

ACTER GROUP CORPORATION LIMITED
2020 Annual General Shareholders' Meeting Minutes



Time : 09:00 a.m on Wednesday, 27 May, 2020

Place : B2F, No.201, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan
(SWEETEN PLAZA's international hall)

Total outstanding Acter shares : 54,186,742 shares

Total shares represented by shareholders present in person or by proxy : 31,532,177
shares (3,344,582 shares were voted electronically)

Percentage of shares held by shareholders present in person or by proxy : 58.19%

Chairman : Liang, Chin-Li

Recorder : He, Sin-Wen

Attendee : Yang, Jung-Tang, Director (Member of Nominating Committee)

Hu, Tai-Tsen, Director

Yeh, Hui-Hsin, Independent Director (Convener of Audit Committee and
member of Remuneration Committee and Nominating Committee)

Wang, Mao-Rong, Independent Director (Member of Audit Committee,
Remuneration Committee and Nominating Committee)

Yang, Qian (Convener of Remuneration Committee and Nominating
Committee and member of Audit Committee)

Attending as Delegates : Lai, Ming-Kun, President

Wang, Chun-Sheng, President

Tsao, Yun-Han, CFO

Chang, Tzu-Hsin, CPA

Yang, Hui-Chi, Attorney

1. Call the Meeting to Order : The aggregate shareholders of shareholders present in
person or by proxy constituted a quorum. The chairman called the meeting to
order.

2. Chairperson Remarks : (omitted)

3. Report Items

Report No. 1 : To report the distribution of 2019 employee and director compensation. (Proposed by the Board of Directors)

Explanation :

- (1) The Board of Directors resolved that 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. Independent directors shall be excluded from distribution.
- (2) The company proposed to allocate 6% for employee compensation (not less than 3%) in the amount of NTD 79,943,208. It also planned to allocate 3% for the remuneration of directors (not higher than 5%) in the amount of NTD 39,971,604.

Report No. 2 : 2019 Business Report. (Proposed by the Board of Directors)

Explanation : The 2019 Business Report is attached as Attachment 1 and Attachment 2.

Report No. 3 : Audit Committee's Review Report of 2019 Financial Statements. (Proposed by the Board of Directors)

Explanation : The 2019 Audit Committee's Review Report is attached as Attachment 3.

Report No. 4 : The distribution of 2019 cash dividends. (Proposed by the Board of Directors)

Explanation : On February 27, 2020, Board of directors approved to distribute 2019 cash dividends of NT\$15 per share, with a total amount of NT \$

812,801,130. When distributing cash dividends, the total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded up to the next NT dollar. The resulting difference shall be recognized as a Company expense.

Report No. 5 : To report the amendment of “Rules of Procedure for Board of Directors Meeting” and “Ethical Corporate Management Practice Principles.” (Proposed by the Board of Directors)

Explanation:

- (1) In order to conform to the amendments of related commercial laws, the company hereby amended “Rules of Procedure for Board of Directors Meeting” and “Ethical Corporate Management Practice Principles.”
- (2) Please refer to Attachment 4~5 for details.

4. Proposals

Proposal No. 1 : Adoption of the 2019 Business Report and Financial Statements.
(Proposed by the Board of Directors)

Explanation :

- (1) Acter Company’s Financial Statements, including the balance sheet, statement of comprehensive income, statement of change in equity, and statement of cash flows, were audited by independent auditors, Chang, Tzu-Hsin CPA and Huang, Hai-Ning CPA of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board held on Feb. 27, 2020 and examined by the Audit Committee of Acter Company.
- (2) The 2019 Business Report, independent auditors’ report, and the above-mentioned Financial Statements are attached in the Meeting Agenda as Attachment 1 and Attachment 2.

Voting Results : Sharers represented at the time of voting : 31,532,177 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	27,929,344	0	0	258,251
votes casted electronically	3,330,483	9,448	0	4,651
Total	31,259,827	9,448	0	262,902

Shares voted for the proposal represented 99.13% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

Proposal No. 2 : Adoption of the Proposal for Distribution of 2019 Profits.

(Proposed by the Board of Directors)

Explanation : Please refer to the 2019 Profit Distribution Table as follows.

