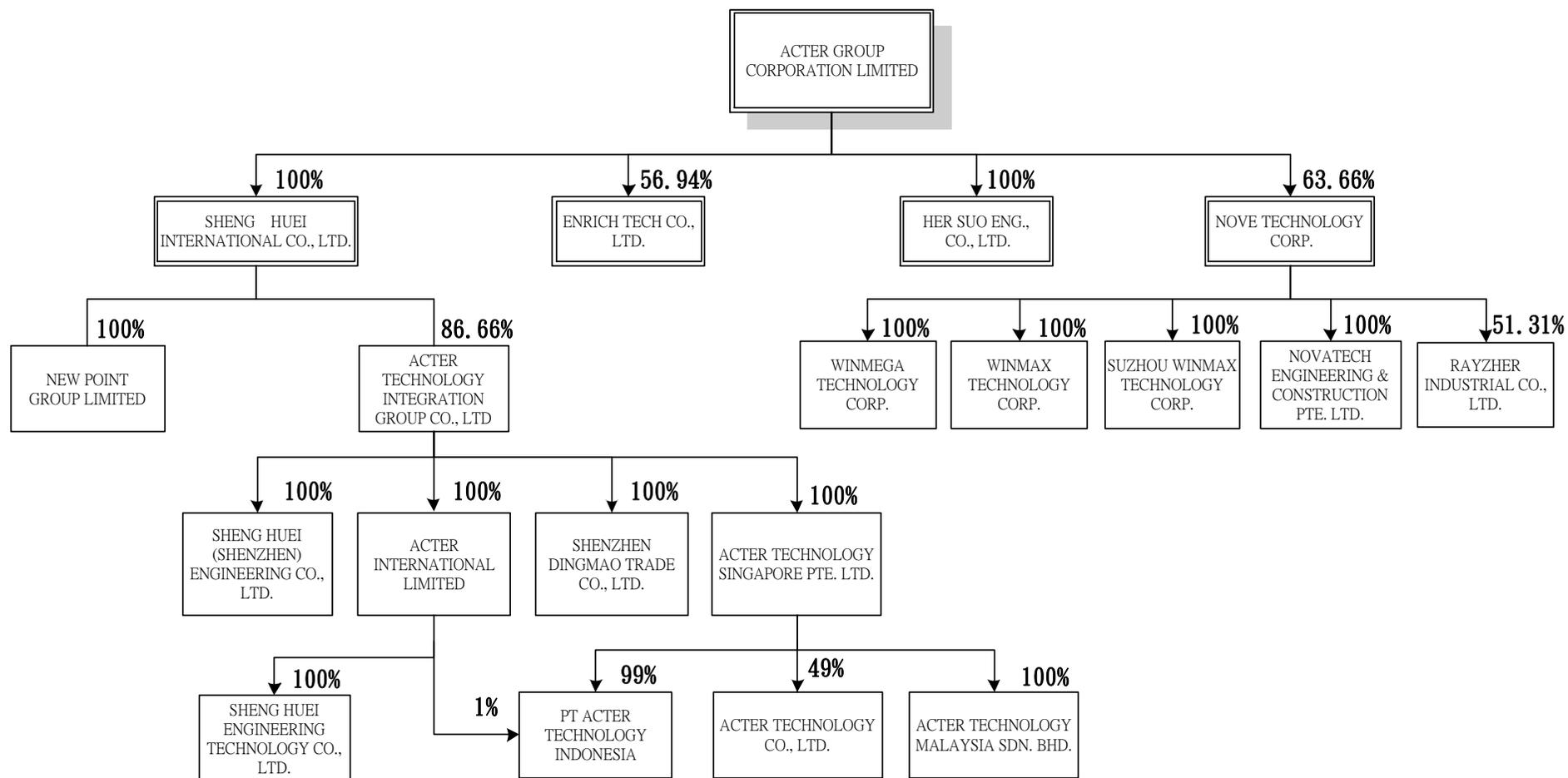
**vii. Other Important Matter**

None.

## VIII. Special Disclosure

### i. Summary of Affiliated Companies

#### 1. Organizational chart of the affiliates (Dec. 31, 2021)



2. Basic Information on Affiliates

Dec. 31, 2021

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
Sheng Huei International Co., Ltd.	2003.07.15	Samoa	NT\$121,302 (USD3,950)	Investment Holding company
Her Suo Eng., Co., Ltd.	1998.04.30	Hsinchu County, Taiwan	NT\$100,000	Construction and set-up of freezing equipment
Enrich Tech Co., Ltd.	1996.05.20	Taichung, Taiwan	NT\$100,000	Comprehensive construction company
Nova Technology Corp.	1997.06.13	Hsinchu County, Taiwan	NT\$339,280	Wholesaling of electronic and chemical equipment
Acter Technology Singapore Pte. Ltd.	1999.11.10	Singapore	NT\$80,000 (SGD3,376)	Investment Holding company
New Point Group Limited	2008.01.12	Seychelles	NT\$6,110 (USD200)	Holding company and trading of equipment
Acter International Limited	2007.11.20	Kowloon, Hong Kong	NT\$99,994 (USD3,245)	Holding company and trading of clean rooms and air conditioners
Acter Technology Integration Group Co., Ltd.	2003.09.03	Jiangsu, China	NT\$284,355 (USD9,037)	Construction and set-up of electronic equipment and air conditioners
Sheng Huei Engineering Technology Co., Ltd.	2007.05.02	Vietnam.	NT\$48,238 (USD1,500)	Set-up of electronic protection systems and central air conditioners
Winmega Technology Corp.	2014.08.05	Hsinchu County, Taiwan	NT\$30,000	Wholesaling of electronic and chemical equipments
Winmax Technology Corp.	2002.06.13	Shanghai, China	NT\$151,426 (USD4,890)	Design and manufacture of air containers and liquid containers
Acter Technology Malaysia Sdn. Bhd.	2011.11.24	Malaysia	NT\$26,780 (RM2,600)	Investment Holding company
Pt Acter Technology Indonesia	2013.6.24	Indonesia	NT\$25,071 (IDR10,000,000)	Equipment trading and set-up
Sheng Huei (Shenzhen) Engineering Co., Ltd.	2005.06.21	Shenzhen, China	NT\$172,877 (USD5,330)	Construction and set-up of electronic equipment and air conditioners

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
Shenzhen Dingmao Trade Co., Ltd	2012.10.31	Shenzhen, China	NT\$22,984 (RMB5,000)	Electronic equipment and machinery trading
Suzhou Winmax Technology Corp.	2016.05.31	Jiangsu, China	NT\$32,478 (USD1,000)	Design and manufacture of air containers and liquid containers
Novatech Engineering & Construction Pte. Ltd.	2016.06.28	Singapore	NT\$24,179 (SGD1,000)	Chemical supply system
Acter Technology Co., Ltd.	2019.09.16	Thailand	NT\$28,502 (THB30,000)	Set-up of electronic protection systems and central air conditioners
Rayzher Industrial Co., Ltd.	2007.11.20	Taoyuan, Taiwan	NT\$210,000	Piping engineering, installation cable and automatic control equipment, etc.

### 3. Directors, Supervisors, Presidents of Affiliates

Dec. 31, 2021 ; Unit : Shares ; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Her Suo Engineering Co., Ltd.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	10,000,000	100%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Tsai, Chih-Cheng)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Chang, Ri-Dong)		
	Supervisor	ACTER GROUP CORPORATION LIMITED (Representative : Wang, Chun-Sheng)		
	President	Tsai, Chih-Cheng	0	0.00%
Sheng Huei International Co., Ltd.	Director	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	3,950,000	100%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Yang, Jung-Tang)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
Acter Technology Integration Group Co., Ltd.	Chairman	Liang, Chin-Li	3,029,800	5.05%
	Vice Chairman	Chen, Chih-Hao	1,276,178	2.13%
	Director	Chu, Chi-Hua	960,887	1.60%
	Director	Su, Yu-Zhou	560,446	0.93%
	Independent Director	Shi, Kang	0	0.00%
	Independent Director	Gu, Hai-Lan	0	0.00%
	Independent Director	Wu, Wei-Hua	0	0.00%
	Supervisor	Huang, Ya-Ping	80,064	0.10%
	Supervisor	Liao, Chong-You	60,055	0.10%
	Supervisor	Wang, Yu	25,020	0.04%
President	Chu, Chi-Hua	960,887	1.60%	
Shenzhen Dingmao Trade Co., Ltd	Chairman	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	Note 1	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Huang, Ya-Ping)		
	President	Chu, Chi-Hua		0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Sheng Huei (Shenzhen) Engineering Co., Ltd.	Chairman	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	Note1	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Huang, Ya-Ping)		
	President	Chu, Chi-Hua		0.00%
Acter International Limited	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)	25,327,397	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Supervisor	None		
New Point Group Limited	Director	Sheng Huei International Co., Ltd. (Representative : Liang, Chin-Li)	200,000	100%
	Director	Sheng Huei International Co., Ltd. (Representative : Yang, Jung-Tang)		
	Director	Sheng Huei International Co., Ltd. (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
Nova Technology Corp.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	21,598,179	63.66%
	Vice Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Hsu, Chung-Cheng)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Wu, Pi-Huei)		
	Independent Director	Li, Cheng	0	0.00%
	Independent Director	Chi, Chih-Yi	0	0.00%
	Independent Director	Ciou, Huei-Yin	0	0.00%
	Independent Director	Yang, Sheng-Yung	0	0.00%
President	Ma, Wei	189,120	0.56%	
Winmax Technology Corp.	Chairman	Nova Technology Corp. (Representative : Hsu, Chung-Cheng)	Note 1	100%
	Director	Nova Technology Corp. (Representative : Jian, Jian-Jhih)		
	Director	Nova Technology Corp. (Representative : Ma, Wei)		
	Supervisor	Nova Technology Corp. (Representative : Liang, Chin-Li)		
	President	Jian, Jian-Jhih		0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Acter Technology Singapore Pte. Ltd.	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	3,375,850	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	None		
Acter Technology Malaysia Sdn. Bhd.	Director	Acter Technology Singapore Pte. Ltd. (Representative : Liang, Chin-Li)	2,600,000	100%
	Director	Acter Technology Singapore Pte. Ltd. (Representative : Feng, Tai-Fang)		
	Director	Acter Technology Singapore Pte. Ltd. (Representative : Chu, Chi-Hua)		
	Supervisor	None		
Sheng Huei Engineering Technology Co., Ltd.	Chairman	Acter International Limited (Representative : Tseng, Wen-Jan)	Note 1	100%
	Director	Acter International Limited (Representative : Chen, Chih-Hao)		
	Director	Acter International Limited (Representative : Liang, Chin-Li)		
	Supervisor	Acter International Limited (Representative : Chu, Chi-Hua)		
	President	Tseng, Wen-Jan		0.00%
Pt Acter Technology Indonesia	Chairman	Acter Technology Singapore Pte. Ltd. (Representative : Chao, Ching-Sung)	990,000	99%
	Supervisor	Acter Technology Singapore Pte. Ltd. (Representative : Zeng, Jyun-Wei)		
Enrich Tech Co., Ltd	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Chuang, Cheng-Ting)	5,693,508	56.94%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Ma, Wei)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Wang, Chun-Sheng)		
	Director	Li Xin Investment Co., Ltd. (Representative : Yeh, Shu-Hsun)	1,897,836	18.98%
	Supervisor	Tsao, Yun-Han	10,000	0.10%
	President	Chuang, Cheng-Ting	200,170	2.00%
Winmega Technology Corp.	Chairman	Nova Technology Corp. (Representative : Liang, Chin-Li)	3,000,000	100%
	Director	Nova Technology Corp. (Representative : Hsu, Chung-Cheng)		
	Director	Nova Technology Corp. (Representative : Wu, Chien-Nan)		
	Supervisor	Nova Technology Corp. (Representative : Ma, Wei)		
	President	Wu, Jian-Nan	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Suzhou Winmax Technology Corp.	Chairman	Nova Technology Corp. (Representative : Hsu, Chung-Cheng)	Note 1	100%
	Director	Nova Technology Corp. (Representative : Jian, Jian-Jhih)		
	Director	Nova Technology Corp. (Representative : Ma, Wei)		
	Supervisor	Nova Technology Corp. (Representative : Liang, Chin-Li)		
	President	Jian, Jian-Jhih		0.00%
Novatech Engineering & Construction Pte. Ltd.	Director	Nova Technology Corp. (Representative : Liang, Chin-Li)	1,000,000	100%
	Director	Nova Technology Corp. (Representative : Hsu, Chung-Cheng)		
	Supervisor	None		
	President	Hsu, Chung-Cheng		
Acter Technology Co., Ltd.	Chairman	Liang, Chin-Li	0	0.00%
	Director	Chu, Chi-Hua	0	0.00%
	Director	Ou, Shu-Hao	0	0.00%
	Supervisor	None	0	0.00%
Rayzher Industrial Co., Ltd.	Chairman	Nova Technology Corp. (Representative : Liang, Chin-Li)	10,775,000	51.31%
	Director	Nova Technology Corp. (Representative : Ma, Wei)		
	Director	Nova Technology Corp. (Representative : Wu, Chien-Nan)		
	Director	Zhou, Gu-Hua	110,000	0.52%
	Director	Taiyu Investment Co., LTD (Representative : Hong-Bing Hong)	450,000	2.14%
	Supervisor	Yang, Wei-chao	0	0.00%
	Supervisor	Ou, Chun-Yen	0	0.00%
	President	Zhou, Gu-Hua	110,000	0.52%

Note1: The company is a limited company and doesn't issue shares.

#### 4. Operation Status of Affiliates

Dec. 31, 2021 ; Unit: NT\$ thousand

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Equity	Net Revenue	Operating Income	Net Income (Loss)	Basic Earnings Per Share
Her Suo Engineering Co., Ltd.	100,000	708,323	442,257	266,066	869,697	83,567	66,256	6.63
Enrich Tech Co., Ltd	100,000	180,423	54,712	125,711	86,274	(19,491)	(15,479)	(1.55)
Nova Technology Corp.	339,280	3,887,893	1,277,893	2,610,000	1,889,080	243,066	568,254	16.75
Winmega Technology Corp.	30,000	137,913	26,277	111,636	107,489	38,051	28,766	9.59
Winmax Technology Corp.	151,426	2,369,354	1,140,870	1,228,484	2,221,588	343,921	317,572	Note 1
Suzhou Winmax Technology Corp.	32,478	742,195	475,154	267,041	602,101	62,939	58,301	Note 1
Novatech Engineering & Construction Pte. Ltd.	24,179	62,264	8,331	53,933	44,227	259	1,557	0.07
Rayzher Industrial Co., Ltd.	210,000	1,495,905	764,724	731,181	1,702,464	19,750	149,121	7.89
Sheng Huei International Co., Ltd.	121,302	2,150,197	120	2,150,077	0	(488)	481,744	4.23
New Point Group Limited	6,110	44,370	399	43,971	2,395	23,235	5,316	0.95
Acter Technology Integration Group Co., Ltd.	284,355	3,963,024	2,159,483	1,803,541	4,068,436	512,415	546,018	2.10
Shenzhen Dingmao Trade Co., Ltd	22,984	615,988	428,884	187,104	681,277	131,545	95,808	Note 1
Sheng Huei (Shenzhen) Engineering Co., Ltd.	172,877	494,160	238,064	256,096	603,515	11,262	7,817	Note 1
Acter International Limited	99,994	514,813	409,062	105,751	79,395	(7,421)	6,723	0.07
Sheng Huei Engineering Technology Co., Ltd.	48,238	411,895	299,026	112,869	1,015,562	4,119	3,913	Note 1
Acter Technology Singapore Pte. Ltd.	80,000	116,351	344	116,007	0	(2,460)	40,145	0.57
Acter Technology Malaysia Sdn. Bhd.	26,780	2,849	108	2,741	0	(155)	(144)	(0.01)
Pt Acter Technology Indonesia	25,071	233,389	155,428	77,961	202,075	32,246	24,385	12,433.64
Acter Technology Co., Ltd.	28,502	199,656	147,903	51,752	676,830	45,792	33,489	127.37

Note1: The company is a limited company, so it's not applicable.

**ii. Private Placement Securities in the Most Recent Years**

None.

**iii. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years**

None.

**iv. Other matters that require additional description**

None.

**IX. Any situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report**

None.

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Acter Group Corporation Limited as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, Acter Group Corporation Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Group Corporation Limited

Chairman: Liang, Chin-Li

Date: February 24, 2022

## **Independent Auditors' Report**

To the Board of Directors of Acter Group Corporation Limited:

### **Opinion**

We have audited the consolidated financial statements of Acter Group Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certificated 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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(w) "Revenue from contracts with customers" to the consolidated financial statements.

### **Description of key audit matter**

The Group 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 Group'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 Group'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 contracts; comparing the actual construction costs incurred with the estimated construction costs to evaluate rationality of the estimation method; assessing whether the Group'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(g) "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 consolidated financial statements.

### **Description of key audit matter**

The recoverability of the Group's receivables is closely related to its business cycle and its customers' operating situation. The Group'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 Group'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 Group'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.

### **3. Accrual of construction contract losses**

Please refer to Note 4(p) "Revenue (Cost from contracts with customers)", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Accrual of construction contract losses", and Note 9 "Commitments and Contingencies" to the consolidated financial statements.

### **Description of key audit matter**

If the Group assesses that the contract cost that has been incurred is "unlikely to be recovered" then will make an accrual for the loss and recognize it as an expense immediately. The accrual of the losses involves management judgment so that the estimation of construction contract losses is one of the key matters for our audit.

### How the matter was addressed in our audit

Our principal audit procedures included: Comparing the actual amount of construction contract losses and loss provisions accrued in the past assessing and understanding how the management estimates the losses, including the method of assessment, whether the source of the information is appropriate, and the possibility to correct the accounting estimates; evaluating the appropriateness of accounting principles and related disclosures. In addition, if the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37.

### **Other Matter**

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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 Cheng-Hsueh Chen and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)  
February 24, 2022

