Stock Code: 5536

ACTER GROUP CORPORATION LIMITED

2019 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.

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Headquarters, Branches and Plant

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Overseas Securities Exchange：None.

Corporate Website：http://www.acter.com.tw

Contents

I. Letter to Shareholders

i. Preface

Dear Shareholders,

Thanks to all shareholders' support and encouragement during the past year. In 2019, although impacted by the U.S.-China trade war, Acter still developed its business through its multi-industry, multi-regional and multi-skills strategic and achieved a passable result. This year, except for the semiconductor and passive element industry's continued increase in capital expenditures, the homecoming investments of Taiwanese company and the expansion needs for capacity transfer to Southeast Asia are business opportunities for Acter. At present, even though the progress of projects in China has been delayed due to the outbreak of the COVID-19, the epidemic may also accelerate the decentralization of the industry and create favorable opportunities for the company. Looking forward to 2020, 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 are detailed as follows:

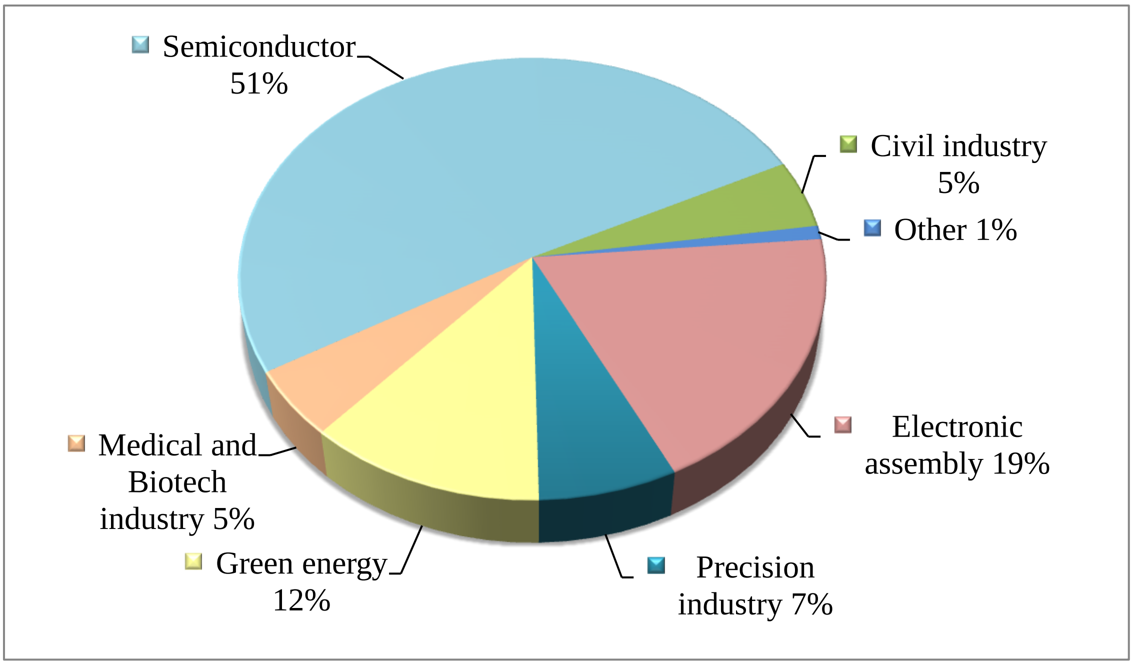
ii. Business Report

1. 2019 Business results

(1)Business plan implementation results

Acter group's performance of 2019 was affected by the U.S.-China trade war. Consolidated revenue and the net profit decreased by approximately 10.9% and 1.2% respectively compared to last year. However, the company benefits from the expansion needs for capacity transfer to Southeast Asia and the progress of semiconductor projects in China has gradually returned to normal since the third quarter. Although the projects in China affected by the COVID-19, operations in the first half of 2020 cannot be reasonably expected, the company's management team still will actively face challenges.

Ratios of engineering turnover by the type



Unit：In thousands of New Taiwan Dollars

Items	2019	2018	%
Operating revenue	12,674,886	14,220,653	(10.9)
Operating cost	10,102,547	11,684,474	(13.5)
Gross profit	2,572,339	2,536,179	1.4
Operating expenses	793,827	814,561	(2.5)
Operating income	1,778,512	1,721,618	3.3
Non-Operating income and expenses	87,954	117,428	(25.1)
Income before income taxes	1,866,466	1,839,046	1.5

(2)State of budget implementation

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

(3)Financial structure and profitability

Items			2019
Financial structure	Ratio of liabilities to assets (%)		53.73
	Ratio of long-term capital to fixed assets (%)		1,353.49
Solvency	Current ratio (%)		189.08
	Quick ratio (%)		146.88
Profitability	Return on total assets (%)		10.77
	Return on stockholders' equity (%)		23.35
	Ratio to issued capital (%)	Operating income	328.21
		Pre-tax income	344.45
	Profit ratio (%)		10.06
	Earnings per share ($)		19.16

(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 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. Modular Design and Planning of Large Desalinators

Due to changes in climate and the environment, water shortages are occurring throughout the world. According to the predictions of the World Meteorological Organization, by 2050, 1 billion coastal and offshore residents will face water crisis. Our company started a partnership with a large overseas desalination engineering company and developed desalination technology at the lowest investment cost and unit price of water production.

E. 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.

F. Development of developer recovery and reuse system

The development process is an important part of the semiconductor and photovoltaic process. The developer will contain a large amount of amine after used, if it flows to the wastewater treatment system, then it will cause the problem of ammonia nitrogen treatment.

G. 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 nigh-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℃, 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 energy 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 2020

(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. Fulfill social responsibilities, strengthen corporate governance, enhance enterprise culture and achieve sustainable development
B. Rooting deeply in this industry, continuously optimize engineering capabilities and provide a diverse, multi-project integrated engineering service
C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
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, and satisfying the demand for a cross-disciplinary project service with integration system. 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 future in order to head 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 business environment, SEMI reported that sales of semiconductor equipment will resume positive growth in 2020, of which China will become the largest market. The most important factor for driving semiconductor demand recovery is the application of new technologies such as 5G and AI. In addition to the maturity of technology, the China government has also accelerated the formulation of relevant specifications and promoted the development of chip technology in order to gain technological advantages. According to SEMI’s estimate, the China government will input CNY 1.5 trillion in 5G field during 2019~2025, CAGR of AI reach 20%~25% in next decade, and the policy will generate huge market demand of chip and memory. It is estimated that China’s IC manufacturing self-sufficiency rate will grow from 15.3% in 2018 to 20.5% in 2023. The most important is above news will provide Acter favorable opportunities in cleanroom and semiconductor equipment field. However, as aforementioned, the COVID-19 may cause the progress of projects in China to be delayed and affect the revenue performance of the year.

5. Corporate Social Responsibility

   Acter pursues corporate sustainability and fulfills corporate social responsibilities 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

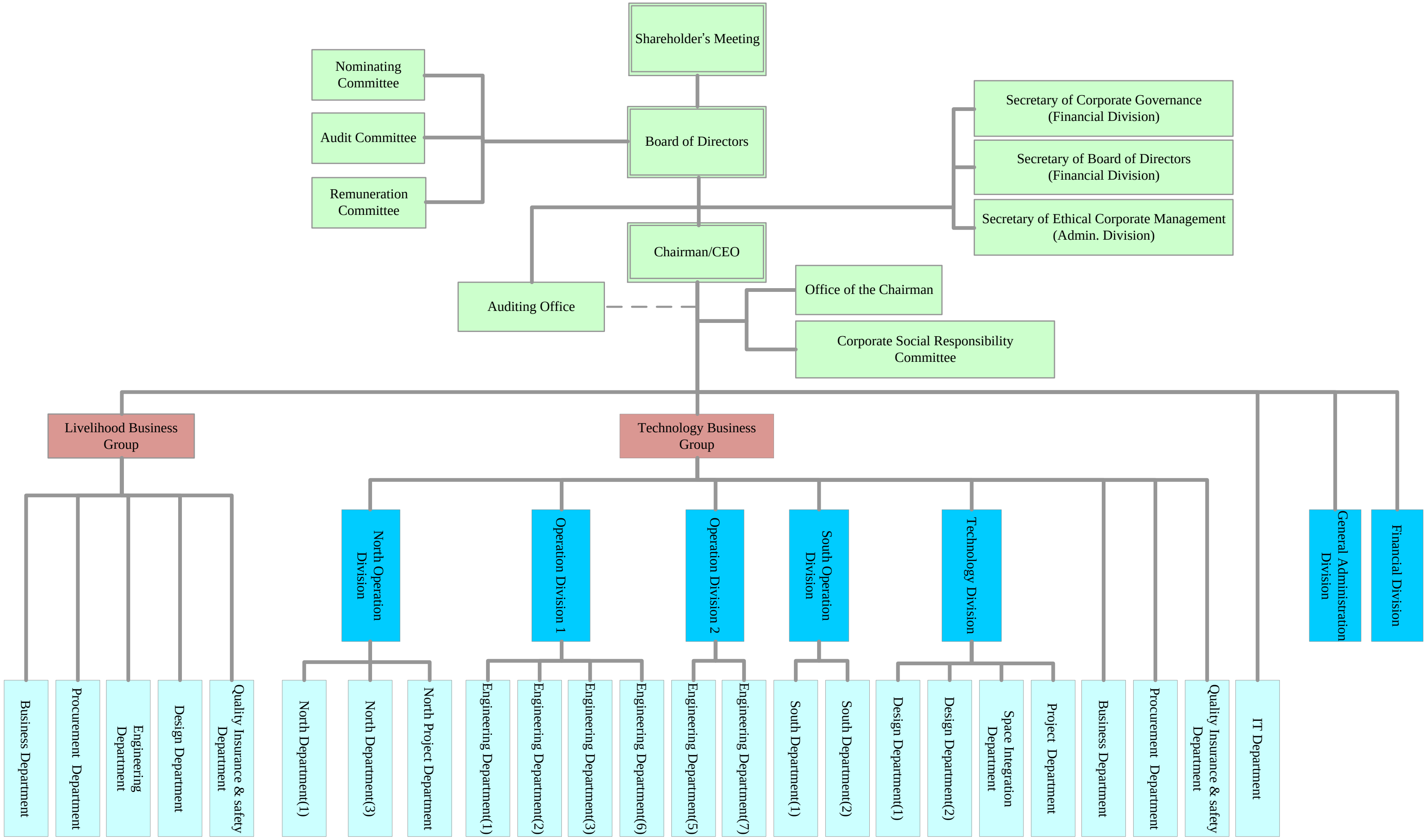
Year	Milestones
1979	1. Acter Co., Ltd. was established on Taiyuan North Road, Taichung City, Taiwan with a paid-in capital of NT$ 10 million.
1992	1. Increased paid-in capital to NT$20 million.
1993	1. Increased paid-in capital to NT$50 million.
1999	1. Received ISO 9001 certification.
2002	1. Changed 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
	an emerging stock market were approved. 4. The office was moved to Sec. 2, Wenxin Rd., Taichung City, Taiwan.
2017	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. 2. Subsidiary Nova Technology Corp. was approved for being listed on over-the-counter market. 3. SCEC (Shanghai) Corp. and SCEC (Suzhou) Corp. were liquidated and canceled.
2018	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.
2019	1. Disposed whole shares of Global One Source Life Sciences Co. Ltd. 2. Acter Engineering Co., Ltd. (Myanmar) was liquidated. 3. The company changed its english name to ACTER GROUP CORPORATION LIMITED. 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. 5. Subsidiary Sheng Huei (Suzhou) Engineering Co., Ltd. changed its type of organization and renamed to Acter Technology Integration Group Co., Ltd. 6. Acter Technology Co., Ltd. and Space Engineering Co., Ltd. were established in Thailand.

III. Corporate Governance Report

i. Organization

1. Organization Chart



2. Major Corporate Functions

Department	Functions
Office of the Chairman	1. Integration of Group Business and Market Development. 2. Plans, co-ordinates and executes assigned projects.
Auditing Office	1. Conducts inspection and evaluates internal controls within various departments. 2. Assists subsidiaries with internal audit tasks. 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. 4. Risk management.
Livelihood Business Group	1. Develops construction services and equipment related to living spaces.
Livelihood Business Group Engineering Department	1. Provides construction services needed for the creation of domestic living spaces, from planning, design, work supervision, to turnkey solutions. 2. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO 9000 quality management system. 3. Responsible for the development and auditing of a Work Safety and Environmental Protection Center, and ongoing improvements to the ISO14001/ ISO45001 system.
Livelihood Business Group Business Department	1. Responsible for marketing, customer development, and business promotion in relation to the construction of domestic living spaces. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Livelihood Business Group Design Department	1. Develops engineering methods. 2. Designs, plans, and produces charts on the piping, wiring, and air conditioning of domestic living spaces, and designs electromechanical engineering projects.
Livelihood Business Group Procurement Department	1. Responsible for the purchasing and warehousing of materials, equipment and tools for the Livelihood Business Group. 2. Develops a robust supplier system that facilitates order tracking and strategic purchases.
Livelihood Business Group Quality Insurance & safety Department	1. Enhances employees' safety and health within the company; implements an ISO45001-compliant occupational health and safety system. 2. Improves environmental management within the company; implements an ISO 14001-compliant environmental management system. 3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO 9000 quality management system.
Technology Business Group	1. Provides construction services equipment related to the technology industries.
Technology Business Group North Operation Division, Operation Division 1, Operation Division 2 and South Operation Division	1. Constructs cleanrooms for local high-tech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 2. Constructs cleanrooms for local biotech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 3. Implementation of a GMP document management system.
Technology Business Group Technology Division	1. Develops engineering methods. 2. Designs, plans, and produces charts on the layout of industrial cleanrooms, and designs electromechanical engineering projects.

Department	Functions
Technology Business Group Business Department	1. Responsible for marketing, customer development, and business promotion of local industry construction projects. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Technology Business Group Procurement Department	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. 2. Handles processes such as import, export, and bonded warehouses.
Technology Business Group Quality Insurance & safety Department	1. Enhances employees' safety and health within the company; implements an ISO45001:2018-compliant occupational health and safety system. 2. Improves environmental management within the company; implements an ISO 14001-compliant environmental management system. 3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO 9000 quality management system.
IT Department	1. Development and management of information systems and networks. 2. Responsible for the development, maintenance and security management of various information systems and databases. 3. Software access control and maintenance.
Financial Division	1. Board Secretary. 2. Investor Relationship. 3. Bookkeeping, cost analysis, financial statement analysis. 4. Supervision and management of subsidiary's financial matters. 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. 6. Supervision and management of subsidiary's processes for making changes in accounting policies and estimates. 7. Financial analysis and planning. 8. Funding. 9. Customer credit assessment. 10. Regulatory reporting, announcements and share administration. 11. Budget control. 12. Promote corporate governance.
General Administration Division	1. Human resources management. 2. Employee training management and planning. 3. Document management. 4. Administrative work for construction projects. 5. General affairs. 6. Legal affairs management. 7. Secretary of Corporate Social Responsibility Committee. 8. Secretary of ethical corporate management.

ii. Directors and Management Team

1. Directors

March 29, 2020

Title	Nationality / Country of Origin	Name	Gender	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	May 30, 2018	3	Dec. 30, 2005	1,711,688	3.63	2,126,566	3.92	61,838	0.11	0	0.00	• EMBA, National Chiao Tung University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech	• CEO, ACTER GROUP CORPORATION LIMITED • Chairman, Her Suo Eng., Co., Ltd. • Chairman, Nova Technology Corp. • Chairman, Acter Technology Integration Group Co., Ltd • Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. • Director, Sheng Huei (Shenzhen) Engineering Co., Ltd. • Director, Shenzhen Dingmao Trade Co., Ltd. • Legal Representative, Sheng Huei International Co., Ltd. • Legal Representative, Acter International Limited • Legal Representative, New Point Group Limited • Director, Nova Technology Singapore Pte., Ltd. • Director, Nova Technology Malaysia Sdn. Bhd. • Supervisor, Winmax Technology Corp.	None	None	None

Title	Nationality / Country of Origin	Name	Gender	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 and CEO, Enrich Tech Co., Ltd. • Chairman, Winmega Technology Corp. • Supervisor, Suzhou Winmax Technology Corp. • Director, Novatech Engineering & Construction Pte. Ltd. • Director, Sheng Huei Engineering Technology Co., Ltd. • Chairman, Acter Technology Co., Ltd. • Director, Waste Recovery Technology Inc.			
Director	R.O.C.	Yang, Jung-Tang	Male	May 30, 2018	3	Feb. 19, 1979	865,495	1.84	1,005,330	1.86	0	0.00	0	0.00	• EMBA, Tunghai University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech	• Chairman, Xiang-Hui Development Co., Ltd. • Chairman, Johnwell Co., Ltd. • Supervisor, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. • Director, Sheng Huei International Co., Ltd. • Director, New Point Group Limited • Director, Season Arts Education Foundation. • Supervisor, Suzuka Chemical Co., Ltd.	None	None	None

Title	Nationality / Country of Origin	Name	Gender	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	R.O.C.	Hu, Tai-Tsen	Male	May 30, 2018	3	June 16, 2009	601,401	1.28	1,251,618	2.31	20,935	0.04	0	0.00	• EMBA, Tunghai University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Honorary Member, The Phi Tau Phi Scholastic Honor Society of the Republic of China • Lecturer, Department of Electrical Engineering, National Chin-Yi University of Technology • Executive Director. Taiwan Refrigerator and Air-Conditioning Association of Republic of China • Jury for Technical Examination of Refrigeration and Air Conditioning Repair Technician by the Ministry of Internal Affairs	• Director, Sheng Huei International Co., Ltd. • Director, New Point Group Limited • Director, Lishan Hotel Corporation	None	None	None
Independent Director	R.O.C.	Yeh, Hui-Hsin	Female	May 30, 2018	3	May 11, 2010	3,000	0.01	3,450	0.01	0	0.00	0	0.00	• Bachelor Degree in Accounting, Tunghai University • Partner CPA, Ernst & Young Global Limited	• Representative, Wei Chin CPAs & Co. • Independent Director, Partner Tech. Corp. • Supersivor, Hyweb Technology Co., Ltd. • Independent Director, Data Image Corporation	None	None	None

Title	Nationality / Country of Origin	Name	Gender	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
Independent Director	R.O.C.	Yang, Qian	Male	May 30, 2018	3	May 28, 2015	0	0.00	0	0.00	0	0.00	0	0.00	• Doctor of Computer Science, Washington University, USA • Master of Computer Science, Georgia Institute of Technology, USA • Master of Management Science, National Chiao Tung University • Bachelor of Electronics Engineering, National Chiao Tung University • Professor and Dean, Institute of Business and Management, National Chiao Tung University • Consultant, Chairman Office, Hon Hai Precision Inc. Co., Ltd. • Member, Endowment Fund Committee, National Chiao Tung University • Member, Operation Fund Committee, National Chiao Tung University	• Honorary Professor, Institute of Business and Management, National Chiao Tung University • Member, Employee Complaint Deliberation Committee, Industrial Technology Research Institute • Supervisor, Chia Chang Co., Ltd. • Independent Director, ASPEED Technology Inc. • Independent Director, Associated Industries China, Inc. • Independent Director, Mars Semiconductor Corp.	None	None	None
Independent Director	R.O.C.	Wang, Mao-Rong	Male	May 30, 2018	3	May 28, 2015	3,000	0.01	5,450	0.01	2,300	0.00	0	0.00	• Master, Institute of Management of Technology, National Chiao Tung University • Refrigerating Air-conditioning Division, College of Mechanical & Electrical Engineering, National Taipei University	• Person in Charge, MJ Energy Master • Director, J-POWER SYSTEM ENGINEERING CO., LTD. • Director, Compresses Air Energy Saving Co., Ltd. • Supervisor, Jesus International Investment	None	None	None

Title	Nationality / Country of Origin	Name	Gender	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
															of Technology ● Consultant of Energy-saving Department and Senior Manager, Delta Electronics, Inc. ● Industrial Technology Research Institute Laboratory Director and Promotion Manager ● Great United Technicians Firm, Person in Charge ● Top 10 Outstanding Engineer Award (Year 1996) ● Refrigeration and air-conditioning engineer (Senior Examinations)	Co., Ltd.			

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, more than half of the directors of the company have not concurrently served as employees or managers. Besides, the company also plans to increase the number of independent directors in the future.

2. Major shareholders of the institutional shareholders：Not applicable

3. Professional qualifications and independence analysis of directors

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Liang, Chin-Li	None	✓	✓	None	None	None	None	✓	✓	None	✓	✓	✓	✓	✓	None
Yang, Jung-Tang	None	✓	✓	✓	None	None	None	None	✓	None	None	✓	✓	✓	✓	None
Hu, Tai-Tsen	None	✓	✓	✓	None	None	✓	✓	✓	None	✓	✓	✓	✓	✓	None
Yeh, Hui-Hsin	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yang, Qian	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Wang, Mao-Rong	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note1: Please tick the corresponding boxes that apply to the directors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. However, the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. However, the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. However, the same does not apply to the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

4. Management Team

March 29, 2020

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Nationality/ Country of Origin</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th rowspan="2">Date Effective</th><th colspan="2">Shareholding</th><th colspan="2">Spouse & Minor Shareholding</th><th colspan="2">Shareholding by Nominee Arrangement</th><th rowspan="2">Experience（Education）</th><th rowspan="2">Other Position</th><th colspan="3">Managers who are Spouses or Within Two Degrees of Kinship</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Title</th><th>Name</th><th>Relation</th></tr>
<tr><td>CEO (Note1)</td><td>R.O.C.</td><td>Liang, Chin-Li</td><td>Male</td><td>Jul. 01, 2011</td><td>2,126,566</td><td>3.92</td><td>61,838</td><td>0.11</td><td>0</td><td>0.00</td><td>● EMBA, National Chiao Tung University
● Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech</td><td>● Chairman, Her Suo Eng., Co., Ltd.
● Chairman, Nova Technology Corp.
● Chairman, Acter Technology Integration Group Co., Ltd
● Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.
● Director, Sheng Huei (Shenzhen) Engineering Co., Ltd.
● Director, Shenzhen Dingmao Trade Co., Ltd.
● Legal Representative, Sheng Huei International Co., Ltd.
● Legal Representative, Acter International Limited
● Legal Representative, New Point Group Limited
● Director, Nova Technology Singapore Pte., Ltd.
● Director, Nova Technology Malaysia Sdn. Bhd.
● Supervisor, Winmax Technology Corp.
● Director and CEO, Enrich Tech Co., Ltd.
● Chairman, Winmega Technology Corp.
● Supervisor, Suzhou Winmax Technology Corp.
● Director, Novatech Engineering & Construction Pte. Ltd.
● Director, Sheng Huei Engineering Technology Co., Ltd.
● Chairman, Acter Technology Co.,</td><td>None</td><td>None</td><td>None</td></tr>
</table>

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
												Ltd. • Director, Waste Recovery Technology Inc.			
President	R.O.C.	Lai, Ming-Kun	Male	Sep. 24, 2009	192,978	0.36	18,246	0.03	0	0.00	• EMBA, National Taiwan University of Science and Technology • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Vice President, Hao-Han Chung-Hsiao Engineering Co., Ltd.	• Director, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.	None	None	None
President	R.O.C.	Wang, Chun-Sheng	Male	Sep. 24, 2009	64,772	0.12	0	0.00	0	0.00	• EMBA, Feng Chia University • Department of Electrical Engineering, Taipei Tech • Engineer, San-Chun Engineering Limited	• Director, Enrich Tech Co., Ltd. • Supervisor, Her Suo Eng., Co., Ltd. • Director, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.	None	None	None
Vice President	R.O.C.	Chang, Ri-Dong	Male	Nov. 20, 2014	98,294	0.18	16,191	0.03	0	0.00	• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Assistant Vice President, Chin Chan Air-conditioning Co., Ltd.	• Director, Her Suo Eng., Co., Ltd.	None	None	None
Vice President	R.O.C.	Wang, Jin-Cyuan	Male	Apr. 1, 2018	24,750	0.05	0	0.00	0	0.00	• Master Degree in Mechanical Engineering, National Yunlin University of Science and Technology • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Deputy manager, New Fab Planning and Engineering Division, TSMC • Factory Manager, TSMC Solar Ltd.	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
Assistant Vice President	R.O.C.	Li, Po-Sheng	Male	Sep. 24, 2009	412,154	0.76	702	0.00	0	0.00	• Department of Refrigerating and Air-conditioning, Fu-Hwa Senior High School • Vice Section Manager, Gongshan Air-conditioning and Refrigerating Co., Ltd.	None	None	None	None
Assistant Vice President of Financial Division	R.O.C.	Tsao, Yun-Han	Female	Sep. 24, 2009	130,024	0.24	17,077	0.03	0	0.00	• Master Degree in Accounting and Information Technology, National Chung Cheng University • Audit Officer, Forhouse Corporation	• Supervisor, Enrich Tech Co., Ltd. • Supervisor, Pt. Novamex Indonesia	None	None	None
Assistant Vice President	R.O.C.	Lee, Ming-Chih	Male	Sep. 28, 2018	900	0.00	0	0.00	0	0.00	• Master Degree in Refrigeration, Air Conditioning and Energy Engineering, National Chin-Yi University of Technology • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Technician for freezing & air condition engineering • Assistant Vice President, Chin Chan Air-conditioning Co., Ltd.	None	None	None	None
Assistant Vice President	R.O.C.	Chen, Yuan-Pi	Male	Sep. 28, 2018	27,450	0.05	316	0.00	0	0.00	• EMBA, Feng Chia University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech	None	None	None	None
Assistant Vice President	R.O.C.	Yang, Hui-Bao	Female	Sep. 28, 2018	35,350	0.07	0	0.00	0	0.00	• Master Degree in Business & Management, National Chiao Tung University	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
Assistant Vice President (Note 2)	R.O.C.	Lee, Shih-hui	Male	Apr. 09, 2019	54,000	0.10	0	0.00	0	0.00	● Department of Electrical Engineering, Nan Kai University of Technology ● Senior Engineer, Xingxin Electromechanical Co., Ltd. ● Technical Director of Technology Department, Take Well Engineering Inc.	None	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, more than half of the directors of the company have not concurrently served as employees or managers. Besides, the company also plans to increase the number of independent directors in the future.

Note2: Assistant Vice President Lee, Shih-hui was newly appointed on Apr. 09, 2019.

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								Ratio of total remuneration (A+B+C+D) to net income(%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary
		(A) (Note 2)		(B) (Note 2 & Note 3)		(C) (Note 2 & Note 4)		(D) (Note 2)				(E) (Note 2)		(F) (Note 2 & Note 3)		(G) (Note 2)						
																The company		(Note 1)				
		The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	Cash	Stock	Cash	Stock	The company	(Note 1)	
Chairman	Liang, Chin-Li	120	120	0	0	22,206	22,385	72	766	2.16	2.25	11,226	11,586	108	108	2,500	0	2,500	0	3.50	3.62	None
Director	Yang, Jung-Tang	120	120	0	0	8,883	8,883	84	84	0.88	0.88	0	0	0	0	0	0	0	0	0.88	0.88	None
Director	Hu, Tai-Tsen	0	0	0	0	8,883	8,883	78	78	0.86	0.86	0	0	0	0	0	0	0	0	0.86	0.86	None
Independent Director	Yeh, Hui-Hsin	840	840	0	0	0	0	84	84	0.09	0.09	0	0	0	0	0	0	0	0	0.09	0.09	None
Independent Director	Yang, Qian	840	840	0	0	0	0	72	72	0.09	0.09	0	0	0	0	0	0	0	0	0.09	0.09	None
Independent Director	Wang, Mao-Rong	840	840	0	0	0	0	84	84	0.09	0.09	0	0	0	0	0	0	0	0	0.09	0.09	None

1. Please describe the policies, systems, standards and structure of independent directors' remuneration, and explain the relevance with the amount of remuneration based on their responsibilities, risks, and time investment: According to the "Regulations governing remuneration paid to directors and functional committee," independent directors receive a fixed remuneration of NT$40,000 per month and do not participate in the distribution of annual remuneration for directors. Independent directors that be appointed to be any member of functional committee by the board meeting can gain extra remuneration. The aforementioned fixed remuneration is recommended by the company's Remuneration Committee with reference to the market averages, taking into account the time invested and the responsibilities assumed by the independent directors, and approved by the board of directors.
2. In addition to the disclosure of the table above, there are remunerations to the directors provided service (e.g. serve as independent consultant rather than employee) in the most recent year for all companies : NT$ 2,991 thousands

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: Includes the contribution and real disbursement of the pension. In 2019, under the new system of labor pension act, total amount contributed by the company for director listed in the table are NT$108 thousand, which has been fully paid into his individual pension account at Bureau of Labor Insurance.

Note4: Board of directors resolved on Feb. 27, 2020 that the appropriated directors' remuneration were NT$ 79,943,208.

2. Remuneration of Supervisors：Not applicable

3. Remuneration of President and Vice President

Unit: NT$ thousand, Thousand Shares

Title	Name	Salary(A)		Severance Pay (B) (Note1)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income(%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		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		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
CEO	Liang, Chin-Li	3,242	3,602	108	108	7,984	7,984	2,500	0	2,500	0	1.34	1.37	None
President	Lai, Ming-Kun	2,699	2,699	108	108	6,651	6,651	2,000	0	2,000	0	1.11	1.11	None
President	Wang, Chun-Sheng	2,424	2,424	108	108	4,822	4,822	2,000	0	2,000	0	0.90	0.90	None
Vice President	Chang, Ri-Dong	2,120	2,120	108	108	3,509	3,509	1,500	0	1,500	0	0.70	0.70	None
Vice President	Wang, Jin-Cyuan	1,629	1,629	108	108	2,062	2,062	1,000	0	1,000	0	0.46	0.46	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$ 359 thousands														

Note1: Includes the contribution and real disbursement of the pension. In 2019, 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$540 thousand, which has been fully paid into their individual pension account at Bureau of Labor Insurance.

4. Employee Compensation Granted to Management Team

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	19,680	19,680	1.9%
	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	2018				2019			
	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 CEO Presidents Senior Vice Presidents Vice Presidents	99,611	104,445	9.50	9.96	90,997	94,471	8,78	9.12

(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 remuneration 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. Remuneration for individual director is based on the evaluation of the board of directors. Directors whose evaluation results reach a certain standard shall be paid by the company's "Regulations governing remuneration paid to directors and functional committee," while remuneration for those who fail to meet the standard need to be reviewed by the Remuneration Committee in consideration of the company's business performance and the same trade level, and approved by the board of directors. On the other hand, 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. The compensation to directors is measured based on the company’s business performance, the extent of personal goal achievement rate, contribution made to the company, future risk, and the market averages and shall be approved by Remuneration Committee and Board of directors.

