



ACTER GROUP CORPORATION LIMITED

2023 Annual Report

Notice to readers

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

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

2023 annual report is available at: <https://www.acter.com.tw>

Printed on February 29, 2024

Spokesperson

Name: Liang, Chun-Wei

Title: Special Assistant to the Chairman

Tel: 886-4-2258-1516

E-mail: invest@acter.com.tw

Deputy Spokesperson

Name: Chen, Chung-Sheng

Title: Manager

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

E-mail: invest@acter.com.tw

Headquarters, Branches and Plant

Headquarters

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

Tel: 886-4-2261-5288

Stock Transfer Agent

Firm : KGI Securities Registry and Transfer Department

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

Tel: 886-2-2389-2999

Website: www.kgiworld.com.tw

Auditors

CPA Firm : KPMG

Auditors : Chen, Cheng-Hsueh and Lu, Chien-Hui

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

Tel: 886-2-8101-6666

Website: www.kpmg.com.tw

Overseas Securities Exchange : None.

Corporate Website : <https://www.acter.com.tw>

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I. Letter to Shareholders

i. Preface

Dear Shareholders,

Thanks to all shareholders' support and encouragement during the past year. Acter develops its business through its Multi-Industries, Multi-Regions and Multi-type of Engineering Work strategic, adopts vertical division and horizontal integration and diversified talent cultivation layout, creates a competitive advantage, achieves the second-highest revenue for the same period in history in 2023. Looking forward to 2024, the company's management team will continue to actively face challenges and go all out to seek and contribute the greatest benefit to shareholders, employees and related parties of the company. The business performance in the previous year as well as this year's operating prospects is as follows:

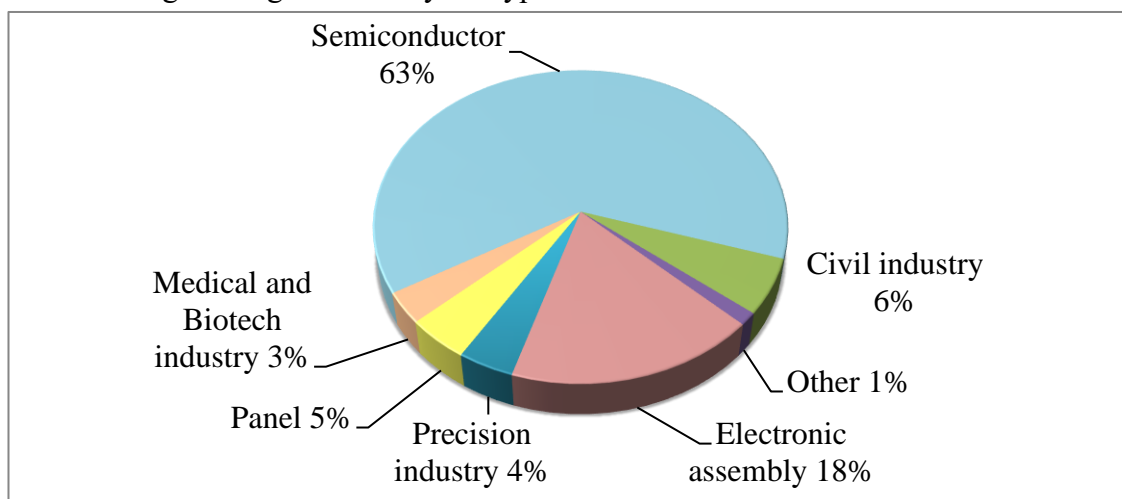
ii. Business Report

1. 2023 Business results

(1) Business plan implementation results

Acter group continues to optimize the efficiency of project, accurate control the material delivery schedule, modularize the production workflow, satisfy the project complete schedule of the diverse scale projects for the Cleanroom and Electro-Mechanical Integration Engineering from the main clients of diverse industries. In addition, the implementation of the semiconductor and high-tech electronic industries' localized production base strategy has created a favorable order visibility for the group, boosting overall revenue performance. Consolidated revenue of 2023 achieves NTD 25.06 billion, hitting the second-highest record for the same period in history. In terms of profitability, the net profit after tax amounted to NTD 1.84 billion, which represents a 5% decrease compared to last year.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2023	2022	%
Operating revenue	25,060,741	28,262,385	(11.33)
Operating cost	20,142,993	23,484,234	(14.23)
Gross profit	4,917,748	4,778,151	2.92
Operating expenses	1,653,927	1,455,622	13.62
Operating income	3,263,821	3,322,529	(1.77)
Non-Operating income and expenses	252,180	97,417	158.87

Items	2023	2022	%
Income before income taxes	3,516,001	3,419,946	2.81
Tax expense	916,428	920,610	(0.45)
Income after income taxes	2,599,573	2,499,336	4.01
Income after income taxes - attributable to owners of parent	1,838,104	1,933,122	(4.92)

(2) State of budget implementation

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

(3) Financial structure and profitability

Items		2023	
Financial structure	Ratio of liabilities to assets (%)	52.56	
	Ratio of long-term capital to fixed assets (%)	1,868.67	
Solvency	Current ratio (%)	185.77	
	Quick ratio (%)	125.92	
Profitability	Return on total assets (%)	9.60	
	Return on stockholders' equity (%)	21.76	
	Ratio to issued capital (%, Note1)	Operating income	37.03
		Pre-tax income	39.90
	Profit ratio (%)	10.37	
Earnings per share (\$, Note2)	15.03		

Note1: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent.

Note2: The company's par value per share is NT\$5.

(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 and innovative project management effectiveness. Descriptions are provided as follows:

I. Technology patent development

The group keeps acquiring patents; most of them relating to construction methods, applications and new materials, and software programming of a chemical equipment supply system. Analyze industry and technology trends in order to find R&D items that can facilitate corporate or industrial development and have market value. Make a strategic deployment to continuously obtain patents for engineering core technologies.

II. Talent cultivation and academia-industry cooperation

The company has comprehensive on-the-job training programs in place to help employees develop skills required, and works with scholars to explore new innovations. The company establish a long-term industry-academia partnership with Taipei Tech, NYUST, NKUST, NCUT and FCU for joint developments, and has achieved outstanding results in talent cultivation and academia-industry cooperation.