#### **Notes to Readers**

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

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



**(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)**  
**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	<b>2021</b>		<b>2020</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Operating Revenues:</b>				
4521 Construction revenue (note 6(w))	\$ 19,241,728	95	13,586,228	97
4529 Less: allowances	<u>(12,554)</u>	<u>-</u>	<u>(14,383)</u>	<u>-</u>
	<u>19,229,174</u>	<u>95</u>	<u>13,571,845</u>	<u>97</u>
4110 Sales and other	<u>988,051</u>	<u>5</u>	<u>405,165</u>	<u>3</u>
	<u>20,217,225</u>	<u>100</u>	<u>13,977,010</u>	<u>100</u>
<b>Operating costs:</b>				
5520 Construction cost (note 6(p), (r) and 7(b))	16,155,767	80	11,154,624	80
5110 Costs of goods sold and other (note 6(e))	<u>778,659</u>	<u>4</u>	<u>303,880</u>	<u>2</u>
	<u>16,934,426</u>	<u>84</u>	<u>11,458,504</u>	<u>82</u>
	<u>3,282,799</u>	<u>16</u>	<u>2,518,506</u>	<u>18</u>
<b>Gross profit from operations</b>				
<b>Operating expenses (note 6(p), (r) and 7(b)):</b>				
6100 Selling expenses	150,545	-	112,500	1
6200 Administrative expenses	741,346	4	574,237	4
6300 Research and development expenses	207,367	1	181,177	1
6450 Impairment loss (reversal of impairment loss) (note 6(d))	<u>44,282</u>	<u>-</u>	<u>(50,470)</u>	<u>-</u>
	<u>1,143,540</u>	<u>5</u>	<u>817,444</u>	<u>6</u>
	<u>2,139,259</u>	<u>11</u>	<u>1,701,062</u>	<u>12</u>
<b>Net operating income</b>				
<b>Non-operating income and expenses (note 6(y))</b>				
7050 Finance costs	(24,460)	-	(7,168)	-
7100 Interest income	33,405	-	31,674	-
7010 Other income	41,284	-	25,044	-
7070 Shares of profit (loss) of associates accounted for using equity method, net (note 6(g))	16,623	-	(999)	-
7020 Other gains and losses, net	<u>(27,610)</u>	<u>-</u>	<u>(55,507)</u>	<u>-</u>
	<u>39,242</u>	<u>-</u>	<u>(6,956)</u>	<u>-</u>
	<u>2,178,501</u>	<u>11</u>	<u>1,694,106</u>	<u>12</u>
7950 Less: Income tax expenses (note 6(s))	<u>624,629</u>	<u>3</u>	<u>495,293</u>	<u>3</u>
<b>Profit</b>	<u>1,553,872</u>	<u>8</u>	<u>1,198,813</u>	<u>9</u>
<b>Other comprehensive income (loss):</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements effects on defined benefit plans	(9,064)	-	619	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	957	-	2,848	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(8,107)</u>	<u>-</u>	<u>3,467</u>	<u>-</u>
<b>Items that will be reclassified subsequently to profit or loss</b>				
8360 Exchange differences on translation of foreign operations	(39,666)	-	(11,746)	-
8367 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(5,826)	-	-	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(s))	<u>8,617</u>	<u>-</u>	<u>809</u>	<u>-</u>
	<u>(36,875)</u>	<u>-</u>	<u>(10,937)</u>	<u>-</u>
8300 <b>Other comprehensive income, net of tax</b>	<u>(44,982)</u>	<u>-</u>	<u>(7,470)</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 1,508,890</u>	<u>8</u>	<u>1,191,343</u>	<u>9</u>
<b>Profit, attributable to:</b>				
8610 Owners of parent	\$ 1,204,410	6	970,082	7
8620 Non-controlling interests	<u>349,462</u>	<u>2</u>	<u>228,731</u>	<u>2</u>
	<u>\$ 1,553,872</u>	<u>8</u>	<u>1,198,813</u>	<u>9</u>
<b>Comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 1,166,203	6	959,229	7
8720 Non-controlling interests	<u>342,687</u>	<u>2</u>	<u>232,114</u>	<u>2</u>
	<u>\$ 1,508,890</u>	<u>8</u>	<u>1,191,343</u>	<u>9</u>
<b>Earnings per share (Expressed in New Taiwan Dollars) (note 6(v))</b>				
9750 <b>Basic earnings per share</b>	<u>\$ 21.08</u>		<u>17.90</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 19.55</u>		<u>16.55</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent							Other equity				Total equity
	Retained earnings						Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Other equity	Non- controlling interests		
	Ordinary shares	Advance receipts	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					Total retained earnings	
<b>Balance at January 1, 2020</b>	\$ 541,868	-	1,392,119	617,840	68,809	2,012,132	2,698,781	(123,035)	(6,150)	(129,185)	1,045,459	5,549,042
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	103,609	-	(103,609)	-	-	-	-	-	-
Special reserve	-	-	-	-	60,377	(60,377)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(812,801)	(812,801)	-	-	-	-	(812,801)
Changes in ownership interest in subsidiaries	-	-	(268)	-	-	-	-	-	-	-	-	(268)
Cash Capital increase	-	450,544	-	-	-	-	-	-	-	-	-	450,544
Share-based payment	-	-	12,162	-	-	-	-	-	-	-	-	12,162
Due to recognition of equity component of convertible bonds issued	-	-	33,697	-	-	-	-	-	-	-	-	33,697
Profit for the year ended December 31, 2020	-	-	-	-	-	970,082	970,082	-	-	-	228,731	1,198,813
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	(577)	(577)	(13,124)	2,848	(10,276)	3,383	(7,470)
Total comprehensive income	-	-	-	-	-	969,505	969,505	(13,124)	2,848	(10,276)	232,114	1,191,343
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(125,239)	(125,239)
<b>Balance at December 31, 2020</b>	<b>\$ 541,868</b>	<b>450,544</b>	<b>1,437,710</b>	<b>721,449</b>	<b>129,186</b>	<b>2,004,850</b>	<b>2,855,485</b>	<b>(136,159)</b>	<b>(3,302)</b>	<b>(139,461)</b>	<b>1,152,334</b>	<b>6,298,480</b>
<b>Balance at January 1, 2021</b>	\$ 541,868	450,544	1,437,710	721,449	129,186	2,004,850	2,855,485	(136,159)	(3,302)	(139,461)	1,152,334	6,298,480
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	96,951	-	(96,951)	-	-	-	-	-	-
Special reserve	-	-	-	-	10,275	(10,275)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(686,241)	(686,241)	-	-	-	-	(686,241)
Change in ownership interests in subsidiaries	-	-	(37,898)	-	-	-	-	-	-	-	-	(37,898)
Cash capital increase	30,000	(450,544)	465,900	-	-	-	-	-	-	-	-	45,356
Conversion of convertible bonds	-	54	920	-	-	-	-	-	-	-	-	974
Profit for the year ended December 31, 2021	-	-	-	-	-	1,204,410	1,204,410	-	-	-	349,462	1,553,872
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	(6,283)	(6,283)	(27,055)	(4,869)	(31,924)	(6,775)	(44,982)
Total comprehensive income	-	-	-	-	-	1,198,127	1,198,127	(27,055)	(4,869)	(31,924)	342,687	1,508,890
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	166,437	166,437
<b>Balance at December 31, 2021</b>	<b>\$ 571,868</b>	<b>54</b>	<b>1,866,632</b>	<b>818,400</b>	<b>139,461</b>	<b>2,409,510</b>	<b>3,367,371</b>	<b>(163,214)</b>	<b>(8,171)</b>	<b>(171,385)</b>	<b>1,661,458</b>	<b>7,295,998</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 2,178,501	1,694,106
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses (including investment property)	94,004	76,333
Amortization expenses	28,501	10,824
Impairment loss (reversal of impairment loss)	44,282	(50,470)
Interest expense	24,460	7,168
Interest income	(33,405)	(31,674)
Dividend income	(5,010)	(3,905)
Compensation cost arising from employee stock options	-	12,162
Shares of (profit) loss of associates accounted for using equity method	(16,623)	999
Net (gain) loss on financial liability at fair value through profit or loss	(1,440)	240
(Gain) Loss from disposal, property plant, equipment	(160)	217
Loss on remeasurements of investing	13,793	-
Lease modification benefits	(12)	(7)
<b>Total adjustments to reconcile profit (loss)</b>	<u>148,390</u>	<u>21,887</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in current financial assets at fair value through profit or loss	(367,046)	(197,745)
Increase in current contract assets	(1,598,239)	(1,438,481)
(Increase) decrease in notes receivable	(250,393)	255,706
Increase in trade receivables	(1,387,125)	(399,937)
(Increase) decrease in inventories	(274,082)	254,904
Increase in other financial assets	(212,506)	(122,119)
<b>Total changes in operating assets</b>	<u>(4,089,391)</u>	<u>(1,647,672)</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in current contract liabilities	(264,771)	536,839
Increase in notes payable	69,962	32,216
Increase in trade payables	2,273,299	426,498
Decrease in provisions	(10,301)	(53,339)
Increase in other current liabilities	89,614	28,578
<b>Total changes in operating liabilities</b>	<u>2,157,803</u>	<u>970,792</u>
<b>Total adjustments</b>	<u>(1,783,198)</u>	<u>(654,993)</u>
Cash inflow generated from operations	395,303	1,039,113
Interest received	29,594	30,962
Interest paid	(14,898)	(6,212)
Income taxes paid	(489,805)	(393,948)
<b>Net cash flows (used in) from operating activities</b>	<u>(79,806)</u>	<u>669,915</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(280,054)	(2,246)
Acquisition of investments accounted for using equity method	-	(116,980)
Acquisition of property, plant and equipment	(24,322)	(29,425)
Proceeds from disposal of property, plant and equipment	1,059	28
Acquisition of intangible assets	(16,297)	(15,148)
Acquisition of right-of-use assets	(1,007)	(356)
Increase in other non-current assets	(23,647)	(2,236)
Dividends received	5,010	3,905
Net cash flow from acquisition of subsidiaries	162,911	-
<b>Net cash flows used in investing activities</b>	<u>(176,347)</u>	<u>(162,458)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	1,657,948	1,979,881
Decrease in short-term loans	(1,810,910)	(1,434,827)
Issuance of corporate bond	-	804,590
Repayment of long-term borrowing	(66,693)	-
Decrease in short-term notes payable	(11,200)	-
Decrease in guarantee deposits	110	2
Payment of lease liabilities	(51,488)	(41,458)
Cash dividends paid	(686,241)	(812,801)
Capital increase by cash	45,356	450,544
Change in non-controlling interests	(205,001)	(133,734)
<b>Net cash flows (used in) from financing activities</b>	<u>(1,128,119)</u>	<u>812,197</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(82,781)</u>	<u>(28,723)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(1,467,053)</u>	<u>1,290,931</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>5,165,884</u>	<u>3,874,953</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,698,831</u>	<u>5,165,884</u>

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(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 consolidated financial statements of the Company as of and for the year ended December 31, 2021 comprise the Company and its subsidiaries (together referred to as the “Group”). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the Group’s entities are described in Notes 4 (c). Acter’s common shares were publicly listed on the Taipei Exchange (“TPEX”) on November 10, 2010.

The Company was awarded a "Platinum" certification by the Taiwan Corporate Governance Association under the CG6012 (2019) Corporate Governance System Assessment on October 25, 2021.

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2022.

**(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. 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, 2021:

- 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”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(4) Summary of significant accounting policies:**

The accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Notes
			December 31, 2021	December 31, 2020	
(1)The Company	Nova Technology Corp. (Nova Tech)	Wholesale of electronic and chemical equipment	63.66	62.19	
	Her Suo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100	100	
	Enrich Tech Co., Ltd. (Enrich Tech)	Comprehensive construction company	56.94	56.94	
	Sheng Huei International Co., Ltd. (SHI)	Investment holding company	100	100	
(2)Nova Tech	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	100	100	
	Winmega Technology Corp. (Winmega)	Wholesale of electronic and chemical engineering equipment	100	100	
	Suzhou Winmax Technology Corp. (Suzhou Winmax)	Design and manufacture of air containers and liquid containers	100	100	
	Nova tech Engineering & Construction Pte., Ltd. (NTEC Singapore)	Chemical supply system business	100	100	
	Rayzher Industrial Co.,Ltd. (Rayzher)	Piping engineering, cable installation and automatic control equipment engineering, etc.	51.31	25	Note 3
(3)SHI	Acter Technology Integration Group Co., Ltd. (Acter China)	Construction and set-up of electronic equipment and air conditioners	86.66	86.66	
	New Point Group Ltd. (New Point)	Investment holding company and trading of equipment	100	100	
(4)Acter China	Shenzhen Dingmao Trade Co., Ltd. (Shenzhen Dingmao)	Electronic equipment and machinery trading	100	100	
	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100	100	
	Acter International Ltd. (AIL)	Investment holding company and trading of clean rooms and air conditioners	100	100	

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>		<u>Notes</u>
			<u>December 31, 2021</u>	<u>December 31, 2020</u>	
	Acter Technology Singapore Pte. Ltd. (Acter Singapore)	Investment holding company	100	100	Note 4
(5)Acter Singapore	Acter Technology Malaysia Sdn. Bhd (Acter Malaysia).	Investment holding Company	100	100	Note 5
	PT Acter Technology Indonesia (Acter Indonesia)	Equipment trading and set-up	99	99	Note 6
	Acter Technology Co., Ltd (Acter Thailand)	Set-up of electronic protection systems and central ari conditioners	49	49	
(6)AIL	PT Acter Technology Indonesia (Acter Indonesia)	Equipment trading and set-up	1	1	Note 6
	Sheng Huei Engineering Technology Co., Ltd. (Acter Vietnam)	Set-up of electronic protection systems and central air conditioners	100	100	
(7)Space Thailand	Acter Technology Co., Ltd. (Acter Thailand)	Construction and set up of electronic equipment and air conditioner	-	-	Note 2
(8)New Point	Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	-	-	Note 1

Note 1: Fuyu had been liquidated in December 2020.

Note 2: In 2020, the shareholders had gone through restructuring, resulting in the Group to lose control over space Thailand. As a result, space Thailand was not included in the consolidated financial statements and was classified as investments accounted for using equity method.

Note 3: Please refer to Note 6(h). The Group has taken control of Rayzher Industrial Co., Ltd. since March 30, 2021, and incorporated the financial statements of Rayzher Industrial Co., Ltd. into the consolidated statements of the Group on that date.

Note 4: Nova Technology Singapore Pte., Ltd. renamed as Acter Technology Singapore Pte., Ltd. in November 2021.

Note 5: Nova Technology Malaysia Sdn. Bhd. renamed as Acter Technology Malaysia Sdn. Bhd. in November 2021.

Note 6: PT Novamex Indonesia renamed as PT Acter Technology Indonesia in November 2021.

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

(d) 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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 Group 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 Group 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 planned 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.

(e) 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 expected 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;

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (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 Group 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.

(f) 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.

(g) 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 Group 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 Group 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 Group 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 Group's right to receive payment is established.

(Continued)

## ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 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 Group 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.

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 Group 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), debt investments measured at FVOCI and contract assets.

The Group 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 Group 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 Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the aging days exceed 360 days.

The Group considers a financial asset to be in default when the financial asset is aged over 540 days or the borrower is unlikely to pay its credit obligations to the Group in full.

The Group 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' .

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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 asset is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 540 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and a 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) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expire. The Group 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.

6) 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 Group 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.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint 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 consolidated financial statements include the Group's shares of profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Gains and Losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. When the Group'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 Group has incurred legal or constructive obligations or made payments on behalf of its associate.

(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 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 Group.

(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 lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

- 1) Buildings: 5~50 years
- 2) Other facilities: 3~10 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 5~50 years.
- 4) The significant portion of other facilities consists of transportation vehicles and others, which are estimated over their useful life within 3~9 years.

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

(l) Lease

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

(i) As a lessee

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

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

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

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

- 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 Group’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 a 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 Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

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

Other intangible assets, including dedicated certificate, patents and trademarks, that are acquired by the Group and have finite useful lives 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, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Dedicated certificate    4 years

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, 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. Goodwill is tested annually for impairment.

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 cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

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

(o) Provisions

A provision is recognized if, as a result of a past event, the Group 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 Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Equipment contracts and construction contracts

The Group 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 and energy technology service. Because its customer controls the asset as it is constructed, the Group 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 Group 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 Group 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 Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group 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 Group 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(q).

2) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group 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 Group 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 Group 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 Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- 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 Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Defined benefit plans

The Group'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 Group, 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 Group 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 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 Group 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date wherein the chairman authorized the price of the 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 recognized except 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 Group 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 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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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 Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (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.

(t) **Business combination**

The Group first took control of another company through acquisition on March 30, 2021. Therefore, the Group has adopted the accounting policies related to business combination since March 30, 2021.

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the consideration transferred (which is generally measured at fair value) and the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic 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.

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 convertible bonds, employee bonuses and rewards that have yet to be approved during the stockholders' meeting.

(v) Operating segments

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

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

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

The Management continues to monitor the accounting 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 consolidated 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(w) for further description of the revenue recognition.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) The loss allowance of trade receivable

The Group 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 Group 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).

(c) Accrual of construction contract losses

If the Group assesses that the contract cost that has been incurred is “unlikely to be recovered” then will make an accrual for the loss and recognize it as an expense immediately. If the completion of the contract is subject to the outcome of pending litigation or legislation, the construction contract losses will also be evaluated in accordance with IAS 37. The construction loss and provision are estimated for pending litigations that are likely to have adverse consequences for the Group and the loss could be estimated reasonably. However, due to the high uncertainty of the lawsuit itself, the final result or actual compensation amount may have a significant variance and the changes for accounting estimates will be made. For relevant information, please refers to note 9(e).

When measuring the assets and liabilities, the Group 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(z) for assumptions used in measuring fair value.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Petty cash and cash on hand	\$ 2,461	2,588
Checking and demand deposits	1,934,369	2,673,188
Time deposits	1,235,270	2,145,731
Cash equivalent - repurchased commercial paper	<u>526,731</u>	<u>344,377</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 3,698,831</u></b>	<b><u>5,165,884</u></b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The above-mentioned repurchased rates for commercial paper as of December 31, 2021 and 2020 ranged between 0.26%~0.32% and 0.26%~0.35%, respectively, with maturity dates from January 12, 2022 to February 11, 2022 and from January 4, 2021 to February 3, 2021, respectively.

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

	December 31, 2021	December 31, 2020
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non derivative financial assets		
Beneficiary securities - open-end funds	\$ <u>737,191</u>	<u>370,145</u>
<b>Financial liabilities designated at fair value through profit or loss:</b>		
Unsecured convertible corporate bonds-call and put provision	\$ <u>-</u>	<u>1,440</u>

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

	December 31, 2021	December 31, 2020
<b>Debt investments at fair value through other comprehensive income</b>		
Bonds Payable	\$ <u>271,423</u>	<u>-</u>
<b>Equity investments at fair value through other comprehensive income</b>		
Emerging stock	\$ 6,405	5,448
Unlisted stock	<u>129,646</u>	<u>129,646</u>
	<u>\$ 136,051</u>	<u>135,094</u>

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

The Group has assessed that the following securities were held within a business model whose objective was achieved by both collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

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

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

No strategic investments were disposed as of December 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) For credit risk and market risk; please refer to note 6(z).

(iv) The financial assets were not pledged.

(d) Notes and trade receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Measured at amortized cost		
Notes receivable	\$ 410,818	197,443
Trade receivables	5,709,454	4,037,234
Fair value through other comprehensive income		
Notes receivables	37,148	-
Less: Loss allowance	<u>(142,895)</u>	<u>(106,953)</u>
	<u><b>\$ 6,014,525</b></u>	<u><b>4,127,724</b></u>

The Group has assessed a portion of its notes receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such notes receivables were measured at fair value through other comprehensive income.

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

	<u>December 31, 2021</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Aging days			
1 to 120 days	\$ 5,312,735	-	-
121 to 180 days	365,085	0.50%	1,825
181 to 360 days	242,425	1%	2,424
361 to 540 days	55,482	40%~50%	25,722
More than 541 days	<u>50,429</u>	100%	<u>50,429</u>
	<u><b>\$ 6,026,156</b></u>		<u><b>80,400</b></u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Aging days			
1 to 120 days	\$ 3,795,219	-	-
121 to 180 days	197,375	0.5%	987
181 to 360 days	123,286	1%	1,233
361 to 540 days	25,586	40%~50%	11,522
More than 541 days	<u>76,582</u>	100%	<u>76,582</u>
	<b><u>\$ 4,218,048</u></b>		<b><u>90,324</u></b>

The loss allowance provision from the other group of December 31, 2021 and December 31, 2020 was determined as follows:

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Aging days			
1 to 120 days	\$ 65,858	0%~100%	15,058
121 to 180 days	4,424	-	-
181 to 360 days	980	100%	980
361 to 540 days	22,967	0%~100%	9,422
More than 541 days	<u>37,035</u>	100%	<u>37,035</u>
	<b><u>\$ 131,264</u></b>		<b><u>62,495</u></b>

	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Aging days			
1 to 120 days	\$ 1,051	100%	1,051
121 to 180 days	9,424	100%	9,424
181 to 360 days	-	-	-
361 to 540 days	6,154	100%	6,154
More than 541 days	<u>-</u>	-	<u>-</u>
	<b><u>\$ 16,629</u></b>		<b><u>16,629</u></b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The movement in the allowance for notes and trade receivables were as follows:

	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 106,953	157,122
Amounts written off	(10,282)	(600)
Impairment losses recognized (reversed)	44,282	(50,470)
Foreign exchange gains	<u>1,942</u>	<u>901</u>
Balance on December 31	<u><u>\$ 142,895</u></u>	<u><u>106,953</u></u>

(i) Trade receivables includes retained construction receivable, which amounted to \$116,164 thousand and \$62,227 thousand as of December 31, 2021 and 2020, respectively.

(ii) The notes and trade receivables were not pledged.

(e) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other accounts receivable	<u>\$ 12,588</u>	<u>8,689</u>

Please refer to note 6(z) for credit risk.

(f) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Finished goods and merchandise	\$ 150,436	73,375
Raw materials	<u>415,069</u>	<u>170,833</u>
	565,505	244,208
Less: provision for inventory devaluation	<u>(13,770)</u>	<u>(14,381)</u>
	<u><u>\$ 551,735</u></u>	<u><u>229,827</u></u>

For the years ended December 31, 2021 and 2020, the Group recognized the operating costs of \$(572) thousand and \$3,246 thousand, respectively, from the (recovery) write-down of inventory cost to net realizable value.

No inventories were pledged as collaterals.

(g) Investment in equity-accounted investees

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	<u>\$ 20,492</u>	<u>122,755</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>2021</b>	<b>2020</b>
Profit attributable to the Group:		
Profit	\$ 16,623	(999)
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 16,623</b>	<b>(999)</b>

At a meeting of the Group's Board of Directors held on December 10, 2020, a resolution was approved to purchase 3,125 thousand shares of Rayzher Industrial Co., Ltd. (Rayzher) from the former shareholders for \$112,500 thousand on December 29, 2020, which accounted for 25% of its outstanding shares.

In December 2020, the Group signed an investment agreement with Rayzher. According to the agreement, on March 31 2021, Rayzher issued ordinary shares by cash, in which the Group promised to subscribe to 7,650 thousand shares, tentatively to be issued at a premium price of TWD 33 per share. The Group did subscribe shares accordingly, and the total amount of the subscribed shares was \$252,450 thousand. After the completion of the relevant transaction, the Group holds 51.31% of the equity of Rayzher and incorporated the financial statements of Rayzher into the consolidated statements of the Group. Please refer to note 6(h) for further clarification.

In December 2020, the Group purchased 49% shares of the Daejin Road (Thailand) Co., Ltd. amounting to USD46 thousand and SGD64 thousand, which were classified as investment accounted for using equity method.

In December 2020, the Group purchased 49% shares of the DJR (Thailand) Co., Ltd. amounting to USD31 thousand and SGD43 thousand, where were classified as investment accounted for using equity method.

In 2020, the shareholder has gone through restructuring, resulting in the Group to lose its control over Space Thailand. As a result, Space Thailand was not included in the consolidated financial statements and was classified as investments accounted for using equity method.

As of December 31, 2021 and 2020, the investment accounted for using equity method was not pledged.

(h) Acquisition of subsidiaries and non controlling interests

The Group participated in the cash capital increase of Rayzher on March 30, 2021, the amount of investment was \$252,450 thousand. This capital increase obtained 26.31% of the shares of Rayzher, the Group's shareholding in Rayzher was therefore increased from 25% to 51.31%. The Group remeasured the previously held non-controlling interest investments at fair value, and the difference of \$13,793 thousand was fully accounted for as the loss in the current period, please refer to note 6 (y).

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Rayzher, which specializes mainly in gas distribution, is expected to expand the market share of the Group in the related fields, and the Group has taken control of Rayzher since March 30, 2021, and incorporated the financial statements of into the Group on that date.