B. Presidents and Vice Presidents

The compensation for presidents and vice presidents includes salary, bonus, employee compensation and compensation received for being the director or supervisor of the subsidiary. Among them, salary and bonus are measured based on the position degree, responsibility of each individual role, contribution made to the company, and the market averages; employee compensation is approved by Remuneration Committee and Board of directors, while compensation received for being the director or supervisor of the subsidiary is determined according to the company’s “Regulations governing the representative of a juristic person director or supervisor appointed to the group companies.”

iv. Implementation of Corporate Governance

1. Board of Directors

A total of 7(A) meetings of the board of directors were held in 2019. The attendance of director was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Liang, Chin-Li	6	1	86%	Was re-elected on May 30, 2018
Director	Hu, Tai-Tsen	7	0	100%	Was re-elected on May 30, 2018
Director	Yang, Jung-Tang	7	0	100%	Was re-elected on May 30, 2018
Independent Director	Yeh, Hui-Hsin	7	0	100%	Was re-elected on May 30, 2018
Independent Director	Yang, Qian	6	1	86%	Was re-elected on May 30, 2018
Independent Director	Wang, Mao-Rong	7	0	100%	Was re-elected on May 30, 2018

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:
   (1)Circumstances referred to in Article 14-3 of Securities and Exchange Act.
   (2)Resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing.

Board Meetings	Major resolutions	Circumstances referred to in Article 14-3 of Securities and Exchange Act	Resolutions objected to by independent directors or subject to qualified opinion
Jan. 29, 2019	1. Resolved to approve the performance bonus for executives.	✓	None
	Independent directors' opinion: None.		
	Company's response to independent directors' opinion: None.		
	Resolved: Approved by all attending directors and independent directors without objection.		
Feb. 26, 2019	1. Resolved to approve the distribution of 2018 employees and directors compensation.	✓	None
	2. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants.	✓	None
	3. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets."	✓	None
	4. Resolved to approve the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China.	✓	None
	Independent directors' opinion: None.		
	Company's response to independent directors' opinion: None.		
	Resolved: Approved by all attending directors and independent directors without objection.		
Apr. 11, 2019	1. Resolved to approve the company's 2019 remuneration for executives.	✓	None
	2. Approved to update the explanation resolved by board on Feb. 26, 2019 that the company's subsidiary Sheng Huei (Suzhou)	✓	None

	Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China.		
	3. Approved to amend the company's "Procedures for Endorsements and Guarantees" and "Procedures for Loaning of Company Funds."	✓	None
	Independent directors' opinion: None.		
	Company's response to independent directors' opinion: None.		
	Resolved: Approved by all attending directors and independent directors without objection.		
Aug. 12, 2019	1. Resolved to approve the distribution of 2018 directors' compensation.	✓	None
	2. Resolved to approve the distribution of 2018 employee's compensation for executives.	✓	None
	3. Approved to acquire 9.77% equity of Waste Recovery Technology Inc.	✓	None
	Independent directors' opinion: None.		
	Company's response to independent directors' opinion: None.		
	Resolved: Approved by all attending directors and independent directors without objection.		
Nov. 08, 2019	1. Resolved to approve the company's 2019 compensation policy for executives.	✓	None
	Independent directors' opinion: None.		
	Company's response to independent directors' opinion: None.		
	Resolved: Approved by all attending directors and independent directors without objection.		

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 performance bonus for executives.	He concurrently served as the Company's chief officers.	Approved by all attending directors and independent directors without objection.
Liang, Chin-Li	The company's 2019 compensation policy for executives.	He concurrently served as the Company's chief officers.	Approved by all attending directors and independent directors without objection.

3. 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.

(1)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 "Self-Evaluation of the Board of Director 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.

(2)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 three independent director positions with the power to be involved in decision making and to express opinions according to the Securities and Exchange Act.

(3)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 three 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 Audit Committee and the role they play in the company's operations. Audit Committee ensures that the company's internal control system is effective implemented and financial statements are properly prepared.

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

(4)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.

(5)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 1st Nominating Committee is composed of five directors selected by the board of directors and including three independent directors. The duties of the committee are finding, reviewing, and nominating candidates for directors, evaluating the performance of the board and so on….

(6)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.

4. Independent directors' attendance of board in 2019 was as follows:

	Yeh, Hui-Hsin	Yang, Qian	Wang, Mao-Rong
First Meeting	Attendance in Person	Attendance in Person	Attendance in Person
Second Meeting	Attendance in Person	Attendance in Person	Attendance in Person
Third Meeting	Attendance in Person	Attendance in Person	Attendance in Person
Fourth Meeting	Attendance in Person	Attendance in Person	Attendance in Person
Fifth Meeting	Attendance in Person	Attendance by Proxy	Attendance in Person
Sixth Meeting	Attendance in Person	Attendance in Person	Attendance in Person
Seventh Meeting	Attendance in Person	Attendance in Person	Attendance in Person

5. In 2020, 2 board meetings were held up to March 31 and all directors and independent directors attended in person.

2. 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	1. The board as a whole 2. Individual directors 3. Functional committees	1. Internal evaluation by the board 2. Self-evaluation by the board members of themselves 3. Evaluation by an appointed external professional institution and experts once every three years	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. 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. 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.

3. Audit Committee

A total of 7 (A) Audit Committee meetings were held in 2019. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B/A】	Remarks
Independent Director	Yeh, Hui-Hsin	7	0	100%	Was re-elected on May 30, 2018
Independent Director	Yang, Qian	6	1	86%	Was re-elected on May 30, 2018
Independent Director	Wang, Mao-Rong	7	0	100%	Was re-elected on May 30, 2018

Other mentionable items:

1. Audit Committee's main responsibilities and work of 2019 is to review the following matters:
   (1) 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.
   (2) The adoption of or amendments to the internal control system and assessment of the effectiveness of the internal control system.
   (3) 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.
   (4) Matters in which a director is an interested party.
   (5) Asset transactions or derivatives trading of a material nature.
   (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
   (7) The offering, issuance, or private placement of equity-type securities.

(8) The hiring or dismissal of a certified public accountant, or their compensation.
(9) The appointment or discharge of a financial, accounting, or internal audit officer.
(10) Other material matters as may be required by the company or by the competent authority.

2. If there are any of the following circumstances applies, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
   (1) Circumstances referred to in Article 14-5 of the Securities and Exchange Act.
   (2) 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. 26, 2019	1. Resolved to approve the company's 2018 business report and financial statements.	✓	None
	2. Resolved to approve the company's 2018 statement of internal control system.	✓	None
	3. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants.	✓	None
	4. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets."	✓	None
	5. Resolved to approve the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China.	✓	None
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Company's response to the Audit Committee's opinion: None.		
Apr. 11, 2019	1. Approved to update the explanation resolved by board on Feb. 26, 2019 that the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China.	✓	None
	2. Approved to amend the company's "Procedures for Endorsements and Guarantees" and "Procedures for Loaning of Company Funds."	✓	None
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Company's response to the Audit Committee's opinion: None.		
Aug. 12, 2019	1. Approved to acquire 9.77% equity of Waste Recovery Technology Inc.	✓	None
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Company's response to the Audit Committee's opinion: None.		

3. 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.
4. 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 by face, which provide 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 2019 are listed in the table below and have been revealed on the company's website.

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

Date of Audit Committee Meeting	Communication matters	Execution results
Feb. 26, 2019	• Internal audit activities report (2018/10~2019/01) • 2018 Statement of the internal control system	No comments
May 09, 2019	• Internal audit activities report (2019/02~2019/03)	No comments
Aug. 12, 2019	• Internal audit activities report (2019/04~2019/06)	No comments
Nov. 08, 2019	• Internal audit activities report (2019/07~2019/09) • 2020 Annual audit plans	No comments

(2) Communications between the independent directors and the CPAs

Date of Audit Committee Meeting	Communication matters	Execution results
Feb. 26, 2019 (KAM Meeting)	• 2018 Key Audit Matters of the financial report	No comments
Feb. 26, 2019	• 2018 Annual audited financial statements	No comments
Aug. 12, 2019	• 2019 Semi-annual reviewed financial statements	No comments

4. 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." (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 2019, 239 employees completed the training. As for directors of the company, they irregularly participate in external training courses such as corporate governance and insider trading policies organized by external organizations. Besides, the	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			company also provides information of insiders trading, including laws and regulations and case analysis to its insiders by E-mail at least once a year. Information of 2019 has been sent on Sep. 25.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(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. In addition, the company has set up the Nominating Committee. Members of the committee will find, review, and nominate candidates based on standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. According to paragraph 3 of article 20 of the Company's "Corporate Governance Practical Rules," all members of the board shall have the knowledge, skills, and experience necessary to perform their duties and the diversity representation of the Board. Furthermore regard for the benefits of diversity of the Board. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. Currently, the company sets a phased goal to increase the number of female directors. It is hoped that directors of each gender can reach more than one-quarter of the board in next board. 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 <Table 1> on page 43 for the diversity of each board	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			member and page 13~17 for their experience and education.	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			(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. The Committee is composed of three independent directors (Yang, Qian, Yeh, Hui-Hsin, Wang, Mao-Rong) and two directors (Liang, Chin-Li, Yang, Jung-Tang.) Each member has the expertise necessary to perform their duties such as finance or corporate governance. It 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. 1. Laying down the standards of independence and a diversified background covering the expertise, skills, experience, gender, etc. of independent directors and non-independent directors. 2. Planning the composition of the board and each committee, and evaluating the performance of the board. 3. Finding, reviewing and nominating candidates for independent directors and non-independent directors. 4. 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,” “Regulations governing remuneration paid to directors and functional committee,” “Self-Evaluation of the Board of Director and Functional Committees,” “Rules for Independent Director’s Scope of Duties,” “Standard Operating Procedures for Handling Requirements of Directors,” etc. 5. Reviewing the amendment of “Corporate Governance Practical Rules” of the Company. 6. Other matters instructed by the board of directors. A total of 2 meetings were held in 2019 and no one was absent. The meeting resolved to approve the amendment of the “Nominating Committee Charter,” “Corporate Governance Practical Rules,” “Self-Evaluation of the Board of Director and Functional Committees,” and “Regulations governing remuneration paid to directors and functional committee.”	
(3) Whether the company formulates the regulations and method for the performance evaluation of the board of			(3) The Board has approved to establish the company’s “Self-Evaluation of the Board of Director 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	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
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?			shall fill out questionnaires such as the Questionnaire of Self-Evaluation of Performance of the Board, the Questionnaire of Self-Evaluation of Performance of Board Members, and the Questionnaire of Self-Evaluation of Performance of the Functional Committee. 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 criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects and subject to regular reviews of the Nominating Committee: 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 3. Composition and structure of the board of directors; 4. Election and continuing education of the directors; 5. Internal control. The criteria for evaluating the performance of the board members on themselves, should cover, at a minimum, the following six aspects: 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; 6. Internal control. The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects: 1. Participation in the operation of the company; 2. Awareness of the duties of the functional committee; 3. Improvement of quality of decisions made by the functional committee; 4. Makeup of the functional committee and election of its members and 5. Internal control. After all questionnaires are completed, the Financial Division will then collect it and calculate the score. The internal evaluation in 2019 has been conducted. All participants including the entire Board, individual member of Board, and each functional committee have scores more	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			than 90 points (out of 100 points). The performance is evaluated as excellent and there is no need to improve. The result of the internal evaluation has been reported to the Board meeting on Feb. 27, 2020 and has been revealed on the website of the company. The external evaluation has been conducted by the risk advisor of KPMG in 2018. It is confirmed that the whole conducting evaluations team have no financial interest and business relations with the company, and they do not violate the requirement of professional and independence. The external evaluation process has combined three approaches, including the data analysis, questionnaires and interviews etc. The items from nine dimensions applied to evaluate the board of directors included the structure of a functioning board of directors, efficient operations of the board of directors, professional development and advanced training, provisions of the enterprise, execution of the responsibilities and obligations, management of the leadership team, creation of the company culture, stakeholder communications and performance evaluation etc. The items from six dimensions applied to evaluate directors included the control of company goals and missions, awareness of role and responsibilities as the director, business development and capability upgrade, execution of the responsibilities and obligations, involvement of business operations and internal management of relationships and communications etc. The items from seven dimensions applied to evaluate the Audit Committee included the structure of a functioning Audit Committee, efficient operations of the Audit Committee, professional development and advanced training, execution of the responsibilities and obligations, the establishment of the appeal channel, relationship with the board of directors and performance evaluation etc. The items from six dimensions applied to evaluate the Remuneration Committee included the structure of a functioning Remuneration Committee, efficient operations of the Remuneration Committee, professional development and advanced training, execution of the responsibilities and obligations, the establishment of the complaints pipeline, relationship with the board of directors and performance evaluation etc. All the evaluation processes were completed with the evaluation report available by Feb. 2, 2018. The results of overall evaluation were between good to excellent. But some dimensions were identified that still have room to improve, such as professional development and	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			advanced training, stakeholder communications, and so on. In terms of professional development and advanced training, the company provides education courses to director every month and arranges courses according to the functional requirements of the directors. For stakeholder communications, the company participates in or holds at least 2 investor's conferences each year and increases the communication channel with interested parties. The result of the external evaluation has been reported to the Board meeting on Feb. 23, 2018 and has been revealed on the website of the company. (4) The company obtains the declaration of Independence from CPA Firm and the Board of the company regulates the independence of the certified accountant assigned to do the appraisal according to No. 10. Integrity, Objectivity and Independence, The Norm of Professional Ethics for Certified Public Accountants of the People's Republic of China, which stipulates (a) whether the certified accountant, the spouse, minor children or others hold 1% of shares; (b) whether the certified accountant is the spouse or has relations up to the second degree of consanguinity with other directors; (c) whether the certified accountant is the relative of someone holding a post with significant impact such as a manager or financial and accounting supervisors; (d) whether the certified accountant takes a rigid and serious attitude towards his/her performance of his/her professional service; (e) whether the certified accountant received any gift with considerable values from directors, managers; (f) whether a collaborative practicing accountant quited within one year and took charge of the directors, supervisors manger and post with significant impact on auditing cases of audited clients. It is confirmed by the Board on Feb. 26, 2019 that the certified accountant has no other financial interest and business relations in addition to governing auditing certification and cost of tax, and the family members of the certified accountant do not violate the requirement of independence meeting with the standard of independence on evaluation. In the case of meeting with all requirements mentioned above that is qualified certified accountant for governing auditing and certification for the company.	
4. Whether TWSE/TPEx listed companies have deployed appropriate numbers of suitable corporate governance personnel, and designated a chief corporate governance officer	✓		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 officers of the company and has been in a managerial	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
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 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) ?			position at least three years in a public company in handling financial affairs, meeting the requirements of the chief corporate governance officer. The chief corporate governance officer performs its business according to the duties. In 2019, the main duties and business execution are shown as follows. (1) Furnishing information required for business execution by directors and arranging continuing education for directors. (2) Updating the developments of laws and regulations relating to the operation of the company in order to assist directors with legal compliance. (3) Plans to scheme proper corporate system as well as organizational frame to accelerating the independency of Board of Directors, transparency of company and compliance of decree. (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. (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. (6) Improves relevant information of corporate governance in compliance with the indicator of corporate governance evaluation system. (7) Pay attention to the transparency and symmetry of information to protect shareholders' rights. The chief corporate governance officer has completed a total of 21 hours of training in 2019. Please refer to <Table 2> on page 44 for the states of education.	
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 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 2018 has been reported to the Board meeting on Nov. 8, 2019 and revealed on the company's website.	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
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 standings and the status of corporate governance? (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)? (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?	✓		(1) The company has an official website (http://www.acter.com.tw) that regularly updates the company's financial performance and discloses corporate governance information. (2) The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner. A. The company has implemented a spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company's website. B. Information on investor seminars is disclosed on the company's website as it becomes available. C. The Company has already set up its English website to keep foreign investors informed of its financial and business standings. (3) In order to enable investors to obtain sufficient and accurate information in a timely manner, the company has announced and reported its 2019 financial report on February 27, 2020 and the financial reports for each quarter of 2019 as well as the operating status for each month of 2019 have been announced and reported before the specified deadline.	None
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)? Below is a summary of steps taken by the management to ensure sound corporate governance: (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				

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			ISO45001:2018-certified 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; meanwhile, the company has established different kinds of meetings to encourage an open exchange of 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. (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. 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. (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 2019, please refer to page 75 of the annual report. (4) Risk management policy and risk assessment standards: the company is focused on its primary business. It has risk management guidelines 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. (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. (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. 17, 2020 and revealed on the MOPS. (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. 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	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
and staff. Through work rotation training and functional development, mentorship, education, training, self-study, teaching and work experience, and the company's 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.				
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange The company is ranked in top 5% in 6th 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. In the perspective of information disclosure, apart from adjust, update annual report and disclosed content on the website, the company also participates investor conferences, in light of making the information more transparent and reducing the issue of information asymmetry. In terms of the composition of the board of directors, the company plans to increase the number of female directors and independent directors in the future. As for indicators that are not achieved, the company will review and discuss continuously.				

<Table 1>

Item / Name	Gender	The term of independent director	Employee of the company	Age			Experience			Ability			
				Under 60 years old	61~69 years old	Over 70 years old	management administration	accounting	Industry experience	Knowledge of the industry	Knowledge of accounting	Ability to lead and make policy decisions	Ability to conduct management administration
Liang, Chin-Li	Male	-	✓	✓	-	-	✓	✓	✓	✓	✓	✓	✓
Yang, Jung-Tang	Male	-	-	-	✓	-	✓	✓	✓	✓	✓	✓	✓
Hu, Tai-Tsen	Male	-	-	-	-	✓	✓	-	✓	✓	-	✓	✓
Yeh, Hui-Hsin (Independent director)	Female	5	-	✓	-	-	✓	✓	-	✓	✓	✓	✓
Wang, Mao-Rong (Independent director)	Male	5	-	-	✓	-	✓	-	✓	✓	-	✓	✓
Yang, Qian (Independent director)	Male	5	-	-	-	✓	✓	-	-	✓	-	✓	✓

<Table 2>

Date	Host Organization	Course	Education Hours
Aug. 27, 2019	Accounting Research and Development Foundation	Frequently asked questions and practice analysis of IFRS16	3
Aug. 28, 2019	Accounting Research and Development Foundation	The trend and analysis of the “Comprehensive Enterprise Value Management”	3
Nov. 05, 2019	Securities & Futures Institute, ROC	Analysis of the disadvantages of Mergers and Acquisitions ~ from the perspective of corporate governance	3
Nov. 05, 2019	Securities & Futures Institute, ROC	Discussion on the development of Anti-avoidance and the due response of enterprises	3
Dec. 17, 2019	Accounting Research and Development Foundation	Discussion on legal responsibility of “Employee Fraud” and fraud forensic practice	3
Dec. 17, 2019	Accounting Research and Development Foundation	Impact and countermeasures of newly issued “Labor Incident Law”	3
Dec. 27, 2019	Taiwan Institute of Directors	Sustainability and impact investment	3

5. Composition and Operations of Remuneration Committee

(1)Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independent Criteria(Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Yang, Qian	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	None
Independent Director	Yeh, Hui-Hsin	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None
Independent Director	Wang, Mao-Rong	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note1: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. However, the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. However, the same does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. However, the same does not apply to the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the company and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a the company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

(2)Attendance of Members at Remuneration Committee Meetings

A. There are three members in the Remuneration Committee.

B. The tenure of the 4nd Remuneration Committee is from May 30, 2018 to May 29, 2021. A total of 5(A) meetings of the Remuneration Committee were held in 2019. 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%	Appointed on May 30, 2018
Member	Yeh, Hui-Hsin	5	0	100%	Appointed on May 30, 2018
Member	Wang, Mao-Rong	5	0	100%	Appointed on May 30, 2018

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.
3. The main duties of the Remuneration Committee are shown as follows.
   (1) Periodically reviewing the "Remuneration Committee Charter" and making recommendations for amendments.
   (2) 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.
   (3) 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.
4. Resolutions of the Remuneration Committee in 2019 are shown as follows.

Date	Major resolutions	Resolutions of the Remuneration Committee	Company's response to the Remuneration Committee's opinion
Jan. 29, 2019	1.Resolved to approve the performance bonus for executives.	Approved by all attending members without objection.	No comments
Feb. 26, 2019	1.Resolved to approve the distribution of 2018 employees and directors compensation.	Approved by all attending members without objection.	No comments
Apr. 11, 2019	1.Resolved to approve the company's 2019 remuneration for executives.	Approved by all attending members without objection.	No comments
Aug. 09, 2019	1.Resolved to approve the distribution of 2018 directors' compensation. 2.Resolved to approve the distribution of 2018 employee's compensation for executives.	Approved by all attending members without objection.	No comments
Nov. 08, 2019	1.Resolved to approve the company's 2019 remuneration policy to directors and employees. 2.Resolved to approve the company's 2019 compensation policy for executives.	Approved by all attending members without objection.	No comments

6. The state of the company's performance of corporate social responsibilities and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
1. 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 stakeholders on environmental, social and corporate governance issues.	✓		The company has formulated a "Regulations Governing Risk Management" 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, with the chairman as the convener and the General Administration Division as the executive secretary, responsible for promoting corporate social responsibility. The Committee has conducted risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principles. In terms of environment, we assess the issue of "climate change" and formulate strategies such as the continuous development of green and energy-saving engineering technology. 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. 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. Please refer to the "Sustainable Management" chapter of the company's corporate social responsibility report for more information.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		In order to implement corporate social responsibility, improve the development of economic, environmental and social, and also implement the company's sustainable management at the same time, the company established the "Corporate Social Responsibility Best Practice Principles" after approval by the board on Apr. 29, 2014. General Administration Division was authorized as the Corporate Social Responsibility Promotion Unit, responsible for proposing and executing corporate social responsibility policies or systems, integrating resources across departments and participating in the implementation of sustainability issues. Due to the increasing emphasis on issues about ESG and CSR in the world, and considering that CSR plays a key role in driving enterprise's sustainable management, the company has established the	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			"Corporate Social Responsibility Committee" in 2019, with the chairman as the convener and the General Administration Division as the executive secretary, responsible for assisting in tracking execution effectiveness. Under the committee, a sustainable operation group, a green economy group, a risk governance group, a corporate care group, and a sustainable supply chain group are established to strengthen the effectiveness of sustainable management. 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 2019 has been reported to the Board meeting on the 8th of November 2019. Excerpts are as follows 1. Facilitate the shared prosperity with the whole society to take the corporate social responsibility to the utmost. －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. 2. Facilitate the workplace health and build up a safe working environment －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. －Implementation results: There were some activities like On-site health services by professional specialists, prevention of illegal infringements in the workplace, advocate of smoking hazards and health information (such as influenza prevention, cardiovascular disease, etc.) and family day conducted. In 2019, the injury at work in Acter was 0%; the total accumulated working hours without injury at work were 4,431,568 hours from 2011 to 2019 (total labors involved was 273 people). 3. Establish an equal and open workplace culture －Specific approaches: Establishing related rules to protect human rights of all employees. －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.	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
3. Issues of Environment (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the company assess the current and future potential risks and opportunities of climate change to the company, and adopt measures to respond to climate-related issues? (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?	✓		(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. (2) The company has passed ISO14001:2015 Environmental Management certification, and continues to devote resources to technology R&D to provide customers with energy-saving solutions. Through the use of energy-saving and heat recovery equipment, the company expects to reduce environmental pollution, promote recycling and make more efficient use of resources such as power and water. (3) The company collects and analyzes climate change investigations and reports, advanced countries' climate policy, development and evaluation, and industry's evaluation and response measures to identify and categorize potential risks and opportunities (including market, regulatory and physical layers) as well as the potential impacts derived from relevant issues to our finance and will propose response management measures respectively. Please refer to the "Environmental Protection-Risks and Countermeasures of Climate Change" chapter of the company's corporate social responsibility report for more information. (4) The company has long been promoting and implementing environmental and energy saving design, taking "promoting energy saving and carbon reduction" as one of the core goals of the company's sustainable development. It also actively pays attention to issues of global climate change and continues to promote energy saving and carbon reduction plans. In order to reduce the greenhouse gas, the "Greenhouse Gas Inventory Committee" has been established since 2018 in accordance with ISO 14064:2006 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. Reports for 2018 and 2019 have been issued after approved by the President and certified by the third-party verification agency, SGS. Those reports will be used as a reference for the subsequent implementation of greenhouse gas reduction measures. In terms of energy management, to reach our energy-saving goals and achieve a new milestone, we have launched a number of energy-saving plans in construction processes and daily operations. For	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			example, we make regular inventories and reviews to understand our energy use status, enhanced our energy use efficiency through regular maintenance works, purchased energy-saving products that have energy-saving, water-saving and Energy Star labels, and been actively communicating energy-saving concepts through department heads, conducting promotional activities to strengthen employees' energy-saving awareness. Currently, the company entrusts an external counseling organization to assist in the introduction of ISO 50001:2018. It is expected to complete the verification in 2021 and continue to strengthen energy management. 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 Protection" chapter of the company's corporate social responsibility report.	
4. Issues of Social (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (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?			(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 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) The Company stipulated "Employment Remuneration Administration Polices," "Employee Appraisal Guidelines," "Employee Reward and Discipline Guidelines," "Employee Ethical Business Guidelines," and "Regulations Governing Employee Reward" according to the rules which are 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 social responsibility of 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 and individual performance into consideration when calculating employee's bonus. Besides, according to Article 26-1 of the "Articles of Incorporation," when distributing the surplus	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>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 "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 99~101 of the annual report.</td><td></td></tr>
<tr><td>(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?

(4) Does the company provide its employees with career development and training sessions?

(5) Has the company complied with relevant regulations and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulated relevant consumer protection policies and complaint procedures?</td><td></td><td></td><td>(3) The Company would follow all the regulations and system about the work safety; the health management related tasks and educational trainings would be planned, implemented and monitored by the Quality Insurance & safety Department. 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 staffs could be improved. In 2019, 65 messages for the health promotion and 108 educational work safety trainings were conducted with accumulated 909 hours of educational trainings. For protective measures about safety and health of employees, please refer to page 101~104 of the annual report.
(4) In order to enhance the professional abilities, the company has set up employee promotion relative systems and founded the Acter Academy in 2014, arranging different courses for different ranks. The courses include professional skill courses, engineering close out report courses, elite training courses, and LOHAS for all courses, etc. It is the company's expectation to make the development of employees' careers and the company's interests grow up simultaneously by working and training.
(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.
<table>
<tr><th>Construction Items</th><th>Regulation / Guide</th></tr>
<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>
</table></td><td></td></tr>
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<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<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>
</table></td><td></td></tr>
<tr><td>(6) Does the company formulate a supplier management policy which 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?</td><td></td><td></td><td>(6) As the company rules management operations of suppliers upon internal control system, and makes records of supplier basic information for material and engineering contractor. Further, it appraises on our supplier comforting to procurement and material management procedure. For the 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 evaluated such suppliers as excellent grade, as a plus item to appraisal. It enforces and promotes company corporate social responsibility in its transactions company with its suppliers：
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.”
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.
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.
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</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>holds the right to terminate the cooperation relationship and the supplier shall burden all legal responsibilities accordingly.</td><td></td></tr>
<tr><td>5. Does the company refer to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the company, such as the corporate social responsibility report? Does the previous report obtain the assurance or verification statement of a verification unit from the third party?</td><td>✓</td><td></td><td>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, Corporate Social Responsibility Best Practice Principles for TWSE Listed Companies, ISO26000 Social Responsibility Guidelines, the UN Global Compact, and Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and will obtain the assurance or verification statement through the third-party organization. 2018 corporate social responsibility report has been assured by PricewaterhouseCoopers (PwC) Taiwan and uploaded on the company’s website, while report of 2019 will entrust the BSI Taiwan to assure and is expected to be completed by the end of August.</td><td>None</td></tr>
<tr><td colspan="5">6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation:
The company has made a commitment to corporate social responsibility, 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 “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.”</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices：Please refer to <Table 1> on page 54.</td></tr>
</table>

<Table 1>

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
1.Human rights				
(1) Compliance with the Labor Standards Act		V		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 2019.
(2) Other (e.g. protecting employees and recruitment candidates from harassment and discrimination)		V		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 2019.
2.Employees' rights, safety and health				
(1) Adequate training for employees		V		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.
(2) Employees' right to express opinions		V		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.
(3) Other (e.g. ISO45001 certification on occupational health and safety, and offering of reasonable welfare and remuneration packages to employees)		V		The company has obtained ISO9001:2015 certification on quality, ISO14001:2015 certification on environmental management, 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.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
3.Employee care				
1. Workplace safety		V		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.
2. Establishment of written employee health and safety policies		V		The company has an environmental safety and health policy and related regulations and cooperates in their execution.
3. Other (e.g. care for employees' physical/mental development and family life)		V		The company has established "Employee Welfare Committee" in 2005. It planes 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 2019, total budget of Employee Welfare Committee is NT$3,387,434, including special funds for employees to have overseas or domestic trips. A total of 31 overseas or domestic trips were held, including 2 family day activities.
4.Environmental Protection				
(1) Establishment of written environmental protection policy		V		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 protect the environment to take our corporate social responsibility. We have done nothing illegal or against regulations by the end of 2018.
(2) Compliance with environmental protection laws		V		
(3) Other (e.g. development of energy-saving and pollution-reducing technologies, equipment and activities; steps taken to reuse or recycle waste, or to reduce or prohibit the use of hazardous substances)		V		
5.Community involvement				

<table>
<tr><th rowspan="2">Social Responsibility Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Detailed Description</th></tr>
<tr><th>Not Yet Executed</th><th>Executed</th><th>Planning in Progress</th></tr>
<tr><td>(1) Participation in community services and charity activities</td><td></td><td>V</td><td></td><td rowspan="2">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 an increase of 15.07% compared with last year:
<table>
<tr><th>Content</th><th>Number of participants</th><th>Total hours</th></tr>
<tr><td>2019/01/09 Donated breads to Da-cheng Elementary School</td><td>3</td><td>18</td></tr>
<tr><td>2019/09/21~09/29 Building volunteers</td><td>20</td><td>160</td></tr>
<tr><td>2019/10/13~11/16 Friendly Environment Workshop</td><td>15</td><td>97.5</td></tr>
<tr><td>2019/11/30 Shopping with vulnerable seniors</td><td>29</td><td>101.5</td></tr>
<tr><td>2019/04~08 Gym Ventilation Improvement Project for Taichung School for the Visually Impaired
(The company uses core skills to effectively improve the ventilation of the gym and promote the physical and mental health of teachers and students.)</td><td>22</td><td>192</td></tr>
<tr><td>Total</td><td>89</td><td>569</td></tr>
</table>
The company donated second-hand item to social vulnerable groups. In 2019, the company donated two batches of second-hand large-scale furniture to the Formosa Charity Group to care for the disadvantaged groups, as well as 5 sets of second-hand computer hosts and 3 sets of monitors to the Green Miracle Nonprofit Organization. This not only gives computers a new life, but also enables the children to bridge the learning gap. It is our expectation to minimize digital dividend of our society while protecting our planet.</td></tr>
<tr><td>(2) 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)</td><td></td><td>V</td><td></td></tr>
<tr><td>6.Social contributions and social welfare</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Donations to charities, educational, healthcare, artistic activities etc.</td><td></td><td>V</td><td></td><td>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,</td></tr>
</table>

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
(2) Other (e.g. aid to less-developed countries, offering of employment opportunities to the socially disadvantaged etc)		V		reviewed and reported by the Company's General Management Division and volunteer team each year. In 2019, we have totally invested NTD5,955,824 in social participation. Related activities are as follows: 1.Social participation −Purpose: Sponsor related groups and drive all employees to participate in volunteer work −Description: Social participation expenditures and donations of second-hand materials −Implementation results: ● Donated Lijin Social Welfare Charity Foundation ● Sponsored a mobile megaphone to Eden Foundation ● Signed a contract with the Taichung School for the Visually Impaired to purchase the bread and donated to Da-cheng Elementary School ● Sponsored the construction and renovation of the library and gazebo at the Da-cheng Elementary School ● Donated to the Philanthropic Library and its benefit concert ● Sponsored the Christian Joyce McMillan Social Welfare Foundation's fundraising plan ● Gym Ventilation Improvement Project for Taichung School for the Visually Impaired ● Sponsored the project of urban food garden construction ● Sponsored Cellist Chang's Family Concert ● Sponsored shopping with vulnerable seniors activity ● Donated second-hand large-scale furniture to the Formosa Charity Group ● Donated 5 sets of second-hand computer hosts and 3 sets of monitors to the Green Miracle Nonprofit Organization 2.Industrial-academic cooperation −Purpose: Foster Acter's human capital and enhance young people's employment ability. −Description: Industrial-academic training plan, enterprise internship plan,

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
				scholarship −Implementation results: ● A total of 2 students participated in the industry-academic training plan in cooperation with National Taipei University of Technology in 2019, costing NTD526,603. ● A total of 1 student participated in the semester-based internship, costing NTD 320,036. ● A total of 7 students participated in the summer internship, costing NTD 1,022,937. ● Provide scholarship for National Yunlin University of Science and Technology, totaled NTD 210,000. ● Provide scholarship for 7 students of Fa-Zhi elementary school 3.External initiatives −Purpose: Facilitate partnership; share knowledge and expertise; and participate in initiatives of sustainable development associations/ institutions. −Description: Facilitate industrial development and enhance the corporate brand image −Implementation results: ● Taiwan Institute of Directors ● Taiwan Energy Service Association ● Taiwan Refrigeration & Air-conditioning Engineering Association of R.O.C. ● Taiwan Electrical Contractors Association ● Taiwan Water Pipe Engineering Industries Association ● Solar PV Generation System Association of R.O.C. ● Taiwan Pharmaceutical Manufacturer's Association ● Taichung Importers & Exporters Chamber of Commerce ● Taiwan Cleaning Technology Association ● Taiwan Parenteral Drug Association ● ASHRAE Taiwan ● Semiconductor Equipment and Materials International

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
				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 2019, 3 people with disabilities and 2 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.
7.Social services				
(1) Promotion of social welfare		V		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 2019, total expenses for "industrial and academic cooperation" and "internship programs" are NT$526 thousand and NT$1,342 thousand respectively.
(2) Other		V		
8.Investor relations				
(1) Operating transparency		V		The company publishes financial and business information on the Market Observation Post System as required by law.
(2) Corporate governance		V		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.
(3) Other		V		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.
9.Supplier relations				
(1) Reasonableness of procurement prices		V		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

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
(2) Other		V		protect its own interests. Business dealings with suppliers are based on trust and a mutually beneficial relationship made possible by open communications.
10.Stakeholder interests				
(1) Intellectual property rights		V		The company respects intellectual property rights, and is yet to be involved in any case of IP infringement.
(2) Regulatory compliance		V		The company's operating policies and systems are in strict compliance with laws.
(3) Other (e.g. disclosure of corporate social responsibilities on company website)		V		The company has disclosed its corporate social responsibilities in prospectus and in its annual reports.
11.Consumer interests				
(1) Emphasis put on customers relations (e.g. consumer protection, product quality, safety and innovation, attention to customers' complaints, provision of full product information etc.)		V		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 2019, the Engineering Department was score 90, while the Maintenance Department was score 98.