III. Energy-saving technologies

In light of rising global emphasis on energy-saving, green and low-carbon lifestyles, the group continues to conduct research into and develop environmental protection related engineering technology and products, develop high-efficiency eco-friendly facilities and energy management technologies, enhance the energy efficiency of energy consumption products, facilitate its integration with intelligent system, and optimize the control, optimize the application of energy-saving technology with our know-how in the field, and build a production environment with more efficient technologies to assist the industry in transformation to net zero emissions.

IV. Continued Developments in Respective Engineering Aspects

- i. In utilization of the technical capability of established Building Information Modeling (BIM) - Revit of Company, take one step further into the Digital Twin application technology for air conditioning system which applies the digital computing and simulation technology in design and construction process so that the design efficiency, optimization design, construction efficiency and efficiency optimization of system energy is improved; the system balance and performance validation is assisted during the completion acceptance process so that the acceptance efficiency is improved; in the operation phase, the BIM, energy model, environmental control model, and monitoring system of physical and digital systems is integrated to perform the system operation management, system predictive maintenance diagnosis, faults diagnosis, operation optimization analysis, and artificial intelligence mechanical learning so that the risk of unanticipated faults is reduced, the operating costs is decreased, and the system energy efficiency is improved.
- ii. To solve the time-consuming and complicated modeling and calculation issues of air conditioning design engineers in the design stage, the Building Information Modeling (BIM) of Revit and energy simulation technology is integrated and utilized by external computer programs so that the system design calculation report will be produced automatically through the automation database connection mechanism between the system design data, which not only can assist the air conditioning design engineers to complete air conditioning design volume calculations efficiently but also perform the value engineering analysis such as energy efficiency and cost optimization calculations.
- iii. The adoption of illuminance simulation software-aided lighting design ensures that the number of installed lighting fixtures matches actual needs, while achieving the goal of minimal deviations and reduced energy consumption.
- iv. Construction automation: The adoption of steel reinforcement cages enhances structural accuracy as well as construction quality and shortens construction period. Establish the same-layer drainage technology.
- v. Import the 3D drawing and cooperate with the 3D online platform to improve the quality and efficiency of the project, reduce the correction and adjustment time required for the follow-up pipeline overlay conflicts, and import the ISOGEN software to save time costs, establish the pipeline ISO diagram, so that the pipeline can be factory preset to reduce waste and reduce carbon emissions.

2. Summary of business plan for 2024

(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. Strengthen corporate governance, enhance enterprise culture and sustainable development
- II. Rooting deeply in this industry, continuously optimize engineering capabilities, provide a diverse, multi-project integrated engineering service, and strive to use core skills to help companies achieve carbon neutrality, pursue a better future
- III. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, improve investment efficiency, and expand industrial integration
- 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, satisfying the demand for a cross-disciplinary project service with integration system, and expanding industrial integration. As for internal operations, managing the company's integral resources is vital in providing the best and efficient solutions for customers.

(3) Major production and sales policies

Acter provides rapid and flexible integration of services specializing in engineering and technology. It is a comprehensive turnkey service company that handles design and planning, construction, engineering supervision, maintenance after completion and transfer. Acter services offer vertical and 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 vertical and horizontal integration and continuous development. The content of service and professional engineering method were improved to keep pace with progress. It has continued to expand its service stations given the increasing demand of customers. In order to approach its customers and provide real-time service, Acter service stations are situated all over Taiwan, Mainland China and Southeast Asia.

Engineering system integration service is the core business of Acter. Therefore, when facing the challenges by climate change and industrial transformation, Acter will dedicate to the research and development of innovative green technology. Not only provides customers energy-saving and green eco-friendly economical engineering solutions from the technology end, but also integrates our professional skills, knowledge and experiences to, through cooperation with our subcontractors, build “high value, low power consumption and low pollution” quality spaces. We commit more effort to bring customers more general ideas of green sustainability and responsible services. In the global promotion of ESG and carbon neutrality, with the role of the driver of green project, Acter assists customers to achieve carbon neutrality and pursue a better future together.

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 creates value engineering for customers through various contracting opportunities, utilizing its expertise, innovative technologies, and specialized methods to effectively reduce the equipment life cycle costs for customers. In addition, it reduces overhead expense and engineering construction risks. It also forms a stable and cooperative relationship with suppliers, manages quality, strengthens cost control to enhance competitive advantage in bidding. Meanwhile, it develops related business of energy-saving which will not only provide better services for its customers but also contribute to the overall industry environment.

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

In the macro business environment, the SEMI predicts that the market will regain growth by 2024. In addition, the trend of advanced packaging continues. The visibility into future factory constructions is high. Many existing factories currently lag behind international standards. In the future, there will be a shift towards high value, low energy consumption, and low pollution models, creating opportunities for re-layout. Besides, as demonstrated in the 28th Conference of Parties (COP28) of the United Nations Framework Convention on Climate Change, achieving net-zero emissions is imminent. Leveraging its expertise in

green engineering, Acter aims to provide clients with a broader range of services aligned with green sustainability principles. Those trends are beneficial to Acter's performance.

5. Sustainability

Oriented to "implementing the ESG spirit and developing green business", Acter is absorbed in the core business and industrial innovation. By linking United Nation's Sustainable Development Goals (SDGs), and our core competence, Acter has not only established a responsible supply chain and built a diverse and tolerant workplace, but also been promoting green low-carbon engineering, cultivating industrial talents, attentive to the disadvantaged minority. It is our aspiration to create shared value for the society and win more reputation points with an excellent and sustainable corporate governance approach.

In the future, we will continue to work hard on sustainable development and cooperate with our partners and stakeholders to make the greatest contribution to the bring a positive development to the environment, society and economy.