If the acquisition takes place on January 1, 2021, the management estimates that the income and net profit of the Group in the current period will amount to \$20,331,347 thousand and \$1,567,127 thousand, respectively, and when determining that amount, the management assumes that the acquisition occurred on January 1, 2021, and assumes that the provisional fair value adjustment resulting from the acquisition date is the same.

- (i) The following table summarizes the acquisition date fair value of major class of consideration transferred.

	<b>Amounts</b>
Long-term Remeasurements-Evaluate according to the number of remeasurements	\$ 103,125
Cash-Issuance of ordinary shares	252,450
Total	<b>\$ 355,575</b>

- (ii) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	<b>Amounts</b>
Assets	
Cash and cash equivalents	\$ 415,361
Notes and trade receivables	295,507
Inventories	47,826
Other financial assets-current	48,517
Contract assets	200,037
Other current assets	13,160
Property, plant and equipment	125,266
Right-of-use assets	12,856
Software	5,955
Dedicated certificate	91,847
Other non-current assets	4,037
Deferred tax assets	278
	<b>1,260,647</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Amounts</b>
Liabilities	
Short-term loans	\$ (168,135)
Short-term notes and bills payable	(11,200)
Long-term loans (due in one year included)	(66,693)
Notes and accounts payable	(118,704)
Current tax liabilities	(34,457)
Contract liabilities	(131,029)
Salaries and bonus payable	(16,739)
Current and non-current lease liabilities	(12,911)
Other current liabilities	(10,180)
	(570,048)
Total identifiable net assets acquired	<b>\$ 690,599</b>

(iii) Goodwill arising from the acquisition has been recognized as follows.

	<b>Amounts</b>
Consideration transferred	\$ 355,575
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	336,256
Less: Fair value of identifiable net assets	(690,599)
Goodwill	<b>\$ 1,232</b>

(i) Significant subsidiaries of non-controlling interest

Non-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

<b>Subsidiaries</b>	<b>Main Business Location/Registered Country</b>	<b>Percentage of non-controlling ownership</b>	
		<b>December 31, 2021</b>	<b>December 31, 2020</b>
Nova Tech	R.O.C.	36.34%	37.81%
Rayzher	R.O.C.	48.69%	-%
Acter China	China	13.34%	13.34%

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Information regarding of Nova Tech:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 1,698,915	1,630,110
Non-current assets	2,188,978	1,816,662
Current liabilities	(967,190)	(828,512)
Non-current Liabilities	<u>(310,703)</u>	<u>(290,054)</u>
Net assets	<b><u>\$ 2,610,000</u></b>	<b><u>2,328,206</u></b>

	<b>2021</b>	<b>2020</b>
Operating revenue	<b><u>\$ 1,889,080</u></b>	<b><u>1,718,210</u></b>
Net income for the period	\$ 568,254	407,392
Other comprehensive (loss) income	<u>(15,036)</u>	<u>13,332</u>
Comprehensive income	<b><u>\$ 553,218</u></b>	<b><u>420,724</u></b>
Cash flows from operating activities	\$ 6,515	(31,466)
Cash flows from investing activities	174,525	160,203
Cash flows from financing activities	<u>(397,801)</u>	<u>(44,735)</u>
Net (decrease) increase in cash and cash equivalents	<b><u>\$ (216,761)</u></b>	<b><u>84,002</u></b>

(ii) Information regarding of Rayzher:

	<b>December 31, 2021</b>
Current assets	\$ <u>1,352,127</u>
Non-current assets	143,778
Current liabilities	(758,241)
Non-current liabilities	<u>(6,483)</u>
Net assets	<b><u>\$ 731,181</u></b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u><b>April to December, 2021</b></u>
Operating revenue	\$ <u><b>1,588,342</b></u>
Net income for the period	\$ 131,448
Other comprehensive income	-
Comprehensive income	\$ <u><b>131,448</b></u>
Cash flows from operating activities	\$ 361,994
Cash flows from investing activities	(92,667)
Cash flows from financing activities	(250,530)
Net increase in Cash and cash equivalents	\$ <u><b>18,797</b></u>

(iii) Information regarding of Acter China:

	<u><b>December 31, 2021</b></u>	<u><b>December 31, 2020</b></u>
Current assets	\$ 3,000,925	2,110,116
Non-current assets	962,075	810,374
Current liabilities	(2,125,279)	(1,498,742)
Non-current Liabilities	(34,191)	(23,425)
Net assets	\$ <u><b>1,803,530</b></u>	<u><b>1,398,323</b></u>
	<u><b>2021</b></u>	<u><b>2020</b></u>
Operating revenue	\$ <u><b>4,068,436</b></u>	<u><b>3,284,155</b></u>
Net income for the period	\$ 546,018	456,536
Other comprehensive loss	(7,779)	(12,432)
Comprehensive income	\$ <u><b>538,239</b></u>	<u><b>444,104</b></u>
Cash flows from operating activities	\$ 79,285	471,095
Cash flows from investing activities	(200,854)	(87,753)
Cash flows from financing activities	(134,750)	(105,177)
Effect of exchange rate changes	(2,369)	9,269
Net (decrease) increase in cash and cash equivalents	\$ <u><b>(258,688)</b></u>	<u><b>287,434</b></u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
<b>Cost:</b>					
Balance on January 1, 2021	\$ 176,502	304,908	145,343	-	626,753
Acquisition through business combinations	86,876	6,861	47,669	-	141,406
Additions	-	-	19,293	5,029	24,322
Disposals	-	-	(8,713)	-	(8,713)
Reclassification	-	(8,904)	50	-	(8,854)
Effect of movements in exchange rates	-	(617)	(629)	9	(1,237)
Balance on December 31, 2021	<u>\$ 263,378</u>	<u>302,248</u>	<u>203,013</u>	<u>5,038</u>	<u>773,677</u>
Balance on January 1, 2020	\$ 176,502	283,148	137,523	-	597,173
Additions	-	19,441	9,984	-	29,425
Disposals	-	-	(2,977)	-	(2,977)
Effect of movements in exchange rates	-	2,319	813	-	3,132
Balance on December 31, 2020	<u>\$ 176,502</u>	<u>304,908</u>	<u>145,343</u>	<u>-</u>	<u>626,753</u>
<b>Depreciation:</b>					
Balance on January 1, 2021	\$ -	57,091	103,260	-	160,351
Acquisition through business combinations	-	440	15,700	-	16,140
Depreciation	-	13,323	25,707	-	39,030
Disposals	-	-	(7,814)	-	(7,814)
Reclassifications	-	(6,863)	-	-	(6,863)
Effect of movements in exchange rates	-	(98)	(363)	-	(461)
Balance on December 31, 2021	<u>\$ -</u>	<u>63,893</u>	<u>136,490</u>	<u>-</u>	<u>200,383</u>
Balance on January 1, 2020	\$ -	45,152	88,149	-	133,301
Depreciation	-	11,406	17,213	-	28,619
Disposals	-	-	(2,732)	-	(2,732)
Effect of movements in exchange rates	-	533	630	-	1,163
Balance on December 31, 2020	<u>\$ -</u>	<u>57,091</u>	<u>103,260</u>	<u>-</u>	<u>160,351</u>
<b>Carrying amounts:</b>					
Balance on December 31, 2021	<u>\$ 263,378</u>	<u>238,355</u>	<u>66,523</u>	<u>5,038</u>	<u>573,294</u>
Balance on January 1, 2020	<u>\$ 176,502</u>	<u>237,996</u>	<u>49,374</u>	<u>-</u>	<u>463,872</u>
Balance on December 31, 2020	<u>\$ 176,502</u>	<u>247,817</u>	<u>42,083</u>	<u>-</u>	<u>466,402</u>

The property, plant and equipment is not pledged.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Right-of-use assets

The Group leases many assets including land, buildings and construction and other facilities. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2021	\$ 32,146	100,095	68,444	200,685
Acquisition through business combinations	-	8,801	4,055	12,856
Additions	-	11,828	28,232	40,060
Disposals	-	(10,033)	(16,654)	(26,687)
Reclassification	(3,160)	-	-	(3,160)
Effect of movements in exchange rates	(96)	(600)	(60)	(756)
Balance at December 31, 2021	<u>\$ 28,890</u>	<u>110,091</u>	<u>84,017</u>	<u>222,998</u>
Balance at January 1, 2020	\$ 31,769	86,356	57,291	175,416
Additions	-	19,204	18,606	37,810
Disposals	-	(5,572)	(7,825)	(13,397)
Effect of movements in exchange rates	377	107	372	856
Balance at December 31, 2020	<u>\$ 32,146</u>	<u>100,095</u>	<u>68,444</u>	<u>200,685</u>
<b>Accumulated depreciation:</b>				
Balance at January 1, 2021	\$ 1,611	37,442	30,448	69,501
Depreciation	780	28,683	22,901	52,364
Disposals	-	(9,227)	(16,206)	(25,433)
Reclassification	(1,483)	-	-	(1,483)
Effect of movements in exchange rates	(5)	(275)	(49)	(329)
Balance at December 31, 2021	<u>\$ 903</u>	<u>56,623</u>	<u>37,094</u>	<u>94,620</u>
Balance at January 1, 2020	\$ 796	18,135	17,610	36,541
Depreciation	791	24,806	19,630	45,227
Disposals	-	(5,572)	(7,037)	(12,609)
Effect of movements in exchange rates	24	73	245	342
Balance at December 31, 2020	<u>\$ 1,611</u>	<u>37,442</u>	<u>30,448</u>	<u>69,501</u>
<b>Carrying amounts:</b>				
Balance at December 31, 2021	<u>\$ 27,987</u>	<u>53,468</u>	<u>46,923</u>	<u>128,378</u>
Balance at January 1, 2020	<u>\$ 30,973</u>	<u>68,221</u>	<u>39,681</u>	<u>138,875</u>
Balance at December 31, 2020	<u>\$ 30,535</u>	<u>62,653</u>	<u>37,996</u>	<u>131,184</u>

(l) Investment Property

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	Owned property			Right-of-use assets		Total
	Land and improvement	Building and Construction	Facilities	Land	Building and Construction	
<b>Cost:</b>						
Balance at January 1, 2021	\$ 139,922	111,777	86	-	-	251,785
Reclassification	-	-	-	3,160	9,122	12,282
Effect of changes in foreign rates	-	-	-	8	23	31
Balance at December 31, 2021	<u>\$ 139,922</u>	<u>111,777</u>	<u>86</u>	<u>3,168</u>	<u>9,145</u>	<u>264,098</u>
Balance at December 31, 2020						
(Balance at January 1, 2020)	<u>\$ 139,922</u>	<u>111,777</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>251,785</u>
<b>Depreciation:</b>						
Balance at January 1, 2021	\$ -	13,434	71	-	-	13,505
Depreciation	-	2,487	-	21	102	2,610
Reclassification	-	-	-	1,483	7,081	8,564
Effect of changes in foreign rates	-	-	-	4	18	22
Balance at December 31, 2021	<u>\$ -</u>	<u>15,921</u>	<u>71</u>	<u>1,508</u>	<u>7,201</u>	<u>24,701</u>
Balance at January 1, 2020	\$ -	10,947	71	-	-	11,018
Depreciation	-	2,487	-	-	-	2,487
Balance at December 31, 2020	<u>\$ -</u>	<u>13,434</u>	<u>71</u>	<u>-</u>	<u>-</u>	<u>13,505</u>
<b>Carrying amounts:</b>						
Balance at December 31, 2021	<u>\$ 139,922</u>	<u>95,856</u>	<u>15</u>	<u>1,660</u>	<u>1,944</u>	<u>239,397</u>
Balance at January 1, 2020	<u>\$ 139,922</u>	<u>100,830</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>240,767</u>
Balance at December 31, 2020	<u>\$ 139,922</u>	<u>98,343</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>238,280</u>
<b>Fair value:</b>						
Balance at December 31, 2021						<u>\$ 359,667</u>
Balance at December 31, 2020						<u>\$ 302,119</u>

- (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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Intangible assets

The cost and amortization of the intangible assets of the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>Software</u>	<u>Dedicated certificate</u>	<u>Franchise and others</u>	<u>Goodwill</u>	<u>Total</u>
<b>Cost:</b>					
Balance at January 1, 2021	\$ 40,916	-	18,399	-	59,315
Additions	16,297	-	-	-	16,297
Acquisition through business combinations	5,955	91,847	-	1,232	99,034
Disposals	(5,561)	-	-	-	(5,561)
Reclassification	(4,050)	-	-	-	(4,050)
Effect of change in foreign rates	(57)	-	-	-	(57)
Balance at December 31, 2021	<u>\$ 53,500</u>	<u>91,847</u>	<u>18,399</u>	<u>1,232</u>	<u>164,978</u>
Balance at January 1, 2020	\$ 42,921	-	11,545	-	54,466
Additions	8,294	-	6,854	-	15,148
Disposal	(9,808)	-	-	-	(9,808)
Effect of change in foreign rates	(491)	-	-	-	(491)
Balance at December 31, 2020	<u>\$ 40,916</u>	<u>-</u>	<u>18,399</u>	<u>-</u>	<u>59,315</u>
<b>Accumulated Amortization:</b>					
Balance at January 1, 2021	\$ 29,081	-	7,505	-	36,586
Amortization	10,125	17,221	1,155	-	28,501
Disposals	(5,561)	-	-	-	(5,561)
Reclassification	(2,682)	-	-	-	(2,682)
Effect of change in foreign rates	(49)	-	-	-	(49)
Balance at December 31, 2021	<u>\$ 30,914</u>	<u>17,221</u>	<u>8,660</u>	<u>-</u>	<u>56,795</u>
Balance at January 1, 2020	\$ 29,759	-	6,350	-	36,109
Amortization	9,669	-	1,155	-	10,824
Disposals	(9,808)	-	-	-	(9,808)
Effect of change in foreign rates	(539)	-	-	-	(539)
Balance at December 31 2020	<u>\$ 29,081</u>	<u>-</u>	<u>7,505</u>	<u>-</u>	<u>36,586</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2021	<u>\$ 22,586</u>	<u>74,626</u>	<u>9,739</u>	<u>1,232</u>	<u>108,183</u>
Balance at January 1, 2020	<u>\$ 13,162</u>	<u>-</u>	<u>5,195</u>	<u>-</u>	<u>18,357</u>
Balance at December 31, 2020	<u>\$ 11,835</u>	<u>-</u>	<u>10,894</u>	<u>-</u>	<u>22,729</u>

(n) Short-term borrowing

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Secured bank loans	\$ 420,995	346,892
Unsecured bank loans	229,771	319,978
	<u>\$ 650,766</u>	<u>666,870</u>
Unused facilities	<u>\$ 8,574,380</u>	<u>6,508,574</u>
Interest Rate	<u>0.6%~4.2%</u>	<u>0.63%~2.6%</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Issuance and repayment of loans

For the years ended December 31, 2021 and 2020, the issues amounted to \$1,657,948 thousand and \$1,979,881 thousand, and the rate is 0.6%~4.2% and 0.63%~3.95%, due from March, 2022 to October, 2022 and due from January, 2021 to March, 2021, respectively. The repayment amounted to \$1,810,910 thousand and \$1,434,827 thousand. Short-term borrowing arising through business combinations please refer to note 6 (ac) for further clarification.

(ii) Collateral for bank loans

For the collateral for long-term borrowings, please refer to note 8.

(o) Bonds payable

The details of unsecured convertible bonds were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total convertible corporate bonds issued	\$ 800,000	800,000
Unamortized discounted corporate bonds payable	(19,473)	(29,481)
Cumulative redeemed amount	(1,000)	-
Corporate bonds issued balance at year-end	<u>\$ 779,527</u>	<u>770,519</u>
Embedded derivative-call and put options, included in financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>1,440</u>
Equity component-conversion options, included in capital surplus-stock options	<u>\$ 33,655</u>	<u>33,697</u>
	<u>2021</u>	<u>2020</u>
Embedded derivative-call and put rights, included in financial liabilities at fair value through profit or loss	<u>\$ (1,440)</u>	<u>240</u>
Interest expense	<u>\$ 9,982</u>	<u>826</u>

On November 27, 2020, the Group issued 8,000 unsecured 3-year convertible bonds, which are paid quarterly 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. However, after the dividends were declared in 2021, the conversion price had been adjusted to \$183.2 per share effective June 18, 2021.

Beginning from three month after the issue date (February 28, 2021) until forty days before maturity (October 18, 2023), if the closing price of the Group'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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

(p) Lease liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 41,365</u>	<u>41,401</u>
Non-current financial assets	<u>\$ 63,253</u>	<u>64,348</u>

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

The amounts recognized in profit or loss was as follows:

	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 2,581</u>	<u>2,573</u>
Expenses relating to short-term leases	<u>\$ 73,329</u>	<u>51,309</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 11,654</u>	<u>5,017</u>

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

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 139,052</u>	<u>100,357</u>

(i) Real estate leases

As of December 31, 2021, the Group leases land and buildings for its office space. The leases of office space typically run for a period of three to five years.

(ii) Other leases

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

The Group also leases working offices, staff dormitory and business equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Provisions

	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 270,772	322,699
Provisions made during the period	24,804	44,703
Provisions used and reversed during the period	(35,105)	(98,042)
Effect of movements in exchange rates	(575)	1,412
Balance on December 31	<u><u>\$ 259,896</u></u>	<u><u>270,772</u></u>

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

(r) 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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligation	\$ 94,527	84,207
Fair value of plan assets	(27,322)	(24,999)
Net defined benefit liabilities	<u><u>\$ 67,205</u></u>	<u><u>59,208</u></u>

The Group 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 Group 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 Group's labor pension reserve account balance in the Bank of Taiwan amounted to \$27,322 thousand as of December 31, 2021. 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Movement in present value of the defined benefit obligations

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

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 84,207	82,095
Service cost and interest for the period	1,098	2,606
Remeasurements of the net defined benefit liability (asset)		
– Actuarial loss arising from changes in demographic assumptions	2,889	-
– Actuarial loss (gain) arising from changes in financial assumptions	5,460	(1,673)
– Actuarial loss arising from changes in experience adjustments	943	1,197
Effect of movement in exchange rates	(70)	(18)
Balance, December 31	<u>\$ 94,527</u>	<u>84,207</u>

3) Movement in fair value of defined benefit plan assets

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

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 24,999	22,226
Contributions made	1,898	1,907
Interest revenue	194	261
Remeasurements of the net defined benefit liability		
– Return on plan assets (excluding the interest revenue)	231	605
Balance, December 31	<u>\$ 27,322</u>	<u>24,999</u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Net interest cost of net defined benefit liability	\$ <u>904</u>	<u>2,345</u>
Operating cost	\$ 83	201
Operating expense	821	2,144
	<u>\$ 904</u>	<u>2,345</u>

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

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

	<u>2021</u>	<u>2020</u>
The Company	\$ (6,283)	(577)
Non-controlling interests	(2,781)	1,196
Recognition for the period	<u>\$ (9,064)</u>	<u>619</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

6) Actuarial assumptions

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.625%~7.00%	0.75%~7.75%
Increases in future salary rate	3.00%~8.00%	3.00%~8.00%

The Group is expected to make a contribution payment of \$1,921 thousand to the defined benefit plans for the one-year period after the reporting date.

The weighted – average duration of the defined benefit plans is 14.71 to 24.17 years.

7) Sensitivity analysis

	<b>The impact on defined benefit obligation</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
December 31, 2021		
Discount rate	\$ (5,478)	5,695
Future salary increase (decrease)	5,505	(5,402)
<b>The impact on defined benefit obligation</b>		
<b>Increase 0.25%</b>		
<b>Decrease 0.25%</b>		
December 31, 2020		
Discount rate	\$ (3,329)	3,505
Future salary increase (decrease)	3,397	(3,236)

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 changes in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Defined contribution plans

The Company, Nova Tech, Her Suo, Enrich Tech, Winmega and Rayzher, 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 Group's offshore subsidiaries contribute their pensions to their respective local social insurance agency in accordance with the provisions of their local acts. The Group's contributions to the Bureau of the Labor Insurance or other local social insurance agency for the Group's employee pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2021 and 2020, the Group set aside \$30,120 thousand and \$23,927 thousand, respectively, of the pension costs under the defined contribution plan.