**ACTER GROUP CORPORATION LIMITED
PROFIT DISTRIBUTION TABLE
Year 2019**

Unit : NTD

Beginning retained earnings	983,754,473
Add: net profit after tax	1,036,094,241
Less: 10% legal reserve(2019)	103,609,424
Less: Defined benefit plans	7,715,848
Less: Special reserve appropriated	60,376,482
Distributable net profit	1,848,146,960
Distributable items:	
Cash Dividend to shareholders (15 per share)(Note1)	812,801,130
Stock Dividend to shareholders (0 per share)	-
Unappropriated retained earnings	1,035,345,830

Note1:Pursuant to Article 26-1 of the Articles of Incorporation of the Company, it has been resolved by the board of directors and reported to this shareholder's meeting. Please refer to Report No. 4.

Voting Results : Sharers represented at the time of voting : 31,532,177 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	27,929,344	0	0	258,251
votes casted electronically	3,331,483	8,448	0	4,651
Total	31,260,827	8,448	0	262,902

Shares voted for the proposal represented 99.13% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

5. Discussion

Proposal No. 1 : Discussion on the proposal to amend “Rules of Procedure for Shareholder Meetings.” (Proposed by the Board of Directors)

Explanation :

- (1) In order to conform to the amendments of related commercial laws, the company hereby proposes to amend “Rules of Procedure for Shareholder Meetings.”
- (2) Please refer to Attachment 6 for details.

Voting Results : Sharers represented at the time of voting : 31,532,177 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	27,929,344	0	0	258,251
votes casted electronically	3,330,479	9,452	0	4,651
Total	31,259,823	9,452	0	262,902

Shares voted for the proposal represented 99.13% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

Proposal No. 2 : Discussion on the proposal to amend “Procedure for Acquisition or Disposal of Assets.” (Proposed by the Board of Directors)

Explanation :

- (1) In response to the adjustment of the company’s investment structure, the company hereby proposes to amend “Procedure for Acquisition or Disposal of Assets.”
- (2) Please refer to Attachment 7 for details.

Voting Results : Sharers represented at the time of voting : 31,532,177 votes

Type	Votes in favor	Votes against	Votes invalid	Votes abstained
votes casted by correspondence	27,929,344	0	0	258,251
votes casted electronically	3,329,479	9,452	0	5,651
Total	31,258,823	9,452	0	263,902

Shares voted for the proposal represented 99.13% of the total represented shares present at the time of voting.

Resolved : The above proposal be and hereby was apporved as proposed.

6. Questions and Motions : None.

7. Adjournment : The meeting was adjourned at 9:37 a.m.

Chairman : Liang, Chin-Li



Recorder : He, Sin-Wen



Attachment 1: Business Report

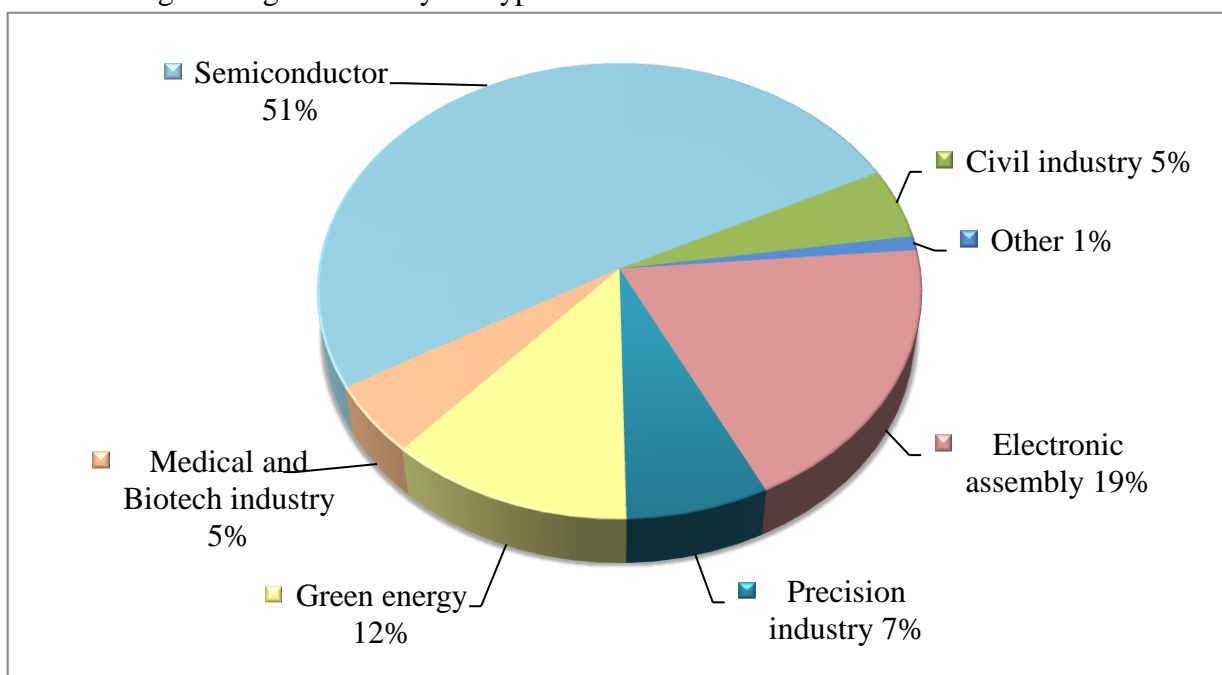
ACTER GROUP CORPORATION LIMITED 2019 Business Report