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

Sincerely yours,

Chairman: Liang, Chin-Li

General Manager: Lai, Ming-Kun & Wang, Chun-Sheng

Accounting Supervisor: Chen, Chung-Sheng

II. Company Profile

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

ii. **Company History**

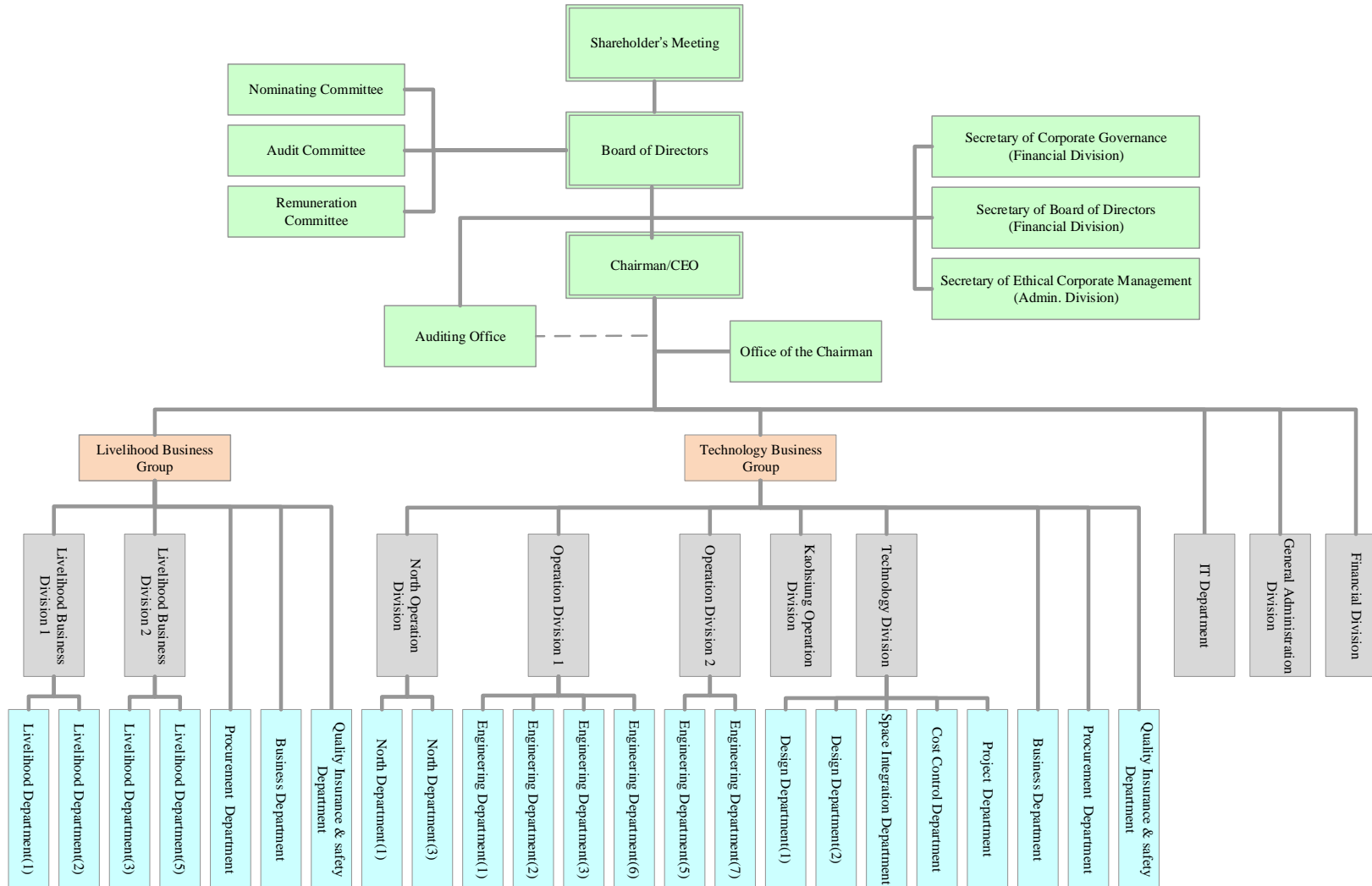
Year	Milestones
1979	1. Acter Co., Ltd. was established on Taiyuan North Road, Taichung City, Taiwan with a paid-in capital of NT\$ 10 million.
1992	1. Increased paid-in capital to NT\$20 million.
1993	1. Increased paid-in capital to NT\$50 million.
1999	1. Received ISO 9001 certification.
2002	1. Changed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

Year	Milestones
	4. The office was moved to Sec. 2, Wenxin Rd., Taichung City, Taiwan.
2017	<ol style="list-style-type: none"> 1. Canceled 84,000 shares of New Restricted Employee shares that fail to meet the vesting conditions. Therefore, paid-in capital changed to NT\$471,528,190. 2. Subsidiary Nova Technology Corp. was approved for being listed on over-the-counter market. 3. SCEC (Shanghai) Corp. and SCEC (Suzhou) Corp. were liquidated and canceled.
2018	1. Canceled 23,000 shares of New Restricted Employee shares that fail to meet the vesting conditions and issued dividends stocks for 7,072,923 new shares. Therefore, paid-in capital changed to NT\$542,027,420.
2019	<ol style="list-style-type: none"> 1. Disposed whole shares of Global One Source Life Sciences Co. Ltd. 2. Acter Engineering Co., Ltd. (Myanmar) was liquidated. 3. The company changed its english name to ACTER GROUP CORPORATION LIMITED. 4. Canceled 16,000 shares of New Restricted Employee shares that fail to meet the vesting conditions. Therefore, paid-in capital changed to NT\$541,867,420. 5. Subsidiary Sheng Huei (Suzhou) Engineering Co., Ltd. changed its type of organization and renamed to Acter Technology Integration Group Co., Ltd. 6. Acter Technology Co., Ltd. and Space Engineering Co., Ltd. were established in Thailand.
2020	<ol style="list-style-type: none"> 1. Issued the 1st domestic unsecured convertible bond. (Code: 55361) 2. Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd was liquidated.
2021	<ol style="list-style-type: none"> 1. Issued 3,000,000 shares through cash capital increase and increased paid-in capital to NT\$571,867,420. 2. Subsidiary Nova Technology Corp. acquired 51.31% of the shares of RAYZHER INDUSTRIAL CO., LTD. 3. Subsidiary Nova Technology Singapore Pte. Ltd. renamed to Acter Technology Singapore Pte. Ltd. 4. Subsidiary Nova Technology Malaysia Sdn. Bhd. renamed to Acter Technology Malaysia Sdn. Bhd. 5. Subsidiary Pt.Novamex Indonesia renamed to PT Acter Technology Indonesia.
2022	<ol style="list-style-type: none"> 1. Par value per share of the company and subsidiary Nova Technology Corp. was changed from NT\$10 to NT\$5. 2. Subsidiary Acter Technology Integration Group Co., Ltd. officially listed on the Shanghai Stock Exchange. 3. The conversion of the domestic unsecured convertible bond increased paid-in capital to NT\$574,673,115.
2023	<ol style="list-style-type: none"> 1. The conversion of the domestic unsecured convertible bond increased paid-in capital to NT\$620,404,650. 2. Subsidiary Suzhou Winmax Technology Corp. changed its Chinese name. 3. Subsidiary RAYZHER INDUSTRIAL CO., LTD.' application for initial public offering and being listed on an emerging stock market were approved. 4. PT Acter Integration Technology Indonesia, DADEWIN TECHNOLOGY CORP. and Hengji Construction Corporation Limited were established. 5. Subsidiary Acter Technology Integration Group Co., Ltd. acquired the shares of Jiangsu Dianze Construction Engineering Co., Ltd. and carried out a merger.