7. 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	
1. Establishment of ethical corporate management policies and programs (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? (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? (3) Does the company establish policies to prevent unethical conduct with clear statements 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?	✓		(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. (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. (3) The company has established the “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating 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.	None
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in	✓		(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	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>business contracts?

(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?</td><td></td><td></td><td>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.
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:
1. The country, location of the business operations, organizational structure, management policy and payment location.
2. Has an ethical corporate management policy been drafted? What is the policy’s state of implementation?
3. Is the location of this company’s business operations in a high corruption risk country?
4. Is the business of this company classified as a high corruption risk business?
5. The long-term operating situation and goodwill of this company.
6. Ask the business partners of this company about their opinions concerning the company.
7. Has this company been involved in any unethical conduct, such as bribery or illegal political contributions?
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.”
(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</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (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? (5) Does the company regularly hold internal and external educational trainings on operational integrity?			has been reported to the Board on November 8, 2019, 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. (3) The company has implemented a set of "Employee Ethical Business Guidelines" that requires employees to disassociate themselves from cases that involve their own interests. Violators are subject to disciplinary actions. (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. (5) The Company would promote the company management concept and requirements by educational trainings 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 2019, 239 employees completed the training (the number of trainees should be 266,) the completion ratio is 89.84% and total education hours is 119.5 hours. The company assigns employees to participate in ethics training whenever deemed appropriate.	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
3. Operation of the integrity channel (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? (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? (3) Does the company provide proper whistleblower protection?	✓		(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 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. (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. (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	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>compensation, a punishment will be imposed on the revenging party according to “Employee Reward and Discipline Guidelines.”</td><td></td></tr>
<tr><td>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?</td><td>✓</td><td></td><td>(1) The company has clearly disclosed its business philosophy on its website. Ethical guidelines are also made available for employees to inquire.</td><td>None</td></tr>
<tr><td colspan="5">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.</td></tr>
<tr><td colspan="5">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.</td></tr>
</table>

8. 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) as required by law. Furthermore, the company has established a spokesperson system for public inquiry.

9. 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→Investors→Corporate Governance.

10. Internal Control System

(1)Statement of Internal Control System: Please refer to page 68.

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

11. 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.

ACTER GROUP CORPORATION LIMITED
Statement of Internal Control System

Date : Feb. 27, 2020

Acter has conducted a self-assessment of internal controls for the period of January 1, 2019 to December 31, 2019. 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 constrains. 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 2019/12/31 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. 27, 2020 board meeting. Six 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

12. Major Resolutions of Shareholders' Meeting and Board Meetings

(1)Major Resolutions of Shareholders' Meeting

Date	Major resolutions	Implementation Status
May 29, 2019	1. Adoption of the 2018 Business Report and Financial Statements. 2. Adoption of the Proposal for Distribution of 2018 Profits. 3. Discussion on the proposal to amend "Articles of Incorporation." 4. Discussion on the proposal to amend "Procedure for Acquisition or Disposal of Assets," "Endorsement and Guarantee Procedure," and "Procedures for Loaning of Company Funds." 5. Discussion on the proposal that the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will apply for IPO of CNY ordinary shares (A-shares) in China.	1. Resolved by Shareholders' Meeting. 2. Resolved by Shareholders' Meeting and the record date was set at Jul. 3, 2019. The company distributed cash dividends on Jul. 17, 2019. (NT$15.00442912 per share.) 3. Resolved by Shareholders' Meeting and approved by Economic Development Bureau on Jun. 17, 2019. It was implemented and has been revealed on the company's website. 4. Resolved by Shareholders' Meeting. It was implemented and has been revealed on both the company's website and MOPS. 5. Resolved by Shareholders' Meeting and was implemented.

(2)Major Resolutions of Board Meetings

Date	Major resolutions
Jan. 29, 2019	1. Resolved to approve the company's guarantees and endorsements. 2. Resolved to approve the performance bonus for executives. 3. Resolved to approve the application for credit limit at the company's banking institutions. 4. Approved to change the type of organization of subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd.
Feb. 26, 2019	1. Resolved to approve the distribution of 2018 employees and directors compensation. 2. Resolved to approve the company's 2018 business report and financial statements. 3. Resolved to approve the distribution of 2018 profit. 4. Resolved to approve the company's 2018 statement of internal control system. 5. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants. 6. Resolved to approve the company's guarantees and endorsements. 7. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets." 8. Resolved to approve the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China. 9. Approved to amend the company's "Articles of Incorporation." 10. Resolved to approve the application for credit limit at the company's banking institutions. 11. Approved to convene the company's 2019 annual shareholders' meeting.
Apr. 11, 2019	1. Resolved to approve the company's 2019 remuneration for executives. 2. Resolved to approve the company's guarantees and endorsements. 3. Approved to provide a guarantee for credit limits applied for by subsidiaries. 4. Approved to update the explanation resolved by board on Feb. 26, 2019 that the company's subsidiary Sheng Huei (Suzhou) Engineering Co, Ltd. will have its initial public offering of CNY-denominated Common stocks (A-shares) and apply for listing in China.

Date	Major resolutions
	5. Approved to amend the company's "Procedures for Endorsements and Guarantees" and "Procedures for Loaning of Company Funds." 6. Approved to lend capital to subsidiary - Pt. Novamex Indonesia. 7. Approved to amend the company's "Nominating Committee Charter," "Self-Evaluation of the Board of Director," and "Corporate Governance Practical Rules." 8. Approved to update the amendment of the company's "Articles of Incorporation" resolved by board on Feb. 26, 2019. 9. Resolved to approve the appointment of the company secretary. 10. Resolved to approve the application for credit limit at the company's banking institutions. 11. Approved to establish the company's "Standard Operating Procedures for Handling Requirements of Directors." 12. Approved to update the cause or subjects for convening the company's 2019 annual shareholders' meeting.
May 09, 2019	1. Resolved to approve the record date for capital reduction due to cancellation of new restricted employee shares. 2. Resolved to approve the application for credit limit at the company's banking institutions.
May 29, 2019	1. Resolved to approve the company's guarantees and endorsements. 2. Resolved to approve the ex-dividend date for cash dividends distribution.
Aug. 12, 2019	1. Resolved to approve the distribution of 2018 directors' compensation. 2. Resolved to approve the distribution of 2018 employee's compensation for executives. 3. Resolved to approve the company's guarantees and endorsements. 4. Approved to amend the company's "Ethical Corporate Management Practice Principles." 5. Approved to acquire 9.77% equity of Waste Recovery Technology Inc. 6. Resolved to approve the application for credit limit at the company's banking institutions.
Nov. 08, 2019	1. Resolved to approve the company's 2019 remuneration policy to directors and employees. 2. Resolved to approve the company's 2019 compensation policy for executives. 3. Resolved to approve the company's guarantees and endorsements. 4. Resolved to approve the company's 2020 annual audit plan. 5. Approved to amend the company's "Self-Evaluation of the Board of Director," and " Regulations governing remuneration paid to directors and functional committee."
Jan. 17, 2020	1. Resolved to approve the performance bonus for executives. 2. Resolved to approve the company's guarantees and endorsements. 3. Approved to amend the company's "Regulations governing the preparation process of financial statements." 4. Resolved to approve the application for credit limit at the company's banking institutions.
Feb. 27, 2020	1. Resolved to approve the distribution of 2019 employees and directors compensation. 2. Resolved to approve the company's 2019 business report and financial statements. 3. Resolved to approve the distribution of 2019 profit. 4. Resolved to approve the company's 2019 statement of internal control system. 5. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants. 6. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets." 7. Approved to amend the company's "Audit Committee Charter." 8. Approved to provide a guarantee for credit limits applied for by subsidiaries. 9. Approved to amend the company's "Rules of Procedure for Board of Directors Meeting." 10. Approved to amend the company's "Rules of Procedure for Shareholder Meetings." 11. Resolved to approve the application for credit limit at the company's banking institutions. 12. Approved to convene the company's 2020 annual shareholders' meeting.

13. 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.

14. 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 CPA professional fees

1. CPA professional fee range

CPA Information

CPA Firm	CPA's Name		Audit Period	Remark
KPMG	Chang, Tzu-Hsin	Huang, Hai-Ning	Jan. 1, 2019~Dec. 31, 2019	-

Fee Range

Range \ Item		Audit Fee	Non-Audit Fee	Total
1	Under NT$2,000 thousand		✓	
2	NT$2,000 thousand～NT$4,000 thousand	✓		✓
3	NT$4,000 thousand～NT$6,000 thousand			
4	NT$6,000 thousand～NT$8,000 thousand			
5	NT$8,000 thousand～NT$10,000 thousand			
6	Over 10,000 thousand			

2. Information on Audit Fee and Non-Audit Fee

Unit：NT$ thousand

CPA Firm	CPA's Name	Audit Fee	Non-Audit Fee					Audit Period	Remark
			System Design	Industrial and Commercial Registration	Human Resource	Others (Note1)	Subtotal		
KPMG	Chang, Tzu-Hsin	2,140	-	-	-	20	20	Jan. 1, 2019~Dec. 31, 2019	-
	Huang, Hai-Ning								

Note1: Obtain checklist for the salaries of the full-time employees who are not in a managerial position.

3. 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.

   Not Applicable.

4. 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.

   Not Applicable.

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

None.

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	2019		As of Mar. 31, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman(CEO)	Liang, Chin-Li	44,000	0	0	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	2,000	0
President	Lai, Ming-Kun	36,000	0	0	0
President	Wang, Chun-Sheng	27,000	0	0	0
Vice President	Chang, Ri-Dong	15,000	0	0	0
Vice President	Wang, Jin-Cyuan	10,000	0	(2,000)	0
Assistant Vice President	Li, Po-Sheng	11,000	0	0	0
Assistant Vice President of Financial Division	Tsao, Yun-Han	14,000	0	5,000	0
Assistant Vice President	Lee, Ming-Chih	(29,000)	0	0	0
Assistant Vice President	Chen, Yuan-Pi	7,000	0	0	0
Assistant Vice President	Yang, Hui-Bao	13,000	0	0	0
Assistant Vice President	Lee, Shih-hui (Note1)	12,000	0	0	0

Note1: Assistant Vice President Lee, Shih-hui was newly appointed on Apr. 09, 2019. The increase (decrease) in the number of shares held in 2019 is number of changes after the initial appointment.

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 29, 2020

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	2,590,330	4.78%	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	2,152,651	3.97%	0	0.00%	0	0.00%	Liang, Chin-Li	Spouse of the representative of Chiu-Chang Investment Co., Ltd.	None
Liang, Chin-Li	2,126,566	3.92%	61,838	0.11%	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	2.55%	0	0.00%	0	0.00%	None	None	None
Hu, Tai-Tsen	1,251,618	2.31%	20,935	0.04%	0	0.00%	None	None	None
Kao, Hsin-Ming	1,070,176	1.97%	(Note1)				None	None	None
Yang, Jung-Tang	1,005,330	1.86%	0	0.00%	0	0.00%	Xiang-Hui Development Co., Ltd.	Chairman of Xiang-Hui Development Co., Ltd.	None
Chang, Shu-Hui	614,873	1.13%	(Note1)				None	None	None
Chen, Wei-Yu	614,629	1.13%	(Note1)				None	None	None
Yuanta bank in custody for Jauntico Investments Limited	593,679	1.10%	0	0.00%	0	0.00%	None	None	None

Note1: Not insiders of the company, therefore there is no relevant information.

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, 2019

Long-Term Investment (Note 1)	Ownership by Acter		Ownership by directors and managers, and any companies controlled either directly or indirectly by the company (Note 4)		Total Ownership	
	Shares	%	Shares	%	Shares	%
HER SUO ENG., CO., LTD.	10,000,000	100%	0	0%	10,000,000	100%
NOVA TECHNOLOGY CORP.(Note 3)	21,098,179	62.19%	388,418	1.14%	21,486,597	63.33%
ENRICH TECH CO., LTD	5,693,508	56.94%	935,659	9.36%	6,629,167	66.30%
WINMEGA TECHNOLOGY CORP.	0	0%	3,000,000	100%	3,000,000	100%
SHENG HUEI INTERNATIONAL CO., LTD	4,204,773.82	100%	0	0%	4,204,773.82	100%
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	0	0%	3,375,850	100%	3,375,850	100%
NOVA TECHNLOGY MALAYSIA SDN BHD	0	0%	2,600,000	100%	2,600,000	100%
PT. NOVAMEX INDONESIA	0	0%	500,000	100%	500,000	100%
ACTER INTERNATIONAL LIMITED	0	0%	17,573,447	100%	17,573,447	100%
NEW POINT GROUP LIMITED	0	0%	200,000	100%	200,000	100%
ACTER TECHNOLOGY INTEGRATION GROUP CO., LTD.	0	0%	55,027,600	91.71%	55,027,600	91.71%
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	0	0%	Note 2	100%	Note 2	100%
SHENZHEN DINGMAO TRADE CO.,LTD	0	0%	Note 2	100%	Note 2	100%
ZHANGJIAGANG FREE TRADE ZONE FUYUINTERNATIONAL TRADE CO.,LTD.	0	0%	Note 2	100%	Note 2	100%
SHENG HUEI ENGINEERING TECHNOLOGY CO., LTD.	0	0%	Note 2	100%	Note 2	100%
WINMAX TECHNOLOGY CORP.	0	0%	Note 2	100%	Note 2	100%
SUZHOU WINMAX TECHNOLOGY CORP.	0	0%	Note 2	100%	Note 2	100%
NOVATECH ENGINEERING & CONSTRUCTION PTE. LTD.	0	0%	1,000,000	100%	1,000,000	100%
ACTER TECHNOLOGY CO., LTD.	0	0%	294,000	98%	294,000	98%
SPACE ENGINEERING CO., LTD.	0	0%	73,500	49%	73,500	49%

Note1: Investments accounted for using the equity method.

Note2: Limited Company.

Note3: Numbers of shareholding is according to the register of shareholders of Nova Technology Corp. on March 23, 2020.

Note4: The investment related data about direct controlling or indirect controlling business of the company refers to number of share and shareholding ratio of the reinvestment business invested by the controlling business.

xi. Status of the Continuing Education of Directors in 2019

Title	Name	Date	Host Organization	Course	Hours
Chairman	Liang, Chin-Li	Jan. 23, 2019	Taiwan Institute of Directors	2019 Foreign Investment Forum: attracting good foreign capital x investing in Taiwan good enterprise	3
		Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Jun. 26, 2019	Taiwan Institute of Directors	2019 Annual meeting of Taiwan Institute of Director-A+ Enterprise X Shareholder Value	4
		Dec. 23, 2019	Taiwan Listed Corporate Association	Outlook for domestic and foreign economic situation in 2020	2
Director	Yang, Jung-Tang	Jan. 17, 2019	Securities & Futures Institute, ROC	From the latest company law revision trends to see the impact of corporate governance, internal control and directors' responsibilities	3
		Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Mar. 08, 2019	Taiwan Corporate Governance Association	Director responsibility and risk management under the latest corporate governance blueprint	3
		Jul. 17, 2019	Securities & Futures Institute, ROC	The principle and application of block chain	3
		Sep. 24, 2019	Taiwan Corporate Governance Association	Legal matters that the board of directors should understand when supervising the company: Be careful of the cordon of joint behavior	3
		Oct. 18, 2019	Taiwan Corporate Governance Association	Handling nomination committee succession planning	3
Director	Hu, Tai-Tsen	Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Jun. 14, 2019	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company's fraud detection, establish a whistle mechanism and strengthen corporate governance?	3
		Dec. 17, 2019	Taiwan Corporate Governance Association	Economic sanctions and the Export Administration Act and the U.S.-China trade war	3
Independent Director	Yeh, Hui-Hsin	Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Jan. 30, 2019	CPA Associations R.O.C. (Taiwan)	The analysis and practice of the latest company registration and the auditing and attestation of capital	3
		Jun. 24, 2019	CPA Associations R.O.C. (Taiwan)	Family enterprise inheritance and planning of Articles of Incorporation of Close Company	3
		Oct. 15, 2019	CPA Associations R.O.C. (Taiwan)	The application of an accounting firm's internal control system to prevent money laundering and combat terrorist financing	3
Independent Director	Yang, Qian	Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Jul. 17, 2019	Securities & Futures Institute, ROC	2019 Insider share transaction compliance seminar for listed and public companies	3
Independent Director	Wang, Mao-Rong	Jan. 15, 2019	Accounting Research and Development Foundation	Corporate Governance Practice: The latest amendments to the corporate law and corporate practice	3
		Jan. 29, 2019	Taiwan Corporate Governance Association	Governance of the board of directors of the group and subsidiaries	3
		Mar. 21, 2019	Securities & Futures Institute, ROC	Analysis and decision-making of corporate financial information	3
		Nov. 13, 2019	Independent Director Association Taiwan	Exploring the rise and challenge of shareholder activism from the perspective of policy and practice, and discussing the strategy of non-conformity M&A	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
06/2019	10	72,000,000	720,000,000	54,186,742	541,867,420	Cancel of restricted shares for employees NT$160 thousand	None	Note 1

Note1: Approved no. Jing So Shang Zi 10801070300, 06/17/2019

2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	54,186,742(Note)	17,813,258	72,000,000	GTSM Listed Company Stock

3. Information for Shelf Registration: Not applicable.

ii. Composition of Shareholders

As of March 29, 2020

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	75	8,686	53	8,816
Shareholding (Shares)	0	411,000	7,110,535	41,938,388	4,726,819	54,186,742
Percentage	0.00%	0.76%	13.12%	77.40%	8.72%	100.00%

iii. Shareholding Distribution Status

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

As of March 29, 2020

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	1,373	252,542	0.47%
1,000 ~ 5,000	6,275	11,231,128	20.73%
5,001 ~ 10,000	606	4,597,554	8.48%
10,001 ~ 15,000	199	2,432,576	4.49%
15,001 ~ 20,000	100	1,804,319	3.33%
20,001 ~ 30,000	97	2,385,841	4.40%
30,001 ~ 50,000	69	2,711,081	5.00%
50,001 ~ 100,000	33	2,375,446	4.38%
100,001 ~ 200,000	26	3,653,968	6.74%
200,001 ~ 400,000	21	6,027,832	11.12%
400,001 ~ 600,000	8	3,907,783	7.21%
600,001 ~ 800,000	2	1,229,502	2.27%
800,001 ~ 1,000,000	0	0	0.00%
1,000,001 or over	7	11,577,170	21.38%
Total	8,816	54,186,742	100.00%

2. Preferred Shares

   The Company did not issue any preferred share.

iv. List of Major Shareholders

As of March 29, 2020

Shareholder's Name	Shareholding	
	Shares	Percentage
Xiang-Hui Development Co., Ltd.	2,590,330	4.78%
Chiu-Chang Investment Co., Ltd	2,152,651	3.97%
Liang, Chin-Li	2,126,566	3.92%
Sumitomo Chemical Engineering Co., Ltd.	1,380,499	2.55%
Hu, Tai-Tsen	1,251,618	2.31%
Kao, Hsin-Ming	1,070,176	1.97%
Yang, Jung-Tang	1,005,330	1.86%
Chang, Shu-Hui	614,873	1.13%
Chen, Wei-Yu	614,629	1.13%
Yuanta bank in custody for Jauntico Investments Limited	593,679	1.10%
Total	13,400,351	24.72%

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

Unit: NT$; Thousand Shares

Item	2018	2019	2020/01/01-2020/03/31 (Note 4)
Market Price per Share			
Highest Market Price	244.50	195.00	193.50
Lowest Market Price	149.00	150.50	158.00
Average Market Price	209.47	176.24	178.80
Net Worth per Share			
Before Distribution	80.91	83.29	71.18
After Distribution	65.79	68.25	Not Applicable
Earnings per Share			
Weighted Average Shares (thousand shares)	53,751	54,074	54,187
Diluted Earnings Per Share	19.52	19.16	3.50
Adjusted Diluted Earnings Per Share	18.98	18.94	Not Applicable
Dividends per Share			
Cash Dividends	15	15	Not Applicable
Stock Dividends			
• Dividends from Retained Earnings	0	0	Not Applicable
• Dividends from Capital Surplus	0	0	Not Applicable
Accumulated Undistributed Dividends	0	0	Not Applicable
Return on Investment			
Price / Earnings Ratio (Note 1)	10.73	9.20	Not Applicable
Price / Dividend Ratio (Note 2)	13.96	11.75	Not Applicable
Cash Dividend Yield Rate (Note 3)	7.16%	8.51%	Not Applicable

Note1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note4: The data of net worth per share and earnings per share were from the latest audited financial statement.

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→Investors→Shareholder service→Stock quote & Dividends history.

2. Distribution of Dividend

   A cash dividend of NT$812,801,130 (NT$15 per share) was approved by the Meeting of the Board of Directors on Feb. 27, 2020.

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. 27, 2020. The employee cash compensation is NT$79,943,208 and the compensation for directors is NT$39,971,604.

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$81,757,295.
The compensation for directors: NT$40,878,647.

(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

None.

xi. Issuance of Preferred Stock

None.

xii. Issuance of Global Depository Receipts

None.

xiii. Employee Stock Options

None.

xiv. New Restricted Employee Stocks

1. Issuance of Restricted Employee Shares：None.

2. Information on Name of Managers and Top 10 Employees Obtaining Restricted Employee Shares

March 31, 2020

	Title	Name	Number of Restricted Shares	Number of Restricted Employee Shares to Outstanding Common Shares	Free from the Trust				Under the Trust			
					Number of Restricted Employee Shares Free from Custody (Note7)	Price of Issuance	Total Amount of Issuance	Number of Restricted Employee Shares Free from Custody to Outstanding Common Shares (%)	Number of Restricted Employee Shares Under Custody	Price of Issuance	Total Amount of Issuance	Number of Restricted Employee Shares under Custody to Outstanding Common Shares (%)
Manager	CEO	Liang, Chin-Li	974,000	1.80%	974,000	0	0	1.80%	0	0	0	0.00%
	President(Note1)	Hsu, Chung-Cheng										
	President	Lai, Ming-Kun										
	President	Wang, Chun-Sheng										
	Senior Vice President(Note2)	Chang, Ching-Chuan										
	Vice President	Chang, Ri-Dong										
	Vice President	Wang, Jin-Cyuan										
	Assistant Vice President	Li, Po-Sheng										
	Assistant Vice President(Note3)	Fan, Kuo-Ping										
	Assistant Vice President(Note4)	Cheng, Chieh-Chung										
	Assistant Vice President of Financial Division	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										
Employee	Senior Manager	Lin, Jing-Yi	226,000	0.42%	226,000	0	0	0.42%	0	0	0	0.00%
	Senior Manager	Lan, Rong-Sing										
	Manager(Note3)	Zuo, Cing-Fu										
	Manager	Lin, Guo-Li										
	Manager(Note5)	Shih, Cheng-Hong										
	Manager	Zeng, Huei-Syong										
	Lawyer(Note6)	Yang, Hui-Chi										
	Executive Assistant	Liao, Mei-Hui										

Note1: President Hsu, Chung-Cheng resigned on Jun. 1, 2016.

Note2: Senior Vice President Chang, Ching-Chuan retired on Sep. 25, 2018.
Note3: Assistant Vice President Fan, Kuo-Ping and Manager Zuo, Cing-Fu resigned on Oct. 28, 2016.
Note4: Assistant Vice President Cheng, Chieh-Chung resigned on Sep. 28, 2018.
Note5: Manager Shih, Cheng-Hong resigned on Mar. 31, 2016.
Note6: Lawyer Yang, Hui-Chi resigned on May 10, 2016.
Note7: Number of restricted employee shares free from custody contains both numbers that achieved the vesting conditions and numbers that has been redeemed.

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 2019	(%) of total sales
Construction Revenue	12,060,605	95%
Sales	516,240	4%
Other Operating Revenue	98,041	1%
Total	12,674,886	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. Desalination system
B. Energy conservation technique
C. Wastewater reclamation system
D. Developer recovery and reuse system
E. Heat recovery system for air conditioner

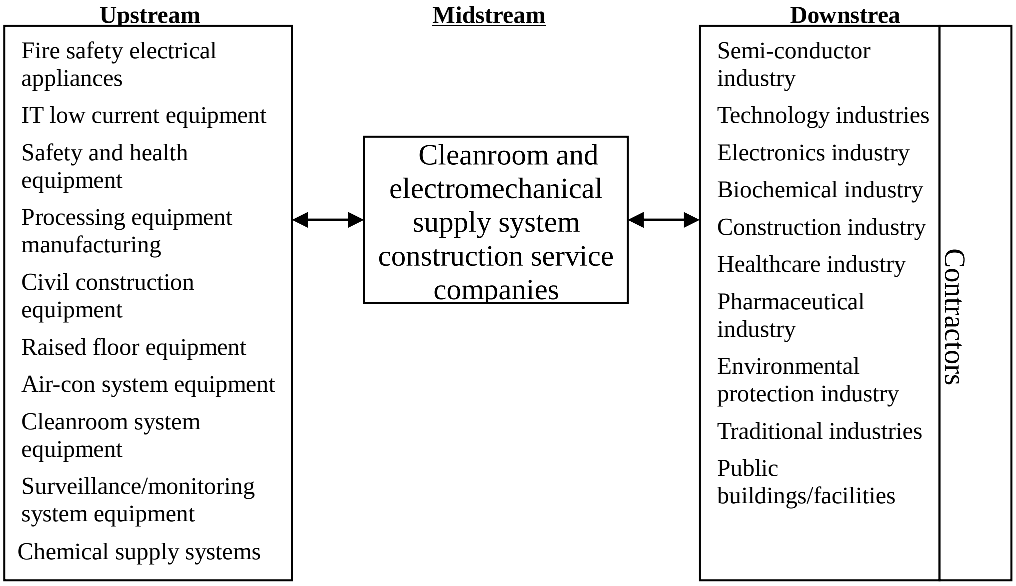
2. Industry Overview

(1)Current Status and Development of the Industry

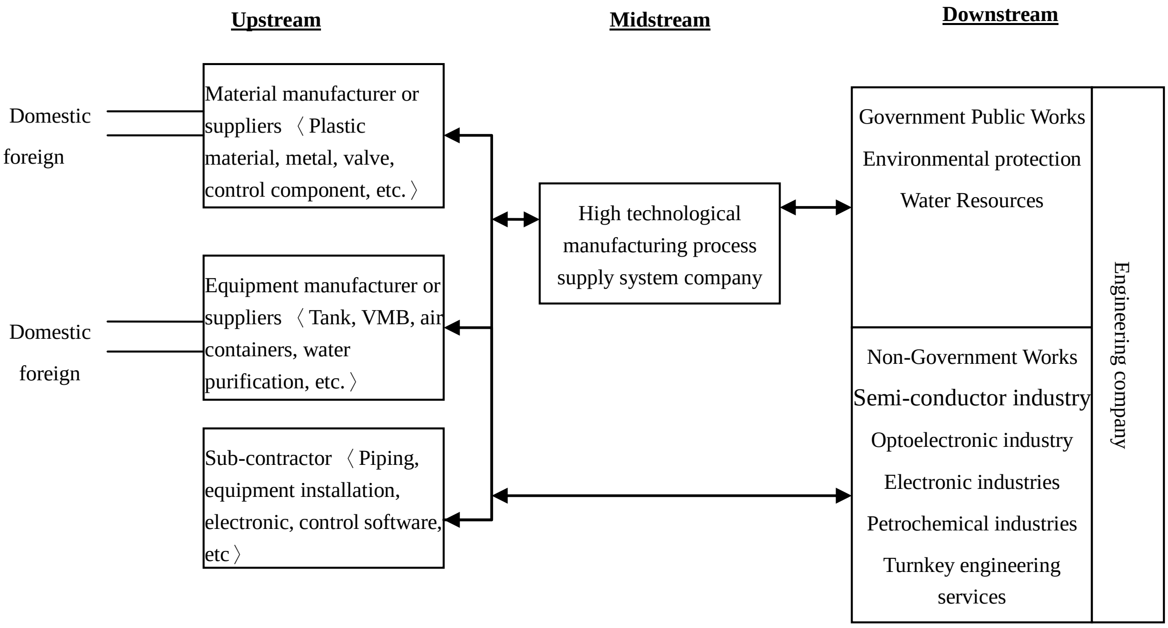
In the business environment, SEMI reported that sales of semiconductor equipment will resume positive growth in 2020, of which China will become the largest market. The most important factor for driving semiconductor demand recovery is the application of new technologies such as 5G and AI. According to SEMI's estimate, the China government will input CNY 1.5 trillion in 5G field during 2019~2025, CAGR of AI reach 20%~25% in next decade. The most important is above news will provide Acter favorable opportunities in cleanroom and semiconductor equipment field. Although affected by the COVID-19, 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 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.