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

Items		2019	
	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:

I. 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.

II. 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.

III. 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.

IV. 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.

V. 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.

VI. 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.

VII. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering:
 - a. 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.
 - b. 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.
 - c. Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
 - d. 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.
- 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.

- 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.
- 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.
- 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.
- 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.
- Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.
- 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.
- 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:

- I. Fulfill social responsibilities, strengthen corporate governance, enhance enterprise culture and achieve sustainable development
- II. Rooting deeply in this industry, continuously optimize engineering capabilities and provide a diverse, multi-project integrated engineering service
- III. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
- IV. 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.

V. 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

VI. 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.

Chairman: Liang, Chin-Li

Lai, Ming-Kun

General Manager:

Wang, Chun-Sheng

Accounting Supervisor : Tsao, Yun-Han

Attachment 2: 2019 Independent Auditors' Report and Financial Statements

Independent Auditors' Report

To the Board of Directors of Acter Group Co., Ltd.:

Opinion

We have audited the financial statements of Acter Group Co., Ltd. (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 Acter'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.

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)	-
		<u>2,992,332</u>	<u>100</u>	<u>4,224,940</u>	<u>100</u>
4800	Other operating revenue (note 6(s) and 7)	11,325	-	9,925	-
		<u>3,003,657</u>	<u>100</u>	<u>4,234,865</u>	<u>100</u>
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	-
		<u>2,495,305</u>	<u>83</u>	<u>3,564,794</u>	<u>84</u>
Gross profit from operations		<u>508,352</u>	<u>17</u>	<u>670,071</u>	<u>16</u>
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	-
		<u>199,542</u>	<u>7</u>	<u>213,993</u>	<u>5</u>
Net operating income		<u>308,810</u>	<u>10</u>	<u>456,078</u>	<u>11</u>
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	-
		<u>903,648</u>	<u>30</u>	<u>783,908</u>	<u>19</u>
Profit before income tax		<u>1,212,458</u>	<u>40</u>	<u>1,239,986</u>	<u>30</u>
Less: Income tax expense (note 6(o))		<u>176,364</u>	<u>6</u>	<u>190,966</u>	<u>5</u>
Profit		<u>1,036,094</u>	<u>34</u>	<u>1,049,020</u>	<u>25</u>
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	-	-	-	-
		<u>(8,293)</u>	<u>-</u>	<u>(5,582)</u>	<u>-</u>
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	-
		<u>(59,798)</u>	<u>(2)</u>	<u>(10,638)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(68,091)</u>	<u>(2)</u>	<u>(16,220)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 968,003</u>	<u>32</u>	<u>1,032,800</u>	<u>25</u>
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)

	<u>2019</u>	<u>2018</u>
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)	<u>(860,397)</u>	<u>(729,169)</u>
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	<u>(232,114)</u>	<u>(112,818)</u>
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)
Total adjustments	<u>(119,826)</u>	<u>284,494</u>
Total adjustments	<u>(1,212,337)</u>	<u>(557,493)</u>
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	<u>(125,181)</u>	<u>618,839</u>
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	-
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	<u>310,820</u>	<u>226,798</u>
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	<u>(824,243)</u>	<u>(493,914)</u>
Net increase in cash and cash equivalents	<u>(638,604)</u>	<u>351,723</u>
Cash and cash equivalents at beginning of period	<u>1,235,082</u>	<u>883,359</u>
Cash and cash equivalents at end of period	<u>\$ 596,478</u>	<u>1,235,082</u>

See accompanying notes to financial statements.