III. Corporate Governance Report

i. Organization

1. Organization Chart



2. Major Corporate Functions

Department	Functions
Office of the Chairman	<ol style="list-style-type: none"> 1. Investor communications and investor conference meeting arrangement. 2. Announce material information and serve as spokesman. 3. Assist the Chairman in evaluating decision-making and subsidiary operational risk management. 4. Coordination and integration of other matters and related resources assigned by the chairman.
Auditing Office	<ol style="list-style-type: none"> 1. Conducts inspection and evaluates internal controls within various departments. 2. Assists subsidiaries with internal audit tasks. 3. Evaluates the robustness of internal control systems and related policies. Determines whether the internal control systems continue to be effective, and assesses the progress made by each department, while offering suggestions to improve the company's operations. 4. Risk management.
Livelihood Business Group	<ol style="list-style-type: none"> 1. Develops construction services and equipment related to living spaces.
Livelihood Business Group Livelihood Business Division 1 and Livelihood Business Division 2	<ol style="list-style-type: none"> 1. Provides construction services needed for the creation of domestic living spaces, from planning, design, work supervision, to turnkey solutions. 2. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO9001 quality management system. 3. Responsible for the development and auditing of a Work Safety and Environmental Protection Center, and ongoing improvements to the ISO14001/ ISO45001 system. 4. Develops engineering methods. 5. Designs, plans, and produces charts on the piping, wiring, and air conditioning of domestic living spaces, and designs electromechanical engineering projects.
Livelihood Business Group Business Department	<ol style="list-style-type: none"> 1. Responsible for marketing, customer development, and business promotion in relation to the construction of domestic living spaces. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Livelihood Business Group Procurement Department	<ol style="list-style-type: none"> 1. Responsible for the purchasing and warehousing of materials, equipment and tools for the Livelihood Business Group. 2. Develops a robust supplier system that facilitates order tracking and strategic purchases.
Livelihood Business Group Quality Insurance & safety Department	<ol style="list-style-type: none"> 1. Enhances employees' safety and health within the company; implements an ISO45001-compliant occupational health and safety system. 2. Improves environmental management within the company; implements an ISO14001-compliant environmental management system. 3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO9001 quality management system.
Technology Business Group	<ol style="list-style-type: none"> 1. Provides construction services equipment related to the technology industries.
Technology Business Group North Operation Division, Operation Division 1, Operation Division 2 and South Operation Division	<ol style="list-style-type: none"> 1. Constructs cleanrooms for local high-tech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 2. Constructs cleanrooms for the local biotech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 3. Implementation of a GMP document management system.

Department	Functions
Technology Business Group Technology Division	<ol style="list-style-type: none"> 1. Develops engineering methods. 2. Designs, plans, and produces charts on the layout of industrial cleanrooms, and designs electromechanical engineering projects.
Technology Business Group Business Department	<ol style="list-style-type: none"> 1. Responsible for marketing, customer development, and business promotion of local industry construction projects. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Technology Business Group Procurement Department	<ol style="list-style-type: none"> 1. Responsible for the purchasing and warehousing of materials, equipment, and tools related to the Technology Business Group. Develops a robust supplier system that facilitates order tracking and strategic purchasing. 2. Handles processes such as import, export, and bonded warehouses.
Technology Business Group Quality Insurance & safety Department	<ol style="list-style-type: none"> 1. Enhances employees' safety and health within the company; implements an ISO45001-compliant occupational health and safety system. 2. Improves environmental management within the company; implements an ISO14001-compliant environmental management system. 3. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO9001 quality management system. 4. Improves energy management within the company; implements an ISO50001-compliant energy management system.
IT Department	<ol style="list-style-type: none"> 1. Development and management of information systems and networks. 2. Responsible for the development, maintenance and management of various information systems and databases. 3. Software access control and maintenance. 4. Management and development of cyber security, data protection mechanism for information systems and authority control.
Financial Division	<ol style="list-style-type: none"> 1. Board Secretary. 2. Bookkeeping, cost analysis, financial statement analysis. 3. Supervision and management of subsidiary's financial matters. 4. Management of the activities for acquiring or disposing of assets, engaging in derivatives transactions, extending loans to others and granting endorsements or guarantees for others. 5. Supervision and management of subsidiary's processes for making changes in accounting policies and estimates. 6. Financial analysis and planning. 7. Funding. 8. Customer credit assessment. 9. Regulatory reporting, announcements and share administration. 10. Budget control. 11. Promote corporate governance. 12. Investor Relationship.
General Administration Division	<ol style="list-style-type: none"> 1. Human resources management. 2. Employee training management and planning. 3. Document management. 4. Administrative work for construction projects. 5. General affairs. 6. Legal affairs management. 7. Secretary of Corporate Sustainability Committee. 8. Secretary of ethical corporate management.