(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	2019	As of March 31, 2020
Total R&D Expenses	146,433	36,811

(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 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
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	Multi-use and heavy duty tirators
	One improved titration vessel
	Bubble detection system for tirators
	One use for basket of purity wet bench system and wafer automatic transfer system
	Fool-proof design for chemical connector
	Electronic chemical container cleaning
	Liquid filling equipment for electronic chemical tank car
	Multi-use and safe leaching tank
	Shock-absorbing heating and ventilation pipes
	Wall verticality detection device
	Temperature-stable pass-through window
	Bacteriostatic heating and ventilation pipe
	Flame retardant fire hose
Software copyright	Application software for bar code management of wet bench system

Note1: The above patents were newly added in 2019.

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. Fulfill social responsibilities, strengthen corporate governance, enhance enterprise culture and achieve 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.
C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency.
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.

H. Integrate a diversified technology and pursue an innovative engineering method that expands versatile application of its core competence.

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 publically 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 7th in 2018. (2019 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 42 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 IS0-9001:2015, 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 trainings 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 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 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 are 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.

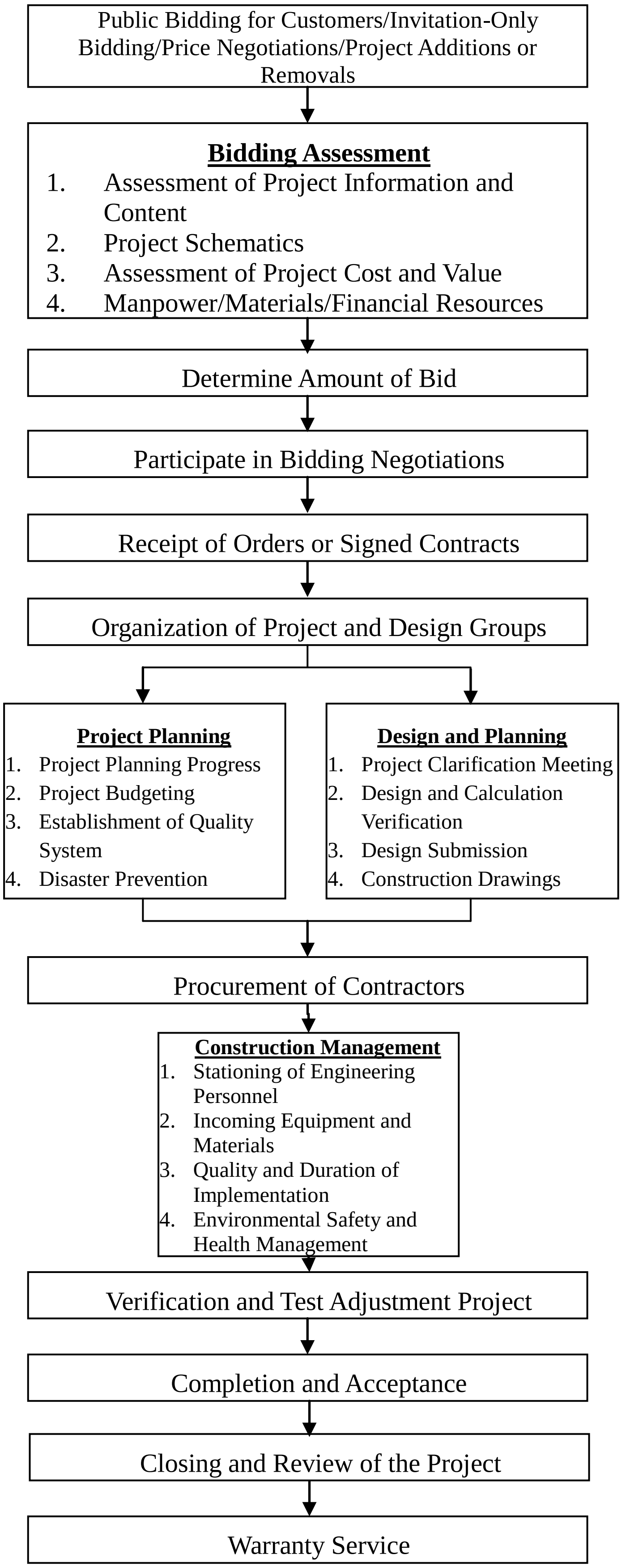
Externally, the Company creates a favorable image and collaborates with related departments in colleges and universities to increase its publicity and a sense of identity so that students will prioritize the Company when choosing a career in the future.

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	2018				2019				As of March 31, 2020			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	10,796,426	100	Not applicable	Others	9,260,741	100	Not applicable	Note3			
	Net Total Supplies	10,796,426	100	Not applicable	Net Total Supplies	9,260,741	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 2018 and 2019.
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	2018				2019				As of March 31, 2020			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	14,220,653	100%	Not applicable	Others	12,674,886	100.00	Not applicable	Note3			
	Net Sales	14,220,653	100%	Not applicable	Net Sales	12,674,886	100.00	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 2018 and 2019.
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

Major Products(or by departments) \ Output \ Year	2018			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Cleanroom electromechanical integration engineering	Note	Note	6,005,539	Note	Note	5,315,173
Consumer industry electromechanical integration engineering	Note	Note	882,175	Note	Note	594,381
Biomedical integration engineering	Note	Note	770,773	Note	Note	504,491
Water gasification supply integration engineering	Note	Note	3,501,041	Note	Note	3,277,687
High-tech equipment and materials sales and services	Note	Note	524,947	Note	Note	410,814
Total	Note	Note	11,684,475	Note	Note	10,102,546

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

Major Products(or by departments) \ Shipments& Sales \ Year	2018				2019			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cleanroom electromechanical integration engineering	Note	7,034,186	Note	0	Note	6,475,866	Note	19,372
Consumer industry electromechanical integration engineering	Note	1,076,726	Note	0	Note	704,451	Note	0
Biomedical integration engineering	Note	892,248	Note	0	Note	596,403	Note	0
Water gasification supply integration engineering	Note	3,652,438	Note	848,441	Note	3,172,495	Note	1,092,018
High-tech equipment and materials sales and services	Note	529,679	Note	186,935	Note	461,782	Note	152,499
Total	Note	13,185,277	Note	1,035,376	Note	11,410,997	Note	1,263,889

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

iii. Human Resources

Year		2018	2019	As of March 31, 2020
Number of Employees	Direct Employees	890	1,001	995
	Indirect Employees	180	200	205
	Total	1,070	1,201	1,200
Average Age		35.29	35.05	35.09
Average Years of Service		5.50	5.49	5.64
Education	Ph.D.	0	7	0
	Masters	66	85	75
	Bachelor's Degree	487	527	535
	Junior College	338	377	386
	Senior High School	97	117	121
	Below Senior High School	82	88	83

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	20	11	9	0	2,442,599
	Female	0	0	0	0	
Middle Management Executives (Executives of Managerial Rank or Higher) Average Training Hours	Male	15	16	11	9	
	Female	21	31	18	0	
General Management Executives (Executives of Associate Department Head Rank) Average Training Hours	Male	25	31	24	20	
	Female	33	37	16	12	
General Employees Average Training Hours	Male	23	27	23	33	
	Female	21	23	12	19	

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 Feb. 18, 2019 to Jan. 27, 2022) and ISO45001:2018 (Validity period: from Feb. 17, 2020 to Jan. 24, 2022) 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	1. All engineers are required to obtain the qualification of safety and health affair managers. 2. All engineers are required to effectively take action in case of major risks. 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. 4. Continue to require all safety staff to strengthen inspections to prevent unsafe behavior from contractors. 5. Impose fines on contractors with poor cooperation and poor implementation of safety and health standards according to relevant regulations.	1. Some newly recruited engineers had poor management capabilities in handling site environmental hazards, and safety and health procedures. 2. Some engineering personnel have poor management capabilities in requiring manufacturers to implement safety and health procedures. 3. Some contractors fail to cooperate.	1. Continuously follow up those who have not yet qualified and arrange training for them. 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. 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. 4. Impose fines on contractors with poor cooperation and poor implementation of safety and health standards according to relevant regulations.
2	Projects to improve contractor safety and health monitoring	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. 2. A contractor issues a hazard notification before commencing	1. A construction contractor personnel failed to comply with company safety and health regulations. 2. Contractors have limited knowledge of risk factors on-site and relevant safety and health procedures. 3. The company's engineering staff (security personnel and engineers) fails to strictly require contractor	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. 2. A pre-work construction safety

No.	Target/Subject	Project management	Status description	Course of action
		construction. 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. 4. A contractor who underperforms and fails to implement safety and health procedures is required to conduct a rehabilitative training and perform regular inspections.	personnel to follow safety and health procedures.	meeting shall be convened everyday to inform about matters of safety and health that should be noticed. 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.
3	Projects to improve office wiring inspection and lighting installation procedures	1. Wiring inspections are conducted in February, May, August and November. Damaged wires should be replaced immediately. Any induction problem should be solved. 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.) 3. Damaged light fixtures should be replaced immediately.	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. 2. Damaged lighting fixtures cause insufficient illumination.	1. Wiring inspections are conducted in February, May, August and November to ensure electrical safety. 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.

No.	Target/Subject	Project management	Status description	Course of action
4	Office Energy Saving Program	1. Temperature in the office should be set at 26-28 degrees and posted this rule next to the switch. 2. Doors and windows should be closed to reduce cold air leakage or hot air intrusion. 3. Use T5 lamps and divide the office by area. Turn off any lights that are not used in each area. 4. Promote to turn off lights during lunch break. 5. Regular internal announcements to cultivate colleagues' energy-saving habits and establish energy-saving corporate culture.	1. Some air conditioners are not set at 26-28 degrees and colleagues occasionally forget to close doors and windows. 2. During the lunch break, the lighting in some areas was not turned off. 3. The colleague who left last forgot to turn off the air conditioner and lighting switch.	1. Continue to proclaim that temperature in the office should be set at 26-28 degrees and posted this rule next to the switch. 2. Continue to proclaim that doors and windows should be closed to reduce cold air leakage or hot air intrusion. 3. Use T5 lamps and divide the office by area. Turn off any lights that are not used in each area. 4. Promote to turn off lights during lunch break. 5. Regular internal announcements to cultivate colleagues' energy-saving habits and establish energy-saving corporate culture.

vi. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taiwan Cooperative Bank	2019/07/10~2020/07/10 (Acter) 2020/03/05~2021/02/04 (Her Suo)	Overall credit limit	None
Financing Contract	Mega International Commercial Bank	2019/06/23~2020/06/22 (Acter) 2019/08/19~2020/08/18 (Her Suo) 2017/07/04~2023/01/30 (Nova Technology) 2020/01/25~2021/01/24 (Winmax & Suzhou Winmax)	Overall credit limit	None
Financing Contract	Hua Nan Bank	2019/05/27~2020/05/27 (Acter) 2020/01/21~2021/01/20 (Nova Technology)	Overall credit limit	None
Financing Contract	Shin Kong Bank	2019/09/25~2021/09/25 (Acter) 2019/09/24~2020/09/24 (Nova Technology)	Overall credit limit	None
Financing Contract	Taishin International Bank	2019/05/08~2020/03/31 (Acter & AIL) 2019/03/31~2020/03/31 (Nova Technology & Winmax & Suzhou Winmax)	Overall credit limit &Financing for external debt	None
Financing Contract	Bank of Shanghai	2018/07/12~2021/07/11 (Acter) 2019/03/15~2020/10/24 (Nova Technology)	Overall credit limit	None
Financing Contract	CTBC Bank	2020/01/13~2022/12/31 (Acter) 2020/01/02~2020/12/31 (Sheng Huei (Vietnam)) 2019/03/05~2020/03/05 (Acter Technology Integration) 2019/01/01~2019/12/31 (Enrich)	Overall credit limit	None
Financing Contract	Bank SinoPac	2019/06/11~2020/06/11 (Sheng Huei (Shenzhen)) 2019/06/26~2020/06/26 (Acter Technology Integration)	Overall credit limit	None
Financing Contract	CITI BANK	2020/01/01~2020/12/31 (Acter) 2020/02/18~2021/02/18 (Sheng Huei (Shenzhen) & Shenzhen Dingmao) 2019/02/18~2021/02/18 (Acter Technology Integration)	Overall credit limit& Financing for external debt	None
Financing Contract	DBS	2019/05/08~2020/05/08 (Nova Technology)	Overall credit limit	None
Financing Contract	Standard Chartered	2019/10/31~2020/10/31 (Acter & AIL) 2019/10/29~2020/10/29 (Sheng Huei (Shenzhen) & Acter Technology Integration)	Overall credit limit	None
Financing Contract	HSBC	2019/12/24~2020/12/06 (Acter & AIL) 2019/12/06~2020/11/30 (Nova Technology) 2020/03/05~2021/03/04 (Winmax & Suzhou Winmax)	Overall credit limit	None
Financing Contract	SMBC	2019/10/09~2020/10/09 (Acter)	Overall credit limit	None
Financing Contract	Taipei Fubon Bank	2019/10/25~2020/10/25 (Nova Technology)	Overall credit limit	None
Financing Contract	E.SUN BANK	2019/10/02~2020/08/27 (Nova Technology)	Overall credit limit	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	First Bank	2020/03/01~2021/02/28 (Sheng Huei (Vietnam))	Overall credit limit	None
Financing Contract	Bank of Taiwan	2019/07/12~2020/07/12 (Nova Technology)	Overall credit limit	None
Financing Contract	Shanghai Pudong Development Bank	2019/10/16~2020/10/15 (Acter Technology Integration)	Letter of Guarantee	None
Financing Contract	KGI Bank	2019/07/28~2020/07/28 (Acter Technology Integration)	Financing for external debt	None
Financing Contract	CCB	2019/11/11~2020/11/11 (Acter Technology Integration)	Letter of Guarantee	None
Financing Contract	Huaxia Bank	2019/06/24~2020/06/04 (Acter Technology Integration)	Overall credit limit	None
Financing Contract	Fubon China	2018/06/07~2020/11/30 (Winmax & Suzhou Winmax)	Letter of Guarantee	None
Financing Contract	Bank Of China	2019/07/08~2020/03/11 (Winmax)	Letter of Guarantee	None
Engineering Contract	Siliconware Precision Industries Co., Ltd.	Work completed and inspected according to schedule from 2020/03/06	Engineering Contract	Guaranteed commitment
Engineering Contract	Siliconware Precision Industries Co., Ltd.	Work completed and inspected according to schedule from 2020/01/22	Engineering Contract	Guaranteed commitment
Engineering Contract	LI JIN ENGINEERING CO., LTD.	Work completed and inspected according to schedule from 2019/11/07	Engineering Contract	Guaranteed commitment
Engineering Contract	JDC Corporation, Taiwan Branch	Work completed and inspected according to schedule from 2019/10/09	Engineering Contract	Guaranteed commitment
Engineering Contract	Senao Networks Inc.	Work completed and inspected according to schedule from 2019/07/08	Engineering Contract	Guaranteed commitment
Engineering Contract	Exyte Taiwan Co., Ltd.	Work completed and inspected according to schedule from 2019/06/27	Engineering Contract	Guaranteed commitment
Engineering Contract	China Ecotek Corporation	Work completed and inspected according to schedule from 2019/06/13	Engineering Contract	Guaranteed commitment
Engineering Contract	DELTA ELECTRONICS,INC.	Work completed and inspected according to schedule from 2019/03/05	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	Hong Pu Real Estate Development CO.,LTD.	Work completed and inspected according to schedule from 2017/12/25	Engineering Contract	Guaranteed commitment
Engineering Contract	LI JIN ENGINEERING CO., LTD.	Work completed and inspected according to schedule from 2017/12/25	Engineering Contract	Guaranteed commitment
Engineering Contract	China Ecotek Corporation	Work completed and inspected according to schedule from 2017/11/30	Engineering Contract	Guaranteed commitment
Engineering Contract	LI JIN ENGINEERING CO., LTD.	Work completed and inspected according to schedule from 2017/08/28	Engineering Contract	Guaranteed commitment
Engineering Contract	Kuo Yuan Construction Co., Ltd.	Work completed and inspected according to schedule from 2017/08/15	Engineering Contract	Guaranteed commitment
Engineering Contract	Huaku development Co., Ltd	Work completed and inspected according to schedule from 2017/03/22	Engineering Contract	Guaranteed commitment
Engineering Contract	Chi Mei Hospital- Chi Mei Chiali	Work completed and inspected according to schedule from 2016/07/18	Engineering Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering Contract	Immense Team Construction and Building Company, Limited	Work completed and inspected according to schedule from 2014/11/20	Engineering Contract	Guaranteed commitment
Engineering Contract	CTCI Corporation	Work completed and inspected according to schedule from 2011/09/01	Engineering Contract	Guaranteed commitment
Engineering Contract	Semiconductor Manufacturing South China Corporation	Work completed and inspected according to schedule from 2018/08/01	Engineering Contract	Guaranteed commitment
Engineering and Equipment Contract	The IT Electronics Eleventh Design &Research Institute Scientific and Technological Engineering Corporation	Work completed and inspected according to schedule from 2017/08/01	Engineering and Equipment Contract	Guaranteed commitment
Equipment Contract	The IT Electronics Eleventh Design &Research Institute Scientific and Technological Engineering Corporation	Work completed and inspected according to schedule from 2019/06/01	Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Wuhan China Star Optoelectronics Technology Co., Ltd.	Work completed and inspected according to schedule from 2019/09/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Shenzhen China Star Optoelectronics Technology Co., Ltd	Work completed and inspected according to schedule from 2020/01/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Semiconductor Manufacturing South China Corporation	Work completed and inspected according to schedule from 2018/04/04	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Semiconductor Manufacturing South China Corporation Co., Ltd	Work completed and inspected according to schedule from 2020/01/16	Engineering and Equipment Contract	Guaranteed commitment
Equipment Contract	Jiang Xi Zhao Chi Semiconductor Co., LTD	Work completed and inspected according to schedule from 2018/03/01	Equipment Contract	Guaranteed commitment
Equipment Contract	Xiamen San’an Semicodutor Technology Co.Ltd	Work completed and inspected according to schedule from 2018/08/16	Equipment Contract	Guaranteed commitment
Engineering Contract	China Construction First Building(group) Co., Ltd.	Work completed and inspected according to schedule from 2016/01/25	Engineering Contract	Guaranteed commitment
Engineering Contract	Wafer Works (Zhengzhou) Corporation	2017/12/11~2020/06/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Chilisin Electronics Corp. Hunan China Plant	2018/04/15~2020/05/15	Engineering Contract	Guaranteed commitment
Engineering Contract	Lnnkao Yufu Precision Technology Co., Ltd.	2019/03/13~2020/08/31	Engineering Contract	Guaranteed commitment
Engineering Contract	China Construction Third Bureau First Engineering Co., Ltd.	2018/12/21~2020/07/31	Engineering Contract	Guaranteed commitment
Engineering Contract	Tymphany Acoustic Technology (Huizhou) Co., Ltd.	2019/09/06~2020/10/30	Engineering Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering Contract	Dongguan Primax Electronic & Telecommunication Products Ltd.	2018/09/18~2020/05/20	Engineering Contract	Guaranteed commitment
Engineering Contract	Lnnkao Yufu Precision Technology Co., Ltd.	2018/03/05~2020/05/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Siliconware Electronics (FuJian) Co., Ltd.	2019/08/01~2020/05/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Wafer Works (Shanghai) Corp.	2019/10/30~2020/06/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Beijing CEEDI Engineering & Technology Co., Ltd.	2019/09/05~2020/11/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Sixing (Suzhou) Integrated Circuit Technology Co., Ltd.	2020/01/15~2020/05/30	Engineering Contract	Guaranteed commitment
Sales contract	Siliconware Electronics (FuJian) Co., Ltd.	Work completed and inspected according to schedule from 2018/10/01	Sales contract	Guaranteed commitment
Engineering Contract	China MCC20 Group Corp., Ltd.	Work completed and inspected according to schedule from 2018/11/05	Engineering Contract	Guaranteed commitment
Engineering Contract	S.Y. Technology, Engineering & Construction Co., LTD Jinjiang Branch	Work completed and inspected according to schedule from 2018/03/12	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 Contract	Panasonic Homes Taiwan Co., Ltd.	Work completed and inspected according to schedule from 2016/12/26	Engineering Contract	Guaranteed commitment
Engineering Contract	Lotus Pharmaceutical. Co.	Work completed and inspected according to schedule from 2019/03/20	Engineering Contract	Guaranteed commitment
Equipment Contract	Kingpoint Technology Limited.	Work completed and inspected according to schedule from 2017/12/07	Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Semiconductor Manufacturing South China Corporation	Work completed and inspected according to schedule from 2018/08/10	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Huahong Semiconductor	Work completed and inspected according to schedule from 2018/10/17	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	Shenzhen China Star Optoelectronics Technology Co., Ltd	Work completed and inspected according to schedule from 2019/08/07	Engineering and Equipment Contract	Guaranteed commitment
Engineering Contract	TAIWAN APPLE LLC	Work completed and inspected according to schedule from 2019/09/09	Engineering Contract	Guaranteed commitment
Equipment Contract	Yangtze Memory Technology Corp	Work completed and inspected according to schedule from 2019/09/03	Equipment Contract	Guaranteed commitment
Equipment Contract	Wuhan Hongxin Semiconductor Manufacturing Co., Ltd.	Work completed and inspected according to schedule from 2019/06/30	Equipment Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Equipment Contract	Xuzhou Xinjing Semiconductor Technology Co., Ltd.	Work completed and inspected according to schedule from 2019/06/26	Equipment Contract	Guaranteed commitment
Equipment Contract	Yangtze Memory Technology Corp	Work completed and inspected according to schedule from 2020/01/14	Equipment Contract	Guaranteed commitment
Equipment Contract	Yangtze Memory Technology Corp	Work completed and inspected according to schedule from 2020/01/20	Equipment 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 2015	2016	2017	2018	2019	Financial data as of 2020/03/31
Current assets		7,512,052	8,006,879	10,686,151	10,892,189	10,805,708	(Note 1)
Property, plant and equipment		380,354	374,530	401,971	417,228	463,872	
Intangible assets		19,957	16,493	21,561	18,683	18,357	
Other assets		273,844	486,161	444,088	452,689	705,143	
Total assets		8,186,207	8,884,063	11,553,771	11,780,789	11,993,080	
Current liabilities	Before distribution	4,915,104	5,289,571	6,602,150	5,921,201	5,714,613	
	After distribution	5,199,119	5,667,466	7,285,865	6,734,243	Not applicable	
Non-current liabilities		207,286	213,856	287,100	478,076	729,425	
Total liabilities	Before distribution	5,122,390	5,503,427	6,889,250	6,399,277	6,444,038	
	After distribution	5,406,405	5,881,322	7,572,965	7,212,319	Not applicable	
Equity attributable to owners of the parent							
Common stock		466,159	472,369	471,529	542,028	541,868	
Capital surplus		978,475	1,071,656	1,412,098	1,393,239	1,392,119	
Retained earnings	Before distribution	1,451,733	1,597,951	2,057,315	2,483,445	2,698,781	
	After distribution	1,167,718	1,220,056	1,373,600	1,670,403	Not applicable	
Other equity		23,145	(78,851)	(66,649)	(69,586)	(129,185)	
Treasury stock		0	0	0	0	0	
Non-controlling interest		144,305	317,511	790,228	1,032,386	1,045,459	
Total shareholders' equity	Before distribution	3,063,817	3,380,636	4,664,521	5,381,512	5,549,042	
	After distribution	2,779,802	3,002,741	3,980,806	4,568,470	Not applicable	

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 Balance Sheet-IFRS

Unit : NT$ thousand

Item / Year		Five-Year Financial Summary 2015	2016	2017	2018	2019
Current assets		2,494,429	2,400,845	2,562,762	2,995,520	2,530,620
Property, plant and equipment		155,735	155,653	155,580	100,617	98,024
Intangible assets		1,760	1,983	4,750	3,755	5,308
Other assets		1,939,441	2,121,569	2,768,913	3,282,145	3,884,080
Total assets		4,591,365	4,680,050	5,492,005	6,382,037	6,518,032
Current liabilities	Before distribution	1,520,102	1,488,005	1,465,536	1,790,325	1,625,640
	After distribution	1,804,117	1,865,900	2,149,251	2,603,367	Not applicable
Non-current liabilities		151,751	128,920	152,176	242,586	388,809
Total liabilities	Before distribution	1,671,853	1,616,925	1,617,712	2,032,911	2,014,449
	After distribution	1,955,868	1,994,800	2,301,427	2,845,953	Not applicable
Equity attributable to owners of the parent						
Common stock		466,159	472,369	471,529	542,028	541,868
Capital surplus		978,475	1,071,656	1,412,098	1,393,239	1,392,119

Item \ Year		Five-Year Financial Summary				
		2015	2016	2017	2018	2019
Retained earnings	Before distribution	1,451,733	1,597,951	2,057,315	2,483,445	2,698,781
	After distribution	1,167,718	1,220,056	1,373,600	1,670,403	Not applicable
Other equity		23,145	(78,851)	(66,649)	(69,586)	(129,185)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	2,919,512	3,063,125	3,874,293	4,349,126	4,503,583
	After distribution	2,635,497	2,685,230	3,190,578	3,536,084	Not applicable

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 2020/03/31
	2015	2016	2017	2018	2019	
Operating revenue	8,558,768	8,404,421	11,437,682	14,220,653	12,674,886	(Note1)
Gross profit	1,111,609	1,310,072	2,043,869	2,536,179	2,572,339	
Income from operations	478,274	601,253	1,376,732	1,721,618	1,778,512	
Non-operating income(expenses)	36,548	(5,599)	(85,179)	117,428	87,954	
Income before tax	514,822	595,654	1,291,553	1,839,046	1,866,466	
Income from continuing operations - after tax	423,030	453,862	982,140	1,275,432	1,276,284	
Loss of discontinued operation	0	0	0	0	0	
Net income	423,030	453,862	982,140	1,275,432	1,276,284	
Other comprehensive income - after tax	(13,316)	(95,739)	(19,543)	(23,062)	(85,338)	
Total comprehensive income	409,714	358,123	962,597	1,252,370	1,190,946	
Net income attributable to owners of the parent	416,345	436,276	842,154	1,049,020	1,036,094	
Net income attributable to non-controlling interest	6,685	17,586	139,986	226,412	240,190	
Total comprehensive income attributable to owners of the parent	403,092	342,190	824,751	1,032,800	968,003	
Total comprehensive income attributable to non-controlling interest	6,622	15,933	137,846	219,570	222,943	
Earnings per share	9.02	9.45	15.76	19.52	19.16	

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				
	2015	2016	2017	2018	2019
Operating revenue	3,828,829	3,372,670	3,866,236	4,234,865	3,003,657
Gross profit	469,029	405,137	537,602	670,071	508,352
Income from operations	301,139	249,760	354,695	456,078	308,810
Non-operating income(expenses)	165,621	234,011	576,874	783,908	903,648
Income before tax	466,760	483,771	931,569	1,239,986	1,212,458
Income from continuing operations - after tax	416,345	436,276	842,154	1,049,020	1,036,094
Loss of discontinued operation	0	0	0	0	0
Net income	416,345	436,276	842,154	1,049,020	1,036,094
Other comprehensive income - after tax	(13,253)	(94,086)	(17,403)	(16,220)	(68,091)
Total comprehensive income	403,092	342,190	824,751	1,032,800	968,003
Net income attributable to owners of the parent	416,345	436,276	842,154	1,049,020	1,036,094
Net income attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	403,092	342,190	824,751	1,032,800	968,003
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	9.02	9.45	15.76	19.52	19.16

3. Auditors' Opinions from 2015 to 2019

Year	CPA Firm	CPA's Name	Auditing Opinion
2015	KPMG	Chang, Tzu-Hsin、Huang, Hai-Ning	Unqualified opinion
2016	KPMG	Chang, Tzu-Hsin、Huang, Hai-Ning	Unqualified 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

ii. Five-Year Financial Analysis

1. Financial Analysis-IFRS(Consolidated Financial Statements)

Item	Year	Financial analysis in the past five years					As of 2020/03/31
		2015	2016	2017	2018	2019	
Financial structure (%)	Ratio of liabilities to assets	62.57	61.94	59.62	54.31	53.73	(Note 1)
	Ratio of long-term capital to property, plant and equipment	822.07	959.73	1,231.83	1,404.41	1353.49	
Solvency (%)	Current ratio	152.83	151.37	161.85	183.95	189.08	
	Quick ratio	95.61	102.18	106.44	150.24	146.88	
	Times interest earned ratio	25,166.76	18,410.44	13,739.57	37,636.70	35,627.85	
Operating ability	Accounts receivable turnover (turns)	3.48	2.99	4.17	4.41	3.26	
	Average collection period	104.88	122.07	87.52	82.76	111.96	
	Inventory turnover (turns)	0.76	0.68	0.80	0.82	0.63	
	Accounts payable turnover (turns)	2.77	2.64	3.27	3.61	2.97	
	Average days in sales	480.26	536.76	456.25	445.12	579.36	
	Property, plant and equipment turnover (turns)	23.74	22.26	29.45	34.71	28.76	
	Total assets turnover (turns)	1.13	0.98	1.11	1.21	1.06	
Profitability	Return on total assets (%)	5.54	5.34	9.68	10.96	10.77	
	Return on stockholders’ equity (%)	15.12	14.40	24.41	25.39	23.35	
	Ratio of Pre-tax income to issued capital (%)(Note 6)	110.43	126.09	273.90	339.29	344.45	
	Profit ratio (%)	4.86	5.40	8.58	8.96	10.06	
	Earnings per share ($)	9.02	9.45	15.76	19.52	19.16	
Cash flow	Cash flow ratio (%)	6.11	24.61	16.21	25.10	13.18	
	Cash flow adequacy ratio (%)	39.85	73.11	63.54	105.71	101.23	
	Cash reinvestment ratio (%)	6.18	27.68	13.73	14.67	(0.95)	
Leverage	Operating leverage	1.06	1.04	1.02	1.01	1.04	
	Financial leverage	1.00	1.01	1.01	1.00	1.00	

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

1. The decrease in accounts receivable turnover and the increase in average collection period were mainly due to the decrease in net sales by 10.87%.
2. The decrease in inventory turnover and the increase in average days in sales were mainly due to the net sales decreased and the cost of goods also decreased by 13.54%.
3. The decrease in cash flow ratio and cash reinvestment ratio were mainly due to the decrease in cash flow from operating activities.