(s) Income taxes

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Current income tax expense:		
Current period	\$ 555,606	466,018
Prior years income tax adjustment	(1,998)	(26,010)
	<b>553,608</b>	<b>440,008</b>
Deferred tax expense:		
Origination and reversal of temporary differences	71,060	59,577
Changes in deductible temporary difference without recognition	(851)	(5,275)
Recognition of previously unrecognized loss carry forward	812	983
	<b>71,021</b>	<b>55,285</b>
Income tax expense	<b>\$ 624,629</b>	<b>495,293</b>

The amount of tax income benefit recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	<b>\$ 8,617</b>	<b>809</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Reconciliation of income tax benefit and income before tax were as follows:

	<u>2021</u>	<u>2020</u>
Profit before tax	\$ <u>2,178,501</u>	<u>1,694,106</u>
Tax rate according to the Group's location	\$ 435,700	338,821
Effect of difference in tax rate of foreign jurisdiction	318,559	265,141
Adjustment in tax rate	300	(1,452)
Effect on income tax due to adjust tax law	(127,052)	(90,592)
Prior years income tax adjustment	(1,998)	(26,010)
Others	(20,551)	4,062
Unrecognized loss carry forward	812	983
Changes in unrecognized temporary difference	(851)	(5,275)
Surtax on undistributed earnings	<u>19,710</u>	<u>9,615</u>
Total	<u>\$ 624,629</u>	<u>495,293</u>

(ii) Deferred tax asset and liability

1) Unrecognized deferred tax asset

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary difference	\$ 3,032	3,883
Loss carry forward	<u>6,106</u>	<u>5,294</u>
	<u>\$ 9,138</u>	<u>9,177</u>

Except for the remaining profit, the tax losses, which are the previous accounting losses examined and approved by the tax authorities, are deductible from profit before tax for the current year, according to the respective local tax law of the Company and its subsidiaries. The deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of December 31, 2021, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Acter Singapore	2017	\$ 4,690	-	Assessed amount
Acter Singapore	2018	1,238	-	Assessed amount
Acter Singapore	2020	5,927	-	Assessed amount
Acter Malaysia	2012	982	-	Assessed amount
Acter Malaysia	2013	679	-	Assessed amount
Acter Malaysia	2014	3,292	-	Assessed amount
Acter Malaysia	2015	3,784	-	Assessed amount
Acter Malaysia	2016	2,784	-	Assessed amount
Acter Malaysia	2017	525	-	Assessed amount
Acter Malaysia	2018	415	-	Assessed amount
NTEC	2020	6,112	-	Assessed amount
NTEC	2021	<u>443</u>	-	Estimasted filing amount
		<u>\$ 30,871</u>		

2) Recognized deferred tax asset and liabilities

Deferred tax assets:

	January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Construction cost	\$ 51,711	(8,491)	-	43,220	11,432	-	54,652
Estimated construction loss	18,295	(2,558)	-	15,737	(14,941)	-	796
Loss carry forward	273	(273)	-	-	3,606	-	3,606
Allowance for decline in realizable value of inventory	1,819	370	-	2,189	(13)	-	2,176
Excessive provision of bad debt	33,581	(10,164)	-	23,417	11,183	-	34,600
Construction revenue and cost on book-tax differences	11,206	17,525	-	28,731	(18,922)	-	9,809
Exchange of unrealized Profits and losses	573	4,077	-	4,650	(519)	-	4,131
Foreign currency translation differences for foreign operations	38,437	-	809	39,246	-	8,617	47,863
Unrealized loss and others	<u>18,099</u>	<u>7,168</u>	<u>-</u>	<u>25,267</u>	<u>4,893</u>	<u>-</u>	<u>30,160</u>
	<u>\$ 173,994</u>	<u>7,654</u>	<u>809</u>	<u>182,457</u>	<u>(3,281)</u>	<u>8,617</u>	<u>187,793</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Deferred tax liabilities:

	<u>January 1, 2020</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2020</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2021</u>
Gains on investment in foreign equity- accounted investee	\$ 591,912	63,478	-	655,390	66,402	-	721,792
Others	2,529	(539)	-	1,990	1,338	-	3,328
	<u>\$ 594,441</u>	<u>62,939</u>	<u>-</u>	<u>657,380</u>	<u>67,740</u>	<u>-</u>	<u>725,120</u>

(iii) Assessment of tax

The income tax returns of the Company, Nova Tech, Her Suo, Enrich Tech, Winmega and Rayzher, have been assessed by the tax authorities through year 2019.

(t) Capital and other equity

(i) Issuance of ordinary shares

As of December 31, 2021 and 2020, the authorized common stock was \$720,000 thousand, while the issued common stock amounted to \$571,868 thousand and \$541,868 thousand, respectively, 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.

On December 7, 2020, the chairman determined the issue price of \$166 per share, with January 4, 2021 as the date of capital increase. All shares issued had been received, and had been recognized as Equity. The relevant statutory registration procedures have since been completed.

The Company issued the first domestic unsecured convertible corporate bonds in 2020. The application for conversion amounted in 2021 was \$1,000 thousand, and 5,458 shares had been issued. As of December 31, 2021, the base date for the capital increase has yet to be resolved by the board of directors, so it had been recognized as advance receipts.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Capital surplus

The components of the capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
From issuance of common stock	\$ 1,425,833	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	6,034	43,991
Changes in ownership interest in subsidiaries	381,860	381,801
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	33,655	33,697
	<b>\$ 1,866,632</b>	<b>1,437,710</b>

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)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated 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.

As of December 31, 2021 and 2020, the Company's balance of special reserve were \$139,461 thousand and \$129,186 thousand.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on February 25, 2021 and February 27, 2020. The amount of other surplus distribution for 2020 and 2019 had been approved during the shareholders' meeting on July 23, 2021 and May 27, 2020. The relevant earnings distributions to shareholders were as follows:

	<b>2020</b>	<b>2019</b>
Legal reserve	\$ <b>96,951</b>	<b>103,609</b>
Special reserve	\$ <b>10,275</b>	<b>60,377</b>
Dividends distributed to ordinary shareholders		
Cash	\$ <b>686,241</b>	<b>812,801</b>

The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on February 24, 2022. The relevant dividend distributions to shareholders were as follows:

	<b>2021</b>
Dividends distributed to ordinary shareholders	
Cash	\$ <b>859,029</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Other equity interest (net of tax)

	<u>Foreign currency translation differences for foreign operations</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>
Balance, January1, 2021	\$ (136,159)	(3,302)	(139,461)
Foreign currency translation differences (net of tax)	(27,055)	-	(27,055)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(4,869)	(4,869)
Balance, December 31, 2021	<u>\$ (163,214)</u>	<u>(8,171)</u>	<u>(171,385)</u>
Balance, January1, 2020	\$ (123,035)	(6,150)	(129,185)
Foreign currency translation differences (net of tax)	(13,124)	-	(13,124)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,848	2,848
Balance, December 31, 2020	<u>\$ (136,159)</u>	<u>(3,302)</u>	<u>(139,461)</u>

(u) Share-based payment

The Company has share-based payment trade as of 2020 :

	<u>Cash capital increase reserved for employee subscription</u>
Grant date	2020.12.7
Grant (Unit : In thousand shares)	450
Contractual life	0.0603 years
Object of grant	The Company's employees who have formal employment relationship with the Company and employees of controlling company or affiliated company who meet certain conditions
Vesting conditions	Immediately vested

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated 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:

	<b>Cash capital increase reserved for employee subscription</b>
Fair value at grant date	27.0259
Stock price at grant date	193
Exercise price	166
Expected price volatility (%)	23.6%
Life of option (year)	0.0603
Expected price volatility (%)	-
Risk-free rate (%)	0.1080%

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) Expenses resulting from share-based payments

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

	<b>2020</b>
Cash capital increase reserved for employee subscription	<b>\$ 12,162</b>

- (v) Earnings per share

1. Basic earnings per share

The following are the details on the calculation of basic earnings per share as of December 31, 2021 and 2020 based on the profit attributable to the ordinary shareholders of the Company amounting to \$1,204,410 thousand and \$970,082 thousand, and the weighted average numbers of ordinary shares outstanding of 57,138 thousand and 54,187 thousand, respectively:

- 1) Profit attributable to ordinary shareholders of the Company

	<b>2021</b>	<b>2020</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 1,204,410</b>	<b>970,082</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Weighted average number of ordinary shares

	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares at December 31	<b>\$ 57,138</b>	<b>54,187</b>

2. Diluted earnings per share

The following are the details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 based on the profit attributable to ordinary shareholders of the Company amounting to \$1,211,244 thousand and \$970,935 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 61,962 thousand and 58,650 thousand, respectively:

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<b>2021</b>	<b>2020</b>
Profit of the Company for the year (basic)	\$ 1,204,410	970,082
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	6,834	853
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 1,211,244</b>	<b>970,935</b>

2) Weighted average number of ordinary shares (diluted)

	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares (basic)	57,138	54,187
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	4,366	4,073
Effect of employee share bonus	458	390
Weighted average number of ordinary shares (diluted) at December 31	<b>61,962</b>	<b>58,650</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2021</b>	<b>2020</b>
Primary geographical markets		
Taiwan	\$ 9,194,468	6,001,765
Mainland China	8,850,113	7,046,527
Other countries	2,172,644	928,718
	<b>\$ 20,217,225</b>	<b>13,977,010</b>
Major products		
Cleanroom electromechanical integration engineering	\$ 11,279,045	8,237,650
Water gasification supply integration engineering	5,914,614	3,730,872
Consumer industry electromechanical integration engineering	1,422,445	916,409
Biomedical integration engineering	613,070	686,914
High-tech equipment and materials sales and services	988,051	405,165
	<b>\$ 20,217,225</b>	<b>13,977,010</b>

(ii) Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Trade receivables	\$ 5,709,454	4,037,234
Less: allowance for impairment	(142,895)	(106,953)
	<b>\$ 5,566,559</b>	<b>3,930,281</b>
Contract assets-Construction and equipment	\$ 4,798,328	2,986,173
Less: allowance for impairment	(64,802)	(50,923)
	<b>\$ 4,733,526</b>	<b>2,935,250</b>
Contract liabilities-Construction and equipment	<b>\$ 1,627,278</b>	<b>1,761,020</b>

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

The amount of revenue recognized for the year ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$1,471,303 thousand and \$1,184,964 thousand, respectively.

The contract assets primarily relate to the Group 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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.

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 2021 and 2020.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2021 and 2020, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were \$17,856,624 thousand and \$9,332,316 thousand, respectively. The Group 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 Group 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.

(x) 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, 2021 and 2020, the Company estimated its employee remuneration amounting to \$91,478 thousand and \$60,000 thousand, and its directors' and supervisors' remuneration amounting to \$45,874 thousand and \$28,000 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 2021 and 2020. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

(y) Non-operating income and expenses

(i) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense — bank loans	\$ 11,897	3,769
Interest expense — lease liabilities	2,581	2,573
Interest expense — bonds	9,982	826
	<u>\$ 24,460</u>	<u>7,168</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Interest revenue

	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ 26,576	30,065
Other interest income	6,829	1,609
	<b>\$ 33,405</b>	<b>31,674</b>

(iii) Other revenue

	<b>2021</b>	<b>2020</b>
Rental income	\$ 3,259	1,658
Government subsidy income and others	38,025	23,386
	<b>\$ 41,284</b>	<b>25,044</b>

(iv) Other income and losses

	<b>2021</b>	<b>2020</b>
Exchange loss on foreign currency	\$ (18,531)	(57,329)
Gain (loss) on disposals of property, plant and equipment	160	(217)
Gain on disposal of investment	453	35
Loss on remeasurements of investment	(13,793)	-
Net gain on financial assets at fair value through profit or loss	2,649	2,244
Net loss on financial liability at fair value through profit or loss	1,440	(240)
Others	12	-
	<b>\$ (27,610)</b>	<b>(55,507)</b>

(z) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of December 31, 2021 and 2020, concentration of credit risk deriving from the Group's top customer did not constitute more than 8% and 16%, respectively, of the Group's receivables while those deriving from the Group's other top four customers did not constitute more than 25% and 23%, respectively, of the Group's receivables.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Receivables

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

Other financial assets measured at amortized cost include other financial assets. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

The loss allowance provisions were determined as follows:

	<b>Other financial assets (guarantee deposits paid)</b>
Balance on January 1, 2021	\$ 21,832
Foreign exchange losses	(59)
Balance on December 31, 2021	<b>\$ 21,773</b>
Balance on January 1, 2020	\$ 21,576
Foreign exchange gains	256
Balance on December 31, 2020	<b>\$ 21,832</b>

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding notes payable, trade payables (including related parties), accrued salaries and bonus and other accrued expenses.

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1-2 years</b>	<b>2-5years</b>	<b>More than 5 years</b>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 421,032	422,789	422,789	-	-	-
Non-secured bank loans	229,734	230,520	230,520	-	-	-
Bonds payable	779,527	799,000	-	799,000	-	-
Leases liabilities (including current and non-current)	104,618	108,453	43,127	25,215	39,916	195
	<b>\$ 1,534,911</b>	<b>1,560,762</b>	<b>696,436</b>	<b>824,215</b>	<b>39,916</b>	<b>195</b>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
Secured bank loans	\$ 346,892	346,996	346,996	-	-	-
Non-secured bank loans	319,978	320,020	320,020	-	-	-
Bonds payable	770,519	800,000	-	-	800,000	-
Leases liabilities (including current and non-current)	105,749	108,025	43,044	29,206	30,070	5,705
	<b>\$ 1,543,138</b>	<b>1,575,041</b>	<b>710,060</b>	<b>29,206</b>	<b>830,070</b>	<b>5,705</b>

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 37,483	27.738	1,039,703	40,267	28.515	1,148,214
CNY	79,137	4.3545	344,602	11,232	4.3664	49,043
JPY	82,999	0.2425	20,127	52,471	0.2750	14,430
<u>Non-Monetary</u>						
USD	10,339	27.738	286,783	14,257	28.515	406,538
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	9,205	27.738	255,328	3,884	28.515	110,752
CNY	5,194	4.3545	22,617	-	-	-
JPY	182,710	0.2425	44,307	32,470	0.2750	8,929

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, other receivables, financial assets at fair value through other comprehensive income, loans, trade payables and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY and JPY as of December 31, 2021 and 2020 would have increased or decreased the before-tax net income by \$10,822 thousand and \$10,920 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

As the Group transacts in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the year ended December 31, 2021 and 2020, the foreign exchange gains or losses, including both realized and unrealized, amounted to \$(18,531) thousand and \$(57,329) thousand, respectively.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Interest rate analysis

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

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

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$6,508 thousand and \$6,669 thousand for the year ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, 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:

	For the years ended December 31,			
	2021		2020	
	Other comprehensive income before tax	Net income before tax	Other comprehensive income before tax	Net income before tax
<b>Prices of securities at the reporting date</b>				
<b>Increasing 3%</b>	\$ <u>12,224</u>	<u>22,116</u>	<u>4,053</u>	<u>11,104</u>
<b>Decreasing 3%</b>	\$ <u>(12,224)</u>	<u>(22,116)</u>	<u>(4,053)</u>	<u>(11,104)</u>

(vi) 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 Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		December 31, 2021			
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 737,191	737,191	-	-	737,191
<b>Financial assets at fair value through other comprehensive income</b>					
Corporate bonds	\$ 271,423	271,423	-	-	271,423
Emerging stock	6,405	6,405	-	-	6,405
Unlisted stock	129,646	-	-	129,646	129,646
Subtotal	407,474	277,828	-	129,646	407,474
Total	<u>\$ 1,144,665</u>	<u>1,015,019</u>	<u>-</u>	<u>129,646</u>	<u>1,144,665</u>
<b>Financial liabilities at amortized cost</b>					
Bonds payable	\$ 779,527	-	1,010,336	-	1,010,336
<b>December 31, 2020</b>					
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 370,145	370,145	-	-	370,145
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stock	5,448	5,448	-	-	5,448
Unlisted stock	129,646	-	-	129,646	129,646
Subtotal	135,094	5,448	-	129,646	135,094
Total	<u>\$ 505,239</u>	<u>375,593</u>	<u>-</u>	<u>129,646</u>	<u>505,239</u>
<b>Financial liability at fair value through profit or loss</b>					
Financial liabilities designated as at fair value through profit or loss	1,440	-	1,440	-	1,440
<b>Financial liabilities at amortized cost</b>					
Bonds payable	\$ 770,519	-	918,240	-	918,240
Total	<u>\$ 771,959</u>	<u>-</u>	<u>919,680</u>	<u>-</u>	<u>919,680</u>

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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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

The Group's financial instruments are classified by their category, and the attributes of their fair value are as follows if such financial instruments are traded in active markets: beneficiary securities—open end fund, Corporate bonds 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 Group is not traded in an active market, its 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, 2021 and 2020.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

5) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
Opening balance, January 1, 2021	\$ 129,646
Purchased	-
Ending Balance, December 31, 2021	<b>\$ 129,646</b>
Opening balance, January 1, 2020	\$ 127,400
Purchased	2,246
Ending Balance, December 31, 2020	<b>\$ 129,646</b>

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

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

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	<ul style="list-style-type: none"> <li>◆ P/E multiplier (As of December 31, 2021 and 2020 were 10.06 and 15.81, respectively)</li> <li>◆ Discount for lack of marketability (As of December 31, 2021 and 2020 were both 30%)</li> </ul>	<ul style="list-style-type: none"> <li>◆ The higher the price-equity ratio, the higher the fair value.</li> <li>◆ The higher the discount for lack of marketability, The lower the fair value.</li> </ul>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net asset value method	<ul style="list-style-type: none"> <li>◆ Discount for lack of market ability (As of December 31, 2021 and 2020 were both 30%)</li> </ul>	<ul style="list-style-type: none"> <li>◆ The higher the discount for lack of marketability, The lower the fair value.</li> </ul>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 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:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10 %	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10 %	18,521	(18,521)
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	P/E ratio	10 %	12,740	(12,740)
Equity investments without an active market	Discount for lack of marketability	10 %	18,521	(18,521)

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.

(aa) Financial risk management

(i) Overview

The Group 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 Group's objectives, policies and procedures of measuring and managing risks. For more quantitative disclosure information, please refer to notes of the financial statements.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Risk management framework

The Group'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 Group'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, credit risk, operation of derivative and non-derivative financial instruments, and investment in the remaining current capital. The internal auditors of the Group continue with the review of the compliance with the policy and the extent of the exposure to risk. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

The Group's audit committee oversees how management supervision is in compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The internal auditors assist the Group'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 Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable, investments in securities and financial guarantees.

1) Accounts receivable and other receivable

The Group 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 Group 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 Group's finance department. Since, the Group deals with banks and other external parties with good credit standing, the Group believes that there is no significant impact on credit risk.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Guarantee

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

(iv) Liquidity risk

The Group 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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

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

2) Interest rate risk

The Group borrows funds on variable interest rates. Changes in market interest rates leads to the change of effective interest rates and fluctuation of future cash flows. The Group reduces interest rate risk by negotiating interest rates with banks from time to time.

3) Other market price risk

The Group 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 Group does not actively trade in these investments. The Group assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(ab) Capital management

The Group 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 11,407,969	8,820,115
Less: cash and cash equivalents	<u>(3,698,831)</u>	<u>(5,165,884)</u>
Net debt	7,709,138	3,654,231
Total equity	<u>5,634,540</u>	<u>5,146,146</u>
Total capital	<b><u>\$ 13,343,678</u></b>	<b><u>8,800,377</u></b>
Debt to capital ratio	<b><u>57.77%</u></b>	<b><u>41.52%</u></b>

The management believes that there were no changes in the Group's approach to capital management for the year ended December 31, 2021.

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

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

	<b>January 1,2021</b>	<b>Cash flows</b>	<b>Non-cash changes</b>					<b>December 31,2021</b>
			<b>Foreign exchange movement</b>	<b>Increase/ Decrease</b>	<b>Transfer to Advance receipts and capital surplus</b>	<b>Amortization</b>	<b>Acquisition through business combinations</b>	
Short-term borrowings	\$ 666,870	(152,961)	(31,278)	-	-	-	168,135	650,766
Short-term notes and bills payable	-	(11,200)	-	-	-	-	11,200	-
Lease liabilities	105,749	(51,488)	(341)	37,787	-	-	12,911	104,618
Bonds payable	<u>770,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(974)</u>	<u>9,982</u>	<u>-</u>	<u>779,527</u>
Total liabilities from financing activities	<b><u>\$ 1,543,138</u></b>	<b><u>(215,649)</u></b>	<b><u>(31,619)</u></b>	<b><u>37,787</u></b>	<b><u>(974)</u></b>	<b><u>9,982</u></b>	<b><u>192,246</u></b>	<b><u>1,534,911</u></b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	January 1,2020	Cash flows	Non-cash changes				December 31,2020
			Foreign exchange movement	Increase/ Decrease	Transfer to Advance receipts and capital surplus	Amortization	
Short-term borrowings	\$ 136,609	545,054	(14,793)	-	-	-	666,870
Lease liabilities	110,264	(41,458)	284	36,659	-	-	105,749
Bonds payable	-	804,590	-	(1,200)	(33,697)	826	770,519
Total liabilities from financing activities	\$ <u>246,873</u>	<u>1,308,186</u>	<u>(14,509)</u>	<u>35,459</u>	<u>(33,697)</u>	<u>826</u>	<u>1,543,138</u>

**(7) Related-party transactions:**

(a) Names and relationship with the Group

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Johnwell Airconditioning Enterprise Co., Ltd	The key management personnel of the parent company's directors
Xiang-Hui Development Co., Ltd.	The key management personnel of the parent company's directors

(b) Other related party transactions

Construction cost, and related assets and liabilities:

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

	Purchases		Payables to Related Parties	
	2021	2020	December 31, 2021	December 31, 2020
Entity under the key management's control	\$ <u>3,123</u>	<u>2,066</u>	<u>441</u>	<u>654</u>

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

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 106,932	81,261
Post-employment benefits	324	405
Share based payments	-	3,135
	<b>\$ 107,256</b>	<b>84,801</b>

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

**(8) Pledged assets:**

The Group's pledged assets were as follows:

<b>Asset</b>	<b>Purpose of pledge</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Other financial assets – current:			
Demand deposit and time deposit	Construction contract fulfillment and warranty guarantee	\$ 67,789	60,246
Other financial assets – non-current:			
Time deposit	Warranty guarantee	511	509
		<b>\$ 68,300</b>	<b>60,755</b>

**(9) Commitments and contingencies:**

Significant commitments and contingencies for the Group as of December 31, 2021, and 2020 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$1,078,419 thousand and \$789,274 thousand, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$1,429,893 thousand and \$1,669,789 thousand, respectively.
- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted were both to \$348,000 thousand.
- (d) For already-signed but not-yet-finished significant construction contracts, please refer to note 6(w).