ii. Directors and Management Team

1. Directors

January 21, 2024

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director (Note1)	R.O.C.	Liang, Chin-Li	Male 61~70 years old	Jul. 23, 2021	3	Jun. 19, 2008	2,299,867	4.02	4,609,734	3.72	236,810	0.19	0	0.00	<ul style="list-style-type: none"> ■ EMBA, National Chiao Tung University ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech 	<ul style="list-style-type: none"> ■ CEO, ACTER GROUP CORPORATION LIMITED ■ Chairman, Her Suo Eng., Co., Ltd.* ■ Chairman, Nova Technology Corp. ■ Chairman, Acter Technology Integration Group Co., Ltd. ■ Director, Sheng Hwei (Shenzhen) Engineering Co., Ltd.* ■ Director, Shenzhen Dingmao Trade Co., Ltd.* ■ Director, Sheng Hwei International Co. Ltd.* ■ Director, Acter International Limited* ■ Director, New Point Group Limited* ■ Director, Acter Technology Singapore Pte. Ltd.* ■ Director, Acter Technology Malaysia Sdn. Bhd.* ■ Chairman, Winmax Technology Corp.* ■ Director and CEO, Enrich Tech Co., Ltd.* ■ Chairman, Winmega Technology Corp.* ■ Chairman, Suzhou Winmax Technology Corp.* 	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															<ul style="list-style-type: none"> ■ Director, Novatech Engineering & Construction Pte. Ltd.* ■ Director, Sheng Hwei Engineering Technology Company Limited* ■ Chairman, Acter Technology Co., Ltd.* ■ Director, Waste Recovery Technology Inc. ■ Chairman, Rayzher Industrial Co., Ltd. ■ Chairman, Hengji Construction Corporation Limited* ■ Director, PT Acter Integration Technology Indonesia* 				
Director	R.O.C.	Yang, Jung-Tang	Male 61~70 years old	Jul. 23, 2021	3	Feb. 19, 1979	1,047,074	1.83	2,094,148	1.69	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ EMBA, Tunghai University ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech 	<ul style="list-style-type: none"> ■ Director, Xiang-Hui Development Co., Ltd.* ■ Chairman, Johnwell Airconditioning Enterprise Co., Ltd.* ■ Director, Sheng Hwei International Co. Ltd.* ■ Director, New Point Group Limited* ■ Director, Season Arts Education Foundation. ■ Supervisor, Suzuka Chemical Co., Ltd.* 	None	None	None
Director	R.O.C.	Hu, Tai-Tsen	Male 71~80 years old	Jul. 23, 2021	3	June 16, 2009	1,303,589	2.28	2,607,178	2.10	43,608	0.04	0	0.00	<ul style="list-style-type: none"> ■ EMBA, Tunghai University ■ Department of Electrical Engineering - Refrigerating and 	<ul style="list-style-type: none"> ■ Director, Sheng Hwei International Co. Ltd.* ■ Director, New Point Group Limited* ■ Director, Lishan Hotel 	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> Air-conditioning, Taipei Tech ▪ Honorary Member, The Phi Tau Phi Scholastic Honor Society of the Republic of China ▪ Lecturer, Department of Electrical Engineering, National Chin-Yi University of Technology ▪ Executive Director. Taiwan Refrigerator and Air-Conditioning Association of Republic of China ▪ Jury for Technical Examination of Refrigeration and Air Conditioning Repair Technician by the Ministry of Internal Affairs 	Corporation*				
Independent Director	R.O.C.	Yeh, Hui-Hsin	Female 51~60 years old	Jul. 23, 2021	3	May 28, 2015	3,593	0.01	7,186	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> ▪ Bachelor Degree in Accounting, Tunghai University ▪ Partner CPA, Ernst & Young Global Limited 	<ul style="list-style-type: none"> ▪ Representative, Wei Chin CPAs & Co. ▪ Independent Director, Data Image Corporation ▪ Independent Director, Simula Technology Inc. ▪ Director, Wei Xin Financial Consultancy Co., Ltd.* 	None	None	None
Independent Director	R.O.C.	Yang, Qian	Male 71~80 years old	Jul. 23, 2021	3	May 28, 2015	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> ▪ Doctor of Computer Science, Washington University, USA ▪ Master of Computer Science, Georgia Institute of Technology, USA 	<ul style="list-style-type: none"> ▪ Honorary Professor, Institute of Business and Management, National Chiao Tung University ▪ Member, Employee Complaint Deliberation 	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> ■ Master of Management Science, National Chiao Tung University ■ Bachelor of Electronics Engineering, National Chiao Tung University ■ Professor and Dean, Institute of Business and Management, National Chiao Tung University ■ Consultant, Chairman Office, Hon Hai Precision Inc. Co., Ltd. ■ Member, Endowment Fund Committee, National Chiao Tung University ■ Member, Operation Fund Committee, National Chiao Tung University 	<ul style="list-style-type: none"> ■ Committee, Industrial Technology Research Institute ■ Director, Chia Chang Co., Ltd. ■ Independent Director, Aspeed Technology Inc. ■ Independent Director, Associated Industries China, Inc. ■ Independent Director, Mars Semiconductor Corp. 				
Independent Director	R.O.C.	Wang, Mao-Rong	Male 71~80 years old	Jul. 23, 2021	3	May 28, 2015	5,676	0.01	12,000	0.01	14,790	0.01	0	0.00	<ul style="list-style-type: none"> ■ Master, Institute of Management of Technology, National Chiao Tung University ■ Refrigerating Air-conditioning Division, College of Mechanical & Electrical Engineering, National Taipei University of Technology ■ Consultant of Energy-saving Department and Senior Manager, Gigatek Inc., J-POWER SYSTEM 	<ul style="list-style-type: none"> ■ Person in Charge, MJ Energy Master* ■ Supervisor, Compresses Air Energy Saving Co., Ltd.* ■ Supervisor, Sancai Technology Co., Ltd.* 	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														ENGINEERING, Compresses Air Energy Saving, FRMSL, DELTA, TAIRONE, and YC <ul style="list-style-type: none"> ■ Industrial Technology Research Institute Laboratory Director and Promotion Manager ■ Great United Technicians Firm, Person in Charge ■ Top 10 Outstanding Engineer Award (Year 1996) ■ Refrigeration and air-conditioning engineer (Senior Examinations) ■ Adjunct Lecturer, National Chin-Yi University of Technology and Ming Chi University of Technology ■ Executive Director, Carl Duisberg Association in Taiwan and TAESCO 					
Independent Director	R.O.C.	Huang, Tzu-Pei	Female 41~50 years old	Jul. 23, 2021	3	Jul. 23, 2021	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Master, School of Law, National Chiao Tung University ■ Bachelor of Financial Law, College of Law, National Taiwan University ■ Consultant lawyer, Taipei City Government ■ Consultant lawyer, Taiwan Union of Nurses Association 	<ul style="list-style-type: none"> ■ Lawyer, Meridian Attorneys-at-Law 	None	None	None