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Group Co., Ltd. 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 Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Group Co., Ltd.

Chairman: Liang, Chin-Li

Date: February 27, 2020

Independent Auditors' Report

To the Board of Directors of Acter Group Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Acter Group Co., Ltd. (“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 CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a) and (y))	\$ 3,874,953	32	4,424,731	38	2100	Short-term borrowings (note 6(n) and (y))	\$ 136,609	1	135,278	1
1110	Current financial assets at fair value through profit or loss (note 6(b) and (y))	172,400	1	310,257	3	2130	Current contract liabilities (note 6(v))	1,224,181	10	1,718,930	15
1140	Current contract assets (note 6(v))	1,496,769	13	1,079,944	9	2150	Notes payable (note 6(y))	63,637	1	175,364	1
1150	Notes receivable, net (note 6(d) and (y))	453,149	4	323,497	3	2170	Trade payables (note 6(y))	3,110,389	26	2,761,469	23
1170	Trade receivables, net (note 6(d) and (y))	3,480,867	30	3,143,806	27	2180	Trade payables to related parties (note 6(y) and 7)	313	-	396	-
1200	Other receivables (note 6(e) and (y))	20,424	-	28,654	-	2201	Accrued salaries and bonuses	341,137	3	301,655	3
1220	Current income tax assets	2,305	-	-	-	2230	Current income tax liabilities	154,619	1	170,007	1
1310	Inventories, net (note 6(f))	484,731	4	321,315	3	2250	Current provisions (note 6(p))	322,699	3	352,256	3
1461	Non-current assets held for sale (note 6(g))	-	-	51,400	-	2280	Current lease liabilities (note 6(o) and (y))	35,299	-	-	-
1476	Other current financial assets (note 6(y) and 8)	390,060	3	614,238	5	2399	Other current liabilities and accrued expenses (note 9)	325,730	3	305,846	3
1479	Other current assets	430,050	4	594,347	5			<u>5,714,613</u>	<u>48</u>	<u>5,921,201</u>	<u>50</u>
		<u>10,805,708</u>	<u>91</u>	<u>10,892,189</u>	<u>93</u>						
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	130,000	1	3,177	-	2570	Deferred tax liabilities (note 6(r))	594,441	5	428,151	4
1550	Investments accounted for using equity method (note 6(h))	-	-	811	-	2580	Non-current lease liabilities (note 6(o) and (y))	74,965	1	-	-
1600	Property, plant and equipment (note 6(k))	463,872	4	417,228	4	2640	Net defined benefit liabilities, non-current (note 6(q))	59,869	-	49,841	-
1755	Right-of-use assets (note 6(l))	138,875	1	-	-	2645	Guarantee deposits received (note 6(ab))	150	-	84	-
1760	Investment property, net (note 6(m))	240,767	2	243,254	2			<u>729,425</u>	<u>6</u>	<u>478,076</u>	<u>4</u>
1840	Deferred tax assets (note 6(r))	173,994	1	152,661	1			<u>6,444,038</u>	<u>54</u>	<u>6,399,277</u>	<u>54</u>
1985	Long-term prepaid rents	-	-	33,027	-	Total liabilities					
1990	Other non-current assets (note 8)	39,864	-	38,442	-	Equity attributable to owners of parent (note 6 (s)):					
		<u>1,187,372</u>	<u>9</u>	<u>888,600</u>	<u>7</u>	3100	Ordinary shares	541,868	5	542,028	5
		<u>\$ 11,993,080</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>	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	<u>4,503,583</u>	<u>37</u>	<u>4,349,126</u>	<u>37</u>
						36XX	Non-controlling interests	<u>1,045,459</u>	<u>9</u>	<u>1,032,386</u>	<u>9</u>
							Total equity	<u>5,549,042</u>	<u>46</u>	<u>5,381,512</u>	<u>46</u>
							Total liabilities and equity	<u>\$ 11,993,080</u>	<u>100</u>	<u>11,780,789</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