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		2015	2016	2017	2018	2019
Year		Financial analysis in the past five years				
Financial structure (%)	Ratio of liabilities to assets	36.41	34.54	29.45	31.85	30.90
	Ratio of long-term capital to property, plant and equipment	1,972.11	2,050.74	2588.03	4563.57	4990.99
Solvency (%)	Current ratio	164.09	161.34	174.86	167.31	155.66
	Quick ratio	122.78	127.01	128.41	138.29	122.08
	Times interest earned ratio	13,505,902	16,992,419	61,816,240	83,053,391	204,216
Operating ability	Accounts receivable turnover (turns)	4.18	3.28	4.21	5.47	3.24
	Average collection period	87.32	111.28	86.69	66.72	112.65
	Inventory turnover (turns)	0.75	0.64	0.65	0.66	0.52
	Accounts payable turnover (turns)	3.28	2.75	3.73	4.13	2.84
	Average days in sales	486.66	570.31	561.53	553.03	701.92
	Property, plant and equipment turnover (turns)	24.43	21.66	24.84	33.05	30.24
	Total assets turnover (turns)	0.90	0.72	0.76	0.71	0.46
Profitability	Return on total assets (%)	9.82	9.41	16.55	17.66	16.07
	Return on stockholders' equity (%)	15.12	14.58	24.27	25.51	23.40
	Ratio of Pre-tax income to issued capital (%)(Note 5)	100.12	102.41	197.56	228.76	223.75
	Profit ratio (%)	10.87	12.93	21.78	24.77	34.49
	Earnings per share ($)	9.02	9.45	15.76	19.52	19.16
Cash flow	Cash flow ratio (%)	26.27	14.57	23.94	34.56	(7.7)
	Cash flow adequacy ratio (%)	73.21	75.26	53.21	61.79	56.14
	Cash reinvestment ratio (%)	9.91	(2.09)	(0.66)	0.12	(19.34)
Leverage	Operating leverage	1.02	1.02	1.01	1.01	1.05
	Financial leverage	1.00	1.00	1.00	1.00	1.00

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

1. The decrease in times interest earned ratio was mainly due to the adoption of IFRS 16 that increased the interest expense arising from the lease liability.
2. The decrease in accounts receivable turnover and the increase in average collection period were mainly due to the decrease in net sales by 29.07%.
3. The decrease in inventory turnover and accounts payable turnover and the increase in average days in sales were mainly due to the net sales decreased and the cost of goods also decreased by 30%.
4. The decrease in total assets turnover was mainly due to the decrease in net sales by 29.07%.
5. The increase in profit ratio was mainly due to the increase in gains on investment by 14.82%.
6. The decrease in cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash flow from operating activity.

Formulas for the above two tables are as follows.

1. Financial Structure
   (1) Ratio of liabilities to assets = Total liability / Total assets
   (2) Ratio of long-term capital to property, land and equipment = (Net shareholders' equity + Long-term liability) / Net property, land and equipment
2. Solvency
   (1) Current ratio: Current assets / current liability
   (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
   (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) 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)

(2) 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

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)

6. Leverage

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income(note 5)

(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 ant 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 coat and operating expense according to fixed and variable category If the classification is estimated and subjective, it should correspond with rationality and consistence.

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 2019 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 2019 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.

2020 shareholders meeting of ACTER GROUP CORPORATION LIMITED

ACTER GROUP CORPORATION LIMITED

Chairman of the Audit Committee**:** Yeh, Hui-Hsin

February 27, 2020

iv. Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018, and Independent Auditors' Report

Please refer to page 136 ~ page 210 of this annual report.

v. A parent company only financial statement for Years Ended December 31, 2019 and 2018, certified by a CPA

Please refer to page 211 ~ page 271 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	2018	2019	Difference	
			Amount	%
Current Assets	10,892,189	10,805,708	(86,481)	(0.79)
Non-Current Assets	888,600	1,187,372	298,772	33.62
Total Assets	11,780,789	11,993,080	212,291	1.80
Current Liabilities	5,921,201	5,714,613	(206,588)	(3.49)
Non-Current Liabilities	478,076	729,425	251,349	52.58
Total Liabilities	6,399,277	6,444,038	44,761	0.70
Capital stock	542,028	541,868	(160)	(0.03)
Capital surplus	1,393,239	1,392,119	(1,120)	(0.08)
Retained Earnings	2,483,445	2,698,781	215,336	8.67
Other Equity	(69,586)	(129,185)	(59,599)	85.65
Total Equity attributable to the parent of company	4,349,126	4,503,583	154,457	3.55
Total Equity	5,381,512	5,549,042	167,530	3.11

1. Analysis of changes in financial ratios:
   (1) Non-current assets increased due to the adoption of IFRS 16 that resulted in the increase of the right-of-use assets account.
   (2) Non-current liabilities increased due to the increase in deferred tax liabilities and the adoption of IFRS 16 that resulted in the increase of the lease liabilities account.
   (3) Other equity decreased due to the decrease in exchange differences on translation by 94.56%.
2. Future response actions: Not applicable.

ii. Financial Performance

Unit: NT$ thousand

Item \ Year	2018	2019	Difference	Percentage change (%)
Net Sales	14,220,653	12,674,886	(1,545,767)	(10.87)
Cost of Sales	11,684,474	10,102,547	(1,581,927)	(13.54)
Gross Profit	2,536,179	2,572,339	36,160	1.43
Operating Expenses	814,561	793,827	(20,734)	(2.55)
Operating Income	1,721,618	1,778,512	56,894	3.30
Non-operating Income and Gains	138,080	99,827	(38,253)	(27.70)
Non-operating Expenses and Losses	20,652	11,873	(8,779)	(42.51)
Income Before Tax	1,839,046	1,866,466	27,420	1.49
Tax Expense	563,614	590,182	26,568	4.71
Net Income	1,275,432	1,276,284	852	0.07

1. Analysis of changes in financial ratios:
   (1) The decrease in non-operating income and gains was mainly due to the decrease in exchange gains.
   (2) The decrease in non-operating expenses and losses was mainly due to the increase in gains on financial assets at fair value through profit or loss.
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 (2019)

Item \ Year	2018	2019	Variance %
Cash Flow Ratio (%)	25.10	13.18	(47.49)
Cash Flow Adequacy Ratio (%)	105.71	101.23	(4.24)
Cash Reinvestment Ratio (%)	14.67	(0.95)	(106.48)
Analysis of financial ratio change: 1. The decrease in cash flow ratio and cash reinvestment ratio were mainly due to the decrease in cash flow from operating activities.			

2. Remedy for Cash Deficit and Liquidity Analysis

   None.

3. Cash Flow Analysis for the Coming Year(2020)

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
3,874,953	950,000	(1,253,000)	3,571,953	None	None
Analysis of change in cash flow for the coming year: 1. Operating Activities: The cash inflow will be generating from construction revenue. 2. Investing Activities: The cash outflow will be mainly due to financing plans. 3. Financing Activities: The cash inflow will be mainly due to cash dividend payment and 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. is planning to apply 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)Main Causes for Profits or Losses

The minor loss on investment recognized is mainly due to the fact that these new companies are in an early stage of business development, and require some time to adjust and source business opportunities.

(2)Improvement Plans

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

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 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.

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 2019 were below 0.32%. The effect of interest rate movements on net income was limited.

Unit: NT$ thousand

Item \ Year	2019	The 1st Quarter of 2020
Interest Income(1)	40,425	Note1
Interest Expenses(2)	5,254	
Net Operating Revenue(3)	12,674,886	
Ratio of Interest Income to Net Operating Revenue (1)/(3)	0.32%	
Ratio of Interest Expenses to Net Operating Revenue (2)/(3)	0.04%	

Note1: Financial information in 2019 has been audited by CPA and financial information for the 1st quarter of 2020 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 provider and not importer/exporter. Although some of its raw materials are purchased from overseas suppliers and are denominated in foreign currencies, the NTD4,402 thousand in exchange gains (losses) in 2019 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	2019	The 1st Quarter of 2020
Income/Loss from Foreign Exchange Transactions	4,402	Note1
Net Operating Revenue	12,674,886	
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)	0.03%	
Operating Income	1,778,512	
Ratio of Income/Loss from Foreign Exchange Transactions to Operating Income (%)	0.25%	

Note1: Financial information in 2019 has been audited by CPA and financial information for the 1st quarter of 2020 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 has established the "Procedure for Loaning of Company Funds" which was 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 "Procedure for Loaning of funds."

(3)The company has established the "Procedure for Endorsements and Guarantees" which was 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 "Procedure for Endorsements Guarantees."

(4)The Company has established the "Procedure for Acquisition and Disposal of Assets." which was 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 "Procedure for Acquisition and Disposal of Assets."

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)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
Useful new patents	We are continually applying for related patents	232,356	Dec. 2021	• Construction techniques are optimized and the capabilities of equipments are upgraded. • Advanced manufacturing and automation, new machinery, general machinery equipment manufacturing technology	• Personnel participate in research • Encouragement and support from management
Ultrafiltration membrane used in developer recovery equipment	In progress	500	Jun. 2021	Reduce recovery costs and initial investment.	• Acceptance of Customer • Quality of Recycling liquid

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 and in Industry Relating to Corporate Finance and Sales

For sustainable development, in addition to pursuing technical excellence in the industry, the company has always spared no effort in investing in information technology. It established the internal and external communication platform by the development of the Internet at the beginning of its establishment, including Mail Server and File Server. In 2011, the ERP and EFGP system were launched, which transformed the function-oriented organization operations into the process-oriented integration operations, make business decisions more clear and achieve effective information purposes of data consistency, real-time and integrity. Then, the DMP system was built in 2014 to manage the regulations, specifications, forms and other resources. Documents in the platform can be freely used by various departments, and can also be authority controlled by dedicated personnel. In 2017, the E-learning system and the PLM system were added to provide project progress reports and project document management. The PLM system was further optimized in 2019 by adding the construction daily report as a common communication platform for working hour collection, problem reflection, client assignment, and response from relevant supervisors. In 2020, it is expected that the PLM system will continue to be optimized and integrated with the electronic sign-off system and ERP system. Information will be analyzed through the BI system for financial and management reports use as well as "Information room" will be built to provide real-time management information for senior 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 has formulated an "Information Security Policy" for all colleagues to follow, and the IT department is responsible for the maintenance and management of information security. They should 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 specific management plan includes password control, authority control, routine data backup, irregular security related information release, and installation and update of virus prevention software ... etc.

The company believes and hopes that these efforts will improve information technology and ensure information security, thereby enhancing the company's operating results and promoting the rights and interests of all shareholders.

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, Shanghai, and Zhangjiagang. This expanded network has enabled the company to cover a broader area and reach more customers.

There have been no changes in technology 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:None.

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

    A. Project payment lawsuit against Walsin Technology Corporation (Walsin):

    Cause of lawsuit: The Company undertook the mechanical/electrical air-conditioning project of Walsin in December 2010. The project acceptance was completed in 2011 and the warranty period expired in 2013. Walsin demanded that the surplus of project payment worth NT$42,189,100 be returned in November 2012.
    Status of lawsuit: Taipei District Court, Taiwan determined that the company shall pay Walsin NTD 14,665,869 for the first trial (Reference number: 102 Year chien zi di No. 31) judgment. As both parties brought suits, Taiwan High Court is hearing the case at the present, and the Company has entrusted The National Architects Association of R.O.C（NAAROC）to conduct supplementary appraisal to the appraisal report at the first trial on December 21, 2016 after investigation of testimonies by a formal request. The supplementary appraisal procedure has not been completed up to the publish date of annual report.

B. 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. Wintek estimates that its loss ratio for the firm with unwarranted claim is 16%. At the first stage, NT$5.5 billion will be allocated as per the proportion of debt to the unsecured creditors. The Company has acquired the first installment, NT$27,543,635.

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 loss ratio for the firm with unwarranted claim is 6.5%, and every firm will be paid with an extra of RMB 50,000 as compensation money. The Company has acquired the first compensation money in 2017, and the second allocation is yet to be determined.

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

Cause of lawsuit: Nova Technology, 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 Technology filed an action to request for NT$122,090,708, payments of the construction.

Status of lawsuit: Nova Technology 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 Technology is still unable to predict the result of the judgment and damages; however, Nova Technology has recognized the valuation allowance for the cost of construction performed according to the related accounting standards.

D. A lawsuit of engineering cost for elimination of white smoke against AX-CELLENT GREEN ENERGY & REPRODUCTION INC.（NERCA）:

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

Status of lawsuit: Nova Technology has delegated an attorney for bringing a suit against NERCA. According to binding judgment of Taiwan High Court Tainan Branch Court on Feb. 19, 2019, NERCA needs to pay Nova Technology NT$ 1,013,768 and 5% interests calculated from March 20, 2016 to the date of liquidation. Nova Technology has doubts about the second instance judgment of the High Court Tainan Branch Court, which is currently on appeal.

13. Other Major Risks

    None.

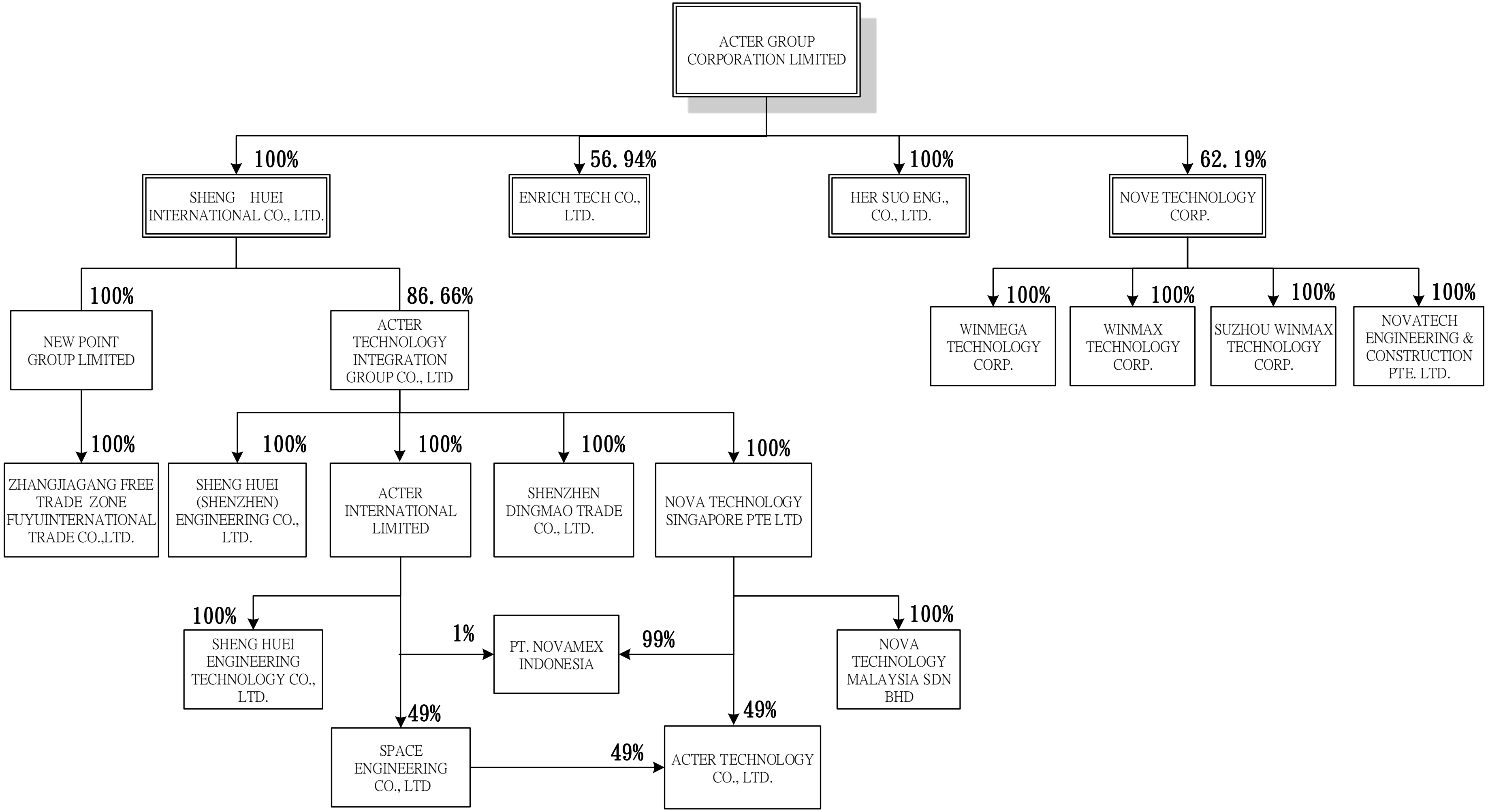
vii. Other Important Matter

None.

VIII. Special Disclosure

i. Summary of Affiliated Companies

1. Organizational chart of the affiliates (Dec. 31, 2019)



2. Basic Information on Affiliates

Dec. 31, 2019

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$129,126 (USD4,205)	Investment Holding company
Her Suo Eng., Co., Ltd.	1998.04.30	Hsinchu County, Taiwan	NT$100,000	Frozen and air-conditioning engineering, retail sale of household appliance, and electric appliance construction
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
Nova Technology Singapore Pte., Ltd.	1999.11.10	Singapore	NT$80,000 (SGD3,376)	Investment Holding company
New Point Group Limited	2008.03.10	Seychelles	NT$6,110 (USD200)	Holding company and trading of equipment
Acter International Limited	2007.11.20	Kowloon, Hong Kong	NT$69,678 (USD2,245)	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
Nova Technology Malaysia Sdn Bhd.	2011.11.24	Malaysia	NT$26,780 (RM2,600)	Investment Holding company
Pt. Novamex Indonesia	2013.6.24	Indonesia	NT$14,966 (USD500)	Equipment trading and set-up
Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.	2008.06.04	Jiangsu, China	NT$6,110 (USD200)	Agent for electronic equipment importing and exporting

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
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
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$7,692 (THB7,500)	Set-up of electronic protection systems and central air conditioners
Space Engineering Co., Ltd.	2019.10.16	Thailand	0	Holding company and trading of equipment

3. Directors, Supervisors, Presidents of Affiliates

Dec. 31, 2019；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.	Legal Representative	ACTER GROUP CORPORATION LIMITED (Representative：Liang, Chin-Li)	4,204,773.82	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%
	Director	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	Zhou, Hao	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	Legal Representative	Acter Technology Integration Group Co., Ltd. (Representative：Liang, Chin-Li)	17,573,447	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	Legal Representative	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		
Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.	Chairman	New Point Group Limited (Representative：Liang, Chin-Li)	Note 1	100%
	Director	New Point Group Limited (Representative：Lai, Ming-Kun)		
	Director	New Point Group Limited (Representative：Wang, Chun-Sheng)		
	Supervisor	New Point Group Limited (Representative：Yang, Jung-Tang)		
	President	Jian, Jian-Jhih		0.00%
Nova Technology Corp.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative：Liang, Chin-Li)	21,098,179	62.19%
	Director	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	Hsu, Chung-Cheng	252,158	0.74%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Winmax Technology Corp.	Chairman	Nova Technology Corp. (Representative：Ma, Wei)	Note 1	100%
	Director	Nova Technology Corp. (Representative：Jian, Jian-Jhih)		
	Director	Nova Technology Corp. (Representative：Hsu, Chung-Cheng)		
	Supervisor	Nova Technology Corp. (Representative：Liang, Chin-Li)		
	President	Jian, Jian-Jhih		0.00%
Nova 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		
Nova Technology Malaysia Sdn. Bhd.	Director	Nova Technology Singapore Pte. Ltd. (Representative：Liang, Chin-Li)	2,600,000	100%
	Director	Nova Technology Singapore Pte. Ltd. (Representative：Feng, Tai-Fang)		
	Director	Nova 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. Novamex Indonesia	Chairman	Nova Technology Singapore Pte. Ltd. (Representative：Chao, Ching-Sung)	500,000	100%
	Supervisor	Nova Technology Singapore Pte. Ltd. (Representative：Tsao, Yun-Han)		
Enrich Tech Co., Ltd	Chairman	ACTER GROUP CORPORATION LIMITED (Representative：Chuang, Cheng-Ting)	5,693,508	56.94%
	Director	ACTER GROUP CORPORATION LIMITED (Representative：Hsu, Chung-Cheng)		
	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	265,170	2.65%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
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%
Suzhou Winmax Technology Corp.	Chairman	Nova Technology Corp. (Representative：Ma, Wei)	Note 1	100%
	Director	Nova Technology Corp. (Representative：Jian, Jian-Jhih)		
	Director	Nova Technology Corp. (Representative：Hsu, Chung-Cheng)		
	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%
Space Engineering Co., Ltd.	Chairman	Chen, Chih-Hao	0	0.00%
	Director	Ou, Shu-Hao	0	0.00%
	Director	Su, Yu-Zhou	0	0.00%
	Supervisor	None	0	0.00%

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

4. Operation Status of Affiliates

Dec. 31, 2019；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	521,362	277,181	244,181	659,880	73,427	59,701	5.97
Enrich Tech Co., Ltd	100,000	284,516	150,844	133,672	289,698	(6,256)	(4,900)	(0.49)
Nova Technology Corp.	339,280	3,319,362	1,072,600	2,246,762	1,912,720	202,018	496,941	14.65
Winmega Technology Corp.	30,000	103,532	13,985	89,547	81,217	33,228	25,883	8.63
Winmax Technology Corp.	151,426	2,318,933	1,194,668	1,124,266	2,195,610	333,830	326,074	Note 2
Suzhou Winmax Technology Corp.	32,478	330,994	182,650	148,344	490,718	73,673	53,408	Note 2
Novatech Engineering & Construction Pte. Ltd.	24,179	82,511	21,615	60,895	87,755	23,496	20,379	Note 2
Nova Technology Singapore Pte., Ltd.	80,000	65,342	404	64,937	0	(2,520)	4,782	Note 2
Nova Technology Malaysia Sdn Bhd.	26,780	3,490	127	3,363	0	(175)	(183)	Note 2
Pt. Novamex Indonesia	14,966	166,709	133,398	33,311	193,724	13,014	8,178	Note 2
Sheng Huei International Co., Ltd.	129,126	1,698,991	128	1,698,864	0	(2,563)	499,241	Note 2
Sheng Huei Engineering Technology Co., Ltd.	48,238	146,605	48,985	97,620	260,818	23,147	22,955	Note 2
Acter International Limited	69,678	182,277	130,766	51,511	68,387	6,802	26,249	Note 2
Sheng Huei (Shenzhen) Engineering Co., Ltd.	172,877	378,647	164,927	213,720	589,693	52,326	49,147	Note 2
New Point Group Limited	6,110	373,057	20,117	352,940	18,479	42,530	134,019	Note 2
Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd.	6,110	191,728	779	190,950	30,102	117,971	87,061	Note 2
Acter Technology Integration Group Co., Ltd.	284,355	2,593,048	1,554,377	1,038,671	2,865,279	394,415	412,027	1.44
Shenzhen Dingmao Trade Co., Ltd	22,984	159,014	48,411	110,603	366,487	76,698	56,149	Note 2
Acter Technology Co., Ltd.(Note 1)	30,768	57,468	50,828	29,716	5,884	(964)	(889)	Note 2
Space Engineering Co., Ltd. (Note 1)	15,024	14,588	0	14,588	0	0	(436)	Note 2

Note1: Capital has not been fully paid in at the end of 2019. Therefore the figures are filled in according to the estimated investment plan. But, as of Apr. 9, 2020, all capital injection stated in the original investment plan has already received by the two companies.

Note2: 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, 2019 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 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is 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 27, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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 of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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(q) "Revenue", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Revenue recognition", and Notes 6(v) "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. Provisions

Please refer to Note 4(p) "Provisions", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Recognition and measurement of provisions", Note 6(p) "Provisions", and Note 9(f) "Significant commitments and contingencies" to the consolidated financial statements.

Description of key audit matter

The Group estimates the future probability of warranty occurrence based on its historical experience. For the construction lawsuit which is still in trial, the Group also makes provisions for construction loss. Provisions for warranty involves judgment and estimation uncertainty of the Group's management. Consequently, provisions of warranty is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: comparing actual warranty expenses and provisions of warranty to assess the accuracy of estimation; considering the management' s methods and data sources of estimating provisions and evaluating the possibility to change accounting estimates; assessing whether the provision is fairly presented and in accordance with related accounting standards; if the lawsuit of constructions is still in trial, the recoverable costs might depend on the result of the pending litigation, we will assess the provisions of construction loss in accordance with related recognition conditions.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, 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 Tzu-Hsin Chang and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2020

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 Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a) and (y))	$ 3,874,953	32	4,424,731	38
1110	Current financial assets at fair value through profit or loss (note 6(b) and (y))	172,400	1	310,257	3
1140	Current contract assets (note 6(v))	1,496,769	13	1,079,944	9
1150	Notes receivable, net (note 6(d) and (y))	453,149	4	323,497	3
1170	Trade receivables, net (note 6(d) and (y))	3,480,867	30	3,143,806	27
1200	Other receivables (note 6(e) and (y))	20,424	-	28,654	-
1220	Current income tax assets	2,305	-	-	-
1310	Inventories, net (note 6(f))	484,731	4	321,315	3
1461	Non-current assets held for sale (note 6(g))	-	-	51,400	-
1476	Other current financial assets (note 6(y) and 8)	390,060	3	614,238	5
1479	Other current assets	430,050	4	594,347	5
		10,805,708	91	10,892,189	93
	Non-current assets:				
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c))	130,000	1	3,177	-
1550	Investments accounted for using equity method (note 6(h))	-	-	811	-
1600	Property, plant and equipment (note 6(k))	463,872	4	417,228	4
1755	Right-of-use assets (note 6(l))	138,875	1	-	-
1760	Investment property, net (note 6(m))	240,767	2	243,254	2
1840	Deferred tax assets (note 6(r))	173,994	1	152,661	1
1985	Long-term prepaid rents	-	-	33,027	-
1990	Other non-current assets (note 8)	39,864	-	38,442	-
		1,187,372	9	888,600	7
	Total assets	**$ 11,993,080**	**100**	**11,780,789**	**100**

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(n) and (y))	$ 136,609	1	135,278	1
2130	Current contract liabilities (note 6(v))	1,224,181	10	1,718,930	15
2150	Notes payable (note 6(y))	63,637	1	175,364	1
2170	Trade payables (note 6(y))	3,110,389	26	2,761,469	23
2180	Trade payables to related parties (note 6(y) and 7)	313	-	396	-
2201	Accrued salaries and bonuses	341,137	3	301,655	3
2230	Current income tax liabilities	154,619	1	170,007	1
2250	Current provisions (note 6(p))	322,699	3	352,256	3
2280	Current lease liabilities (note 6(o) and (y))	35,299	-	-	-
2399	Other current liabilities and accrued expenses (note 9)	325,730	3	305,846	3
		5,714,613	48	5,921,201	50
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(r))	594,441	5	428,151	4
2580	Non-current lease liabilities (note 6(o) and (y))	74,965	1	-	-
2640	Net defined benefit liabilities, non-current (note 6(q))	59,869	-	49,841	-
2645	Guarantee deposits received (note 6(ab))	150	-	84	-
		729,425	6	478,076	4
	Total liabilities	6,444,038	54	6,399,277	54
	Equity attributable to owners of parent (note 6 (s)):				
3100	Ordinary shares	541,868	5	542,028	5
3200	Capital surplus	1,392,119	11	1,393,239	12
3300	Retained earnings	2,698,781	22	2,483,445	21
3400	Other equity	(129,185)	(1)	(69,586)	(1)
	Total equity attributable to owners of parent	4,503,583	37	4,349,126	37
36XX	Non-controlling interests	1,045,459	9	1,032,386	9
	Total equity	5,549,042	46	5,381,512	46
	Total liabilities and equity	**$ 11,993,080**	**100**	**11,780,789**	**100**

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 Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019 Amount	%	2018 Amount	%
	Operating Revenues:				
4521	Construction revenue (note 6(v))	$ 12,085,519	95	13,905,949	98
4529	Less: allowances	(24,914)	-	(8,324)	-
		12,060,605	95	13,897,625	98
4110	Sales	516,240	4	254,458	2
4800	Other operating revenue	98,041	1	68,570	-
		12,674,886	100	14,220,653	100
	Operating costs:				
5520	Construction cost (note 6(q) and 7(b))	9,691,442	77	11,453,453	81
5110	Costs of goods sold	365,643	3	203,042	1
5800	Other operating costs	45,462	-	27,979	-
		10,102,547	80	11,684,474	82
	Gross profit from operations	2,572,339	20	2,536,179	18
	Operating expenses (note 6(q)):				
6100	Selling expenses	120,129	1	115,464	1
6200	Administrative expenses	545,916	4	551,540	4
6300	Research and development expenses	146,433	1	127,218	1
6450	Expected credit loss	(18,651)	-	20,339	-
		793,827	6	814,561	6
	Net operating income	1,778,512	14	1,721,618	12
	Non-operating income and expenses:				
7050	Finance costs	(5,254)	-	(4,899)	-
7010	Other income (note 6(x))	62,152	1	66,499	-
7070	Shares of loss of associates accounted for using equity method, net	(61)	-	(9)	-
7020	Other gains and losses, net (note 6(x))	31,117	-	55,837	-
		87,954	1	117,428	-
	Profit before income tax	1,866,466	15	1,839,046	12
7950	Less: Income tax expenses (note 6(r))	590,182	5	563,614	4
	Profit	1,276,284	10	1,275,432	8
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements effects on defined benefit plans	(11,300)	-	(5,594)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(577)	-	(873)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(11,877)	-	(6,467)	-
8360	**Items that will be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(97,810)	(1)	(24,242)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	24,349	-	7,647	-
		(73,461)	(1)	(16,595)	-
8300	**Other comprehensive income, net of tax**	(85,338)	(1)	(23,062)	-
8500	**Total comprehensive income**	**$ 1,190,946**	**9**	**1,252,370**	**8**
	Profit, attributable to:				
8610	Owners of parent	$ 1,036,094	8	1,049,020	7
8620	Non-controlling interests	240,190	2	226,412	1
		$ 1,276,284	**10**	**1,275,432**	**8**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 968,003	7	1,032,800	7
8720	Non-controlling interests	222,943	2	219,570	1
		$ 1,190,946	**9**	**1,252,370**	**8**
	Earnings per share (Expressed in New Taiwan Dollars)(note 6(u))				
9750	**Basic earnings per share**	**$ 19.16**		**19.52**	
9850	**Diluted earnings per share**	**$ 18.94**		**18.98**	