Title	Nationality / Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note2)		Spouse & Minor Shareholding (Note2)		Shareholding by Nominee Arrangement (Note2)		Experience (Education)	Other Position (Those marked with * are non-public company.)	Executives or Directors who are spouses or within two degrees of kinship			
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														<ul style="list-style-type: none"> ■ Consultant lawyer, labor unions of Cheng Hsin General Hospital ■ Arbitrator, Chinese Arbitration Association, Taipei ■ Committee member, Parliament Coordination Committee of Taiwan Bar Association 						

Note1: Based on the group's organizational integration and business needs, the company's chairman also serves as the chief executive officer, responsible for the promotion and execution of the group's operating plans. The President, on the other hand, will focus on managing the operations of Acter itself. The CEO and the President will exercise their respective responsibilities and roles, implementing a clear division of management and maximizing the functionality of the organization. The chairman's full understanding of the company's operation and development policies helps the board of directors quickly grasp the company's operating status. At the same time, in order to maintain the objectivity and independence of the board of directors, only one director concurrently serves as the company's officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.

Note2: The change in par value per share from NT\$10 to NT\$5 was approved by the Ministry of Economic Affairs by the Letter Jing So Shang Zi No.11101100840 dated June 24, 2022 and was further approved by TPEX by the Letter Zheng-Gui-Jian No.1110006888 dated July 1, 2022. Original shares were replaced with new shares on Sep. 19, 2022.

2. Major shareholders of the institutional shareholders : Not applicable

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

Name	Qualification	Professional qualifications and experience (Note1)	Independence analysis				No. of other public companies at which the person concurrently serves as an independent director
			Did independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?	The number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees)		Do independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?	
			Shares	%			
Liang, Chin-Li	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Yang, Jung-Tang	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Hu, Tai-Tsen	Possess working experience related to refrigeration and air-conditioning; Not been a person of any conditions defined in Article 30 of the Company Law.		Not applicable				None
Yeh, Hui-Hsin	Possess an accountant's license and is currently the representative of Wei Chin CPAs & Co.; Not been a person of any conditions defined in Article 30 of the Company Law.	No	9,686	0.01	No	None	2

Name	Qualification Professional qualifications and experience (Note1)	Independence analysis				No. of other public companies at which the person concurrently serves as an independent director	
		Did independent director or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?	The number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees)		Do independent director serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?		The amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.
			Shares	%			
Yang, Qian	Have more than five years of work experience as a lecturer in colleges and universities; Not been a person of any conditions defined in Article 30 of the Company Law.	No	0	0.00	No	None	3
Wang, Mao-Rong	Possess a license of refrigeration and air-conditioning engineer (Senior Examinations) and working experience related to the company's business; Not been a person of any conditions defined in Article 30 of the Company Law.	No	26,790	0.02	No	None	None
Huang, Tzu-Pei	Possess an attorney's license; Not been a person of any conditions defined in Article 30 of the Company Law.	No	0	0.00	No	None	None

Note1: Please refer to page 12~17 for each director's experience and education.

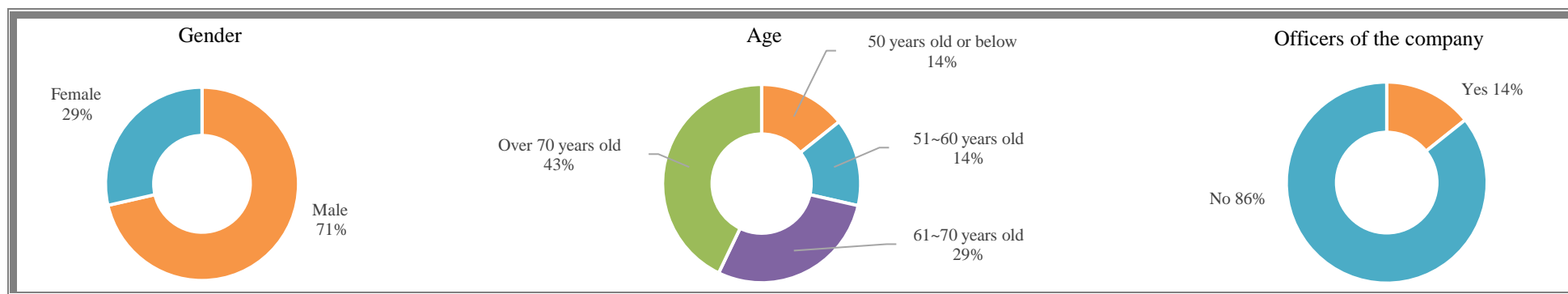
4. Diversity and independence of the board of directors

(1) Diversity of the board of directors

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

The company’s specific diversification goals and achievement status are as follows:

Policy on diversity	Goal	Achievement
Expertise, skills, experience	The board members shall possess professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience	Achieved, the board members are professionals in the fields of engineering, accounting, law and operation management, with professional capabilities and relevant experience
Gender	Increase the number of female directors by one directorship	Achieved, the company has two female directors, an increase of one female director over the previous term.
Age	Average age of all directors not exceed 65 years old	Achieved, average age of all directors is 64 years old.
Standards of independence	Directors concurrently serve as company officers not exceed one-third of the total directorships, independent directors shall exceed one-third of the total directorships, and the consecutive terms for independent directors shall not exceed three terms.	Achieved, only one director concurrently serves as the company’s officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.