ACTER GROUP CO., LTD. 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		2018	
		Amount	%	Amount	%
Operating Revenues:					
4521	Construction revenue (note 6(v))	\$ 12,085,519	95	13,905,949	98
4529	Less: allowances	(24,914)	-	(8,324)	-
		<u>12,060,605</u>	<u>95</u>	<u>13,897,625</u>	<u>98</u>
4110	Sales	516,240	4	254,458	2
4800	Other operating revenue	<u>98,041</u>	<u>1</u>	<u>68,570</u>	<u>-</u>
		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	<u>45,462</u>	<u>-</u>	<u>27,979</u>	<u>-</u>
		<u>10,102,547</u>	<u>80</u>	<u>11,684,474</u>	<u>82</u>
		2,572,339	20	2,536,179	18
Gross profit from operations					
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	<u>(18,651)</u>	<u>-</u>	<u>20,339</u>	<u>-</u>
		<u>793,827</u>	<u>6</u>	<u>814,561</u>	<u>6</u>
Net operating income					
		<u>1,778,512</u>	<u>14</u>	<u>1,721,618</u>	<u>12</u>
Non-operating income and expenses:					
7050	Finance costs	(5,254)	-	(4,899)	-
7010	Other income (note 6(x))	62,152	1	66,499	4
7070	Shares of loss of associates accounted for using equity method, net	(61)	-	(9)	-
7020	Other gains and losses, net (note 6(x))	<u>31,117</u>	<u>-</u>	<u>55,837</u>	<u>-</u>
		<u>87,954</u>	<u>1</u>	<u>117,428</u>	<u>-</u>
Profit before income tax					
		1,866,466	15	1,839,046	12
7950	Less: Income tax expenses (note 6(r))	<u>590,182</u>	<u>5</u>	<u>563,614</u>	<u>4</u>
Profit					
		<u>1,276,284</u>	<u>10</u>	<u>1,275,432</u>	<u>8</u>
Other comprehensive income (loss):					
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	-	-	-	-
		<u>(11,877)</u>	<u>-</u>	<u>(6,467)</u>	<u>-</u>
Items that will be reclassified subsequently to profit or loss					
8360	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))	<u>24,349</u>	<u>-</u>	<u>7,647</u>	<u>-</u>
		<u>(73,461)</u>	<u>(1)</u>	<u>(16,595)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>(85,338)</u>	<u>(1)</u>	<u>(23,062)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,190,946</u>	<u>9</u>	<u>1,252,370</u>	<u>8</u>
Profit, attributable to:					
8610	Owners of parent	\$ 1,036,094	8	1,049,020	7
8620	Non-controlling interests	<u>240,190</u>	<u>2</u>	<u>226,412</u>	<u>1</u>
		<u>\$ 1,276,284</u>	<u>10</u>	<u>1,275,432</u>	<u>8</u>
Comprehensive income attributable to:					
8710	Owners of parent	\$ 968,003	7	1,032,800	7
8720	Non-controlling interests	<u>222,943</u>	<u>2</u>	<u>219,570</u>	<u>1</u>
		<u>\$ 1,190,946</u>	<u>9</u>	<u>1,252,370</u>	<u>8</u>
Earnings per share (Expressed in New Taiwan Dollars)(note 6(u))					
9750	Basic earnings per share	<u>\$ 19.16</u>		<u>19.52</u>	
9850	Diluted earnings per share	<u>\$ 18.94</u>		<u>18.98</u>	

See accompanying notes to consolidated financial statements.

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

ACTER GROUP CO., LTD. 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												Non-controlling interests	Total equity
	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			
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 CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
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)	<u>1,931</u>	<u>29,306</u>
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	<u>(490,530)</u>	<u>(968,848)</u>
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	<u>(224,755)</u>	<u>885,332</u>
Total adjustments	<u>(713,354)</u>	<u>(54,210)</u>
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	<u>753,475</u>	<u>1,486,705</u>
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	<u>(145,005)</u>	<u>(103,087)</u>
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	<u>(1,048,165)</u>	<u>(847,026)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(110,083)</u>	<u>(38,751)</u>
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	<u>\$ 3,874,953</u>	<u>4,424,731</u>

See accompanying notes to consolidated financial statements.