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Others	Total Other equity	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521
Effects of retrospective application	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	39,404	104,200
Balance at January 1, 2018 after adjustments	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,768,721
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	-	(612,986)
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-	-
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,155,735
Changes in ownership interest in subsidiaries	-	(17,244)	-	-	-	-	-	-	-	-	-	-	(17,244)
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	-	7,467
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	829,632	4,145,958
Profit for the year ended December 31, 2018	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	226,412	1,275,432
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(6,842)	(23,062)
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	219,570	1,252,370
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,816)	(16,816)
Balance at December 31, 2018	**$ 542,028**	**1,393,239**	**512,938**	**56,560**	**1,913,947**	**2,483,445**	**(63,237)**	**(5,573)**	**-**	**(776)**	**(69,586)**	**1,032,386**	**5,381,512**
Balance at January 1, 2019	$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	5,381,512
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	104,902	-	(104,902)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	12,249	(12,249)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(813,042)	(813,042)	-	-	-	-	-	-	(813,042)
	542,028	1,393,239	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	(776)	(69,586)	1,032,386	4,568,470
Share-based payments	(160)	(1,120)	-	-	-	-	-	-	-	776	776	-	(504)
	541,868	1,392,119	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	-	(68,810)	1,032,386	4,567,966
Profit for the year ended December 31, 2019	-	-	-	-	1,036,094	1,036,094	-	-	-	-	-	240,190	1,276,284
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(7,716)	(7,716)	(59,798)	(577)	-	-	(60,375)	(17,247)	(85,338)
Total comprehensive income	-	-	-	-	1,028,378	1,028,378	(59,798)	(577)	-	-	(60,375)	222,943	1,190,946
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(209,870)	(209,870)
Balance at December 31, 2019	**$ 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**

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	1,866,466	1,839,046
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses (including investment property)		68,350	27,687
Amortization expenses		7,219	7,254
Expected credit loss (gain)		(18,651)	20,339
Interest expense		5,254	4,899
Interest income		(40,425)	(41,089)
Compensation cost arising from employee stock options		(504)	7,467
Shares of loss of associates accounted for using equity method		61	9
Gain on disposal of non-current assets held for sale		(19,515)	-
Gain on disposal of investment		-	(651)
Others		142	3,391
Total adjustments to reconcile profit (loss)		1,931	29,306
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in current financial assets at fair value through profit or loss		137,857	(114,593)
(Increase) decrease in current contract assets		(416,825)	568,355
Increase in notes receivable		(129,652)	(167,459)
Increase in trade receivables		(313,770)	(723,996)
Increase in inventories		(163,416)	(63,688)
Decrease (increase) in other financial assets		395,276	(467,467)
Total changes in operating assets		(490,530)	(968,848)
Changes in operating liabilities:			
(Decrease) increase in current contract liabilities		(494,749)	657,138
Decrease in notes payable		(111,727)	(44,882)
Increase in trade payables		348,920	134,036
(Decrease) increase in provisions		(21,414)	21,107
Increase in other current liabilities		54,215	117,933
Total changes in operating liabilities		(224,755)	885,332
Total adjustments		(713,354)	(54,210)
Cash inflow generated from operations		1,153,112	1,784,836
Interest received		41,883	39,464
Interest paid		(3,170)	(5,405)
Income taxes paid		(438,350)	(332,190)
Net cash flows from operating activities		753,475	1,486,705
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(127,400)	-
Proceeds from disposal of investments accounted for using equity method		747	-
Proceeds from disposal of non-current assets as held for sale		72,627	-
Acquisition of property, plant and equipment		(79,960)	(96,017)
Proceeds from disposal of property, plant and equipment		102	1,064
Acquisition of right-of-use assets		(1,030)	-
Increase in other non-current assets		(10,091)	(8,134)
Net cash flows used in investing activities		(145,005)	(103,087)
Cash flows from (used in) financing activities:			
Increase in short-term loans		236,289	163,515
Decrease in short-term loans		(230,664)	(363,265)
Increase (decrease) in guarantee deposits		66	(230)
Payment of lease liabilities		(36,129)	-
Cash dividends paid		(813,042)	(612,986)
Change in non-controlling interests		(204,685)	(34,060)
Net cash flows used in financing activities		(1,048,165)	(847,026)
Effect of exchange rate changes on cash and cash equivalents		(110,083)	(38,751)
Net (decrease) increase in cash and cash equivalents		(549,778)	497,841
Cash and cash equivalents at beginning of period		4,424,731	3,926,890
Cash and cash equivalents at end of period	$	**3,874,953**	**4,424,731**

See accompanying notes to consolidated financial statements.

(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, 2019 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.

(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 27, 2020.

(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 following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

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

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

(i) IFRS 16"Leases"

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

(Continued)

The Group applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

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

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

2) As a lessee

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

   The Group decided to apply recognition exemptions to short-term leases of working office and leases of staff dormitory.

   - Leases classified as operating leases under IAS 17

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

     — their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or

     — an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to its property leases and all other leases.

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

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

     — Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

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

4) Impacts on financial statements

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

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

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$	138,857
Recognition exemption for:		
short-term leases		(19,262)
leases of low-value assets		(3,567)
	$	**116,028**
Discounted using the incremental borrowing rate at January 1, 2019	$	111,162
Finance lease liabilities recognized as at December 31, 2018		-
Lease liabilities recognized at January 1, 2019	**$**	**111,162**

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

(Continued)

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group does not expect the application of the amendments to have any significant impact on its consolidated financial statements.

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

(Continued)

(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)

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2019**	**December 31, 2018**	**Notes**
(1)The Company	Nova Technology Corp. (Nova Tech)	Wholesale of electronic and chemical equipment	62.19	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	Note 5
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment holding company	100	100	
	Nova Technology Singapore Pte., Ltd.(NTS)	Investment holding company	-	-	Note 7
(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	
	Novatech Engineering & Construction Pte., Ltd. (NTEC)	Chemical supply system business	100	100	
(3)Sheng Huei International	Acter Technology Integration Group Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	86.66	86.66	Note 6 and 9
	New Point Group Ltd.(New Point)	Investment holding company and trading of equipment	100	100	
	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	-	-	Note 8
	Acter International Ltd.(Acter International)	Investment holding company and trading of clean rooms and air conditioners	-	-	Note 4
(4)NTS	Nova Technology Malaysia Sdn. Bhd. (NTM)	Investment holding company	100	100	
	PT. Novamex Indonesia (NMI)	Equipment trading and set-up	100	100	Note 1
	Acter Engineering Co., Ltd.(Acter Engineering)	Construction and setup of electronic equipment and air conditioners	-	100	Note 2

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2019	Shareholding December 31, 2018	Notes
	Acter Technology Co., Ltd. (Acter Technology)	Set-up of electronic protection systems and central air conditioners	98	-	Note 10
(5)Acter Technology Integration	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	Note 3
	Acter International Ltd. (Acter International)	Investment holding company and trading of clean rooms and air conditioners	100	100	Note 4
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment holding company	100	100	Note 7
(6)New Point	Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100	100	
(7)Acter International	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	100	100	Note 8
	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	-	-	Note 3
	Space Engineering Co., Ltd.(Space Engineering)	Investment holding company and trading of equipment	49	-	Note 11

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

Note 2: The ownership of Acter Engineering in NTS and Sheng Huei International consisted of 99% and 1%, respectively. Acter Engineering had been liquidated in March 2019.

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

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

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

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

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

(Continued)

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

Note 9: Sheng Huei (Suzhou) Engineering Co., Ltd. changed its name to Acter Technology Integration Group Co., Ltd. in July 2019.

Note 10: NTS established a new subsidiary Acter Technology in October 2019. The ownership of Acter Technology in NTS and Space Engineering consisted of 49% respectively.

Note 11: Acter International established a new subsidiary Space Technology in November 2019.

(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.

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 planed nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

(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;

(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.

(Continued)

(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.

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：

(Continued)

- 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.

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) 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.

(Continued)

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 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'.

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

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

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 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 360 days past due；

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

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

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

(Continued)

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.

(iii) 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) 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)

4) 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.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the 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) Non-current assets held for sale

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

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

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

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

(Continued)

(j) 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.

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.

(k) 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.

(l) 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.

(Continued)

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.

The estimated useful lives 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: 3~9 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 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 lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Lease

Applicable from January 1, 2019

(i) Identifying a lease

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

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

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

(Continued)

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

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

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

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

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

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

(ii) As a leasee

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.

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.

(iii) As a lessor

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

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'.

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Other leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period in which it is incurred.

(n) Intangible assets

(i) Recognition and measurement

Other intangible assets 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 from the date that they are available for use. The estimated useful lives for computer software is 3 years.

(Continued)

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

(o) 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.

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.

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.

(p) 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.

(q) 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.

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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, ventilation engineering, and energy technology services. 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(p).

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.

(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.

(Continued)

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.

(r) 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 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 then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The 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.

(s) 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.

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 which the Board of Directors authorized the price and number of a new award.

(t) 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.

(Continued)

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 taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

1) the same taxable entity; or

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

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

(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.

(Continued)

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

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

(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(v) for further description of the revenue recognition.

(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(e).

(Continued)

(c) Recognition and measurement of provisions

Provision for warranty is estimated when construction revenue is recognized. The estimate has been made based on the provision conditions of the contracts and the historical records of warranty. There could be a significant adjustment on provisions for warranty for any changes in the basis of the estimates. Please refer to note 6(p) for further description of the recognition and measurement of provisions.

If the Group determined that the contract cost are not probable of being recovered, it will be recognized as expense immediately. If the construction lawsuit is still in trial, the possibility of recovering the cost depends on the outcome of the pending litigation. Construction loss and provision for construction loss are estimated based on the pending litigation, which are likely to have unfavorable outcome, and the loss amount can be reasonably estimated. Due to the high uncertainty of the outcome of the lawsuit, there might be a significant difference between the court decision or actual compensation and the estimated amount. Please refer to Note 9(f) “Significant commitments and contingencies”.

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(y) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2019	December 31, 2018
Petty cash and cash on hand	$	1,362	1,040
Checking and demand deposits		2,241,349	2,145,066
Time deposits		1,596,284	2,160,764
Cash equivalent - repurchased commercial paper		35,958	117,861
	$	**3,874,953**	**4,424,731**

The above-mentioned repurchased rates for commercial paper as of December 31, 2019 and 2018 ranged 0.5% and between 0.475%~0.48%, respectively, with maturity dates from January 2, 2020 and from January 4 to January 25, 2019, respectively.

Please refer to note 6(y) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(Continued)

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

		December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:			
Non derivative financial assets			
Beneficiary securities - open-end funds	$	172,400	310,257

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

		December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income			
Holy Stone Healthcare Co, Ltd.	$	2,600	3,177
Waste Recovery Technology Inc.		127,400	-
	$	130,000	3,177

(i) 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, 2019 and 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

(iii) The financial assets were not pledged.

(d) The net of notes and trade receivables

		December 31, 2019	December 31, 2018
Notes receivable	$	453,149	323,497
Trade receivables		3,637,989	3,339,533
Less: Allowance for impairment		(157,122)	(195,727)
	$	3,934,016	3,467,303

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:

(Continued)

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging days			
1 to 120 days	$ 3,361,226	-	-
121 to 180 days	249,591	0.50%	1,248
181 to 360 days	225,288	1%	2,253
361 to 540 days	180,797	40%~50%	79,385
More than 541 days	74,236	100%	74,236
	$ 4,091,138		**157,122**

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging days			
1 to 120 days	$ 2,977,827	-	-
121 to 180 days	164,927	0.50%	825
181 to 360 days	319,842	1%	3,198
361 to 540 days	15,048	40%~50%	6,318
More than 541 days	185,386	100%	185,386
	$ 3,663,030		**195,727**

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

	2019	2018
Balance on January 1	$ 195,727	215,449
Amounts written off	(15,315)	(9,577)
Impairment losses reversed	(18,651)	(6,691)
Foreign exchange gains/(losses)	(4,639)	(3,454)
Balance on December 31	**$ 157,122**	**195,727**

(i) Trade receivables includes retained construction receivable, which amounted to $53,776 thousand and $41,796 thousand as of December 31, 2019 and 2018, respectively.

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

(e) Other receivables

	December 31, 2019	December 31, 2018
Other accounts receivable	$ 20,424	46,266
Less: Loss allowance	-	(17,612)
	$ 20,424	**28,654**

Please refer to note(y) for credit risk.

(Continued)

(f) Inventories

		December 31, 2019	December 31, 2018
Finished goods and merchandise	$	8,182	24,306
Work in process and semi-finished goods		230,893	20,305
Raw materials		256,614	294,428
		495,689	339,039
Less: provision for inventory devaluation		(10,958)	(17,724)
	$	**484,731**	**321,315**

For the years ended December 31, 2019 and 2018, the Group recognized the operating costs of $(6,382) thousand and $11,609 thousand, respectively, from the write-down (recovery) of inventory cost to net realizable value.

No inventories were pledged as collaterals.

(g) Non-current assets held for sale

On December 24, 2018, the Board of Directors of the Company resolved to sell the property, plant and equipment, which were located at Zhongming S. Rd., with a selling price of $74,250 thousand (taxed); therefore, entered into an agreement with a buyer at the end of December 2018. The property rights transfer registration was completed in March 2019, and recognized the gain on disposal of non-current assets held for sale $19,515 thousand was recognized. As of December 31, 2019, the relevant price has been fully collected with the contract.

(h) Investment in equity-accounted investees

(i) Associates

The relevant information of the Group's equity-accounted investees is as follows:

Associates	Relationship with the Company	Main Business Location /Registered country	Percentage of ownership and voting share December 31, 2019	Percentage of ownership and voting share December 31, 2018
Global OneSource Life Sciences Company Ltd.	Service for project management and consulting of techniques and design for pharmacy and medical facilities, which is the Group's investment	Hong Kong	-	40%

(Continued)

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

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

	2019	2018
Profit attributable to the Group:		
Loss from continuing operation	$ (61)	(9)
Comprehensive income	$ (61)	(9)

(ii) In March 2019, the Group sold its 40% shares of Global OneSource Lite Sciences Company Ltd., and ceased the significant influence on the company, the disposal price was $747 thousand. As of December 31, 2019, the price was received in full.

(iii) As of December 31, 2018, the investment accounted for using equity method was not pledged.

(i) Changes in a parent's ownership interest in a subsidiary

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

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

(ii) Not invest by proportion in the capital increase of subsidiaries without losing control

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

(Continued)

(j) Significant subsidiaries of non-controlling interest

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

Subsidiaries	Main Business Location/Registered Country	Percentage of non-controlling ownership December 31, 2019	Percentage of non-controlling ownership December 31, 2018
Nova Tech	R.O.C.	37.81%	37.81%
Enrich Tech	R.O.C.	43.06%	43.06%
Acter Technology Integration	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.

(i) Information regarding of Nova Tech:

		December 31, 2019	December 31, 2018
Current assets	$	1,782,632	1,852,051
Non-current assets		1,536,730	1,384,994
Current liabilities		(807,470)	(714,770)
Non-current Liabilities		(265,131)	(216,464)
Net assets	$	**2,246,761**	**2,305,811**

		2019	2018
Operating revenue	$	**1,912,720**	**1,847,875**
Net income for the period	$	496,941	559,863
Other comprehensive loss		(47,070)	(16,608)
Comprehensive income	$	**449,871**	**543,255**
Cash flows from operating activities	$	136,547	47,968
Cash flows from investing activities		223,676	154,505
Cash flows from financing activities		(561,028)	(370,461)
Net (decrease) increase in cash and cash equivalents	$	**(200,805)**	**(167,988)**

(Continued)

(ii) Information regarding of Enrich Tech:

		December 31, 2019	December 31, 2018
Current assets	$	275,387	229,730
Non-current assets		9,129	3,959
Current liabilities		(149,829)	(75,117)
Non-current liabilities		(1,015)	-
Net assets	$	**133,672**	**158,572**

		2019	2018
Operating revenue	$	**289,698**	**437,955**
Net income for the period	$	(4,900)	32,426
Other comprehensive income		-	-
Comprehensive income	$	**(4,900)**	**32,426**

		2019	2018
Cash flows from operating activities	$	(47,526)	(2,917)
Cash flows from investing activities		(638)	(71)
Cash flows from financing activities		4,279	39,082
Net (decrease) increase in Cash and cash equivalents	$	**(43,885)**	**36,094**

(v) Information regarding of Acter Technology Integration:

		December 31, 2019	December 31, 2018
Current assets	$	1,855,538	1,807,929
Non-current assets		737,514	446,622
Current liabilities		(1,502,606)	(1,553,903)
Non-current Liabilities		(51,775)	(9,584)
Net assets	$	**1,038,671**	**691,064**

(Continued)

		2019	2018
Operating revenue	$	**2,865,251**	**3,294,307**
Net income for the period	$	412,027	260,656
Other comprehensive loss		4,140	(4,206)
Comprehensive income	$	**416,167**	**256,450**
Cash flows from operating activities	$	190,936	557,367
Cash flows from investing activities		(97,836)	(168,899)
Cash flows from financing activities		(120,776)	(222,145)
Effect of exchange rate changes		(13,577)	(7,404)
Net (decrease) increase in cash and cash equivalents	$	**(41,253)**	**158,919**

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018, were as follows:

		Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:						
Balance on January 1, 2019	$	176,502	194,888	131,085	28,957	531,432
Additions		-	-	13,057	66,903	79,960
Disposals		-	-	(3,026)	-	(3,026)
Reclassification		-	95,801	-	(95,801)	-
Effect of movements in exchange rates		-	(7,541)	(3,593)	(59)	(11,193)
Balance on December 31, 2019	$	**176,502**	**283,148**	**137,523**	**-**	**597,173**
Balance on January 1, 2018	$	183,187	207,623	122,992	-	513,802
Additions		22,565	18,776	25,248	29,428	96,017
Disposals		-	-	(6,655)	-	(6,655)
Reclassification to non-current assets held for sale		(29,250)	(29,187)	(8,528)	-	(66,965)
Effect of movements in exchange rates		-	(2,324)	(1,972)	(471)	(4,767)
Balance on December 31, 2018	$	**176,502**	**194,888**	**131,085**	**28,957**	**531,432**

(Continued)

		Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Depreciation:						
Balance on January 1, 2019	$	-	39,077	75,127	-	114,204
Depreciation		-	7,265	18,036	-	25,301
Disposals		-	-	(2,787)	-	(2,787)
Effect of movements in exchange rates		-	(1,190)	(2,227)	-	(3,417)
Balance on December 31,2019	$	**-**	**45,152**	**88,149**	**-**	**133,301**
Balance on January 1, 2018	$	-	40,368	71,463	-	111,831
Depreciation		-	7,854	17,346	-	25,200
Disposals		-	-	(5,648)	-	(5,648)
Reclassifications to non-current assets held for sale		-	(8,599)	(6,966)	-	(15,565)
Effect of movements in exchange rates		-	(546)	(1,068)	-	(1,614)
Balance on December 31, 2018	$	**-**	**39,077**	**75,127**	**-**	**114,204**
Carrying amounts:						
Balance on December 31, 2019	$	**176,502**	**237,996**	**49,374**	**-**	**463,872**
Balance on January 1, 2018	$	**183,187**	**167,255**	**51,529**	**-**	**401,971**
Balance on December 31, 2018	$	**176,502**	**155,811**	**55,958**	**28,957**	**417,228**

Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(l) 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:

		Land	Building and construction	Other facilities	Total
Cost:					
Balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application		33,028	68,533	42,628	144,189
Additions		-	29,822	15,698	45,520
Disposals		-	(11,227)	-	(11,227)
Effect of movements in exchange rates		(1,259)	(772)	(1,035)	(3,066)
Balance at December 31, 2019	$	**31,769**	**86,356**	**57,291**	**175,416**

(Continued)

	Land	Building and construction	Other facilities	Total
Accumulated depreciation :				
Balance at January 1, 2019	$ -	-	-	-
Depreciation for the year	826	21,776	17,960	40,562
Disposals	-	(3,307)	-	(3,307)
Effect of movements in exchange rates	(30)	(334)	(350)	(714)
Balance at December 31, 2019	$ 796	18,135	17,610	36,541
Carrying amounts:				
Balance at December 31, 2019	$ 30,973	68,221	39,681	138,875

(m) Investment Property

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

For all investment property leases, the rental income is fixed under the contracts.

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

	Land and improvement	Building and construction	Facilities	Total
Cost:				
Balance on December 31, 2019 (Balance on January 1, 2019)	$ 139,922	111,777	86	251,785
Balance on December 31, 2018 (Balance on January 1, 2018)	$ 139,922	111,777	86	251,785
Depreciation:				
Balance on January 1, 2019	$ -	8,460	71	8,531
Depreciation	-	2,487	-	2,487
Balance on December 31, 2019	$ -	10,947	71	11,018
Balance on 1 January 2018	$ -	5,973	71	6,044
Depreciation	-	2,487	-	2,487
Balance on December 31, 2018	$ -	8,460	71	8,531
Carrying amounts:				
Balance on December 31, 2019	$ 139,922	100,830	15	240,767
Balance on January 1, 2018	$ 139,922	105,804	15	245,741
Balance on December 31, 2018	$ 139,922	103,317	15	243,254
Fair value:				
Balance on December 31, 2019				$ 314,327
Balance on December 31, 2018				$ 310,407

(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.

(n) Short-term loans

	December 31, 2019	December 31, 2018
Secured bank loans	$ 116,609	89,075
Unsecured bank loans	20,000	46,203
	$ 136,609	135,278
Unused facilities	$ 5,908,253	6,060,885
Interest Rate	1.3%~2.15%	3.06%~5%

(o) Lease liabilities

	December 31, 2019
Current	$ 35,299
Non-current financial assets	$ 74,965

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

The amounts recognized in profit or loss was as follows:

	2019
Interest on lease liabilities	$ 2,756
Expenses relating to short-term leases	$ 38,534
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 4,024

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

	2019
Total cash outflow for leases	$ 81,443

(i) Real estate leases

As of December 31, 2019, the Group leases land and buildings for its office space. The leases of office space typically run for a period of three to five years.

(ii) Other leases

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

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.

(p) Provisions

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

	2019	2018
Balance on January 1	$ 352,256	335,595
Provisions made during the period	184,418	214,342
Provisions used during the period	(205,832)	(193,235)
Effect of movements in exchange rates	(8,143)	(4,446)
Balance on December 31	$ 322,699	352,256

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.

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$ 82,095	69,171
Fair value of plan assets	(22,226)	(19,330)
Net defined benefit liabilities	$ 59,869	49,841

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 $22,226 thousand as of December 31, 2019. 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)

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:

		2019	2018
Balance, January 1	$	69,171	66,578
Service cost and interest for the period		951	1,090
Remeasurements of the net defined benefit liability (asset)			
—Actuarial loss (gain) arising from changes in financial assumptions		9,739	2,900
—Actuarial loss arising from changes in experience adjustments		2,234	3,162
Benefits paid by the plan		-	(4,559)
Balance, December 31	$	**82,095**	**69,171**

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:

		2019	2018
Balance, January 1	$	19,330	21,120
Contributions made		1,944	1,939
Interest revenue		279	362
Remeasurements of the net defined benefit liability			
—Return on plan assets (excluding the interest revenue)		673	468
Benefits paid by the plan		-	(4,559)
Balance, December 31	$	**22,226**	**19,330**

4) Expenses recognized in profit or loss

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

		2019	2018
Net interest cost of net defined benefit liability	$	**672**	**728**
Operating cost	$	160	171
Operating expense		512	557
	$	**672**	**728**

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:

		2019	2018
The Company	$	(7,716)	(4,709)
Non-controlling interests		(3,584)	(885)
Recognition for the period	$	**(11,300)**	**(5,594)**

(Continued)

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:

	December 31, 2019	December 31, 2018
Discount rate	1.125 %	1.375 %
Increases in future salary rate	3.00 %	3.00 %

The Group is expected to make a contribution payment of $1,946 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 17.5 years.

7) Sensitivity analysis

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	$ (3,026)	3,159
Future salary increase (decrease)	3,028	(2,920)

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2018		
Discount rate	$ (2,670)	2,786
Future salary increase (decrease)	2,699	(2,596)

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 2019 and 2018.

(ii) Defined contribution plans

The Company, Her Suo, Nova Tech, and Enrich Tech, 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.

(Continued)

For the years ended December 31, 2019 and 2018, the Group set aside $23,885 thousand and $22,864 thousand, respectively, of the pension costs under the defined contribution plan.

(r) Taxes

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Current income tax expense:			
Current period	$	435,003	389,641
Prior years income tax adjustment		(14,127)	(10,347)
		420,876	379,294
Deferred tax expense:			
Origination and reversal of temporary differences		168,977	160,290
Adjustment in tax rate		-	34,087
Changes in deductible temporary difference without recognition		7,562	(598)
Recognition of previously unrecognized loss carry forward		(7,233)	(9,459)
		169,306	184,320
Income tax expense	**$**	**590,182**	**563,614**

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences－foreign operations	**$**	**(24,349)**	**(7,647)**

(Continued)

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

		2019	2018
Profit before tax	$	1,866,466	1,839,046
Tax rate according to the Group's location	$	373,293	367,809
Effect of difference in tax rate of foreign jurisdiction		298,512	255,906
Adjustment in tax rate		-	34,087
Effect on income tax due to adjust tax law		(78,132)	(89,053)
Prior years income tax adjustment		(14,127)	(10,347)
Others		4,024	2,409
Unrecognized loss carry forward		(7,233)	(9,459)
Changes in unrecognized temporary difference		7,562	(598)
Surtax on undistributed earnings		6,283	12,860
Total	**$**	**590,182**	**563,614**

(ii) Deferred tax asset and liability

1) Unrecognized deferred tax asset

		December 31, 2019	December 31, 2018
Deductible temporary difference	$	9,158	1,596
Loss carry forward		4,311	11,544
	$	**13,469**	**13,140**

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.

As of December 31, 2019, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
NTS	2016	$ 4,791	-	Filing amount
NTM	2012	1,542	-	Filing amount
NTM	2013	930	-	Filing amount
NTM	2014	4,001	-	Filing amount
NTM	2015	4,513	-	Filing amount
NTM	2016	2,726	-	Filing amount
NTM	2017	99	-	Filing amount
NTM	2018	412	-	Filing amount
NTM	2019	102		Estimated filing amount
Acter Technology	2019	939		Estimated filing amount
		$ 20,055		

2) Recognized deferred tax asset and liabilities

Deferred tax assets:

	January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019
Warranty cost	$ 42,700	10,224	-	52,924	(1,213)	-	51,711
Estimated construction loss	598	1,374	-	1,972	16,323	-	18,295
Loss carry forward	-	163	-	163	110	-	273
Allowance for decline in realizable value of inventory	2,106	(217)	-	1,889	(70)	-	1,819
Excessive provision of bad debt	50,662	2,271	-	52,933	(19,352)	-	33,581
Construction cost	23,476	(4,939)	-	18,537	(7,331)	-	11,206
Exchange of unrealized Profits and losses	6,490	(5,873)	-	617	(44)	-	573
Foreign currency translation differences for foreign operations	6,441	-	7,647	14,088	-	24,349	38,437
Unrealized loss and others	10,038	(500)	-	9,538	8,561	-	18,099
	$ 142,511	**2,503**	**7,647**	**152,661**	**(3,016)**	**24,349**	**173,994**

Deferred tax liabilities:

	January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019
Gains on investment in foreign equity-accounted investee	$ 240,083	183,602	-	423,685	168,227	-	591,912
Others	1,245	3,221	-	4,466	(1,937)	-	2,529
	$ 241,328	**186,823**	**-**	**428,151**	**166,290**	**-**	**594,441**

(Continued)

(iii) Assessment of tax

The income tax returns of the Company, Her suo, Nova Tech, Enrich Tech, and Winmega, have been assessed by the tax authorities through year 2017.

(s) Capital and other equity

(i) Issuance of common stock

As of December 31, 2019 and 2018, the authorized common stock was $720,000, while the issued common stock amounted to $541,868 thousand and $542,028 thousand, respectively, with a par value of $10 per share.

On May 9, 2019, May 10, 2018 and November 9, 2018, the Company's Board of Directors approved to write off the restricted stock to employees of 16,000 shares, 4,000 shares and 19,000 shares, respectively, with the record date of capital reduction on May 31, 2019, June 1, 2018, and November 12, 2018, respectively. The Company had finished the capital reduction registration.

On May 30, 2018, the Company' s stockholders' meeting approved the earnings distribution of stock dividends in the total amount of $70,729 thousand. The capital increase has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. The Company' s board of the directors resolved the date of the increase in capital to be July 3, 2018, and the registration procedures have been completed on August 2, 2018.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2019	December 31, 2018
From issuance of common stock	$ 946,809	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	43,991	43,991
Changes in ownership interest in subsidiaries	382,069	382,069
From issuance of restricted stocks for employees	19,250	20,370
	$ 1,392,119	**1,393,239**

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.

2) Special reserve

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

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

As of December 31, 2019 and 2018, the Company' s balance of special reserve were $68,809 thousand and $56,560 thousand.

(Continued)

3) Earnings distribution

Earnings distribution for 2018 and 2017 was decided by the resolution adopted, at the grand meeting of the shareholders held on May 29, 2019 and May 30, 2018, respectively.