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

The board is comprised of members from a variety of backgrounds, genders and skills. Members have been chosen based on the development needs of the company. All directors have the academic background and experience necessary to enable the board's decision and supervisory capacity. Please refer to page 12~17 for their experience and education.

(2) Independence of the board of directors

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

5. Management Team

January 21, 2024

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO (Note1)	R.O.C.	Liang, Chin-Li	Male	Jul. 01, 2011	4,609,734	3.72	236,810	0.19	0	0.00	<ul style="list-style-type: none"> ▪ EMBA, National Chiao Tung University ▪ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech 	<ul style="list-style-type: none"> ▪ Chairman, Her Suo Eng., Co., Ltd. ▪ Chairman, Nova Technology Corp. ▪ Chairman, Acter Technology Integration Group Co., Ltd. ▪ Director, Sheng Huei (Shenzhen) Engineering Co., Ltd. ▪ Director, Shenzhen Dingmao Trade Co., Ltd. ▪ Director, Sheng Huei International Co. Ltd. ▪ Director, Acter International Limited ▪ Director, New Point Group Limited ▪ Director, Acter Technology Singapore Pte. Ltd. ▪ Director, Acter Technology Malaysia Sdn. Bhd. ▪ Chairman, Winmax Technology Corp. ▪ Director and CEO, Enrich Tech Co., Ltd. ▪ Chairman, Winmega Technology Corp. ▪ Chairman, Suzhou Winmax Technology Corp. ▪ Director, Novatech Engineering & Construction Pte. Ltd. ▪ Director, Sheng Huei Engineering Technology Company Limited ▪ Chairman, Acter Technology Co., Ltd. ▪ Director, Waste Recovery Technology Inc. ▪ Chairman, Rayzher Industrial Co., Ltd. 	None	None	None

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
												<ul style="list-style-type: none"> ■ Chairman, Hengji Construction Corporation Limited ■ Director, PT Acter Integration Technology Indonesia 			
President	R.O.C.	Lai, Ming-Kun	Male	Sep. 28, 2018	461,982	0.37	38,006	0.03	0	0.00	<ul style="list-style-type: none"> • EMBA, National Taiwan University of Science and Technology ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech ■ Vice President, Hao-Han Chung-Hsiao Engineering Co., Ltd. 	None	None	None	None
President	R.O.C.	Wang, Chun-Sheng	Male	Sep. 28, 2018	182,424	0.15	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ EMBA, Feng Chia University ■ Department of Electrical Engineering, Taipei Tech ■ Engineer, San-Chun Engineering Limited 	<ul style="list-style-type: none"> ■ Director, Enrich Tech Co., Ltd. ■ Supervisor, Her Suo Eng., Co., Ltd. 	None	None	None
Vice President	R.O.C.	Chang, Ri-Dong	Male	Sep. 28, 2018	228,750	0.18	111,145	0.09	0	0.00	<ul style="list-style-type: none"> ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech ■ Assistant Vice President, Chin Chan Air-conditioning Co., Ltd. 	<ul style="list-style-type: none"> ■ Director, Her Suo Eng., Co., Ltd. 	None	None	None
Vice President	R.O.C.	Chen, Yuan-Pi	Male	Sep. 28, 2018	142,734	0.12	658	0.00	0	0.00	<ul style="list-style-type: none"> ■ EMBA, Feng Chia University ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech 	None	None	None	None
Vice President	R.O.C.	Lee, Ming-Chih	Male	Sep. 28, 2018	28,000	0.02	37,419	0.03	0	0.00	<ul style="list-style-type: none"> ■ Master Degree in Refrigeration, Air Conditioning and Energy Engineering, National Chin-Yi University of Technology ■ Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech ■ Technician for freezing & air condition engineering 	None	None	None	None

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship				
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
											<ul style="list-style-type: none"> ■ Assistant Vice President, Chin Chan Air-conditioning Co., Ltd. 						
Assistant Vice President	R.O.C.	Li, Po-Sheng	Male	Sep. 24, 2009	868,534	0.70	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Department of Refrigerating and Air-conditioning, Fu-Hwa Senior High School ■ Vice Section Manager, Gongshan Air-conditioning and Refrigerating Co., Ltd. 	None	None	None	None	None	None
Executives of Financial Division (Assistant Vice President) (Note2)	R.O.C.	Tsao, Yun-Han	Female	Sep. 24, 2009	234,844	0.19	35,572	0.03	0	0.00	<ul style="list-style-type: none"> ■ Master Degree in Accounting and Information Technology, National Chung Cheng University ■ Audit Officer, Forhouse Corporation 	<ul style="list-style-type: none"> ■ Supervisor, Enrich Tech Co., Ltd. ■ Supervisor, Hengji Construction Corporation Limited 	None	None	None	None	None
Assistant Vice President	R.O.C.	Yang, Hui-Bao	Female	Sep. 28, 2018	103,634	0.08	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Master Degree in Business & Management, National Chiao Tung University 	None	None	None	None	None	
Assistant Vice President	R.O.C.	Tung, San-Chi	Male	Apr. 12, 2022	6,000	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ EMBA, National Taiwan University of Science and Technology 	None	None	None	None	None	
Assistant Vice President	R.O.C.	Lin, Ching-Yi	Female	Apr. 12, 2022	19,456	0.02	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Master Degree, National Chin-Yi University of Technology ■ Refrigeration and air-conditioning engineer (Senior Examinations) 	None	None	None	None	None	
Assistant Vice President	R.O.C.	Chi, Chia-Chin	Male	Jun. 15, 2022	7,108	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Department of Electrical Engineering, National Taitung Junior College ■ RPTI International Ltd. ■ Tai-Ping-Yang Chung-Hsiao Engineering Co., Ltd. ■ Hao-Han Chung-Hsiao Engineering Co., Ltd. 	None	None	None	None	None	