Attachment 3: Audit Committee's Review Report

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

Attachment 4: Comparison Table of the Rules of Procedure for Board of Directors Meeting

Article	After The Revision	Before The Revision
Article 5	<p>For regular board meetings convened by the company, the meeting affairs department designated by the board of directors (president's office) shall seek each director's opinions in advance in order to plan and prepare the agenda for the board meeting. All directors shall be notified according to the time provided under Section 1, Article 3 to attend the meeting. Audit supervisors shall also be invited to attend the meeting. Sufficient meeting information shall be provided and sent together with the notice to convene the meeting.</p> <p>If any director deems that the meeting information is not sufficient, it may request the meeting affairs division (president's office) to supplement the information. If any director deems that the proposal information is not sufficient, the board of directors may resolve to postpone the discussion.</p>	<p>For regular board meetings convened by the company, the meeting affairs department designated by the board of directors (president's office) shall seek each director's opinions in advance in order to plan and prepare the agenda for the board meeting. All directors shall be notified according to the time provided under Section 1, Article 3 to attend the meeting. Audit supervisors shall also be invited to attend the meeting. Sufficient meeting information shall be provided and sent together with the notice to convene the meeting.</p> <p>If any director deems that the meeting information is not sufficient, it may request the meeting affairs division (president's office) to supplement the information. If any director deems that the proposal information is not sufficient, the board of directors may resolve to postpone the discussion.</p>
Article 6	<p>When the company convenes a board meeting, an attendance sheet shall be prepared for signatures by attending directors. Directors shall attend board meetings in person. Any director who cannot attend the meeting in person may appoint another director as his representative to attend the meeting in accordance with the articles of association. Any director attending the meeting through video conference shall be deemed to have participated in the meeting in person, provided that a faxed attendance card shall be provided in lieu of attendance signature.</p>	<p>When the company convenes a board meeting, an attendance sheet shall be prepared for signatures by attending directors. Directors shall attend board meetings in person. Any director who cannot attend the meeting in person may appoint another director as his representative to attend the meeting in accordance with the articles of association. Any director attending the meeting through video conference shall be deemed to have participated in the meeting in person, provided that a faxed attendance card shall be provided in lieu of attendance signature.</p>
Article 10	<p>The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the chairman. <u>Where a meeting of the board</u></p>	<p>The chairman shall convene board meetings of the company and serve as the chairman of such meetings. However, the first board meeting of each term shall be convened by the director that received the most votes in the shareholder meeting. Such person shall also serve as the chairman of the meeting. If there are two or more persons having the right to convene the meeting, one person shall be elected from among them to serve as the chairman.</p>

Article	After The Revision	Before The Revision
	<p><u>of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.</u></p> <p><u>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</u></p>	
Article 11	<p>When the company convenes a board meeting, the meeting affairs department designated by the board of directors (president's office) shall prepare relevant information for reference at any time by participating directors.</p>	<p>When the company convenes a board meeting, the meeting affairs department designated by the board of directors (president's office) shall prepare relevant information for reference at any time by participating directors.</p>
Article 16	<p>Directors and other corporate representatives shall have a high degree of self discipline. During review of the following agendas, they may state the important aspects of the interested party relationship at the respective meeting and reply to questions but may not participate in the discussion or voting, should excuse themselves during discussion and voting and shall not exercise voting rights on behalf of other directors:</p> <ol style="list-style-type: none"> 1. A director or a juristic person that the director represents is an interested party in relation to an agenda item and therefore prejudice the interest of the company. 2. The director deems avoidance necessary. 3. Avoidance is resolved by the board of directors. <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or</u></p>	<p>Directors and other corporate representatives shall have a high degree of self discipline. During review of the following agendas, they may state the important aspects of the interested party relationship at the respective meeting and reply to questions but may not participate in the discussion or voting, should excuse themselves during discussion and voting and shall not exercise voting rights on behalf of other directors:</p> <ol style="list-style-type: none"> 1. A director or a juristic person that the director represents is an interested party in relation to an agenda item and therefore prejudice the interest of the company. 2. The director deems avoidance necessary. 3. Avoidance is resolved by the board of directors.