The relevant dividend distributions to shareholders were as follows:

	2018		2017	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 15.00	813,042	13.00	612,986
Shares	-	-	1.50	70,729
Total	$ **15.00**	**813,042**	**14.50**	**683,715**

(iv) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Investment in available-for-sale financial assets**	**Other Equity-Unearned employee benefit**	**Total**
Balance, January1, 2019	$ (63,237)	(5,573)	-	(776)	(69,586)
Foreign currency translation differences (net of tax)	(59,798)	-	-	-	(59,798)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(577)	-	-	(577)
Unearned employee benefit	-	-	-	776	776
Balance, December 31, 2019	$ **(123,035)**	**(6,150)**	**-**	**-**	**(129,185)**
Balance, January1, 2018	$ (52,599)	-	(3,962)	(10,088)	(66,649)
Effects of retrospective application	-	(4,700)	3,962	-	(738)
Balance at January 1, 2018 after adjustments	(52,599)	(4,700)	-	(10,088)	(67,387)
Foreign currency translation differences (net of tax)	(10,638)	-	-	-	(10,638)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(873)	-	-	(873)
Unearned employee benefit	-	-	-	9,312	9,312
Balance, December 31, 2018	$ **(63,237)**	**(5,573)**	**-**	**(776)**	**(69,586)**

(Continued)

(t) Share-based payment

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

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

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

Unit: In thousand shares	**2019**	**2018**
Balance, beginning of the period	291	703
Granted	-	-
Vested	(275)	(389)
Forfeited	(16)	(23)
Balance, end of the period	**-**	**291**

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

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

(Continued)

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

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

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

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

(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:

	2019	2018
	Restricted stock to employee	**Restricted stock to employee**
Fair value at grant date	74.1	61.5 & 74.1
Stock price at grant date	80	82.5 & 80
Exercise price	-	-
Expected price volatility (%)	0.46%	29.02% & 0.46%
Life of option (year)	3	3
Expected price volatility (%)	2.52%	9.76% & 2.52%
Risk-free rate (%)	1.13%	1.21% & 1.13%

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

(Continued)

(ii) Relevant information on restricted stock to employee:

Information on restricted stock to employee was as follows:

(Expressed in thousand unit)	2019 Weighted-Average Exercise Price	2019 Number of Exercisable Shares	2018 Weighted-Average Exercise Price	2018 Number of Exercisable Shares
Balance, beginning of the period	$ -	291	-	703
Vested	-	(275)	-	(389)
Forfeited	-	(16)	-	(23)
Balance, end of the period		**-**		**291**

	December 31, 2019	December 31, 2018
Weighted-average remaining contractual life	-	0.03

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

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

	2019	2018
Expenses resulting from issuance of restricted stock to employees	$ **(504)**	**7,467**

(u) Earnings per share ("EPS")

	2019	2018
Profit attributable to common shareholders	$ **1,036,094**	**1,049,020**
Weighted average number of common shares (In thousand shares)	**54,074**	**53,751**
Basic Earnings per share (In New Taiwan Dollars)	$ **19.16**	**19.52**
Profit attributable to common shareholders	$ **1,036,094**	**1,049,020**
Weighted average number of common shares (In thousand shares)	54,074	53,751
Add: effect on dilutive potential common stock		
Employee bonuses (In thousand shares)	500	526
Restricted stock to employees (In thousand shares)	120	1,005
Diluted weighted average number of common shares (In thousand shares)	**54,694**	**55,282**
Diluted Earnings per share (In New Taiwan Dollars)	$ **18.94**	**18.98**

(Continued)

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

		2019	2018
Primary geographical markets			
Taiwan	$	4,706,681	5,848,402
Mainland China		7,179,749	7,693,600
Other countries		788,456	678,651
	$	12,674,886	14,220,653
Major products			
Cleanroom electromechanical integration engineering	$	6,495,238	7,034,186
Water gasification supply integration engineering		4,264,513	4,500,879
Consumer industry electromechanical integration engineering		704,451	1,076,726
Biomedical integration engineering		596,403	892,248
High-tech equipment and materials sales and services		614,281	716,614
	$	12,674,886	14,220,653

(ii) Contract balances

		December 31, 2019	December 31, 2018
Trade receivables	$	3,637,989	3,339,533
Less: allowance for impairment		(157,122)	(195,727)
	$	3,480,867	3,143,806
Contract assets-Construction and equipment	$	1,547,000	1,125,423
Less: allowance for impairment		(50,231)	(45,479)
	$	1,496,769	1,079,944
Contract liabilities-Construction and equipment	$	1,224,181	1,715,013
Contract liabilities-Advance sales receipts		-	3,917
	$	1,224,181	1,718,930

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, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $1,350,007 thousand and $1,004,186 thousand, respectively.

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.

(Continued)

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 2019 and 2018.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2019 and 2018, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were $7,243,253 thousand and $3,790,004 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.

(w) 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, 2019 and 2018, the Company estimated its employee remuneration amounting to $79,943 thousand and $81,757 thousand, and its directors' and supervisors' remuneration amounting to $39,972 thousand and $40,879 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 2019 and 2018. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

(x) Non-operating income and expenses

(i) Other revenue

		2019	2018
Interest income	$	40,425	41,089
Rental income		1,935	2,884
Others		19,792	22,526
	$	**62,152**	**66,499**

(Continued)

(ii) Other income and losses

		2019	2018
Exchange gain on foreign currency	$	4,402	58,576
Gain (loss) on disposals of property, plant and equipment		(142)	57
Gain on disposal of non-current assets held for sale		19,515	-
Gain on disposal of investment		611	651
Net gain (loss) on financial assets at fair value through profit or loss		6,645	(3,447)
Others		85	-
	$	**31,116**	**55,837**

(y) 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, 2019 and 2018, concentration of credit risk deriving from the Group’ s top customer did not constitute more than 19% and 6%, respectively, of the Group’s receivables while those deriving from the Group’s other top four customers did not constitute more than 17% and 20%, respectively, of the Group’s receivables.

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 receivables and other financial assets. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

The loss allowance provisions were determined as follows:

		Other receivables	Other financial assets (guarantee deposits paid)
Balance on January 1, 2019	$	17,612	22,431
Amount written off		(17,583)	-
Foreign exchange losses		(29)	(855)
Balance on December 31, 2019	$	**-**	**21,576**

(Continued)

	Other receivables	Other financial assets (guarantee deposits paid)
Balance on January 1, 2018	$ 13,759	-
Impairment loss recognized	4,210	22,820
Foreign exchange losses	(357)	(389)
Balance on December 31, 2018	**$ 17,612**	**22,431**

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2019						
Non-derivative financial liabilities						
Non-secured bank loans	$ 136,609	136,725	136,725	-	-	-
Notes payable	63,637	63,637	63,637	-	-	-
Accounts payable (including related parties) and other accrued expenses	3,216,396	3,216,396	2,914,007	168,467	101,259	32,663
Lease liabilities	110,264	113,799	36,934	32,097	32,841	11,927
	$ 3,526,906	**3,530,557**	**3,151,303**	**200,564**	**134,100**	**44,590**
December 31, 2018						
Non-derivative financial liabilities						
Secured bank loans	$ 135,278	136,316	136,316	-	-	-
Notes payable	175,364	175,364	175,364	-	-	-
Accounts payable (including related parties) and other accrued expenses	2,826,267	2,826,267	2,615,221	131,681	79,353	12
	$ 3,136,909	**3,137,947**	**2,926,901**	**131,681**	**79,353**	**12**

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

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 58,719	30.203	1,773,479	61,510	30.802	1,894,616
CNY	732,007	4.3152	3,158,756	540,472	4.4862	2,424,663
SGD	4,347	22.3114	96,977	2,896	22.4235	64,946
JPY	113,561	0.2723	30,923	46,792	0.2777	12,994

(Continued)

	December 31, 2019			December 31, 2018		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial liabilities						
Monetary items						
USD	5,718	30.203	172,711	8,397	30.802	258,655
CNY	282,477	4.3152	1,218,946	335,631	4.4862	1,505,707
SGD	274	22.3114	6,118	179	22.4235	4,020
JPY	142,912	0.2723	38,915	56,308	0.2777	15,637

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, loans, trade payables and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of December 31, 2019 and 2018 would have increased or decreased the before-tax net income by $36,235 thousand and $26,132 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, 2019 and 2018, the foreign exchange gains or losses, including both realized and unrealized, amounted to $4,402 thousand and $58,576 thousand, respectively.

(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 $1,366 thousand and $1,353 thousand for the year ended December 31, 2019 and 2018, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rates.

(Continued)

(v) Other market price risk

For the years ended December 31, 2019 and 2018, 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,			
	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income**	**Other comprehensive income before tax**	**Net income**
Increasing 3%	**$ 3,900**	**5,172**	**95**	**9,308**
Decreasing 3%	**$ (3,900)**	**(5,172)**	**(95)**	**(9,308)**

(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 (available-for sale financial assets) 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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	December 31, 2019				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 172,400	172,400	-	-	172,400
Financial assets at fair value through other comprehensive income					
Emerging stock	2,600	2,600	-	-	2,600
Unlisted stock	127,400	-	-	127,400	127,400
Subtotal	130,000	2,600	-	127,400	130,000
Financial assets measured at amortized cost					
Cash and cash equivalents	3,874,953	-	-	-	-
Contract assets	1,496,769	-	-	-	-
Notes receivable	453,149	-	-	-	-
Trade receivables	3,480,867	-	-	-	-
Other receivables	20,424	-	-	-	-
Other financial assets	390,060	-	-	-	-
Total	**$ 10,018,622**	**175,000**	**-**	**127,400**	**302,400**

(Continued)

December 31, 2019
Fair Value
Book value | Level 1 | Level 2 | Level 3 | Total

	December 31, 2019				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term loans	$ 136,609	-	-	-	-
Notes payable	63,637	-	-	-	-
Trade payables	3,110,389	-	-	-	-
Trade payables-related parties	313	-	-	-	-
Other accrued expenses	105,694	-	-	-	-
Lease liabilities (current and non-current)	110,264	-	-	-	-
Total	$ **3,526,906**	-	-	-	-

	December 31, 2018				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 310,257	310,257	-	-	310,257
Financial assets at fair value through other comprehensive income					
Emerging stock	3,177	3,177	-	-	3,177
Financial assets measured at amortized cost					
Cash and cash equivalents	4,424,731	-	-	-	-
Contract assets	1,079,944	-	-	-	-
Notes receivable	323,497	-	-	-	-
Trade receivables	3,143,806	-	-	-	-
Other receivables	28,654	-	-	-	-
Other financial assets	614,238	-	-	-	-
Total	$ **9,928,304**	**313,434**	-	-	**313,434**
Financial liabilities at amortized cost					
Short-term loans	$ 135,278	-	-	-	-
Notes payable	175,364	-	-	-	-
Trade payables	2,761,469	-	-	-	-
Trade payables-related parties	396	-	-	-	-
Other accrued expenses	64,402	-	-	-	-
Total	$ **3,136,909**	-	-	-	-

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)

3) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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

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

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

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

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another for the year ended December 31, 2019 and 2018.

5) Reconciliation of Level 3 fair values

	2019
Opening balance, January 1, 2019	$ -
Purchased	127,400
Total gains and losses recognized:	
In other comprehensive income	-
Ending Balance, December 31, 2019	**$ 127,400**

(Continued)

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	♦ P/E multiplier (2019.12.31:20.62) ♦ Discount for lack of marketability (2019.12.31:30%)	♦ The higher the price-equity ratio, the higher the fair value. ♦ The higher the discount for lack of marketability, The lower the fair value.

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

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

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

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

(Continued)

(z) 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.

(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.

(Continued)

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.

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.

(Continued)

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.

(aa) 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.

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

	December 31, 2019	December 31, 2018
Total liabilities	$ 6,444,038	6,399,277
Less: cash and cash equivalents	(3,874,953)	(4,424,731)
Net debt	2,569,085	1,974,546
Total equity	4,503,583	4,349,126
Total capital	**$ 7,072,668**	**6,323,672**
Debt to capital ratio	**36.32%**	**31.22%**

The management believes that there were no changes in the Group' s approach to capital management for the year ended December 31, 2019.

(ab) 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, 2019 and 2018, were as follows:

			Non-cash changes		
	January 1,2019	Cash flows	Foreign exchange movement	Fair value changes	December 31,2019
Short-term loans	$ 135,278	5,625	(4,294)	-	136,609
Lease liabilities	111,162	(36,129)	(1,339)	36,570	110,264
Guarantee deposit	84	66	-	-	150
Total liabilities from financing activities	$ 246,524	(30,438)	(5,633)	36,570	247,023

			Non-cash changes		
	January 1,2018	Cash flows	Foreign exchange movement	Fair value changes	December 31,2018
Short-term loans	$ 344,806	(199,750)	(9,778)	-	135,278
Guarantee deposits	314	(230)	-	-	84
Total liabilities from financing activities	$ 345,120	(199,980)	(9,778)	-	135,362

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Johnwell Ent 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	
	2019	2018	December 31, 2019	December 31, 2018
Entity under the key management's control	$ 1,092	1,229	313	396

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

(Continued)

(c) Key management personnel compensation

		2019	2018
Short-term employee benefits	$	93,675	98,703
Post-employment benefits		432	542
Share based payments		363	5,122
	$	**94,470**	**104,367**

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

(8) Pledged assets:

The Group's pledged assets were as follows:

Asset	Purpose of pledge		December 31, 2019	December 31, 2018
Other financial assets－current:				
Demand deposit and time deposit	Construction contract fulfillment and warranty guarantee	$	273,864	392,727
Other financial assets－non-current:				
Time deposit	Warranty guarantee		507	1,573
Total		**$**	**274,371**	**394,300**

(9) Significant commitments and contingencies:

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

(a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $1,374,175 thousand and $1,211,732 thousand, respectively.

(b) The amounts pledged to the bank for engaging in construction contracts amounted to $2,171,709 thousand and $1,412,180 thousand, respectively.

(c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to $361,642 thousand and $400,455 thousand, respectively.

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

(e) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore, filed a lawsuit to the Taipei District Court, claiming a compensation amounting to $42,189 thousand in November, 2012. The civil judgment of the first instance during December 2015 has been pronounced by the Taipei District Court, requiring the Company to pay the amount of $14,666 thousand to Walsin, which had been fully recognized as loss by the Company in 2015. The Company appealed to the Taiwan High Court and sent identification data to the Architecture Construction. As of December 31, 2019, the compensation of $8,376 thousand has been recognized as other current liabilities and accrued expenses.

(f) The Company's subsidiary, Nova Tech entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein Nova Tech is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, Nova Tech requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. Nova Tech then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. Nova Tech has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by Nova Tech. As of the issuance date of this financial statements, the Court's decision has yet to be made, wherein it included the compensation amount of the damage resulting in a recognition of allowance for impairment incurred from the construction cost by Nova Tech in accordance with the related accounting standards. Nova Tech has estimated the maximum loss incurred from this lawsuit to be $70,000 thousand. On February 5, 2018, Jing He had partially paid the amount of $10,500 thousand (including interest) for the said construction.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

The outbreak of COVID-19 in 2020 does represent an uncertainty to the Group's business operations in China, which also affected the operation of the Group. The impact included delay in construction progress and delay in collection of receivables. However, because the information remains unclear, the impact to operation and financial status cannot be timely assessed. The Group is continually monitoring the situation for timely assessment.

(Continued)

(12) Other:

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

By function / By item	2019			2018		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit						
Salary	645,707	468,040	1,113,747	693,566	429,861	1,123,427
Labor, health and social insurance	45,229	45,094	90,323	55,318	35,558	90,876
Pension	17,661	6,896	24,557	17,139	6,453	23,592
Other	13,964	25,020	38,984	19,304	21,066	40,370
Depreciation	13,465	52,398	65,863	4,770	20,430	25,200
Amortization	270	6,949	7,219	317	6,937	7,254

Note: Depreciation for investment property for the year ended December 31, 2019 and 2018 was $2,487 thousand, respectively, and was recorded in non-operating expense.

(13) 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)

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

2019	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 5,759,215	6,280,535	635,136	-	12,674,886
Intersegment revenues	187,956	257,316	-	(445,272)	-
Interest revenue	6,301	24,898	18,251	(9,025)	40,425
Total revenue	$ 5,953,472	6,562,749	653,387	(454,297)	12,715,311
Interest expense	(996)	(7,532)	(5,860)	9,134	(5,254)
Depreciation and amortization	(35,015)	(36,310)	(4,244)	-	(75,569)
Share of gain (loss) of associates accounted for using equity method	1,289,764	136,327	608,747	(2,034,899)	(61)
Reportable segment profit or loss	**323,894**	**847,428**	**106,006**	**(1,044)**	**1,276,284**
Asset:					
Investment accounted for using equity method	4,844,558	3,450,511	1,585,675	(9,880,744)	-
Capital expenditures of noncurrent assets	10,215	8,868	2,165	-	21,248
Reportable segment asset	**10,750,055**	**10,035,474**	**2,757,892**	**(11,550,341)**	**11,993,080**
Reportable segment liability	**3,532,311**	**3,984,057**	**384,806**	**(1,457,136)**	**6,444,038**

2018	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 6,535,724	7,186,876	498,053	-	14,220,653
Intersegment revenues	689,845	110,340	-	(800,185)	-
Interest revenue	12,009	26,290	5,445	(2,655)	41,089
Total revenue	$ 7,237,578	7,323,506	503,498	(802,840)	14,261,742
Interest expense	(35)	(6,105)	(919)	2,160	(4,899)
Depreciation and amortization	(16,187)	(17,339)	(1,415)	-	(34,941)
Share of gain (loss) of associates accounted for using equity method	1,243,658	38,957	383,448	(1,666,072)	(9)
Reportable segment profit or loss	**476,903**	**721,191**	**78,945**	**(1,607)**	**1,275,432**
Asset:					
Investment accounted for using equity method	4,296,537	3,258,597	1,046,445	(8,600,768)	811
Capital expenditures of noncurrent assets	5,784	23,358	857	-	29,999
Reportable segment asset	**10,553,191**	**9,872,124**	**1,896,417**	**(10,540,943)**	**11,780,789**
Reportable segment liability	**3,432,785**	**4,388,295**	**251,719**	**(1,673,522)**	**6,399,277**

(c) Information about the products and services

Revenue from external customers was as follows:

		2019	2018
Cleanroom electromechanical integration engineering	$	6,495,238	7,034,186
Water gasification supply integration engineering		4,264,513	4,500,879
Consumer industry electromechanical integration engineering		704,451	1,076,726
Biomedical integration engineering		596,403	892,248
High-tech equipment and materials sales and services		614,281	716,614
	$	**12,674,886**	**14,220,653**

(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.

Area		**2019**	**2018**
Revenue from external customers:			
Taiwan	$	4,706,681	5,848,402
Mainland China		7,179,749	7,693,600
Other countries		788,456	678,651
	$	**12,674,886**	**14,220,653**

Area		**December 31, 2019**	**December 31, 2018**
Non-current assets:			
Taiwan	$	586,539	521,361
Mainland China		270,875	189,254
Other countries		6,525	2,671
	$	**863,939**	**713,286**

Non-current assets include property, plant and equipment, investment property, intangible assets, long-term prepaid rents and other assets.

(e) Information on significant customers

As of December 31, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

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

Description of key audit matter

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

How the matter was addressed in our audit

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

2. Assessment of impairment of receivables

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

Description of key audit matter

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

How the matter was addressed in our audit

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

3. Provisions

Please refer to Note 4(o) "Provisions", Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Recognition and measurement of provisions", and Note 6(m) "Provisions".

Description of key audit matter

The Company estimates the future probability of warranty occurrence based on its historical experience. Provisions for warranty involves judgment and estimation uncertainty of the Company's management. Consequently, provisions for warranty is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: comparing actual warranty expenses and provisions of warranty to assess the accuracy of estimation; considering the management's methods and data sources of estimating provisions and evaluating the possibility to change accounting estimates; assessing whether the provision is fairly presented and in accordance with related accounting standards.

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 27, 2020

Notes to Readers

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

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

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

ACTER GROUP CO., LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a)and(v))	$ 596,478	9	1,235,082	19
1110	Current financial assets at fair value through profit or loss (note 6(b)and(v))	20,631	-	163,697	3
1140	Current contract assets (note 6(s))	454,274	7	492,538	8
1150	Notes receivable, net (note 6(d)and(v))	273,526	4	60,964	1
1170	Accounts receivable, net (note 6(d)and(v))	790,065	12	617,721	10
1180	Accounts receivable to related parties, net (note 6(d),(v)and7)	53,079	1	31,724	-
1200	Other receivables (note 6(p)and(v))	44	-	1,296	-
1210	Other receivables to related parties (note 6(e),(v)and7)	12,357	-	24,549	-
1461	Non-current assets held for sale (note 6(f))	-	-	51,400	1
1476	Other current financial assets	238,409	4	289,424	5
1479	Other current assets	91,757	2	27,125	-
		2,530,620	39	2,995,520	47
	Non-current assets:				
1517	Non-current financial assets at fair value though other comprehensive income (note 6(c)and(v))	130,000	2	3,177	-
1550	Investments accounted for using equity method (note 6(g))	3,421,506	52	3,009,740	47
1600	Property, plant and equipment (note 6(i))	98,024	2	100,617	2
1755	Right-of-use assets (note 6(j))	56,526	1	-	
1760	Investment property, net (note 6(k))	240,767	4	243,254	4
1840	Deferred tax assets (note 6(o))	31,429	-	22,128	-
1990	Other non-current assets	9,160	-	7,601	-
		3,987,412	61	3,386,517	53
	Total assets	$ 6,518,032	100	6,382,037	100

		December 31, 2019		December 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2130	Current contract liabilities (note 6(s)and7)	417,197	6	524,744	8
2150	Notes payable (note 6(v))	3,528	-	2,950	-
2170	Accounts payable (note 6(v))	833,254	13	834,955	13
2180	Accounts payable to related parties (note 6(v)and7)	2,518	-	1,209	-
2201	Accrued salaries and bonuses	130,117	2	137,215	2
2230	Current income tax liabilities	17,248	-	75,841	1
2250	Current provisions (note 6(m))	33,792	1	40,828	1
2280	Current lease liabilities (note 6(l))	11,092	-	-	-
2399	Other current liabilities and accrued expenses (note 9)	176,894	3	172,583	3
		1,625,640	25	1,790,325	28
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(o))	322,322	5	222,273	4
2580	Non-current lease liabilities (note 6(l))	45,680	1	-	-
2640	Non-current provisions for employee benefits (note 6(n))	20,657	-	20,229	-
2645	Guarantee deposits received	150	-	84	-
		388,809	6	242,586	4
	Total liabilities	2,014,449	31	2,032,911	32
	Equity attributable to owners of parent (note 6 (p)):				
3100	Ordinary shares	541,868	8	542,028	8
3200	Capital surplus	1,392,119	21	1,393,239	22
3300	Retained earnings	2,698,781	42	2,483,445	39
3400	Other equity interest	(129,185)	(2)	(69,586)	(1)
	Total equity	4,503,583	69	4,349,126	68
	Total liabilities and equity	$ 6,518,032	100	6,382,037	100

See accompanying notes to financial statements.

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

ACTER GROUP CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	**%**	**Amount**	**%**
	Operating Revenues:				
4521	Construction revenue (note 6(s) and 7)	$ 2,996,461	100	4,228,140	100
4529	Less: allowances	(4,129)	-	(3,200)	-
		2,992,332	100	4,224,940	100
4800	Other operating revenue (note 6(s) and 7)	11,325	-	9,925	-
		3,003,657	100	4,234,865	100
	Operating costs:				
5520	Construction cost (note 6 (n) and 7(b))	2,485,569	83	3,555,078	84
5800	Other operating costs	9,736	-	9,716	-
		2,495,305	83	3,564,794	84
	Gross profit from operations	508,352	17	670,071	16
	Operating expenses(note 6(n))**:**				
6100	Selling expenses	19,498	1	22,474	1
6200	Administrative expenses	174,246	6	184,376	4
6450	Expected credit loss	5,798	-	7,143	-
		199,542	7	213,993	5
	Net operating income	308,810	10	456,078	11
	Non-operating income and expenses:				
7050	Finance costs	(594)	-	(1)	-
7010	Other income (note 6(v))	15,518	-	28,453	1
7070	Shares of loss of associates accounted for using equity method, net	864,020	29	752,482	18
7020	Other gains and losses, net (note 6(v))	24,704	1	2,974	-
		903,648	30	783,908	19
	Profit before income tax	1,212,458	40	1,239,986	30
	Less: Income tax expense (note 6(o))	176,364	6	190,966	5
	Profit	1,036,094	34	1,049,020	25
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements effects on defined benefit plans	(1,358)	-	(1,736)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(577)	-	(873)	-
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	(6,358)	-	(2,973)	-
8349	Income tax related to components of other comprehensive income that may not be reclassified to profit or loss	-	-	-	-
		(8,293)	-	(5,582)	-
8360	**Items that will be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(74,749)	(2)	(13,536)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(o))	14,951	-	2,898	-
		(59,798)	(2)	(10,638)	-
8300	**Other comprehensive income, net of tax**	(68,091)	(2)	(16,220)	-
8500	**Total comprehensive income**	**$ 968,003**	**32**	**1,032,800**	**25**
	Profit, attributable to:				
	Comprehensive income attributable to:				
9750	**Basic earnings per share(In new Taiwan dollars) (note 6(r))**	**$ 19.16**		**19.52**	
9850	**Diluted earnings per share(In new Taiwan dollars) (note 6(r))**	**$ 18.94**		**18.98**	

See accompanying notes to financial statements.

ACTER GROUP CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

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

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common stock	**Capital surplus**	**Legal reserve**	**Special reserve**	**Unappropriated retained earnings**	**Total retained earnings**	**Exchange difference on translation of foreign operations**	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Unrealized gains (losses) of available-for-sale financial assets**	**Others**	**Total Other equity interest**	**Total equity**
Balance, January 1, 2018	$ 471,529	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	3,874,293
Adjustment	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	64,796
Balance, January 1, 2018	471,529	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	3,939,089
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-
Special reserve	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	(612,986)
Stock dividends	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-
	542,258	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	3,326,103
Change in ownership of a subsidiary	-	(17,244)	-	-	-	-	-	-	-	-	-	(17,244)
Share-based payment	(230)	(1,615)	-	-	-	-	-	-	-	9,312	9,312	7,467
	542,028	1,393,239	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(776)	(58,075)	3,316,326
Profit for the period	-	-	-	-	1,049,020	1,049,020	-	-	-	-	-	1,049,020
Other comprehensive income for the period	-	-	-	-	(4,709)	(4,709)	(10,638)	(873)	-	-	(11,511)	(16,220)
Total comprehensive income	-	-	-	-	1,044,311	1,044,311	(10,638)	(873)	-	-	(11,511)	1,032,800
Balance, December 31, 2018	**$ 542,028**	**1,393,239**	**512,938**	**56,560**	**1,913,947**	**2,483,445**	**(63,237)**	**(5,573)**	**-**	**(776)**	**(69,586)**	**4,349,126**
Balance, January 1, 2019	$ 542,028	1,393,239	512,938	56,560	1,913,947	2,483,445	(63,237)	(5,573)	-	(776)	(69,586)	4,349,126
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	104,902	-	(104,902)	-	-	-	-	-	-	-
Special reserve	-	-	-	12,249	(12,249)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(813,042)	(813,042)	-	-	-	-	-	(813,042)
	542,028	1,393,239	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	(776)	(69,586)	3,536,084
Share-based payment	(160)	(1,120)	-	-	-	-	-	-	-	776	776	(504)
	541,868	1,392,119	617,840	68,809	983,754	1,670,403	(63,237)	(5,573)	-	-	(68,810)	3,535,580
Profit for the period	-	-	-	-	1,036,094	1,036,094	-	-	-	-	-	1,036,094
Other comprehensive income for the period	-	-	-	-	(7,716)	(7,716)	(59,798)	(577)	-	-	(60,375)	(68,091)
Total comprehensive income	-	-	-	-	1,028,378	1,028,378	(59,798)	(577)	-	-	(60,375)	968,003
Balance, December 31 2019	**$ 541,868**	**1,392,119**	**617,840**	**68,809**	**2,012,132**	**2,698,781**	**(123,035)**	**(6,150)**	**-**	**-**	**(129,185)**	**4,503,583**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)
ACTER GROUP CO., LTD.
Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		2019	2018
Cash flows from (used in) operating activities:			
Profit before tax	$	1,212,458	1,239,986
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses (including investment property)		17,200	7,716
Amortization expenses		3,363	2,735
Expected credit losses / Provisions for bad debt expense		5,798	7,143
Interest expense		594	1
Interest income		(3,338)	(5,215)
Share-based payments		(504)	7,467
Shares of loss (profit) of associates and joint ventures accounted for using equity method		(864,020)	(752,482)
Losses on disposal of property, plant and equipment		25	130
Gains on disposal of investment		(19,515)	-
Others		-	3,336
Total adjustments to reconcile profit (loss)		(860,397)	(729,169)
Changes in operating assets and liabilities:			
Decrease (increase) in current financial assets at fair value through profit or loss		143,066	(90,196)
Decrease in current contract assets		38,264	162,912
Increase in notes receivable		(212,562)	(28,423)
Decrease (increase) in accounts receivable		(199,497)	116,948
Increase in other financial assets		(1,385)	(274,059)
Total changes in operating assets		(232,114)	(112,818)
Changes in operating liabilities:			
Increase (decrease)in current contract liabilities		(107,547)	297,109
Increase in notes payable		578	852
Increase (decrease) in accounts payable		(392)	24,970
Increase (decrease) in provisions		(7,036)	9,984
Decrease in other current liabilities		(5,429)	(48,421)
		(119,826)	284,494
Total adjustments		(1,212,337)	(557,493)
Cash inflow generated from operations		121	682,493
Interest received		4,550	4,161
Interest paid		(594)	(1)
Income taxes paid		(129,258)	(67,814)
Net cash flows from operating activities		(125,181)	618,839
Cash flows from (used in) investing activities:			
Measured at fair value through other comprehensive income		(127,400)	-
Acquisition of investments accounted for using equity method		-	(26,052)
Proceeds from disposal of non-current assets held for sale		72,627	-
Proceeds from disposal of available-for-sale financial assets		-	-
Acquisition of property, plant and equipment		(632)	(1,796)
Increase construction deposits paid		(7)	(32)
Acquisition of intangible assets		(4,915)	(1,740)
Dividends received		371,147	256,418
Net cash flows used in investing activities		310,820	226,798
Cash flows from (used in) financing activities:			
Increase (decrease)in guarantee deposits received		66	(230)
Payment of lease liabilities		(11,267)	-
Cash dividends paid		(813,042)	(612,986)
Disposal of ownership interests in subsidiaries (without losing control)		-	119,302
Net cash flows from (used in) financing activities		(824,243)	(493,914)
Net increase in cash and cash equivalents		(638,604)	351,723
Cash and cash equivalents at beginning of period		1,235,082	883,359
Cash and cash equivalents at end of period	$	596,478	1,235,082

See accompanying notes to financial statements.

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

(1) Company history

Acter Group Corporation Limited (the "Company") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company's registered office address is located at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City 40758, Taiwan (R.O.C.). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

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

The parent-company-only financial statements were authorized for issuance by the Board of Directors on February 27, 2020.

(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 following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2018

(Continued)

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

(i) IFRS 16 "Leases"

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

The Company applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

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

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

2) As a lessee

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

The Company decided to apply recognition exemptions to short-term leases of working office and leases of staff dormitory.

● Leases classified as operating leases under IAS 17

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

— their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or

— an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to its property leases and all other leases.

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

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

3) As a lessor

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

4) Impacts on financial statements

On transition to IFRS 16, the Company recognized additional $61,682 thousand of right-of-use assets and lease liabilities, recognizing the difference in retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1%.

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

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	$	68,589
Recognition exemption for:		
short-term leases		(2,301)
leases of low-value assets		(2,479)
	$	**63,809**
Discounted using the incremental borrowing rate at January 1, 2019	$	61,682
Finance lease liabilities recognized as at December 31, 2018		-
Lease liabilities recognized at January 1, 2019	**$**	**61,682**

(Continued)

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

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

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Company does not expect the application of the amendments to have any significant impact on its financial statements.