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (e) The Company's subsidiary, Nova Tech entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein Nova Tech is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, Nova Tech requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. Nova Tech then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. Nova Tech has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by Nova Tech. As of the issuance date of this financial statements, the Court's decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by Nova Tech in accordance with the related accounting standards. Nova Tech has estimated the maximum loss incurred from this lawsuit to be \$70,000 thousand. On February 5, 2018, Jing He had partially paid the amount of \$10,500 thousand (including interest) for the said construction.
- (f) The Company's subsidiary, Nova Tech entered into an agreement with Wuhan Hongxin Semiconductor Manufacturing Co., Ltd. (now renamed Wuhan Xingong Hyundai Manufacturing Co., Ltd.) (hereafter referred to as Wuhan Xingong Co., Ltd.) for the "Contract for Wuhan Hongxin Semiconductor Manufacturing Project Phase One Chemical Supply Systems Engineering International Equipment and Materials Procurement" (hereafter referred to as the procurement contract) on July 2, 2019, the procurement contract price was USD24,484 thousand. In order to fulfill the supply obligations of the procurement contract, Nova Tech had produced and procured related materials and equipment in accordance with the contract, but Wuhan Xingong Co., Ltd. repeatedly delayed the payment of the agreed 20% advance payment and repeatedly delayed the delivery time, as of December 31, 2021, the aforementioned advanced payment only paid USD4,500 thousand, there is still a difference of USD397 thousand, Nova Tech has commissioned a lawyer to send a confirmation to Wuhan Xingong Co., Ltd., requesting Wuhan Xingong Co., Ltd. to bear the losses of materials and equipment, including the additional warehouse rental, transportation costs, upstream manufacturers claims, and loss of capital interest due to default of Wuhan Xingong Co., Ltd., which Nova Tech had produced and purchased for the fulfillment of the procurement contract, and the representatives of Wuhan Xingong Co., Ltd. had performed stocktaking of the aforementioned materials and equipment. Wuhan Xingong Co., Ltd. sent a confirmation to Nova Tech on June 15, 2021, stating that an advance payment of USD4,500 thousand has been made, but based on the current operating status, no longer require Nova Tech to fulfill delivery obligations, and materials and equipment that Nova Tech has purchased can be disposed of and transferred by Nova Tech, and it is not considered to be a breach of contract. Nova Tech is currently in discussions with lawyers about Wuhan Xingong Co., Ltd. to bring commercial arbitration matters, as of the date of submission of this financial report, Nova Tech is unable to make a forecast assessment of the future outcome of the case, and the amount of damages.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(g) Other

Acter Technology Integration Group Co. Ltd (hereinafter referred to as Acter China or the issuer), a subsidiary of the Company, in order to expand the mainland business, attract local professionals, increase market awareness and enhance the Company's competitiveness, and submitted an application to China Securities Regulatory Commission for listing on the main board of the Shanghai Stock Exchange in September, 2021. In accordance with the requirements of the China Securities Regulatory Commission and other securities regulatory authorities, the Company and its subsidiary Sheng Hwei International Co., Ltd. (the two collectively referred to as controlling shareholders) and Acter China (the issuer) issued various commitments. Information about relevant commitments can be found in the Market Observation Post System website.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

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

By function	2021			2020		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit						
Salary	877,307	648,886	1,526,193	669,884	495,781	1,165,665
Labor, health and social insurance	88,597	61,985	150,582	52,814	30,836	83,650
Pension	21,686	9,338	31,024	18,703	7,569	26,272
Other	26,357	29,908	56,265	18,197	22,696	40,893
Depreciation	30,079	61,315	91,394	14,444	59,402	73,846
Amortization	1,488	27,013	28,501	142	10,682	10,824

Note: Depreciation for investment property for the year ended December 31, 2021 and 2020 amounted to \$2,610 thousand and \$2,487 thousand, respectively recognized as non operating expense.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated 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	AIL	Acter Vietnam	Other receivables due from related parties	Yes	278,360	221,904	221,904	1.00	Short-term financing	-	Operating capital	-	-	-	1,057,520 (note 4)	1,057,520 (note 4)
1	AIL	Acter Inodonesia	Other receivables due from related parties	Yes	132,767	87,375	87,375	1.20	Short-term financing	-	Operating capital	-	-	-	1,057,520 (note 4)	1,057,520 (note 4)
1	AIL	Acter Thailand	Other receivables due from related parties	Yes	23,661	-	-	-	Short-term financing	-	Operating capital	-	-	-	42,301 (note 4)	42,301 (note 4)
2	Acter China	Acter Inodonesia	Other receivables due from related parties	Yes	52,274	56,272	-	-	Short-term financing	-	Operating capital	-	-	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Acter Vietnam	Other receivables due from related parties	Yes	88,401	55,680	-	-	Short-term financing	-	Operating capital	-	-	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Sheng Huei Shenzhen	Other receivables due from related parties	Yes	139,370	139,344	26,127	1.50	Short-term financing	-	Operating capital	-	-	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Shenzhen Dingmao	Other receivables due from related parties	Yes	139,370	139,344	97,541	1.50	Short-term financing	-	Operating capital	-	-	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Acter Thailand	Other receivables due from related parties	Yes	86,571	56,272	56,272	1.00	Short-term financing	-	Operating capital	-	-	-	721,412 (note 4)	721,412 (note 4)
3	Sheng Huei Shenzhen	Shenzhen Dingmao	Other receivables due from related parties	Yes	87,106	87,090	65,318	1.50	Short-term financing	-	Operating capital	-	-	-	2,560,940 (note 4)	2,560,940 (note 4)

Note 1. The ending balance was the used credit line approved by the Board of Directors for the year ended December 31, 2021.

Note 2. The limited amount and the total amount available for lending purpose shall not exceed 40% of the Company's net worth.

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

Note 4. Both the total amount and the 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 5. The transaction had been eliminated upon consolidation.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		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
		Name	Relationship with the Company (note 12)										
0	The Company	Acter Vietnam	2	281,727,000 (note 3 and 4)	171,312	13,681	13,681	-	0.24 %	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	Her Suo	2	281,727,000 (note 3 and 4)	245,543	230,580	230,580	-	4.09 %	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	AIL	2	281,727,000 (note 3 and 4)	699,524	148,832	148,832	-	2.55 %	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	Acter China and Sheng Huei Shenzhen	2	281,727,000 (note 3 and 4)	171,171	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Acter China, Sheng Huei Shenzhen and Dingmao	2	281,727,000 (note 3 and 4)	171,312	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Acter China	2	281,727,000 (note 3 and 4)	263,340	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Enrich Tech	2	281,727,000 (note 3 and 4)	865,750	641,756	391,756	-	11.39 %	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	Acter Inodonesia	2	281,727,000 (note 3 and 4)	168,030	166,428	-	-	2.95 %	45,076,320 (note 3 and 4)	Y	N	N
1	Her Suo	Nova Tech	4	7,981,980 (note 6 and 8)	41,601	41,601	41,601	-	15.64 %	9,312,310 (note 6 and 8)	N	N	N
1	Her Suo	Chung Hsiang Engineering	5	7,981,980 (note 6)	348,000	348,000	348,000	-	130.79 %	9,312,310 (note 6)	N	N	N
1	Her Suo	The Company	3	7,981,980 (note 6)	648,583	648,583	648,583	-	243.77 %	9,312,310 (note 6)	N	Y	N
2	Nova Tech	Winmax and Suzhou Winmax	2	5,220,000 (note 9)	691,268	649,926	162,210	-	24.90 %	7,830,000 (note 9)	N	N	Y
2	Nova Tech	Winmax	2	5,220,000 (note 9)	693,270	573,956	422,274	-	21.99 %	7,830,000 (note 9)	N	N	Y
2	Nova Tech	The Company	3	5,220,000 (note 9)	289,800	-	-	-	- %	7,830,000 (note 9)	N	Y	N
2	Nova Tech	Sheng Huei Shenzhen	5	5,220,000 (note 9)	189,115	-	-	-	- %	7,830,000 (note 9)	N	N	Y
3	Acter China	Acter Vietnam	2	10,821,180 (note 11)	1,023,256	1,021,098	1,021,098	-	56.62 %	14,428,240 (note 11)	N	N	N
3	Acter China	AIL	2	10,821,180 (note 11)	436,263	436,263	361,422	-	24.19 %	14,428,240 (note 11)	N	N	N
3	Acter China	Shenzhen Dingmao	2	10,821,180 (note 11)	555,045	184,196	166,145	-	10.21 %	14,428,240 (note 11)	N	N	Y
3	Acter China	Sheng Huei Shenzhen	2	10,821,180 (note 11)	131,670	130,635	-	-	7.24 %	14,428,240 (note 11)	N	N	Y
4	Sheng Huei Shenzhen	Acter China	3	3,841,410 (note 11)	160,488	156,283	156,283	-	61.03 %	4,609,692 (note 11)	N	N	Y
5	Winmax	Nova Tech	3	3,685,452 (note 10)	166,017	-	-	-	- %	6,142,420 (note 10)	N	N	N
5	Winmax	Suzhou Winmax	4	3,685,452 (note 10)	87,780	87,090	2,439	-	7.09 %	6,142,420 (note 10)	N	N	Y
6	Shenzhen Dingmao	Acter China	3	2,806,545 (note 11)	43,890	43,545	43,545	-	23.27 %	3,367,854 (note 11)	N	N	Y
7	Enrich Tech	The Company	3	3,771,330 (note 6)	63,184	32,381	32,381	-	25.76 %	4,399,885 (note 6)	N	Y	N

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)

## ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 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 amount 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 Acter China to other entities shall not exceed 800% of the company's net worth. Also, the maximum amount 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 12. 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura EMD & High Yield Bond Portfolio	-	Current financial assets at fair value through profit or loss	832	10,247		10,247	
The Company	JPMorgan (Taiwan) Multi Inc FOF TWD Acc	-	Current financial assets at fair value through profit or loss	3,455	46,298		46,298	
The Company	Allianz US Low Average Duration High Yield Fund USD	-	Current financial assets at fair value through profit or loss	1,859	20,143		20,143	
The Company	PineBridge Global Multi-Strategy High Yield Bond Fund	-	Current financial assets at fair value through profit or loss	103	40,795		40,795	
The Company	Franklin Gulf Wealth Bond Fund USD	-	Current financial assets at fair value through profit or loss	69	33,337		33,337	
The Company	Franklin Templeton SinoAm Preferred Securities Income Fund	-	Current financial assets at fair value through profit or loss	83	28,050		28,050	
The Company	Allianz Global Investors Fund - Allianz Income and Growth AT USD	-	Current financial assets at fair value through profit or loss	100	70,310		70,310	
The Company	BlackRock Global Funds - US Dollar High Yield Bond Fund A2 USD	-	Current financial assets at fair value through profit or loss	32	35,011		35,011	
The Company	AB - American Income Portfolio A2 Acc	-	Current financial assets at fair value through profit or loss	38	34,313		34,313	
The Company	Janus Henderson Capital Funds plc - Balanced Fund Class A2 USD	-	Current financial assets at fair value through profit or loss	12	14,514		14,514	
The Company	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	300	30,450		30,450	
					<b>363,468</b>		<b>363,468</b>	
The Company	Holy StoneHealthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	6,405	0.20 %	6,405	
The Company	Waste RecoveryTechnology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,872	127,400	9.65 %	127,400	
					<b>133,805</b>		<b>133,805</b>	
Nova Tech	Pine Bridge PreferredSecurities Incomefund USD A	-	Current financial assets at fair value through profit or loss	18	6,245		6,245	
Nova Tech	Chailease PREFERRED A	-	Current financial assets at fair value through profit or loss	200	20,300		20,300	
Nova Tech	Corporate bonds-saudi Arabian Oil Company	-	Current financial assets at fair value through profit or loss	-	27,431		27,431	
					<b>53,976</b>		<b>53,976</b>	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	3,550	45,000		45,000	
Her Suo	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	3,136	45,000		45,000	
Her Suo	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	3,003	45,000		45,000	
Her Suo	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	4,305	45,000		45,000	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	111	20,000		20,000	
					<b>200,000</b>		<b>200,000</b>	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	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	-	Current financial assets at fair value through profit or loss	1	468		468	
SHI	Allianz Global Investors Fund – Allianz Global Multi-Asset Credit AT-USD	-	Current financial assets at fair value through profit or loss	45	14,033		14,033	
SHI	Allianz US Short Duration High Income Bond - IT – USD	-	Current financial assets at fair value through profit or loss	157	56,065		56,065	
SHI	Allianz Global Investors Fund - Allianz Income and Growth AT USD	-	Current financial assets at fair value through profit or loss	40	28,029		28,029	
					<b>98,595</b>		<b>98,595</b>	

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
SHI	JPMORGAN CHASE&CO Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	25,274		25,274	
SHI	Ecopetrol Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	22,997		22,997	
SHI	Nordstrom Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	24,742		24,742	
SHI	CREDIT SUISSE GROUP AG	-	Current financial assets at fair value through other comprehensive income	-	26,158		26,158	
SHI	UNITED AIRLINES INC	-	Current financial assets at fair value through other comprehensive income	-	28,663		28,663	
SHI	Energy Transfer Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,286		19,286	
SHI	BAT CAPITAL CORP Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	24,975		24,975	
SHI	FORD MRT CO DEL Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	32,333		32,333	
SHI	Broadcom Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	28,277		28,277	
SHI	T-mobile Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,034		19,034	
SHI	DP world PLC Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,684		19,684	
					<b>271,423</b>		<b>271,423</b>	
AIL	JPMorgan Funds—US Aggregate Bond Fund A (moth)—USD		Current financial assets at fair value through profit or loss	3	<b>987</b>		<b>987</b>	
Winmega	Franklin Templeton Sinoam Money Market Fund		Current financial assets at fair value through profit or loss	1,929	<b>20,165</b>		<b>20,165</b>	

- (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		Purchases		Sales				Ending Balance	
					Shares (thousands)	Amount	Shares (thousands)	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares (thousands)	Amount
Nova Tech	Ordinary Shares	Investments accounted for using equity method	Rayzher Industrial Co., Ltd.		3,125	112,500	7,650	252,450	-	-	-	(9,375)	10,775	355,575

Note : The loss on disposal of investments is the total of loss on remeasurements \$13,793 thousand and gain on investment \$4,418 thousand.

- (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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Her Suo	The Company	Be owned 100% by the Company	Sales	164,915	19 %	Depend on individual contract	Depend on individual contract	No significant difference	38,775	16%	Note
Nova Tech	The Company	Be owned 63.66% by the Company	Sales	133,094	7 %	Depend on individual contract	Depend on individual contract	No significant difference	7,066	1%	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.

(x) Business relationships and significant intercompany transactions: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Nova Tech	Hsinchu	Wholesale of electronic and chemical equipment	213,455	141,364	21,598	63.66 %	1,661,497	568,254	357,648	Note2
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100 %	266,066	66,256	66,256	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	5,694	56.94 %	74,466	(15,479)	(9,970)	Note2
The Company	SHI	Samoa	Investment holding company	121,302	129,126	3,950	100 %	2,150,078	481,744	481,744	Note2
Nova Tech	Winmega	Hsinchu	Electronic equipment, equipment wholesale, chemical machinery wholesale, etc	15,000	15,000	3,000	100 %	111,635	28,766	28,766	Note2
Nova Tech	NTEC	Singapore	Contract for the chemical supply system business	24,179	24,179	1,000	100.00 %	53,933	1,557	1,557	Note2
Nova Tech	Rayzher	Taoyuan	Piping engineering, motor installation-automatic control equipment, etc.	355,575	112,500	10,775	51.31 %	414,184	149,121	63,027	Note2
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100 %	43,971	5,316	5,316	Note2
Acter China	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	99,994	25,327	100 %	105,752	6,723	6,723	Note2
Acter China	Acter Singapore	Singapore	Investment holding company	80,000	80,000	3,376	100 %	116,008	40,145	40,145	Note2
Acter Singapore	Acter Malaysia	Malaysia	Investment holding company	26,780	26,780	2,600	100 %	2,741	(144)	(144)	Note2
Acter Singapore	Acter Inonesia	Indonesia	Equipment trading and set-up	14,816	14,816	990	99 %	77,182	24,385	24,141	Note2
Acter Singapore	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	14,428	147	49 %	25,378	33,489	16,410	Note2
Acter Singapore	DJR	Thailand	Investment holding company	908	908	13	25 %	1,614	3,460	864	
Acter Singapore	Daejin Road	Thailand	Investment holding company	1,371	1,371	13	25 %	2,437	5,225	1,305	
AIL	Acter Inonesia	Indonesia	Equipment trading and set-up	150	150	10	1 %	780	24,385	244	Note2
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	48,238	48,238	Note1	100 %	112,868	3,913	3,913	Note2
AIL	Space Thailand	Thailand	Investment holding company and trading of equipment	7,308	7,308	74	49 %	12,556	16,227	7,952	
AIL	DJR	Thailand	Investment holding company	871	871	12	24 %	1,548	3,460	830	
AIL	Daejin Road	Thailand	Investment holding company	1,317	1,317	12	24 %	2,337	5,225	1,254	

Note 1: Limited company.

Note 2: The transactions have been eliminated upon consolidation.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated 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 10)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	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	317,572	63.66%	202,163	782,040	891,421
Acter China	Construction and set-up of electronic equipment and air conditioners	284,355 (Note 2)	2	106,177	-	-	106,177	546,018	86.66%	473,196	1,562,993	255,775 (Note 4)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	95,808	86.66%	83,030	162,150	-
Sheng Hwei Shenzhen	Construction and set-up electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	7,817	86.66%	6,774	221,940	55,876 (Note 4)
Suzhou Winmax	Design and manufacture of air containers and liquid containers	32,478	1	32,478	-	-	32,478	58,301	63.66%	37,114	169,995	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (note 5 and 7)	Upper Limit on Investment (note 6)
170,379 (USD5,450 thousand)	664,832 (USD21,002 thousand)	3,380,724

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

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

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

Note 4: It included retained earnings to the Company amount \$180,349 thousand (USD6,275 thousand) and CNY27,822 thousand was paid to SHI.

Note 5: The accumulated investment in Mainland China included through Nova Tech amounting to \$183,904 thousand (USD5,890 thousand) was authorized by the Investment Commission. However, the remittance from Winmax to Nova Tech amounting to \$891,421 thousand (USD30,070 thousand) and the remittance from Fuyu International to SHI amounting to \$164,079 thousand (USD 5,879 thousand) and the remittance from Acter China to the Company amounting to \$180,349 thousand (USD6,275 thousand) were not included in the accumulated investment amounts.

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

Note 7: All foreign currency amounts were translated at the exchange rates and authorized by the Investment Commission.

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

Note 9: Fuyu had been liquidated in December 2020. However, the accumulated investment in Mainland China amounting to \$6,110 thousand (USD200 thousand) has yet to be remitted to the Company.

Note 10: 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.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(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, 2021, there were no shareholders holding more than 5% of the shares.

**(14) Segment information:**

(a) General information

There are three reportable segments of the Group: Taiwan, Mainland China, and other Asian countries. The Taiwan segment provides engineering, maintenance, sales and other services in Taiwan area. The Mainland China segment provides engineering services and sales in Mainland China. The other Asian segment provides engineering services in Vietnam, Singapore, Malaysia and other Asian countries.

The reportable segments are strategic business units that render products and services in different areas. Since each strategic business unit is located in a different environment, they require different administration strategies and are managed separately. Most of the business units were founded by the Company, and the management teams have been cultivated by the Company as well.

(b) Information on reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the segmented net income from the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The Group has allocated income tax expense (benefit) or extraordinary gain or losses to reportable segments. In addition, profit or loss from all reportable segments includes significant non-cash items, excluding depreciation and amortization. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note 4 “Significant accounting policies”. The Group’s income from operating segment is measured by using the net income, and is referred to as the basis of performance evaluation.

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

<u>2021</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 10,197,424	8,000,030	2,019,771	-	20,217,225
Intersegment revenues	337,771	176,888	-	(514,659)	-
Interest revenue	8,213	21,596	9,672	(6,076)	33,405
<b>Total revenue</b>	<b>\$ 10,543,408</b>	<b>8,198,514</b>	<b>2,029,443</b>	<b>(520,735)</b>	<b>20,250,630</b>
Interest expense	(14,512)	(8,141)	(7,883)	6,076	(24,460)
Depreciation and amortization	(51,695)	(48,023)	(4,411)	(18,376)	(122,505)
Share of gain (loss) of associates accounted for using equity method	1,364,902	150,492	535,281	(2,034,052)	16,623
<b>Reportable segment profit or loss</b>	<b>635,377</b>	<b>875,024</b>	<b>61,847</b>	<b>(18,376)</b>	<b>1,553,872</b>
Asset:					
Investment accounted for using equity method	6,227,384	664,956	1,846,404	(8,718,252)	20,492
Capital expenditures of noncurrent assets	19,142	16,828	600	-	36,570
<b>Reportable segment asset</b>	<b>15,901,431</b>	<b>8,184,692</b>	<b>3,739,330</b>	<b>(9,121,486)</b>	<b>18,703,967</b>
<b>Reportable segment liability</b>	<b>6,422,297</b>	<b>4,442,439</b>	<b>1,023,298</b>	<b>(480,065)</b>	<b>11,407,969</b>
<u>2020</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 7,145,323	5,999,403	832,284	-	13,977,010
Intersegment revenues	311,014	512,320	-	(823,334)	-
Interest revenue	3,675	22,169	10,681	(4,851)	31,674
<b>Total revenue</b>	<b>\$ 7,460,012</b>	<b>6,533,892</b>	<b>842,965</b>	<b>(828,185)</b>	<b>14,008,684</b>
Interest expense	(3,207)	(1,861)	(6,950)	4,850	(7,168)
Depreciation and amortization	(37,445)	(43,959)	(4,598)	(1,155)	(87,157)
Share of gain (loss) of associates accounted for using equity method	1,161,687	110,518	437,675	(1,710,879)	(999)
<b>Reportable segment profit or loss</b>	<b>351,546</b>	<b>803,611</b>	<b>44,811</b>	<b>(1,155)</b>	<b>1,198,813</b>
Asset:					
Investment accounted for using equity method	5,492,338	523,302	1,752,819	(7,645,704)	122,755
Capital expenditures of noncurrent assets	7,484	29,046	1,188	-	37,718
<b>Reportable segment asset</b>	<b>12,894,445</b>	<b>6,393,717</b>	<b>3,644,775</b>	<b>(7,814,342)</b>	<b>15,118,595</b>
<b>Reportable segment liability</b>	<b>4,888,328</b>	<b>3,227,747</b>	<b>873,075</b>	<b>(169,035)</b>	<b>8,820,115</b>

(Continued)

**ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information about the products and services

Revenue from external customers was as follows:

	<u>2021</u>	<u>2020</u>
Cleanroom electromechanical integration engineering	\$ 11,279,045	8,237,650
Water gasification supply integration engineering	5,914,614	3,730,872
Consumer industry electromechanical integration engineering	1,422,445	916,409
Biomedical integration engineering	613,070	686,914
High-tech equipment and materials sales and services	<u>988,051</u>	<u>405,165</u>
	<u><u>\$ 20,217,225</u></u>	<u><u>13,977,010</u></u>

(d) Geographical information

In presenting information on the basis of geography, segment revenue should be based on the geographical location of customers, and segment non-current assets should be based on the geographical location of the assets.