Article	After The Revision	Before The Revision
	<p>subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> <p>Regarding board resolutions and directors who shall not exercise voting rights in accordance with the two preceding previous section, Section 2, Article 180 of the Company Law shall be applied mutatis mutandis in accordance with Section 34, Article 206.</p>	<p>Regarding board resolutions and directors who shall not exercise voting rights in accordance with the previous section, Section 2, Article 180 of the Company Law shall be applied mutatis mutandis in accordance with Section 3, Article 206.</p>
Article 22	<p>These rules were established on June 16, 2009.</p> <p>These rules were amended on August 10, 2017.</p> <p>These rules were amended on February 27, 2020.</p>	<p>These rules were established on June 16, 2009.</p> <p>These rules were amended on August 10, 2017.</p>

Attachment 5: Comparison Table of the Ethical Corporate Management Practice Principles

Article	After The Revision	Before The Revision
Article 5	The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and <u>obtain approval from the board of directors, and</u> establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.	The company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
Article 7	When establishing the prevention programs, the company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. <u>The company shall 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 and review their adequacy and effectiveness on a regular basis.</u> The prevention programs adopted by the company shall at least include preventive measures against the following: <u>It is advisable for the company to refer to prevailing domestic and foreign standards or guidelines in establishing the prevention programs, which shall at least include preventive measures against the following:</u>	When establishing the prevention programs, the company shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures. The prevention programs adopted by the company shall at least include preventive measures against the following:
Article 8	<u>The company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u> The company and its respective business group shall clearly specify in their rules and external documents <u>and on the company website</u> the ethical corporate management policies and the commitment by the board of directors and the <u>senior</u> management on rigorous and thorough implementation of such policies, and shall	The company and its respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal

Article	After The Revision	Before The Revision
	<p>carry out the policies in internal management and in commercial activities.</p> <p><u>The company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain said information properly.</u></p>	<p>management and in commercial activities.</p>
<p>Article 17</p>	<p>The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and <u>avails itself of adequate resources and staffs itself with competent personnel</u>, responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis <u>(at least once a year)</u>:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. <u>Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope,</u> A<u>adopting accordingly</u> programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business. 	<p>The directors, managers, employees, mandataries, and substantial controllers of the company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To achieve sound ethical corporate management, the company shall establish a dedicated unit that is under the board of directors and responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The dedicated unit shall be in charge of the following matters, and shall report to the board of directors on a regular basis:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the company's operations and business.

Article	After The Revision	Before The Revision
Article 20	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of a the company shall, <u>based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit frequency, etc., and periodically</u> examine <u>accordingly</u> the company's compliance with the foregoing systems <u>prevention programs</u> and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p><u>The results of examination in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit and reduced to writing in the form of an audit report to be submitted to the board of directors.</u></p>	<p>The company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of a the company shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p>
Article 23	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager <u>management</u> shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted. 3. <u>Follow-up measures to be adopted depending on the severity of the circumstances after investigations of cases reported are completed. Where</u> 	<p>The company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include at least the following:</p> <ol style="list-style-type: none"> 1. An independent mailbox, internally established and publicly announced, to allow company insiders to submit reports. 2. Dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

Article	After The Revision	Before The Revision
	<p>necessary, a case shall be reported to the competent authority or referred to the judicial authority.</p> <p>3.4. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4.5. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</p> <p>5.6. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6.7. Whistle-blowing incentive measures.</p>	<p>3. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.</p> <p>4. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>6. Whistle-blowing incentive measures.</p>
Article 28	<p>These Principles were drafted on March 25, 2011.</p> <p>These Principles were revised on July 30, 2015.</p> <p>These Principles were revised on August 12, 2019.</p>	<p>These Principles were drafted on March 25, 2011.</p> <p>These Principles were revised on July 30, 2015.</p>

Attachment 6: Comparison Table of the Rules of Procedure for Shareholder Meetings

Article	After The Revision	Before The Revision
Article 5	<p>1. Unless otherwise provided by law, the company’s shareholder meetings shall be convened by the board of directors.</p> <p>2. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.</p> <p>3. The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement.</p> <p>4. Election or dismissal of directors, amendments to the articles of incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new</u></p>	<p>1. Unless otherwise provided by law, the company’s shareholder meetings shall be convened by the board of directors.</p> <p>2. The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and its shareholder services agent as well as being distributed on-site at the meeting place.</p> <p>3. The reasons for convening a shareholders’ meeting shall be specified in the meeting notice and public announcement.</p> <p>4. Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and 60-2 of the Regulations Governing the</p>