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

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

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

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

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

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

(Continued)

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

(4) Summary of significant accounting policies:

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

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

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

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, the amortized cost in foreign currency translated at the exchange rate at the end of the period, adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

(Continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of 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 Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

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

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

(Continued)

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

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

An entity shall classify a liability as current when:

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

(Continued)

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

(Continued)

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

4) Impairment of financial assets

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

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

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

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

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

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

The Company 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’.

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

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

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

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

(Continued)

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Non-current assets held for sale

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

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

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

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

(Continued)

(h) 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.

Gains and Losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

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

(i) Investment in subsidiaries

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

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

(j) Investment property

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

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

(Continued)

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 cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 22~50 years

2) Other facilities: 3~9 years

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

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

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

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

(Continued)

(l) Lease

Applicable from January 1, 2019

(i) Identifying a lease

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

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

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

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

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

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

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

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

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

(ii) As a leasee

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

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

(Continued)

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

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

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

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

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

(Continued)

(iii) As a lessor

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

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

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

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

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Other leases are operating leases and are not recognized in the Company’s balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the period in which it is incurred.

(m) Intangible assets

(i) Other Intangible Assets

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

(Continued)

(ii) Subsequent Expenditure

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

(iii) Amortization

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

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

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than 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.

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.

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

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

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

(o) Provisions

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

(Continued)

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

(p) Revenue

(i) Revenue from contracts with customers

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

1) Equipment contracts and construction contracts

The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes those fixed amounts. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

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

2) Financing components

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

(Continued)

(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 costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

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

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

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

(iii) Short-term employee benefits

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

(r) Share-based payment

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

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

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

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

(Continued)

(s) Income Taxes

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

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

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

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

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

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

1) the same taxable entity; or

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

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

(Continued)

(t) Earnings per share

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

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

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

(u) Operating segments

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

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

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

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

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

(a) Revenue recognition

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

(b) The loss allowance of trade receivable

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

(Continued)

(c) Recognition and measurement of provisions

Provision for warranty is estimated when construction revenue is recognized. The estimate has been made based on the provision conditions of the contracts and the historical records of warranty. There could be a significant adjustment on provisions for warranty for any changes in the basis of the estimates. Please refer to note 6 (m) for further description of the recognition and measurement of provisions.

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

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

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2019	December 31, 2018
Petty cash and cash on hand	$	203	161
Checking and demand deposits		385,884	324,434
Time deposits		210,391	910,487
	$	596,478	1,235,082

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

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

		December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Beneficiary securities - open-end funds	$	20,631	163,697

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

		December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income			
Holy Stone Healthcare Co, Ltd.		2,600	3,177
WASTE Recovery Technology Inc.		127,400	-
	$	130,000	3,177

(Continued)

(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, 2019 and 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) For credit risk and market risk; please refer to note 6 (v).

(iii) The financial assets were not pledged.

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

		December 31, 2019	December 31, 2018
Notes receivable	$	273,526	60,964
Accounts receivable		806,234	628,092
Accounts receivable to related parties		53,079	31,724
Less: Allowance for impairment		(16,169)	(10,371)
	$	1,116,670	710,409

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, 2019. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

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

(Continued)

	December 31, 2018			
	Gross carrying amount		Weighted-average loss rate	Loss allowance provision
1 to 120 days	$	672,122	-	-
121 to 180 days		6,526	0.50%	33
181 to 360 days		26,437	1%	264
361 to 540 days		9,368	40%	3,747
More than 541 days		6,327	100%	6,327
	$	720,780		10,371

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

		2019	2018
Balance on January 1	$	10,371	3,228
Impairment losses		5,798	7,143
Balance on December 31	$	16,169	10,371

(i) Accounts receivable includes retained construction receivable, which amounted to $27,747 and $20,142 as of December 31, 2019 and 2018, respectively.

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

(e) Other receivables

		December 31, 2019	December 31, 2018
Other accounts receivable	$	44	1,296
Other accounts receivable to related parties		12,357	24,549
Less: Loss allowance		-	-
	$	12,401	25,845

Please refer to note(v) for credit risk.

(f) Non-current assets held for sale

On December 24, 2018, the Board of Directors of the Company resolved to sell the property, plant and equipment, which were located at Zhongming S. Rd., with an estimated selling price of $74,250; therefore, entered into an agreement with the buyer at the end of December 2018.The property rights transfer registration was completed in March 2019, and recognized the gain on disposal of non-current assets held for sale $19,515 thousand was recognized. As of December 31, 2019, the relevant price has been fully collected with the contract.

(Continued)

(g) Investment in equity-accounted investees

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

		December 31, 2019	December 31, 2018
Subsidiaries	$	3,421,506	3,008,929
Associates		-	811
	$	3,421,506	3,009,740

(i) Subsidiaries

For the related information, please refer to consolidated financial statements for the year ended December 31, 2019.

(ii) Associates

The relevant information of the Company's equity-accounted investees is as follows:

Associates	Relationship with the Company	Main Business Location /Registered country	Percentage of ownership and voting share December 31, 2019	Percentage of ownership and voting share December 31, 2018
Global OneSource Life Sciences Company Ltd.	Service for project management and consulting of techniques and design for pharmacy and medical facilities, which is the Company's investment	Hong Kong	-	40%

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

		December 31, 2019	December 31, 2018
The carrying amount of the Company's interests in all individually immaterial associates	$	-	2,027

		2019	2018
Profit attributable to the Company:			
Loss from continuing operation	$	(61)	(9)
Comprehensive income	$	(61)	(9)

(iii) In March 2019, the Company sold its 40% shares of Global OneSource Lite Sciences Company Ltd., and ceased the significant influence on the Company, the disposal price was $747 thousand. As of December 31, 2019, the price was received in full.

(iv) As of December 31, 2018, the investment accounted for using equity method was not pledged.

(Continued)

(h) Changes in a parent's ownership interest in a subsidiary

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

In August 2018, the Company's subsidiary, Sheng Huei International, disposed 13.34% of its shares in Acter Technology Integration due to the restructuring of the Company. Please refer to note 4 (c).The ownership of Acter Technology Integration decreased by 13.34%, resulting in the carrying amount of its investment to decreased by $17,439 thousand, which had been adjusted to capital surplus-changes in the ownership interest in its subsidiaries.

(ii) Not invest by proportion in the capital increase of subsidiaries without losing control

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

(i) Property, plant and equipment

	Land	Building and construction	Other facilities	Total
Cost:				
Balance on January 1, 2019	$ 77,863	18,665	19,785	116,313
Additions	-	-	634	634
Disposals	-	-	(313)	(313)
Balance on December 31, 2019	$ 77,863	18,665	20,106	116,634
Balance on January 1, 2018	$ 107,113	47,852	27,297	182,262
Additions	-	-	1,796	1,796
Reclassification to non-current assets held for sale	(29,250)	(29,187)	(8,528)	(66,965)
Disposals	-	-	(780)	(780)
Balance on December 31, 2018	$ 77,863	18,665	19,785	116,313
Depreciation:				
Balance on January 1, 2019	$ -	4,289	11,407	15,696
Depreciation	-	566	2,634	3,200
Disposals	-	-	(288)	(288)
Balance on December 31,2019	$ -	4,855	13,753	18,608
Balance on January 1, 2018	$ -	11,514	15,168	26,682
Depreciation	-	1,374	3,855	5,229
Reclassification to non-current assets held for sale	-	(8,599)	(6,966)	(15,565)
Disposals	-	-	(650)	(650)
Balance on December 31, 2018	$ -	4,289	11,407	15,696
Carrying amounts:				
Balance on December 31, 2019	$ 77,863	13,810	6,353	98,026
Balance on January 1, 2018	$ 107,113	36,338	12,129	155,580
Balance on December 31, 2018	$ 77,863	14,376	8,378	100,617

The property, plant and equipment are not pledged as collateral.

(Continued)

(j) Right-of-use asset

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

	Building and construction	Facilities	Total
Cost:			
Balance on January 1, 2019	$ -	-	-
Effect of IFRS16	49,129	12,553	61,682
Additions	2,080	4,277	6,357
Balance on December 31, 2019	$ 51,209	16,830	68,039
Depreciation			
Balance on January 1, 2019	$ -	-	-
Depreciation	7,408	4,105	11,513
Balance on December 31, 2019	$ 7,408	4,105	11,513
Book values:			
Balance on December 31, 2019	$ 43,801	12,725	56,526

(k) Investment Property

	Land and improvement	Building and construction	Facilities	Total
Cost:				
Balance on December 31, 2019 (Balance on January 1, 2019)	$ 139,922	111,777	86	251,785
Balance on December 31, 2018 (Balance on January 1, 2018)	$ 139,922	111,777	86	251,785
Depreciation:				
Balance on January 1, 2019	$ -	8,460	71	8,531
Depreciation	-	2,487	-	2,487
Balance on December 31, 2019	$ -	10,947	71	11,018
Balance on 1 January 2018	$ -	5,973	71	6,044
Depreciation	-	2,487	-	2,487
Balance on December 31, 2018	$ -	8,460	71	8,531
Carrying amounts:				
Balance on December 31, 2019	$ 139,922	100,830	15	240,767
Balance on January 1, 2018	$ 139,922	105,804	15	245,741
Balance on December 31, 2018	$ 139,922	103,317	15	243,254
Fair value:				
Balance on December 31, 2019				$ 314,327
Balance on December 31, 2018				$ 310,407

(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.

(ii) The investment property is not pledged.

(Continued)

(l) Leases liabilities

	December 31, 2019
Current	$ 11,092
Non-current	$ 45,680

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

The amounts recognized in profit or loss was as follows:

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

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

	2019
Total cash outflow for leases	$ 19,153

(i) Rental of houses and buildings

The company leased houses and buildings as office premises on December 31, 2019. The lease period of office premises is usually three to five years

(ii) Other leases

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

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

(m) Provisions

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

	2019	2018
Balance on January 1	$ 40,828	30,844
Provisions made during the period	(37)	12,398
Provisions used during the period	(6,999)	(2,414)
Balance on December 31	$ 33,792	40,828

(Continued)

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

(n) Employee benefits

(i) Defined benefit plans

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

		December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$	29,535	27,532
Fair value of plan assets		(8,878)	(7,303)
Defined benefit obligations	$	20,657	20,229

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 $8,878 as of December 31, 2019. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movement in present value of the defined benefit obligations

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

		2019	2018
Balance, January 1	$	27,532	26,914
Service cost and interest for the period		379	437
Remeasurement of the net defined benefit liability (asset)			
－Actuarial loss (gain) arising from changes in financial assumptions		1,098	1,079
－Actuarial loss arising from changes in experience adjustments		526	814
Benefits paid by the plan		-	(1,712)
Balance, December 31	$	29,535	27,532

(Continued)

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:

	2019	2018
Balance, January 1	$ 7,303	7,526
Contributions made	1,200	1,200
Interest revenue	109	132
Remeasurements of the net defined benefit liability	266	157
Benefits paid by the plan	-	(1,712)
Balance, December 31	$ 8,878	7,303

4) Expenses recognized in profit or loss

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

	2019	2018
Net interest cost of net defined benefit liability(Operating expense)	$ 270	305

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:

	2019	2018
Actuarial loss arising from defined benefit obligation	$ 1,624	1,893
Actuarial loss (gain) arising from Fair value of plan assets	(266)	(157)
Actuarial loss recognized in the cunrrent period	$ 1,358	1,736

6) Actuarial assumptions

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

	December 31, 2019	December 31, 2018
Discount rate	1.125%	1.375%
Increases in future salary rate	3.00%	3.00%

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

The weighted – average duration of the defined benefit plans is 17.9 years.

(Continued)

7) Sensitivity analysis

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

		The impact on defined benefit obligation	
December 31,2019		**Increase 0.25%**	**Decrease 0.25%**
Discount rate	$	(1,079)	1,130
Future salary increase (decrease)		1,095	(1,047)

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 2019 and 2018.

(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, 2019 and 2018, the Company set aside $10,562 and $10,540, respectively, of the pension costs to the Bureau of Labor Insurance under the defined contribution plan.

(o) Taxes

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Current income tax expense:			
Current period	$	69,183	107,533
Prior years income tax adjustment		1,482	(319)
		70,665	107,214
Deferred tax expense:			
Origination and reversal of temporary differences		105,699	62,509
Adjustment in tax rate		-	21,243
		105,699	83,752
Income tax expense	$	**176,364**	**190,966**

(Continued)

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences－foreign operations	$ (14,951)	(2,898)

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

	2019	2018
Profit before tax	$ 1,212,458	1,239,986
Tax rate according to the Company's location	$ 242,492	247,997
Adjustment in tax rate	-	21,243
Investments tax credits	(72,956)	(84,075)
Surtax on undistributed earnings	5,706	5,682
Others	(360)	438
Prior years income tax adjustment	1,482	(319)
Total	$ 176,364	190,966

(ii) Deferred tax asset and liability

Recognized deferred tax asset and liabilities

Deferred tax asset:

	January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019
Warranty cost	$ 8,270	5,016	-	13,286	(3,835)	-	9,451
Estimated construction loss	319	360	-	679	(276)	-	403
Excessive provision of bad debt	1,246	852	-	2,098	(1,130)	-	968
Exchange of Unrealized Profits and Losses	581	41	-	622	(622)	-	-
Compensated absences	1,685	(222)	-	1,463	169	-	1,632
Foreign currency translation differences for foreign operations	1,082	-	2,898	3,980	-	14,951	18,931
Others	-	-	-	-	44	-	44
	$ 13,183	6,047	2,898	22,128	(5,650)	14,951	31,429

Deferred tax liability:

	January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2018	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019
Gains on investment in foreign equity- accounted investee	$ 132,474	89,799	-	222,273	99,848	-	322,121
Exchange of Unrealized Profits and Losses	-	-	-	-	201	-	201
	$ 132,474	89,799	-	222,273	100,049	-	322,322

(Continued)

(iii) Income tax examination and approval

The income tax returns of the Company have been examined by the tax authorities through year 2017.

(p) Capital and other equity

(i) Issuance of common stock

As of December 31, 2019 and 2018, the authorized common stock was $720,000, while the issued common stock amounted to $541,868 and $542,028, respectively, with a par value of $10 per share.

On May 9, 2019, May 10, 2018 and November 9, 2018, the Company's Board of Directors approved to write off the restricted stock to employees of 16,000 shares, 4,000 shares and 19,000 shares, respectively, with the record date of capital reduction on May 31, 2019, June 1, 2018, and November 12, 2018, respectively. The Company had finished the capital reduction registration.

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

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2019	December 31, 2018
From issuance of common stock	$ 946,809	946,809
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	43,991	43,991
Changes in ownership interest in subsidiaries	382,069	382,069
From issuance of restricted stocks for employees	19,250	20,370
	$ 1,392,119	1,393,239

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

(Continued)

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.

2) Special reserve

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

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

As of December 31, 2019 and 2018, the Company's balance of special reserve were $68,809 thousand and $56,560 thousand.

3) Earnings distribution

Earnings distribution for 2018 and 2017 was decided by the resolution adopted, at the grand meeting of the shareholders held on May 29, 2019 and May 30, 2018, respectively.

The relevant dividend distributions to shareholders were as follows:

	2018		2017	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 15.00	813,042	13.00	612,986
Shares	-	-	1.50	70,729
Total	$ 15.00	813,042	14.50	683,715

(Continued)

4) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Investment in available-for-sale financial assets	Other Equity-Unearned employee benefit	Total
Balance, January1, 2019	$ (63,237)	(5,573)	-	(776)	(69,586)
Foreign currency exchange differences (net of tax)	(59,798)	-	-	-	(59,798)
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(577)	-	-	(577)
Employee's unrealized bonus		-	-	776	766
Balance, December 31, 2019	**$ (123,035)**	**(6,150)**	**-**	**-**	**(129,185)**
Balance, January1, 2018	$ (52,599)	-	(3,962)	(10,088)	(66,649)
Balance at January 1, 2018 after adjustments	-	(4,700)	3,962	-	(738)
Balance, December 31, 2018	$ (52,599)	(4,700)	-	(10,088)	(67,387)
Foreign currency translation differences (net of tax)	(10,638)		-	-	(10,638)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(873)	-	-	(873)
Unearned employee benefit	-	-	-	9,312	9,312
Balance, December 31, 2018	**$ (63,237)**	**(5,573)**	**-**	**(776)**	**(69,586)**

(q) Share-based payment

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

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

(Continued)

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

Unit: In thousand shares	2019	2018
Balance, beginning of the period	291	703
Granted	-	-
Vested	(275)	(389)
Forfeited	(16)	(23)
Balance, end of the period	-	291

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

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

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

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

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

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

(Continued)

(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:

	2019	**2018**
	Restricted stock to employee	**Restricted stock to employee**
Fair value at grant date	74.1	61.5 & 74.1
Stock price at grant date	80	82.5 & 80
Exercise price	-	-
Expected price volatility (%)	0.46%	29.02% & 0.46%
Life of option (year)	3	3
Expected price volatility (%)	2.52%	9.76% & 2.52%
Risk-free rate (%)	1.13%	1.21% & 1.13%

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

(ii) Relevant information on restricted stock to employee:

Information on restricted stock to employee was as follows:

	2019		**2018**	
(Expressed in thousand unit)	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**
Balance, beginning of the period	$ -	291	-	703
Vested	-	(275)	-	(389)
Forfeited	-	(16)	-	(23)
Balance, end of the period		-		291

	December 31, 2019	**December 31, 2018**
Weighted-average remaining contractual life	-	0.03

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

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

	2019	**2018**
Expenses resulting from issuance of restricted stock to employees	$ (504)	7,467

(Continued)

(r) Earnings per share ("EPS")

		2019	2018
Profit attributable to common shareholders	$	1,036,094	1,049,020
Weighted average number of common shares (In thousand shares)		54,074	53,751
Basic Earnings per share (In New Taiwan Dollars)	$	19.16	19.52
Profit attributable to common shareholders	$	1,036,094	1,049,020
Weighted average number of common shares (In thousand shares)		54,074	53,751
Add: effect on dilutive potential common stock			
Employee bonuses (In thousand shares)		500	526
Restricted stock to employees (In thousand shares)		120	1,005
Diluted weighted average number of common shares (In thousand shares)		54,694	55,282
Diluted Earnings per share (In New Taiwan Dollars)	$	18.94	18.98

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

		2019	2018
Primary geographical markets			
Taiwan	$	3,003,657	4,234,865
Major products			
Cleanroom electromechanical integration engineering	$	2,145,212	3,018,367
Biomedical integration engineering		474,785	843,081
Consumer industry electromechanical integration engineering		370,950	363,492
High-tech equipment and materials sales and services		12,710	9,925
	$	3,003,657	4,234,865

(ii) Contract balances

		December 31, 2019	December 31, 2018
Accounts receivable(including related parties)	$	859,313	659,816
Less: allowance for impairment		(16,169)	(10,371)
	$	843,144	649,445
Contract assets-Construction and equipment	$	454,274	492,538
Less: allowance for impairment		-	-
	$	454,274	492,538
Contract liabilities-Construction and equipment	$	417,197	524,744

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

(Continued)

The amount of revenue recognized for the year ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were $313,644 thousnad and $209,737 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 2019.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2019 and 2018, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were $4,973,580 and $2,263,729, respectively. The Company will recognize revenue gradually over time as the consideration is completed, which is expected to occur over the next 12 to 36 months.

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

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

(t) Remuneration to employees and directors

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

For the years ended December 31, 2019 and 2018, the Company estimated its employee remuneration amounting to $79,943 and $81,757, and its directors' and supervisors' remuneration amounting to $39,972 and $40,879, 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 2019 and 2018. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2019 and 2018.

(Continued)

(u) Non-operating income and expenses

(i) Other revenue

		2019	2018
Interest income	$	3,338	5,215
Rental income		928	990
Others		11,252	22,248
	$	15,518	28,453

(ii) Other income and losses

		2019	2018
Exchange gain (loss) on foreign currency	$	(1,292)	6,440
Gain on disposal of non-current assets held for sale		19,515	-
Gain (Loss) on disposals of property, plant and equipment		(25)	(130)
Net (loss) gain on financial assets at fair value through profit and loss		6,506	(3,336)
	$	24,704	2,974

(v) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of December 31, 2019 and 2018, the accounts receivable (including related parties) from the Company’s top five and four customers representing 69% and 56% 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 2019 and 2018.

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2019							
Non-derivative financial liabilities							
Notes payable	$	3,528	3,528	3,528	-	-	-
Accounts payable (including related parties) and other accrued expenses		858,998	858,998	850,424	5,906	2,668	-
Leases liabilities (current and non-current)		56,772	57,867	11,304	10,556	24,080	11,927
	$	919,298	920,393	865,256	16,462	26,748	11,927
		Carrying amount	**Contractual cash flows**	**Within 1 year**	**1-2 years**	**2-5years**	**More than 5 years**
December 31, 2018							
Non-derivative financial liabilities							
Notes payable	$	2,950	2,950	2,950	-	-	-
Accounts payable (including related parties) and other accrued expenses		858,300	858,300	838,997	16,316	2,975	12
	$	861,250	861,250	841,947	16,316	2,975	12

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

(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2019				December 31, 2018		
	Foreign Currency		Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets							
Monetary items							
USD	$	3,128	30.203	94,482	1,930	30.802	59,448
CNY		483	4.3152	2,084	5	4.4862	22
Financial liabilities							
Monetary items							
USD		132	30.203	3,992	8	30.802	246

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD and CNY as of December 31, 2019 and 2018 would have increased or decreased the before-tax net income by $926 thousand and $592 thousand, respectively. The analysis is performed on the same basis for both periods.

(Continued)

3) Exchange gains and losses of monetary items

The exchange gains and losses of monetary items (including realized and unrealized) of the Company were as follow:

	2019		2018	
	Exchange gains and losses	**Average exchange Rate**	**Exchange gains and losses**	**Average exchange Rate**
CNY	$ (120)	4.3152	4,629	4.5591
USD	(1,172)	30.2030	1,810	30.163
JPY	(1)	0.2723	1	0.2732
IDR	1	0.002165	(1)	0.002119
MYR	-	7.3157	1	7.4747
	$ (1,292)		6,440	

(iv) Other market price risk

For the years ended December 31, 2019 and 2018, 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,			
	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income**	**Other comprehensive income before tax**	**Net income**
Increasing 3%	$ 3,900	619	95	4,911
Decreasing 3%	$ (3,900)	(619)	(95)	(4,911)

(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 (available-for sale financial assets) 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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	December 31, 2019				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	20,631	20,631	-	-	20,631
Financial assets at fair value through other comprehensive income					
Emerging stock	2,600	2,600	-	-	2,600
Unlisted stock	127,400	-	-	127,400	127,400
	130,000	-	-	127,400	130,000
Financial assets measured at amortized cost					
Cash and cash equivalents	596,478	-	-	-	-
Contract assets	454,274	-	-	-	-
Notes receivable	273,526	-	-	-	-
Accounts receivable	790,065	-	-	-	-
Accounts receivable to the related parties	53,079	-	-	-	-
Other receivables	44	-	-	-	-
Other receivables to the related parties	12,357	-	-	-	-
Other financial assets	238,409	-	-	-	-
Total	$ 2,568,863	23,231	-	127,400	150,631
Financial liabilities at amortized cost					
Notes payable	$ 3,528	-	-	-	-
Accounts payable	833,254	-	-	-	-
Accounts payable to related parties	2,518	-	-	-	-
Other accrued expenses	23,226	-	-	-	-
Leases liabilities (current and non-current)	56,772	-	-	-	-
Total	$ 919,298	-	-	-	-

	December 31, 2018				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	163,697	163,697	-	-	163,697
Financial assets at fair value through other comprehensive income					
Emerging stock	3,177	3,177	-	-	3,177
Financial assets measured at amortized cost					
Cash and cash equivalents	1,235,082	-	-	-	-
Contract assets	492,538	-	-	-	-
Notes receivable	60,964	-	-	-	-
Accounts receivable	617,721	-	-	-	-
Accounts receivable to the related parties	31,724	-	-	-	-
Other receivables	1,296	-	-	-	-
Other receivables to the related parties	24,549	-	-	-	-
Other financial assets	289,424	-	-	-	-
Total	$ 2,920,172	166,874	-	-	166,874
Financial liabilities at amortized cost					
Notes payable	$ 2,950	-	-	-	-
Accounts payable	834,955	-	-	-	-
Accounts payable to related parties	1,209	-	-	-	-
Other accrued expenses	22,136	-	-	-	-
Total	$ 861,250	-	-	-	-

(Continued)

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

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

3) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on the run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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

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

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

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

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another for the year ended December 31, 2019 and 2018.

(Continued)

5) Reconciliation of Level 3 fair values

	2019
Opening balance, January 1, 2019	$ -
Purchased	127,400
Total gains and losses recognized:	
In other comprehensive income	-
Ending Balance, December 31, 2019	$ 127,400

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

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

Quantified information of significant unobservable inputs was as follows:

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

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

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

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

(Continued)

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

(w) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Risk management framework

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivable

The Company goes through the process of credit assessment on the trading parties pertaining to company size, industry perspective and general impression from the same industry before transaction begins. The engineering department also conducts an on-site interview, and the finance department will check to financial institutions for any abnormal dishonored check. The engineering department also establishes credit lines for each client, and updates the credit lines on a timely basis to reduce the transaction risk.

(Continued)

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.

(x) Capital management

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

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

(Continued)

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

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

	December 31, 2019	December 31, 2018
Total liabilities	$ 2,014,449	2,032,911
Less: cash and cash equivalents	(596,478)	(1,235,082)
Net debt	1,417,971	797,829
Total equity	4,503,583	4,349,126
Total capital	$ 5,921,554	5,146,955
Debt to capital ratio	23.95%	15.50%

The management believes that there were no changes in the Company's approach to capital management for the year ended December 31, 2019.

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

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

			Non-cash changes		
	January 1,2019	Cash flows	Foreign exchange movement	Fair value changes	December 31,2019
Leases liabilities	$ 61,682	(11,267)	-	6,357	56,772
Guarantee deposits	84	66	-	-	150
Total liabilities from financing activities	$ 61,766	(11,201)	-	6,357	56,922

			Non-cash changes		
	January 1,2018	Cash flows	Foreign exchange movement	Fair value changes	December 31,2018
Guarantee deposits	$ 314	(230)	-	-	84
Total liabilities from financing activities	$ 314	(230)	-	-	84

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Other related party transactions

(i) Construction revenue, related assets and liabilities:

1) Revenue and accounts receivable to the related parties

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

	Revenue		Receivable to Related Parties	
	2019	**2018**	**December 31, 2019**	**December 31, 2018**
Subsidiaries	$ 54,879	229,297	53,079	31,724

(Continued)

2) Contract assets and liabilities

	December 31, 2019		December 31, 2018	
	Contract assets	Contract assets	Contract assets	Contract liabilities
Subsidiaries	$ -	24,536	-	9,915

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

(ii) Construction cost and related liabilities

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

	Construction cost		Payables to Related Parties	
	2019	2018	December 31, 2019	December 31, 2018
Subsidiaries	$ 32,385	8,377	2,205	812
Entity under the key management's control	1,092	1,228	313	397
	$ 33,477	9,605	2,518	1,209

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, 2019 and 2018, the Company paid the expenses on the behalf of subsidiaries amounting to $257 and $326, which were recognized as other receivable to related parties. As of December 31, 2019 and 2018, the balance of other receivable to related parties amounting to $257 and $326.

(iv) Endorsements to the related parties:

For the years ended December 31, 2019 and 2018, the Company provide subsidiary with credit loan, Stand by L/C, Bank guarantee letter and promissory note for engaging in bank guarantee loan and construction fulfillment amounting to $2,510,071 and $3,517,634, respectively.

For the years ended December 31, 2019 and 2018, the Company charged interest expenses to related parties from endorsements amounting to $177 and $18, which were recognized as other receivable to related parties. As of December 31, 2019 and 2018, the balance of other receivable to related parties amounting to $194 and $233.

For the years ended December 31, 2019 and 2018, the Company's subsidiaries acquired bank loan credit from abovementioned bank guarantee loan amounting to $1,290,914 and $2,347,289 and actual usage amounting to $332,220 and $159,119, respectively.

(v) Guarantees from the related parties:

For the years ended December 31, 2019 and 2018, the subsidiaries provided guarantees to the Company for fulfillment and warranty guarantee for engaging in construction contracts amounting to $364,934.

(Continued)

(vi) Others:

For the years ended December 31, 2019 and 2018, the Company estimated its directors' and supervisors' remuneration from subsidiaries amounting to $11,906 and $23,990, which were recognized as other receivable to related parties. As of December 31, 2019 and 2018, the balance of other receivable to related parties amounting to $11,906 and $23,990, respectively.

(c) Key management personnel compensation

		2019	2018
Short-term employee benefits	$	90,200	93,869
Post-employment benefits		432	542
Share based payments		363	5,122
	$	90,995	99,533

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

(8) Pledged assets: None.

(9) Significant commitments and contingencies:

Significant commitments and contingencies for the Company as of December 31, 2019, and 2018 were as follows:

(a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $617,844 and $463,800, respectively.

(b) The amounts pledged to the bank for engaging in construction contracts amounted to $735,648 and $607,229, respectively.

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

(d) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore, filed a lawsuit to the Taipei District Court, claiming a compensation amounting to $42,189 in November, 2012. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company to pay the amount of $14,666 to Walsin, which had been fully recognized as loss by the Company in 2015. The Company appealed to the Taiwan High Court and sent identification data to the Architecture Construction. As of December 31, 2019, the compensation of $8,376 has been recognized as other current liabilities and accrued expenses.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

Subsequent Events: The outbreak of COVID-19 in 2020 does represent an uncertainty to the Group’s business operations in China, which also affected the operation of the Group. The impact included delay in construction progress and delay in collection of receivables. However, because the information remains unclear, the impact to operation and financial status cannot be timely assessed. The Group is continually monitoring the situation for timely assessment.

(Continued)

(12) Other:

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

By function / By item	2019			2018		
	Operating costs	**Operating expense**	**Total**	**Operating costs**	**Operating expense**	**Total**
Employee benefit						
Salary	308,584	71,858	380,442	320,014	78,441	398,455
Labor, health and social insurance	14,927	7,902	22,829	14,542	6,911	21,453
Pension	8,535	2,297	10,832	8,817	2,028	10,845
Remuneration of directors	-	44,264	44,264	-	44,743	44,743
Other	7,114	5,222	12,336	6,637	6,215	12,852
Depreciation	473	14,240	14,713	-	5,229	5,229
Amortization	-	3,363	3,363	-	2,735	2,735

Note: Depreciation for investment property for the year ended December 31, 2019 and 2018 was $2,487, respectively, and was recorded in non-operating expense.

As of December 31, 2019 and 2018, the additional information for employee numbers and employee benefits were as follows:

	2019	2018
Average employee numbers	$ 265	268
Average directors numbers without serving concurrently as employee	5	6
Average employee benefits	$ 1,640	1,693
Average employee salaries	$ 1,463	1,521
Average adjustment rate of employee salaries	(3.43)%	

(13) Segment information:

For the related information, please refer to consolidated financial statements for the year ended December 31, 2019.

ACTER GROUP CORPORATION LIMITED

Chairman: Chin-Li Liang

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