<u>Area</u>	<u>2021</u>	<u>2020</u>
Revenue from external customers:		
Taiwan	\$ 9,194,468	6,001,765
Mainland China	8,850,113	7,046,527
Other countries	<u>2,172,644</u>	<u>928,718</u>
	<u><u>\$ 20,217,225</u></u>	<u><u>13,977,010</u></u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Non-current assets:		
Taiwan	\$ 776,630	576,904
Mainland China	282,919	278,504
Other countries	<u>6,942</u>	<u>4,431</u>
	<u><u>\$ 1,066,491</u></u>	<u><u>859,839</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, goodwill, intangible assets and other assets.

(e) Information on significant customers

As of December 31, 2021 and 2020, none of the sales to the Group's external single customer exceeds 10% of the total revenue.

## 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, 2021 and 2020, 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, 2021 and 2020, 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 accordance with the auditing standards generally accepted in the Republic of China, and the Regulations Governing Auditing. 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(o) “Revenue”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Revenue recognition”, and Notes 6(r) “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 24, 2022

#### **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 CORPORATION LIMITED

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 1,062,933	11	1,660,258	20	2120	Current financial liabilities at fair value through profit or loss(note 6(b),(j))	\$ -	-	1,440	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	363,468	4	35,694	-	2130	Current contract liabilities (note 6(r) and 7)	214,039	2	541,658	7
1140	Current contract assets (note 6(r) and 7)	1,534,825	16	997,207	12	2150	Notes payable	716	-	5,410	-
1150	Notes receivable, net (note 6(d))	202,709	2	48,947	1	2170	Accounts payable	1,880,009	20	1,202,292	14
1170	Accounts receivable, net (note 6(d)and(r))	1,338,979	14	1,181,915	14	2180	Accounts payable to related parties (note 7)	61,784	1	1,167	-
1180	Accounts receivable to related parties, net (note 6(d),(r) and 7)	-	-	40,822	-	2201	Accrued salaries and bonuses	162,015	2	113,846	1
1200	Other receivables (note 6(e))	1,193	-	201	-	2230	Current income tax liabilities	80,854	1	60,560	1
1210	Other receivables to related parties (note 6(e)and7)	15,345	-	12,437	-	2250	Current provisions (note 6(l))	26,569	-	27,883	-
1476	Other current financial assets (note 6(h))	17,057	-	48,008	1	2280	Current lease liabilities (note 6(k))	10,941	-	11,888	-
1479	Other current assets	246,341	3	113,583	1	2399	Other current liabilities and accrued expenses	162,600	2	162,478	2
		<u>4,782,850</u>	<u>50</u>	<u>4,139,072</u>	<u>49</u>			<u>2,599,527</u>	<u>28</u>	<u>2,128,622</u>	<u>25</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c))	133,805	2	132,848	2	2530	Bonds payable(note 6(j))	779,527	8	770,519	9
1550	Investments accounted for using equity method (note 6(f))	4,152,107	44	3,787,513	44	2570	Deferred tax liabilities (note 6(n))	427,432	5	384,951	5
1600	Property, plant and equipment (note 6(g))	95,895	1	96,308	1	2580	Non-current lease liabilities (note 6(k))	29,338	-	40,389	-
1755	Right-of-use assets (note 6(h))	39,734	-	51,842	1	2640	Non-current provisions for employee benefits (note 6(m))	20,459	-	21,100	-
1760	Investment property, net (note 6(i))	235,793	3	238,280	3	2645	Guarantee deposits	152	-	152	-
1840	Deferred tax assets (note 6(n))	40,008	-	35,265	-			<u>1,256,908</u>	<u>13</u>	<u>1,217,111</u>	<u>14</u>
1990	Other non-current assets	10,783	-	10,751	-		<b>Total liabilities</b>	<u>3,856,435</u>	<u>41</u>	<u>3,345,733</u>	<u>39</u>
		<u>4,708,125</u>	<u>50</u>	<u>4,352,807</u>	<u>51</u>						
<b>Total assets</b>		<u>\$ 9,490,975</u>	<u>100</u>	<u>8,491,879</u>	<u>100</u>	<b>Equity attributable to owners of parent (note 6 (o)):</b>					
						3100	Ordinary shares	571,868	6	541,868	7
						3140	Advance receipts for ordinary share	54	-	450,544	5
						3200	Capital surplus	1,866,632	20	1,437,710	17
						3300	Retained earnings	3,367,371	35	2,855,485	34
						3400	Other equity interest	(171,385)	(2)	(139,461)	(2)
							<b>Total equity</b>	<u>5,634,540</u>	<u>59</u>	<u>5,146,146</u>	<u>61</u>
							<b>Total liabilities and equity</b>	<u>\$ 9,490,975</u>	<u>100</u>	<u>8,491,879</u>	<u>100</u>

See accompanying notes to financial statements.

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

ACTER GROUP CORPORATION LIMITED

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
<b>Operating Revenues:</b>					
4521	Construction revenue (note 6(r) and 7)	\$ 5,995,710	100	4,568,561	100
4529	Less: allowances	(9,229)	-	(1,304)	-
		5,986,481	100	4,567,257	100
4800	Other operating revenue (note 6(r) and 7)	7,831	-	1,505	-
		5,994,312	100	4,568,762	100
<b>Operating costs:</b>					
5520	Construction cost (note 6 (m),(p),(s)and7)	5,323,804	89	3,970,292	87
<b>Gross profit from operations</b>					
		670,508	11	598,470	13
<b>Operating expenses (note 6(m),(p)and(s)):</b>					
6100	Selling expenses	22,157	-	21,334	-
6200	Administrative expenses	204,592	3	179,686	4
6450	Expected credit loss (note 6(d))	(15,489)	-	9,768	-
		211,260	3	210,788	4
<b>Net operating income</b>					
		459,248	8	387,682	9
<b>Non-operating income and expenses:</b>					
7050	Finance costs (note 6(j), (k) and (t))	(10,441)	-	(2,110)	-
7100	Interest revenue (note 6(t))	4,916	-	1,736	-
7010	Other income and expense (note 6(j),(t)and7)	34,865	-	17,648	-
7070	Shares of gain of associates accounted for using equity method, net	895,678	15	727,603	16
7020	Other gains and losses, net (note 6(t))	5,895	-	4,345	-
		930,913	15	749,222	16
<b>Profit before income tax</b>					
		1,390,161	23	1,136,904	25
<b>Less: Income tax expense (note 6(n))</b>					
		185,751	3	166,822	4
<b>Profit</b>					
		1,204,410	20	970,082	21
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Remeasurements effects on defined benefit plans (note 6(m))	(406)	-	(1,418)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	957	-	2,848	-
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	(5,877)	-	841	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	-	-	-	-
		(5,326)	-	2,271	-
8360	<b>Items that will be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign operations	(33,819)	(1)	(16,405)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(5,826)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(n))	6,764	-	3,281	-
		(32,881)	(1)	(13,124)	-
8300	<b>Other comprehensive income, net of tax</b>	(38,207)	(1)	(10,853)	-
8500	<b>Total comprehensive income profit for the years</b>	<b>\$ 1,166,203</b>	<b>19</b>	<b>959,229</b>	<b>21</b>
<b>Earnings per share (note 6(q))</b>					
9750	<b>Basic earnings per share(In new Taiwan dollars)</b>	<b>\$ 21.08</b>		<b>17.90</b>	
9850	<b>Diluted earnings per share(In new Taiwan dollars)</b>	<b>\$ 19.55</b>		<b>16.55</b>	

See accompanying notes to financial statements.

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

ACTER GROUP CORPORATION LIMITED

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Exchange difference on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Other equity interest	Total equity	
	Ordinary stock	Advance capital	Capital Surplus	Legal reserve	Special reserve	Unappropriated retained earnings					Total retained earnings
<b>Balance, January 1, 2020</b>	\$ 541,868	-	1,392,119	617,840	68,809	2,012,132	2,698,781	(123,035)	(6,150)	(129,185)	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
<b>Balance, December 31, 2020</b>	<b>\$ 541,868</b>	<b>450,544</b>	<b>1,437,710</b>	<b>721,449</b>	<b>129,186</b>	<b>2,004,850</b>	<b>2,855,485</b>	<b>(136,159)</b>	<b>(3,302)</b>	<b>(139,461)</b>	<b>5,146,146</b>
<b>Balance, January 1, 2021</b>	\$ 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
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	96,951	-	(96,951)	-	-	-	-	-
Special reserve	-	-	-	-	10,275	(10,275)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(686,241)	(686,241)	-	-	-	(686,241)
Changes in ownership interests in subsidiaries	-	-	(37,898)	-	-	-	-	-	-	-	(37,898)
Cash capital increase	30,000	(450,544)	465,900	-	-	-	-	-	-	-	45,356
Convertible corporate bonds	-	54	920	-	-	-	-	-	-	-	974
Profit for the years ended December 31,2021	-	-	-	-	-	1,204,410	1,204,410	-	-	-	1,204,410
Other comprehensive income for the years ended December 31,2021	-	-	-	-	-	(6,283)	(6,283)	(27,055)	(4,869)	(31,924)	(38,207)
Total comprehensive income	-	-	-	-	-	1,198,127	1,198,127	(27,055)	(4,869)	(31,924)	1,166,203
<b>Balance, December 31 2021</b>	<b>\$ 571,868</b>	<b>54</b>	<b>1,866,632</b>	<b>818,400</b>	<b>139,461</b>	<b>2,409,510</b>	<b>3,367,371</b>	<b>(163,214)</b>	<b>(8,171)</b>	<b>(171,385)</b>	<b>5,634,540</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)  
**ACTER GROUP CORPORATION LIMITED**  
**Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 1,390,161	1,136,904
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses (including investment property)	16,546	17,460
Amortization expenses	5,210	4,397
Excepted credit impairment loss or (gain) on reversal	(15,489)	9,768
Net (gain)loss from current financial liabilities at fair value through profit or loss	(1,440)	240
Interest expense	10,441	2,110
Interest income	(4,916)	(1,736)
Dividend income	(4,768)	(3,905)
Share-based payments	-	12,162
Lease modification benefits	(4)	-
Shares of profit of associates and joint ventures accounted for using equity method	(895,678)	(727,603)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(890,098)</u>	<u>(687,107)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in current financial assets at fair value through profit or loss	(327,774)	(15,063)
Increase in current contract assets	(537,618)	(542,933)
(Increase) decrease in notes receivable	(153,762)	224,579
Increase in accounts receivable	(100,753)	(389,361)
(Increase) decrease in other operating assets	(104,681)	168,537
<b>Total changes in operating assets</b>	<u>(1,224,588)</u>	<u>(554,241)</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in current contract liabilities	(327,619)	124,461
(Decrease) increase in notes payable	(4,694)	1,882
Increase in accounts payable	738,334	367,687
Decrease in provisions	(1,314)	(5,909)
Increase (decrease) in other current liabilities	47,244	(31,662)
<b>Total changes in operating liabilities</b>	<u>451,951</u>	<u>456,459</u>
<b>Total adjustments</b>	<u>(1,662,735)</u>	<u>(784,889)</u>
Cash inflow generated from operations	(272,574)	352,015
Interest received	3,890	1,537
Interest paid	(459)	(1,284)
Income taxes paid	(120,955)	(61,436)
<b>Net cash flows from operating activities</b>	<u>(390,098)</u>	<u>290,832</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of associate accounted for using equity method	(72,091)	-
Proceeds from disposal of non-current assets held for sale	7,824	-
Acquisition of property, plant and equipment	(1,798)	(1,110)
Decrease (increase) guarantee deposits paid	185	(281)
Acquisition of intangible assets	(5,427)	(5,406)
Increase in other non-current assets	-	(301)
Dividends received	516,699	349,669
<b>Net cash flows used in investing activities</b>	<u>445,392</u>	<u>342,571</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	-	460,000
Decrease short-term loans	-	(460,000)
Issuance of corporate bonds	-	804,590
Increase in guarantee deposits received	-	2
Payment of lease liabilities	(11,734)	(11,958)
Cash dividends paid	(686,241)	(812,801)
Capital increase by cash	45,356	450,544
<b>Net cash flows from (used in) financing activities</b>	<u>(652,619)</u>	<u>430,377</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(597,325)</u>	<u>1,063,780</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>1,660,258</u>	<u>596,478</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 1,062,933</u>	<u>1,660,258</u>

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, 2021 and 2020**

**(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.

The Company was awarded a "Platinum" certification by the Taiwan Corporate Governance Association under the CG6012 (2019) Corporate Governance System Assessment on October 25, 2021.

**(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 24, 2022.

**(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 Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2021:

- 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”
- Amendments to IFRS 16 “COVID 19 Related Rent Concessions beyond June 30, 2021”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- 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**

- (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 company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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

The Company 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 Company completes its evaluation.

The Company 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 parent-company-only 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 IFRS 1 “Disclosure of Accounting Policies”
- Amendments to IFRS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

**(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.

**ACTER GROUP CORPORATION LIMITED**  
**Notes to the Parent-Company-Only 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 currency of the main economic environment in which the Company’s operates as its 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 the company 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.

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

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

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 planned 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 expected 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, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

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

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) - 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.

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

#### 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.

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

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

- 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 the aging days exceed 360 days.

The Company considers a financial asset to be in default when the financial asset is aged over 540 days 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 :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 540 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.

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

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) Compound financial instruments

The compound financial instruments issued by the company are convertible corporate bonds (denominated in New Taiwan dollars) that the holder has the option to convert into equity capital. The number of issued shares will not vary with changes in their fair value.

The amount originally recognised for the liability component of a compound financial instrument is measured at the fair value of a similar liability excluding equity conversion rights. The originally recognised amount of the equity component is measured as the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the carrying amounts of the original liability and equity.

Subsequent to original recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

Interest related to financial liabilities is recognised in profit or loss. Financial liabilities are reclassified to equity upon conversion, and no gain or loss is incurred on their conversion.

#### 4) 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.

#### 5) 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.

#### 6) 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) Investment in associates

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.

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

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.

(h) 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.

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

(i) 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 income, over the term of the lease.

(j) 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.

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

(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: 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:

<u>Component Items</u>	<u>Useful Life(years)</u>
Transportation vehicles	5
Instrument equipment	5
Computer equipment	3~5
Office decoration construction	9
Other equipment	5~9

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

(k) 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.

(i) As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if

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

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:

- 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.

(ii) 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

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

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”.

(l) 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.

(m) 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.

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.

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

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.

(n) 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.

(o) 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) 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.

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

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 (1).

#### 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
- 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

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

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.

(p) 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 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.

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

(q) 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.

(r) 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 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.

(Continued)

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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.
- (s) 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. The company's dilutive potential ordinary shares include convertible corporate bonds and employee dividends or remuneration that have not been resolved by the board of directors and can be issued in stock.

- (t) 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.

**(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:

(Continued)

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

(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(r) 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(u) for assumptions used in measuring fair value.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Petty cash and cash on hand	\$ 198	203
Checking and demand deposits	68,535	643,838
Time deposits	467,469	916,316
Cash equivalents-repurchased commercial paper	<u>526,731</u>	<u>99,901</u>
Listed in the cash flow statement	<b><u>\$ 1,062,933</u></b>	<b><u>1,660,258</u></b>

The above-mentioned repurchased rate for commercial paper as of December 31, 2021 and 2020 are 0.26%~0.32% and 0.26%, respectively, with maturity dated from January 12 to February 11, 2022 and January 11, 2021, respectively. Please refer to note 6 (u) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(Continued)

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

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

	December 31, 2021	December 31, 2020
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Beneficiary securities - open-end funds	\$ 363,468	35,694
<b>Financial liabilities designated measured at fair value through profit and loss:</b>		
Unsecured convertible corporate bonds-call and put provision	\$ -	1,440

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

	December 31, 2021	December 31, 2020
<b>Equity investments at fair value through other comprehensive income</b>		
Emerging stocks	6,405	5,448
Unlisted stocks	127,400	127,400
	\$ 133,805	132,848

- (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, 2021 and 2020, 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 (u).

- (iii) The financial assets were not pledged.

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

	December 31, 2021	December 31, 2020
Measured at amortized cost		
Notes receivable	\$ 202,709	48,947
Accounts receivable	1,349,110	1,207,535
Accounts receivable to related parties	-	40,822
Less: Allowance for impairment	(10,131)	(25,620)
	\$ 1,541,688	1,271,684

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, 2021. 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:

(Continued)

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Age of receivables			
1 to 120 days	\$ 1,499,560	-	-
121 to 180 days	30,025	0.50%	150
181 to 360 days	12,250	1%	123
361 to 540 days	210	40%	84
More than 541 days	9,774	100%	9,774
	<b>\$ 1,551,819</b>		<b>10,131</b>

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Age of receivables			
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
	<b>\$ 1,297,304</b>		<b>25,620</b>

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

	2021	2020
Balance on January 1	\$ 25,620	16,169
Impairment losses (reversal) recognition	(15,489)	9,768
Amount written off due to uncollectible	-	(317)
Balance on December 31	<b>\$ 10,131</b>	<b>25,620</b>

- (i) Accounts receivable includes retained construction receivable, which amounted to \$83,642 thousand and \$35,511 thousand as of December 31, 2021 and 2020, respectively.
- (ii) The notes and accounts receivable were not pledged.

(Continued)

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

(e) Other receivables (including related parties)

	December 31, 2021	December 31, 2020
Other accounts receivable	\$ 1,193	201
Other accounts receivable to related parties	15,345	12,437
	<b>\$ 16,538</b>	<b>12,638</b>

Please refer to note (u) for credit risk.

(f) Investment in equity-accounted investees

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

	December 31, 2021	December 31, 2020
Subsidiaries	<b>\$ 4,152,107</b>	<b>3,787,513</b>

(i) Subsidiaries

For the related information, please refer to consolidated financial statements for the year ended December 31, 2021.

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

(g) Property, plant and equipment

	Land	Building and construction	Other facilities	Total
<b>Cost:</b>				
Balance on January 1, 2021	\$ 77,863	18,665	21,214	117,742
Additions	-	-	1,798	1,798
Balance on December 31, 2021	<b>\$ 77,863</b>	<b>18,665</b>	<b>23,012</b>	<b>119,540</b>
Balance on January 1, 2020	\$ 77,863	18,665	20,104	116,632
Additions	-	-	1,110	1,110
Balance on December 31, 2020	<b>\$ 77,863</b>	<b>18,665</b>	<b>21,214</b>	<b>117,742</b>
<b>Depreciation:</b>				
Balance on January 1, 2021	\$ -	5,421	16,013	21,434
Depreciation	-	566	1,645	2,211
Balance on December 31, 2021	<b>\$ -</b>	<b>5,987</b>	<b>17,658</b>	<b>23,645</b>
Balance on January 1, 2020	\$ -	4,855	13,753	18,608
Depreciation	-	566	2,260	2,826
Balance on December 31, 2020	<b>\$ -</b>	<b>5,421</b>	<b>16,013</b>	<b>21,434</b>
<b>Carrying amounts:</b>				
Balance on December 31, 2021	<b>\$ 77,863</b>	<b>12,678</b>	<b>5,354</b>	<b>95,895</b>
Balance on January 1, 2020	<b>\$ 77,863</b>	<b>13,810</b>	<b>6,351</b>	<b>98,024</b>
Balance on December 31, 2020	<b>\$ 77,863</b>	<b>13,244</b>	<b>5,201</b>	<b>96,308</b>

The property, plant and equipment were not pledged.