Article	After The Revision	Before The Revision
	<p><u>shares</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act or Articles 26-1 and 43-6 of the Securities and Exchange Act or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders. None of the above matters may be raised by an extraordinary motion. <u>The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p> <p><u>5. If the meeting notice has specified the re-election of directors and the date they assumed their duties, as the re-election is completed on the shareholders' meeting, resolution of assuming date should not be changed by means of an extraordinary motion or other means in the same meeting.</u></p> <p>5.6. <u>A shareholder holding 1 percent or more of the total number of issued shares may submit to the company a written</u> proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. <u>However, a shareholder proposal proposed for urging the company to promote public interests or fulfill its social responsibilities may still be included by the board of directors.</u> In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>6.7. <u>Prior to the book closure date before a</u></p>	<p>Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> <p>5. A shareholder holding 1 percent or more of the total number of issued shares may submit to the company a written proposal for discussion at a regular shareholders meeting. Such proposals are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.</p> <p>6. Prior to the book closure date before a</p>

Article	After The Revision	Before The Revision
	<p>regular shareholders meeting is held, the company shall publicly announce that it will receive shareholder proposals <u>in writing or by way of electronic transmission</u>, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>7.8. Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>	<p>regular shareholders meeting is held, the company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.</p> <p>7. Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.</p>
Article 12	<ol style="list-style-type: none"> 1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. <u>Relevant proposals (including the extraordinary motions or amendment of the existing proposals) shall be resolved case by case.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. 2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. 3. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the 	<ol style="list-style-type: none"> 1. If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. 2. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. 3. The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the

Article	After The Revision	Before The Revision
	<p>shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>4. The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and, <u>call for a vote, and arrange an adequate time to vote.</u></p>	<p>shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chairman in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>4. The chairman shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairman is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairman may announce the discussion closed and call for a vote.</p>
Article 15	<p>1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.</p> <p>2. When the company holds a shareholders' meeting, it <u>shall adopt electronic voting and</u> may allow the shareholders to exercise voting rights by correspondence or electronic means <u>in writing</u>. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p>	<p>1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.</p> <p>2. When the company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</p>
Article 17	<p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The</p>	<p>1. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The</p>

Article	After The Revision	Before The Revision
	<p>meeting minutes may be produced and distributed in electronic form.</p> <p>2. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.</p> <p>3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations, and their <u>the voting</u> results <u>(including the weighted voting)</u>. <u>When an election of directors is held, the number of weighted votes each candidate wins shall be disclosed,</u> and <u>The meeting minutes</u> shall be retained for the duration of the existence of the company.</p>	<p>meeting minutes may be produced and distributed in electronic form.</p> <p>2. The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the Market Observation Post System.</p> <p>3. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairman’s full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the company.</p>
Article 22	<p>These rules were established on 3 May 2005.</p> <p>These rules were amended on 28 May 2015.</p> <p><u>These rules were amended on 27 May 2020.</u></p>	<p>These rules were established on 3 May 2005.</p> <p>These rules were amended on 28 May 2015.</p>

Attachment 7: Comparison Table of the Procedure for Acquisition or Disposal of Assets

Article	After The Revision	Before The Revision
Article 16	The company shall not give up capital increase in any future year for Sheng Huei International Co., Ltd., Nova Technology Corp., or Ho Shou Her Suo Engineering Co., Ltd. or Ho Shou Her Suo Engineering Co., Ltd. or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.	The company shall not give up capital increase in any future year for Sheng Huei International Co., Ltd., Nova Technology Corp., Ho Shou Engineering Co., Ltd. or Nova Technology Singapore Pte., Ltd. If the company must abandon the capital increase for the above companies or disposes of the above companies due to consideration for strategic alliance or other consideration with the approval of the Gre-Tai Securities Market, approval shall be required by special resolution of the board of directors of the company.
Article 21	This procedure was established on 3 May 2005... This procedure was amended on 29 May 2019. This procedure was amended on 27 May 2020.	This procedure was established on 3 May 2005... This procedure was amended on 29 May 2019.