(Continued)

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

(h) Right-of-use asset

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

	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Cost:</b>			
Balance on January 1, 2021	\$ 50,673	22,318	72,991
Additions	139	-	139
decreases	-	(1,307)	(1,307)
Balance on December 31, 2021	<u>\$ 50,812</u>	<u>21,011</u>	<u>71,823</u>
<b>Cost:</b>			
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	<u>\$ 50,673</u>	<u>22,318</u>	<u>72,991</u>
<b>Depreciation</b>			
Balance on January 1, 2021	\$ 12,863	8,286	21,149
Depreciation	6,806	5,042	11,848
decreases	-	(908)	(908)
Balance on December 31, 2021	<u>\$ 19,669</u>	<u>12,420</u>	<u>32,089</u>
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	<u>\$ 12,863</u>	<u>8,286</u>	<u>21,149</u>
<b>Book values:</b>			
Balance on December 31, 2021	<u>\$ 31,143</u>	<u>8,591</u>	<u>39,734</u>
Balance on January 1, 2020	<u>\$ 43,801</u>	<u>12,725</u>	<u>56,526</u>
Balance on December 31, 2020	<u>\$ 37,810</u>	<u>14,032</u>	<u>51,842</u>

(i) 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 Company. 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 Company were as follows:

	<u>Land and improvement</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Cost:</b>				
Balance on December 31, 2021 (Balance on January 1, 2021)	<u>\$ 139,922</u>	<u>111,777</u>	<u>86</u>	<u>251,785</u>
Balance on December 31, 2020 (Balance on January 1, 2020)	<u>\$ 139,922</u>	<u>111,777</u>	<u>86</u>	<u>251,785</u>
<b>Depreciation:</b>				
Balance on January 1, 2021	\$ -	13,434	71	13,505
Depreciation	-	2,487	-	2,487
Balance on December 31, 2021	<u>\$ -</u>	<u>15,921</u>	<u>71</u>	<u>15,992</u>
Balance on 1 January 2020	\$ -	10,947	71	11,018
Depreciation	-	2,487	-	2,487
Balance on December 31, 2020	<u>\$ -</u>	<u>13,434</u>	<u>71</u>	<u>13,505</u>

(Continued)

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

	<u>Land and improvement</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
<b>Carrying amounts:</b>				
Balance on December 31, 2021	\$ <u>139,922</u>	<u>95,856</u>	<u>15</u>	<u>235,793</u>
Balance on January 1, 2020	\$ <u>139,922</u>	<u>100,830</u>	<u>15</u>	<u>240,767</u>
Balance on December 31, 2020	\$ <u>139,922</u>	<u>98,343</u>	<u>15</u>	<u>238,280</u>

**Fair value:**

Balance on December 31, 2021	\$ <u>356,063</u>
Balance on December 31, 2020	\$ <u>302,119</u>

- (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.
- (j) Bonds payable

The details of unsecured convertible bonds were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total convertible corporate bonds issued	\$ 800,000	800,000
Unamortized discounted corporate bonds payable	(19,473)	(29,481)
Cumulative converted amount	(1,000)	-
Corporate bonds issued balance at year-end	<u>\$ 779,527</u>	<u>770,519</u>
Embedded derivative-call and put options, included in financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>1,440</u>
Equity component-conversion options, included in capital surplus-stock options	<u>\$ 33,655</u>	<u>33,697</u>
	<u>2021</u>	<u>2020</u>
Embedded derivative-call and put rights, included in financial liabilities at fair value through profit or loss	<u>\$ (1,440)</u>	<u>240</u>
Finance cost	<u>\$ 9,982</u>	<u>826</u>

The company issued 8,000 unsecured 3 year convertible bonds on November 27, 2021, 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. In 2021, the distribution of cash dividends was announced, and the conversion price was adjusted to \$183.2 per share according to the ex-dividend base date on June 18, 2021.

(Continued)

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

Beginning from three month after the issue date (February 28, 2021) until forty days before maturity (October 18, 2023), 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 Company 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 Company shall pay the amount to the bondholders by cash within five trading days of the put date.

(k) Leases liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	<u>\$ 10,941</u>	<u>11,888</u>
Non-current	<u>\$ 29,338</u>	<u>40,389</u>

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

The amounts recognized in profit or loss was as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 458</u>	<u>542</u>
Expenses relating to short-term leases	<u>\$ 8,109</u>	<u>6,234</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 8,263</u>	<u>3,996</u>

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 28,564</u>	<u>22,730</u>

(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

(Continued)

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

(l) Provisions

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

	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 27,883	33,792
Provisions increase (reverse) during the period	2,660	(2,938)
Provisions used during the period	(3,974)	(2,971)
Balance on December 31	<u>\$ 26,569</u>	<u>27,883</u>

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.

(m) 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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 32,260	31,520
Fair value of plan assets	(11,801)	(10,420)
Defined benefit obligations	<u>\$ 20,459</u>	<u>21,100</u>

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 \$11,801 as of December 31, 2021. 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.

(Continued)

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

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:

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 31,520	\$ 29,535
Service cost and interest for the period	236	332
Remeasurement of the net defined benefit liability (asset)		
– Actuarial loss (gain) arising from changes in demographics assumptions	906	-
– Actuarial loss (gain) arising from changes in financial assumptions	-	1,644
– Actuarial loss arising from changes in experience adjustments	(402)	9
Balance, December 31	<u>\$ 32,260</u>	<u>31,520</u>

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:

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 10,420	\$ 8,878
Contributions made	1,200	1,200
Interest revenue	83	107
Remeasurements of the net defined benefit liability – Return on plan assets (excluding the interest revenue)	98	235
Balance, December 31	<u>\$ 11,801</u>	<u>10,420</u>

4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Net interest cost of net defined benefit liability(Operating expense)	<u>\$ 153</u>	<u>225</u>

(Continued)

**ACTER GROUP CORPORATION LIMITED**

**Notes to the Parent-Company-Only Financial Statements**

- 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:

	<b>2021</b>	<b>2020</b>
Actuarial loss arising from defined benefit obligation	\$ 504	1,653
Actuarial gain arising from Fair value of plan assets	(98)	(235)
Actuarial loss recognized in the current period	<b>\$ 406</b>	<b>1,418</b>

- 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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.75%	0.75%
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 of 2021.

The weighted – average duration of the defined benefit plans is 15.93 years.

- 7) Sensitivity analysis

The impact of changes in the main actuarial assumptions to be adopted on December 31, 2021 and 2020 on the present value of the defined benefit obligation is as follows:

	<b>The impact on defined benefit obligation</b>	
	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
<b>December 31,2021</b>		
Discount rate	\$ (1,067)	1,114
Future salary increase	1,064	(1,030)
<b>December 31,2020</b>		
Discount rate	\$ (1,110)	1,158
Future salary increase	1,115	(1,073)

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 2021 and 2020.

(Continued)

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

(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, 2021 and 2020, the Company set aside \$12,641 and \$11,327, respectively, of the pension costs to the Bureau of Labor Insurance under the defined contribution plan.

(n) Income tax

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
<b>Current income tax expense:</b>		
Current period	\$ 141,522	101,186
Prior years income tax adjustment	(273)	3,562
	<u>141,249</u>	<u>104,748</u>
<b>Deferred tax expense:</b>		
Origination and reversal of temporary differences	44,502	62,074
Income tax expense	<u>\$ 185,751</u>	<u>166,822</u>

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences — foreign operations	<u>\$ 6,764</u>	<u>3,281</u>

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

	<u>2021</u>	<u>2020</u>
Profit before tax	\$ 1,390,161	1,136,904
Tax rate according to the Company's location	\$ 278,032	227,381
Investments tax credits	(82,787)	(65,893)
The impact of tax adjustments in accordance with the tax law	(17,662)	(901)
Surtax on undistributed earnings	8,441	2,580
Others	-	93
Prior years income tax adjustment	(273)	3,562
Total	<u>\$ 185,751</u>	<u>166,822</u>

(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, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Estimate project cost	\$ 9,451	(869)	-	8,582	401	-	8,983
Estimated construction loss	403	(193)	-	210	7	-	217
Excessive provision of bad debt	968	1,561	-	2,529	(2,529)	-	-
Compensated absences	1,632	53	-	1,685	147	-	1,832
Foreign currency translation differences for foreign operations	18,931	-	3,281	22,212	-	6,764	28,976
Others	44	3	-	47	(47)	-	-
	<u>\$ 31,429</u>	<u>555</u>	<u>3,281</u>	<u>35,265</u>	<u>(2,021)</u>	<u>6,764</u>	<u>40,008</u>

Deferred tax liability:

	January 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021
Corporate bond evaluation benefits	\$ -	-	-	-	240	-	240
Gains on investment in foreign equity- accounted investee	322,121	62,427	-	384,548	41,124	-	425,672
Exchange of unrealized profits	201	202	-	403	1,117	-	1,520
	<u>\$ 322,322</u>	<u>62,629</u>	<u>-</u>	<u>384,951</u>	<u>42,481</u>	<u>-</u>	<u>427,432</u>

(iii) Income tax examination and approval

The income tax returns of the Company have been assessed by the tax authorities through year 2019.

(o) Capital and other equity

(i) Issuance of common stock

As of December 31, 2021 and 2020, the authorized common stock was \$720,000, while the issued common stock amounted to \$571,868 thousand and \$541,868 thousand with a par value of \$10 per share, respectively.

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

(Continued)

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

Financial Supervisory Commission on October 30, 2021. On December 7, 2020, the chairman determined the issue price of \$166 per share, with January 4, 2021 as the date of capital increase. All shares issued had been received, and had been recognized as Equity. The relevant statutory registration procedures have since been completed.

The Company issued the first domestic unsecured convertible corporate bonds in 2020. The application for conversion amounted in 2021 was \$1,000 thousand, and 5,458 shares had been issued. As of December 31, 2021, the base date for the capital increase has yet to be resolved by the board of directors, so it had been recognized as advance receipts.

(ii) Capital surplus

The components of the capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
From issuance of common stock	\$ 1,425,833	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	6,034	43,991
Changes in ownership interest in subsidiaries	381,860	381,801
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	<u>33,655</u>	<u>33,697</u>
	<b><u>\$ 1,866,632</u></b>	<b><u>1,437,710</u></b>

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.

(Continued)

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

1) Legal reserve

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

2) Special reserve

In Accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, the difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as 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.

As of December 31, 2021 and 2020, the Company's balance of special reserve were \$139,461 thousand and \$129,186 thousand.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting on February 25, 2021 and February 27, 2020, respectively, as well as the shareholders' meeting on July 23, 2021 and May 29, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	2020	2019
	Total amount	Total amount
Legal reserve	\$ 96,951	103,609
Special reserve	\$ 10,275	60,377
Dividends distributed to ordinary shareholders		
Cash	\$ 686,241	812,801

The amounts of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on February 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2021
	Total amount
Dividends distributed to ordinary shareholders	
Cash	\$ 859,029

(Continued)

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

4) Other equity interest (net of tax)

	<b>Foreign currency translation differences for foreign operations</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance, January1, 2021	\$ (136,159)	(3,302)	(139,461)
Foreign currency exchange differences (net of tax)	(27,055)	-	(27,055)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(4,869)	(4,869)
Balance, December 31, 2021	<u>\$ (163,214)</u>	<u>(8,171)</u>	<u>(171,385)</u>
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	<u>\$ (136,159)</u>	<u>(3,302)</u>	<u>(139,461)</u>

(p) Share-based payment

The Company has equity-settled share-based payment trade as of December 31, 2020 :

	<b>Cash capital increase reserved for employees to subscribe</b>
Grant date	2020.12.7
Grant (Unit : In thousand shares)	450
Contractual life	0.0603year
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
Vesting conditions	Immediately vested

(Continued)

**ACTER GROUP CORPORATION LIMITED**  
**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:

	<b>Cash capital increase reserved for employees to subscribe</b>
Fair value at grant date	27.0259
Stock price at grant date	193
Exercise price	166
Expected price volatility (%)	23.6%
Life of option (year)	0.0603
Expected divided yield rate (%)	-
Risk-free rate (%)	0.1080%

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) Expenses resulting from share-based payments

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

	<b>2020</b>
Cash capital increase reserved for employee subscription	<b>\$ 12,162</b>

- (q) Earnings per share ("EPS")

- (i) Basic earnings per share

The following are the details on the calculation of basic earnings per share as of December 31, 2021 and 2020 based on the profit attributable to the ordinary shareholders of the Company amounting to \$1,204,410 thousand and \$970,082 thousand, and the weighted average numbers of ordinary shares outstanding of 57,138 thousand and 54,187 thousand, respectively:

- (1) Profit attributable to common shareholders

	<b>2021</b>	<b>2020</b>
Profit attributable to common shareholders	<b>\$ 1,204,410</b>	<b>970,082</b>

- (2) Weighted average number of common shares

	<b>2021</b>	<b>2020</b>
Weighted average number of common shares	<b>57,138</b>	<b>54,187</b>

(Continued)

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

(ii) Diluted earnings per share

The following are the details on the calculation of diluted earnings per share as of December 31, 2021 and 2020 based on the profit attributable to ordinary shareholders of the Company amounting to \$1,211,244 thousand and \$970,935 thousand, and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares of 61,962 thousand and 58,650 thousand, respectively:

(1) Profit attributable to common shareholders(Diluted)

	<u>2021</u>	<u>2020</u>
Profit attributable to common shareholders(Basic)	\$ 1,204,410	970,082
The after-tax effect of the interest expense and other income or expense loss of convertible corporate bonds	<u>6,834</u>	<u>853</u>
Profit attributable to common shareholders(Diluted)	<u><u>1,211,244</u></u>	<u><u>970,935</u></u>

(2) Weighted average number of ordinary (Diluted)

	<u>2021</u>	<u>2020</u>
Weighted average number of common shares	57,138	54,187
The impact of convertible corporate bonds	4,366	4,073
Add: effect on dilutive potential common stock		
Employee bonuses	<u>458</u>	<u>390</u>
Diluted weighted average number of common shares	<u><u>61,962</u></u>	<u><u>58,650</u></u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets		
Taiwan	\$ 5,986,833	4,568,762
Others	<u>7,479</u>	<u>-</u>
	<u><u>\$ 5,994,312</u></u>	<u><u>4,568,762</u></u>
Major products		
Cleanroom electromechanical integration engineering	\$ 4,159,060	3,367,007
Biomedical integration engineering	531,717	534,339
Consumer industry electromechanical integration engineering	1,295,705	665,911
High-tech equipment and materials sales and services	<u>7,830</u>	<u>1,505</u>
	<u><u>\$ 5,994,312</u></u>	<u><u>4,568,762</u></u>

(Continued)

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

(ii) Contract balances

	December 31, 2021	December 31, 2020
Accounts receivable(including related parties)	\$ 1,349,111	1,248,357
Less: allowance for impairment	(10,132)	(25,620)
	<b>\$ 1,338,979</b>	<b>1,222,737</b>
Contract assets-Construction	<b>\$ 1,534,825</b>	<b>997,207</b>
Contract liabilities-Construction	<b>\$ 214,039</b>	<b>541,658</b>

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, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$530,504 thousand and \$413,487 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.

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 2021 and 2020.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2021 and 2020, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were \$11,153,457 and \$7,442,099, 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.

(s) 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, 2021 and 2020, the Company estimated its employee remuneration amounting to \$91,748 thousand and \$60,000 thousand and its directors' and supervisors' remuneration amounting to \$45,874 thousand and \$28,000 thousand, respectively.

(Continued)

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

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 2021 and 2020. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020.

(t) Non-operating income and expenses

(i) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense-Bank loan	\$ -	742
Interest expense-Lease liabilities	458	542
Interest expense-Bonds payable	9,982	826
Interest expense-Others	1	-
	<u>\$ 10,441</u>	<u>2,110</u>

(ii) Interest income

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 4,271	1,358
Other interest income	645	378
	<u>\$ 4,916</u>	<u>1,736</u>

(iii) Other revenue

	<u>2021</u>	<u>2020</u>
Rental income	\$ 1,489	851
Others	33,376	16,797
	<u>\$ 34,865</u>	<u>17,648</u>

(iv) Other income and losses

	<u>2021</u>	<u>2020</u>
Exchange gain on foreign currency	\$ 2,520	4,291
Net gain on financial assets at fair value through profit and loss	1,931	294
Net gain (loss) on financial liabilities at fair value through profit and loss	1,440	(240)
Lease modification benefit	4	-
	<u>\$ 5,895</u>	<u>4,345</u>

(u) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

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

(Continued)

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

2) Concentration of credit risk

As of December 31, 2021 and 2020, the accounts receivable (including related parties) from the Company's top 5% customers representing 62% and 74% 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 2021 and 2020.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding notes payable, accounts payable (including related parties) accrued salaries and bonuses and other accrued expenses:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Bonds payable	779,527	799,000	-	799,000	-	-
Lease liabilities (current and non-current)	40,279	41,179	11,468	9,436	20,275	-
	<b>\$ 819,806</b>	<b>840,179</b>	<b>11,468</b>	<b>808,436</b>	<b>20,275</b>	<b>-</b>
<b>December 31, 2020</b>						
Non-derivative financial liabilities						
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
	<b>\$ 822,796</b>	<b>852,828</b>	<b>12,094</b>	<b>11,214</b>	<b>823,816</b>	<b>5,704</b>

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

(Continued)

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

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 356	27.738	9,875	1,930	28.515	55,034
CNY	4,343	4.3545	18,912	5,932	4.3664	25,901
<u>Non-Monetary items</u>						
USD	9,150	27.738	253,803	14,257	28.515	406,538
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,027	27.738	28,487	686	28.515	19,561
CNY	4,936	4.3545	21,494	-	-	-

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, 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, 2021 and 2020 would have increased or decreased the before-tax net income by \$212 thousand and \$614 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 2021 and 2020 were \$2,520 thousand and \$4,291 thousand respectively.

(vi) Other market price risk

For the years ended December 31, 2021 and 2020, 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:

	2021		2020	
	Other comprehensive income before tax	Net income before tax	Other comprehensive income before tax	Net income before tax
<u>Prices of securities at the reporting date</u>				
<b>Increasing 3%</b>	<b>\$ 4,014</b>	<b>10,904</b>	<b>3,985</b>	<b>1,071</b>
<b>Decreasing 3%</b>	<b>\$ (4,014)</b>	<b>(10,904)</b>	<b>(3,985)</b>	<b>(1,071)</b>

(Continued)

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

(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, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	363,468	363,468	-	-	363,468
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stock	6,405	6,405	-	-	6,405
Unlisted stock	127,400	-	-	127,400	127,400
<b>Subtotal</b>	133,805	6,405	-	127,400	133,805
<b>Total</b>	<u>\$ 497,273</u>	<u>369,873</u>	<u>-</u>	<u>127,400</u>	<u>497,273</u>
<b>Financial liabilities measured at amortized cost</b>					
Bonds payable	<u>\$ 779,527</u>	<u>-</u>	<u>1,010,336</u>	<u>-</u>	<u>1,010,336</u>

	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	35,694	35,694	-	-	35,694
<b>Financial assets at fair value through other comprehensive income</b>					
Emerging stock	5,448	5,448	-	-	5,448
Unlisted stock	127,400	-	-	127,400	127,400
<b>Subtotal</b>	132,848	5,448	-	127,400	132,848
<b>Total</b>	<u>\$ 168,542</u>	<u>41,142</u>	<u>-</u>	<u>127,400</u>	<u>168,542</u>
<b>Financial liabilities measured at fair value through profit or loss</b>					
Designated financial liabilities measured at fair value through profit and loss	<u>\$ 1,440</u>	<u>-</u>	<u>1,440</u>	<u>-</u>	<u>1,440</u>
<b>Financial liabilities measured at amortized cost</b>					
Bonds payable	770,519	-	918,240	-	918,240
<b>Total</b>	<u>\$ 771,959</u>	<u>-</u>	<u>919,680</u>	<u>-</u>	<u>919,680</u>

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

(Continued)

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

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 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, 2021 and 2020.

5) Reconciliation of Level 3 fair values

	<b>Financial assets at fair value through other comprehensive income</b>
Opening balance, January 1, 2021	\$ 127,400
Purchased	
Ending Balance, December 31, 2021	<b><u>\$ 127,400</u></b>
Opening balance, January 1, 2020	\$ 127,400
Purchased	
Ending Balance, December 31, 2020	<b><u>\$ 127,400</u></b>

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" .

(Continued)

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

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	<ul style="list-style-type: none"> <li>◆ P/E multiplier (2021.12.31:10.06 and 2020.12.31:15.81)</li> <li>◆ Discount for lack of marketability (2021.12.31 and 2020.12.31 both were 30%)</li> </ul>	<ul style="list-style-type: none"> <li>◆ The higher the price-equity ratio, the higher the fair value.</li> <li>◆ The higher the discount for lack of marketability, the lower the fair value.</li> </ul>

- 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:

		<b>Effects of changes in fair value on other comprehensive income</b>			
		<b>Inputs</b>	<b>Increase or decrease</b>	<b>Favorable</b>	<b>Unfavorable</b>
December 31, 2021					
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)	

		<b>Effects of changes in fair value on other comprehensive income</b>			
		<b>Inputs</b>	<b>Increase or decrease</b>	<b>Favorable</b>	<b>Unfavorable</b>
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)	

(Continued)

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

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.

(v) 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

(Continued)

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

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. 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.

#### (w) 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.

(Continued)

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

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:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 3,856,435	3,345,733
Less: cash and cash equivalents	(1,062,933)	(1,660,258)
Net debt	2,793,502	1,685,475
Total equity	5,634,540	5,146,146
Total capital	<b>\$ 8,428,042</b>	<b>6,831,621</b>
Debt to capital ratio	<b>33.15%</b>	<b>24.67%</b>

There were no changes in the Company's approach to capital management for the year ended December 31, 2021.

- (x) 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, 2021 and 2020, was as follows:

For the right-of-use assets obtained by leasing, please refer to Note 6 (h).

The reconciliation of liabilities from financing activities is as follows:

	<b>January 1,2021</b>	<b>Cash flows</b>	<b>Decrease</b>	<b>Non-cash changes</b>		<b>December 31,2021</b>
				<b>Transfer to advance share and capital surplus</b>	<b>Amortization</b>	
Leases liabilities	\$ 52,277	(11,734)	(264)	-	-	40,279
Bonds payables	770,519	-	-	(974)	9,982	779,527
Total liabilities from financing activities	<b>\$ 822,796</b>	<b>(11,734)</b>	<b>(264)</b>	<b>(974)</b>	<b>9,982</b>	<b>819,806</b>

	<b>January 1,2020</b>	<b>Cash flows</b>	<b>Increase/ Decrease</b>	<b>Non-cash changes</b>		<b>December 31,2020</b>
				<b>Transfer capital surplus</b>	<b>Amortization</b>	
Leases liabilities	\$ 56,772	(11,958)	7,463	-	-	52,277
Bonds payables	-	804,590	(1,200)	(33,697)	826	770,519
Total liabilities from financing activities	<b>\$ 56,772</b>	<b>792,632</b>	<b>6,263</b>	<b>(33,697)</b>	<b>826</b>	<b>822,796</b>

(Continued)

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

**(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.

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Rayzher industrial Co., Ltd.(Rayzher)	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
Acter Technology Singapore Pte., Ltd. (Acter Singapore)	The Subsidiary
Acter Technology Malaysia Sdn. Bhd. (Acter Malaysia)	The Subsidiary
PT. Acter Technology. (Acter 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 Dingmao Trade Co., Ltd. (Shenzhen Dingmao)	The Subsidiary
Johnwell Airconditioning Enterprise Co.,Ltd.	The key management personnel of the parent company's directors
Xianghui Development 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:

(Continued)

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

	<u>Revenue</u>		<u>Receivable to Related Parties</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Subsidiaries	<u>\$ 19,492</u>	<u>154,871</u>	<u>-</u>

2) Contract assets and liabilities

	<u>December 31, 2020</u>	
	<u>Contract assets</u>	<u>Contract liability</u>
Subsidiaries	<u>\$ 10,042</u>	<u>44</u>

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:

	<u>Construction cost</u>		<u>Payables to Related Parties</u>	
	<u>2021</u>	<u>2020</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	Subsidiaries	\$ 261,325	114,937	61,343
Entity under the key management's control	3,123	2,066	441	654
	<u>\$ 264,448</u>	<u>117,003</u>	<u>61,784</u>	<u>1,167</u>

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, the Company paid the expenses on the behalf of subsidiaries amounting to \$78 thousand. As of December 31, 2020, the balance of other receivable to related parties amounting to \$6 thousand which was recognized as other receivable to related parties.

(iv) Endorsements to the related parties:

For the years ended December 31, 2021 and 2020, 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 \$1,196,277 thousand and \$2,098,534 thousand, respectively.

For the years ended December 31, 2021 and 2020, the Company charged interest expenses (recognized as other income) to related parties from endorsements amounting to \$476 thousand and \$234 thousand. As of December 31, 2021 and 2020, the balance of other receivable to related parties amounting to \$476 thousand and \$227 thousand, which were recognized as other receivable to related parties.

For the years ended December 31, 2021 and 2020, the Company's subsidiaries acquired bank loan credit from abovementioned bank guarantee loan amounting to \$573,941 thousand and \$1,295,346 thousand and actual usage amounting to \$157,513 thousand and \$427,482 thousand, respectively.

(Continued)

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

(v) Guarantees from the related parties:

For the years ended December 31, 2021 and 2020, the subsidiaries provided guarantees to the Company for fulfillment and warranty guarantee for engaging in construction contracts amounting to \$680,964 thousand and \$398,604 thousand.

(vi) Others:

For the years ended December 31, 2021 and 2020, the Company estimated its directors' and supervisors' remuneration from subsidiaries (recognized as other income) amounting to \$14,869 thousand and \$12,204 thousand. As of December 31, 2021 and 2020, the balance of other receivable to related parties amounting to \$14,869 thousand and \$12,204 thousand, respectively.

The rental income (recognized as other income) received for leasing offices to subsidiaries in 2021 is \$ 510.

(c) Key management personnel compensation

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 101,462	78,030
Post-employment benefits	324	405
Share based payments	-	3,135
	<b>\$ 101,786</b>	<b>81,870</b>

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

**(8) Pledged assets:**

The Company's pledged assets were as follows:

<b>Asset</b>	<b>Purpose of pledge</b>	<b>December 30, 2021</b>	<b>December 31, 2020</b>
Other financial assets – current:			
Demand deposit	Construction contract fulfillment and warranty guarantee	\$ <b>129</b>	<b>21,702</b>

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

Significant commitments and contingencies for the Company as of December 31, 2021, and 2020 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$793,580 thousand and \$606,532 thousand, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$489,696 thousand and \$558,887 thousand, respectively.
- (c) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (r).
- (d) Others:  
Acter Technology Integration Group Co. Ltd (hereinafter referred to as Acter China or the issuer), a subsidiary of the company, in order to expand the mainland business, attract local professionals,

(Continued)

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

increase market awareness and enhance the company's competitiveness, and submitted an application to China Securities Regulatory Commission for listing on the main board of the Shanghai Stock Exchange in September, 2021. In accordance with the requirements of the China Securities Regulatory Commission and other securities regulatory authorities, the company and its subsidiary Sheng Hwei International Co., Ltd. (the two collectively referred to as controlling shareholders) and Acter China (the issuer) issued various commitments. Information about relevant commitments can be found in the Market Observation Post System website.

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

**(11) Subsequent Events: None.**

**(12) Other:**

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

By function By item	2021			2020		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit						
Salary	358,070	98,736	456,806	275,359	94,217	369,576
Labor, health and social insurance	19,096	9,253	28,349	15,723	8,182	23,905
Pension	10,634	2,160	12,794	9,209	2,343	11,552
Remuneration of directors	-	50,688	50,688	-	32,612	32,612
Other	8,461	8,529	16,990	6,699	6,806	13,505
Depreciation	-	14,059	14,059	354	14,619	14,973
Amortization	117	5,093	5,210	-	4,397	4,397

Note: Depreciation for investment property for the year ended December 31, 2021 and 2020 was both \$2,487 thousand, and was recorded in non-operating expense.

As of December 31, 2021 and 2020, the additional information for employee numbers and employee benefits were as follows:

	2021	2020
Average employee numbers	329	284
Average directors numbers without serving concurrently as employee	6	5
Average employee benefits	\$ 1,594	\$ 1,500
Average employee salaries	\$ 1,414	\$ 1,325
Average adjustment rate of employee salaries	6.72%	(9.43)%
Supervisor's remuneration	\$ -	\$ -

(Continued)

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

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.

(Continued)

**ACTER GROUP CORPORATION LIMITED**  
**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 Company:

(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	AIL	Acter Vietnam	Other receivables due from related parties	Yes	278,360	221,904	221,904	1.00	Short-term financing	-	Operating capital	-	none	-	1,057,520 (note 4)	1,057,520 (note 4)
1	AIL	Acter Indonesia	Other receivables due from related parties	Yes	132,767	87,375	87,375	1.20	Short-term financing	-	Operating capital	-	none	-	1,057,520 (note 4)	1,057,520 (note 4)
1	AIL	Acter Thailand	Other receivables due from related parties	Yes	23,661	-	-	-	Short-term financing	-	Operating capital	-	none	-	42,301 (note 4)	42,301 (note 4)
2	Acter China	Acter Indonesia	Other receivables due from related parties	Yes	57,274	56,272	-	-	Short-term financing	-	Operating capital	-	none	-	721,412 (note 4)	721,412 (note 5)
2	Acter China	Acter Vietnam	Other receivables due from related parties	Yes	88,401	55,680	-	-	Short-term financing	-	Operating capital	-	none	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Sheng Huei Shenzhen	Other receivables due from related parties	Yes	139,370	139,344	26,127	1.50	Short-term financing	-	Operating capital	-	none	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Shenzhen Dingmao	Other receivables due from related parties	Yes	139,370	139,344	97,541	1.50	Short-term financing	-	Operating capital	-	none	-	721,412 (note 4)	721,412 (note 4)
2	Acter China	Acter Thailand	Other receivables due from related parties	Yes	86,571	56,272	56,272	1.00	Short-term financing	-	Operating capital	-	none	-	721,412 (note 4)	721,412 (note 5)
3	Sheng Huei Shenzhen	Shenzhen Dingmao	Other receivables due from related parties	Yes	87,106	87,090	65,318	1.50	Short-term financing	-	Operating capital	-	none	-	2,560,940 (note 4)	2,560,940 (note 4)

Note 1. The ending balance was the used credit line approved by the Board of Directors for the year ended December 31, 2021.

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. 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 5. The transaction had been eliminated upon consolidation.

(Continued)

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		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
		Name	Relationship with the Company (note 12)										
0	The Company	Acter Vietnam	2	28,172,700 (note 3 and 4)	171,312	13,681	13,681	-	0.24%	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	Her Suo	2	28,172,700 (note 3 and 4)	245,543	230,580	230,580	-	4.09%	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	AIL	2	28,172,700 (note 3 and 4)	699,524	143,832	143,832	-	2.55%	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	Acter China and Sheng Huei Shenzhen	2	28,172,700 (note 3 and 4)	171,171	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Acter China, Sheng Huei Shenzhen and Shenzhen Dingmao	2	28,172,700 (note 3 and 4)	171,312	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Acter China	2	28,172,700 (note 3 and 4)	263,340	-	-	-	- %	45,076,320 (note 3 and 4)	Y	N	Y
0	The Company	Enrich Tech	2	28,172,700 (note 3 and 4)	865,750	641,756	391,756	-	11.39%	45,076,320 (note 3 and 4)	Y	N	N
0	The Company	ATI Acter Indonesia	2	28,172,700 (note 3 and 4)	168,030	166,428	-	-	2.95%	45,076,320 (note 3 and 4)	Y	N	N
1	Her Suo	Nova Tech	4	7,981,980 (note 6 and 8)	41,601	41,601	41,601	-	15.64%	9,312,310 (note 6 and 8)	N	N	N
1	Her Suo	Chung Hsiang Engineering	5	7,981,980 (note 6)	348,000	348,000	348,000	-	130.79%	9,312,310 (note 6)	N	N	N
1	Her Suo	The Company	3	7,981,980 (note 6)	648,583	648,583	648,583	-	243.77%	9,312,310 (note 6)	N	Y	N
2	Nova Tech	Winmax and Suzhou Winmax	2	5,220,000 (note 9)	691,268	649,926	162,210	-	24.90%	7,830,000 (note 9)	N	N	Y
2	Nova Tech	Winmax	2	5,220,000 (note 9)	693,270	573,956	422,274	-	21.99%	7,830,000 (note 9)	N	N	Y
2	Nova Tech	The Company	3	5,220,000 (note 9)	289,800	-	-	-	- %	7,830,000 (note 9)	N	Y	N
2	Nova Tech	Sheng Huei Shenzhen	5	5,220,000 (note 9)	189,115	-	-	-	- %	7,830,000 (note 9)	N	N	Y
3	Acter China	Acter Vietnam	2	10,821,180 (note 11)	1,023,256	1,021,098	1,021,098	-	56.62%	14,428,240 (note 11)	N	N	N
3	Acter China	AIL	2	10,821,180 (note 11)	436,263	436,263	361,422	-	24.19%	14,428,240 (note 11)	N	N	N
3	Acter China	Shenzhen Dingmao	2	10,821,180 (note 11)	555,045	184,196	166,145	-	10.21%	14,428,240 (note 11)	N	N	Y
3	Acter China	Sheng Huei Shenzhen	2	10,821,180 (note 11)	131,670	130,635	-	-	7.24%	14,428,240 (note 11)	N	N	Y
4	Sheng Huei Shenzhen	Acter China	3	3,841,410 (note 11)	160,488	156,283	156,283	-	61.03%	4,609,692 (note 11)	N	N	Y
5	Winmax	Nova Tech	3	3,685,452 (note 10)	166,017	-	-	-	- %	6,142,420 (note 10)	N	N	N
5	Winmax	Suzhou Winmax	4	3,685,452 (note 10)	87,780	87,090	2,439	-	7.09%	6,142,420 (note 10)	N	N	Y
6	Shenzhen Dingmao	Acter China	3	2,806,545 (note 11)	43,890	43,545	43,545	-	23.27%	3,367,854 (note 11)	N	N	Y
7	Enrich Tech	The Company	3	3,771,330 (note 6)	63,184	32,381	32,381	-	25.76%	4,399,885 (note 6)	N	Y	N

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)

# ACTER GROUP CORPORATION LIMITED

## Notes to the Parent-Company-Only Financial Statements

- 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 amount 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 Acter China to other entities shall not exceed 800% of the company's net worth. Also, the maximum amount 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 12. 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.

(Continued)

# ACTER GROUP CORPORATION LIMITED

## Notes to the Parent-Company-Only Financial Statements

(iii) Securities held as of December 31, 2021 (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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Nomura EMD & High Yield Bond Portfolio	-	Current financial assets at fair value through profit or loss	832	10,247	-	10,247	
The Company	JPMorgan (Taiwan) Multi Inc FOF TWD Acc	-	Current financial assets at fair value through profit or loss	3,455	46,298	-	46,298	
The Company	Allianz US Low Average Duration High Yield Fund USD	-	Current financial assets at fair value through profit or loss	1,859	20,143	-	20,143	
The Company	PineBridge Global Multi-Strategy High Yield Bond Fund	-	Current financial assets at fair value through profit or loss	103	40,795	-	40,795	
The Company	Franklin Gulf Wealth Bond Fund USD	-	Current financial assets at fair value through profit or loss	69	33,337	-	33,337	
The Company	Franklin Templeton SinoAm Preferred Securities Income Fund	-	Current financial assets at fair value through profit or loss	83	28,050	-	28,050	
The Company	Allianz Global Investors Fund - Allianz Income and Growth AT USD	-	Current financial assets at fair value through profit or loss	100	70,310	-	70,310	
The Company	BlackRock Global Funds – US Dollar High Yield Bond Fund A2 USD	-	Current financial assets at fair value through profit or loss	32	35,011	-	35,011	
The Company	AB - American Income Portfolio A2 Acc	-	Current financial assets at fair value through profit or loss	38	34,313	-	34,313	
The Company	Janus Henderson Capital Funds plc - Balanced Fund Class A2 USD	-	Current financial assets at fair value through profit or loss	12	14,514	-	14,514	
The Company	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	300	30,450	-	30,450	
					363,468		363,468	
The Company	Holy Stone Healthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	6,405	0.20%	6,405	
The Company	Waste Recovery Technology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,872	127,400	9.65%	127,400	
					133,805		133,805	
Nova Tech	Pine Bridge Preferred Securities Income fund USD A	-	Current financial assets at fair value through profit or loss	18	6,245	-	6,245	
Nova Tech	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	200	20,300	-	20,300	
Nova Tech	Saudi Arabian Oil Co. Corporate Bond	-	Current financial assets at fair value through profit or loss	-	27,431	-	27,431	
					53,976		53,976	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	3,550	45,000	-	45,000	
Her Suo	Taishin Ta-Chong Money Market Fund	-	Current financial assets at fair value through profit or loss	3,136	45,000	-	45,000	
Her Suo	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	3,003	45,000	-	45,000	
Her Suo	Franklin Templeton Sinoam Money Market	-	Current financial assets at fair value through profit or loss	4,305	45,000	-	45,000	

(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				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	111	20,000	-	20,000	
					<u>200,000</u>		<u>200,000</u>	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	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	-	Current financial assets at fair value through profit or loss	1	468	-	468	
SHI	Allianz Global Investors Fund – Allianz Global Multi-Asset Credit AT-USD	-	Current financial assets at fair value through profit or loss	45	14,033	-	14,033	
SHI	Allianz Global Investors Fund - Allianz Income and Growth AT USD	-	Current financial assets at fair value through profit or loss	157	56,066	-	56,066	
SHI	Allianz US Short Duration High Income Bond - IT - USD	-	Current financial assets at fair value through profit or loss	40	28,029	-	28,029	
					<u>98,596</u>		<u>98,596</u>	
SHI	JPMORGAN CHASE&CO Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	25,274	-	25,274	
SHI	Ecopetrol Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	22,997	-	22,997	
SHI	Nordstrom Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	24,742	-	24,742	
SHI	CREDIT SUISSE GROUP AG	-	Current financial assets at fair value through other comprehensive income	-	26,158	-	26,158	
SHI	UNITED AIRLINES INC	-	Current financial assets at fair value through other comprehensive income	-	28,663	-	28,663	
SHI	Energy Transfer Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,286	-	19,286	
SHI	BAT CAPITAL CORP Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	24,975	-	24,975	
SHI	FORD MRT CO DEL Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	32,333	-	32,333	
SHI	Broadcom Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	28,277	-	28,277	
SHI	T-mobile Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,034	-	19,034	
SHI	DP world PLC Corporate Bond	-	Current financial assets at fair value through other comprehensive income	-	19,684	-	19,684	
					<u>271,423</u>		<u>271,423</u>	
AIL	JPMorgan Funds – US Aggregate Bond Fund A (moth) – USD	-	Current financial assets at fair value through profit or loss	3	987	-	987	
Winmega	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	1,929	20,165	-	20,165	

(Continued)

## ACTER GROUP CORPORATION LIMITED

### Notes to the Parent-Company-Only Financial Statements

- (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		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Loss on disposal (Note)	Shares	Amount
Nova Tech	Ordinary Shares	Investments accounted for using equity method	Former Shareholder of Rayzher	-	3,125	112,500	7,650	252,450	-	-	-	(9,375)	10,775	355,575

Note: The loss on disposal is the sum of the re-measured loss of \$13,793 thousand and investment gain of \$ 4,418 thousand.

- (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\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Her Suo	The Company	Be owned 100% by the Company	Sales	164,915	19%	Depend on individual contract	Depend on individual contract	No significant difference	38,775	16%	Note
Nova Tech	The Company	Be owned 63.66% by the Company	Sales	133,094	7%	Depend on individual contract	Depend on individual contract	No significant difference	7,066	1%	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.

(Continued)

**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, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollar Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Nova Tech	Hsinchu	Wholesale of electronic and chemical equipment	213,455	141,364	21,598	63.66%	1,661,497	568,254	357,648	Note2
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100%	266,066	66,256	66,256	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	5,694	56.94%	74,466	(15,479)	(9,970)	Note2
The Company	SHI	Samoa	Investment holding company	121,302	129,126	3,950	100%	2,150,078	481,744	481,744	Note2
Nova Tech	Winmega	Hsinchu	Wholesale of electronic and chemical engineering equipment	15,000	15,000	3,000	100%	11,635	28,766	28,766	Note2
Nova Tech	NTEC	Singapore	Chemical supply system business	24,179	24,179	1,000	100%	53,933	1,557	1,557	Note2
Nova Tech	Rayzher	Taoyuan	Piping engineering, installation cable and automatic control equipment, etc.	355,575	112,500	10,775	51.31%	414,184	149,121	63,027	Note2
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100%	43,971	5,316	5,316	Note2
Acter China	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	99,994	25,327	100%	105,752	6,723	6,723	Note2
Acter China	ATS	Singapore	Investment holding company	80,000	80,000	3,376	100%	116,008	40,145	40,145	Note2
ATS	ATM	Malaysia	Investment holding company	26,780	26,780	2,600	100%	2,741	(144)	(144)	Note2
ATS	ATI	Indonesia	Equipment trading and set-up	14,816	14,816	990	99%	77,182	24,385	24,141	Note2
ATS	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	14,428	147	49%	25,378	33,489	16,410	Note2
ATS	DJR	Thailand	Investment holding company	908	908	13	25%	1,614	3,460	864	
ATS	Daejin Road	Thailand	Investment holding company	1,371	1,371	13	25%	2,437	5,225	1,305	
AIL	ATI	Indonesia	Equipment trading and set-up	150	150	10	1%	780	24,385	244	Note2
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	48,238	48,238	Note1	100%	112,868	3,913	3,913	Note2
AIL	Space Thailand	Thailand	Investment holding company and trading of equipment	7,308	7,308	74	49%	12,556	16,227	7,952	
AIL	DJR	Thailand	Investment holding company	871	871	12	24%	1,548	3,460	830	
AIL	Daejin Road	Thailand	Investment holding company	1,317	1,317	12	24%	2,337	5,225	1,254	

Note 1: Limited company.

Note 2: The transactions have been eliminated upon consolidation.

(Continued)

**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 10)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	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	317,572	63.66%	202,163	782,040	891,421
Acter China	Construction and set-up of electronic equipment and air conditioners	284,355 (Note 2)	2	106,177	-	-	106,177	546,018	86.66%	473,196	1,562,993	255,775 (Note 4)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	95,808	86.66%	83,030	162,150	-
Sheng Hwei Shenzhen	Construction and set-up electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	7,817	86.66%	6,774	221,940	55,876 (Note 4)
Suzhou Winmax	Design and manufacture of air containers and liquid containers	32,478	1	32,478	-	-	32,478	58,301	63.66%	37,114	169,995	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
170,379 (USD5,450 thousand)	664,832 (USD21,002thousand)	3,380,724

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 \$180,349 thousand (USD6,275 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 \$891,421 thousand (USD30,070 thousand) and the liquidation surplus remittance from Fuyu to the Company amounting to \$164,079 thousand (USD5,879 thousand) and the remittance from Acter China to the Company amounting to \$180,349 thousand (USD6,275 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: 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 10: 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.

(Continued)

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

(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, 2021, 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, 2021

# ACTER GROUP CORPORATION LIMITED

Chairman: Chin-Li Liang

Printed on March 31, 2022