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Assistant Vice President	R.O.C.	Tseng, Huei-Shiung	Male	Nov. 09, 2023	5,082	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Master of Electrical Engineering, National Kaohsiung University of Applied Sciences ■ Vice Manager, Kaohsiung Branch of CHEM 	None	None	None	
Financial/Accounting/ Chief Corporate Governance Officer	R.O.C.	Chen, Chung-Sheng	Male	Nov. 09, 2023	100,000	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> ■ Master Degree in Accounting, Feng Chia University ■ Deputy Leader, Deloitte 	None	None	None	

Note1: Based on the group's organizational integration and business needs, the company's chairman also serves as the chief executive officer, responsible for the promotion and execution of the group's operating plans. The President, on the other hand, will focus on managing the operations of Acter itself. The CEO and the President will exercise their respective responsibilities and roles, implementing a clear division of management and maximizing the functionality of the organization. The chairman's full understanding of the company's operation and development policies helps the board of directors quickly grasp the company's operating status. At the same time, in order to maintain the objectivity and independence of the board of directors, only one director concurrently serves as the company's officers; the directorship for independent directors is four-sevenths and none of the independent directors has served for more than three consecutive terms.

Note2: Executives of Financial Division Tsao, Yun-Han position adjusted on Nov. 9, 2023. Numbers of shareholding is according to the register of shareholders on Jan. 21, 2024. Information about his experience (education) is consistent with the 2022 annual report.

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

1. Remuneration of Directors and Independent Director

Unit: NT\$ thousand, Thousand Shares

Title	Name	Remuneration								Sum of A+B+C+D and ratio to net income (Note10)				Relevant remuneration received by directors who are also employees								Sum of A+B+C+D+E+F+G and ratio to net income (Note10)				Compensation paid to directors from an invested company other than the company's subsidiary (Note11)
		(A) (Note2 & Note3)		(B) (Note2 & Note4)		(C) (Note2)		(D) (Note2 & Note6)						(E) (Note2 & Note7)		(F) (Note2 & Note4)		(G) (Note2 & Note8)								
		The company	(Note1 & Note9)	The company	(Note1 & Note9)	The company	(Note1 & Note9)	The company	(Note1 & Note9)	The company		(Note1 & Note9)		The company	(Note1 & Note9)	The company	(Note1 & Note9)	The company		(Note1 & Note9)		The company		(Note1 & Note9)		
										Sum	%	Sum	%					Cash	Stock	Cash	Stock	Sum	%	Sum	%	
Chairman	Liang, Chin-Li	2,862	8,851	0	0	39,194	39,194	72	238	42,128	2.29	48,283	2.63	10,930	13,629	0	0	3,500	0	3,500	0	56,558	3.08	65,412	3.56	48
Director	Yang, Jung-Tang	0	200	0	0	15,678	15,678	72	72	15,750	0.86	15,950	0.87	0	0	0	0	0	0	0	0	15,750	0.86	15,950	0.87	None
Director	Hu, Tai-Tsen	0	200	0	0	15,678	15,678	66	66	15,744	0.86	15,944	0.87	0	0	0	0	0	0	0	0	15,744	0.86	15,944	0.87	None
Independent Director	Yeh, Hui-Hsin	960	960	0	0	0	0	72	72	1,032	0.06	1,032	0.06	0	0	0	0	0	0	0	0	1,032	0.06	1,032	0.06	None
Independent Director	Yang, Qian	960	960	0	0	0	0	72	72	1,032	0.06	1,032	0.06	0	0	0	0	0	0	0	0	1,032	0.06	1,032	0.06	None
Independent Director	Wang, Mao-Rong	960	960	0	0	0	0	72	72	1,032	0.06	1,032	0.06	0	0	0	0	0	0	0	0	1,032	0.06	1,032	0.06	None
Independent Director	Huang, Tzu-Pei	960	960	0	0	0	0	72	72	1,032	0.06	1,032	0.06	0	0	0	0	0	0	0	0	1,032	0.06	1,032	0.06	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: According to the "Regulations governing remuneration paid to directors and functional committee," independent directors receive a fixed remuneration of NT\$50,000 per month and do not participate in the distribution of annual remuneration for directors. Independent directors that be appointed to be any member of functional committee by the board meeting can gain extra remuneration. The aforementioned fixed remuneration is recommended by the company's Remuneration Committee with reference to the market averages, taking into account the time invested and the responsibilities assumed by the independent directors, and approved by the board of directors.

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

Note1: Refers to all companies in the consolidated financial statements

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

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

Note4: Includes the contribution and real disbursement of the pension. In 2023, under the new system of labor pension act, total amount contributed by the company for director listed in the table is NT\$0.

Note5: Board of directors resolved on Feb. 26, 2024.

Note6: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles,

etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration.

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

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

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

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

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

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

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

2. Remuneration of Supervisors : Not applicable

3. Remuneration of President and Vice President

Unit: NT\$ thousand, Thousand Shares

Title	Name	Salary(A) (Note1)		Severance Pay (B) (Note2)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (Note4)				Sum of A+B+C+D and ratio to net income (Note6)				Compensation paid to the president and vice president from an invested company other than the company's subsidiary (Note7)
		The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company		Companies in the consolidated financial statements (Note5)		The company		Companies in the consolidated financial statements (Note5)		
								Cash	Stock	Cash	Stock	Sum	%	Sum	%	
CEO	Liang, Chin-Li	3,809	6,508	0	0	7,121	7,121	3,500	0	3,500	0	14,430	0.79	17,129	0.93	48
President	Lai, Ming-Kun	3,569	3,569	108	108	9,679	9,679	3,500	0	3,500	0	16,856	0.92	16,856	0.92	None
President	Wang, Chun-Sheng	3,569	3,569	108	108	9,952	9,952	3,500	0	3,500	0	17,129	0.93	17,129	0.93	None
Vice President	Chang, Ri-Dong	2,644	2,644	108	108	9,620	9,620	2,000	0	2,000	0	14,372	0.78	14,372	0.78	None
Vice President	Chen, Yuan-Pi	2,236	2,236	108	108	3,569	3,569	2,000	0	2,000	0	7,913	0.43	7,913	0.43	None
Vice President	Lee, Ming-Chih	2,236	2,236	108	108	2,592	2,592	2,100	0	2,100	0	7,036	0.38	7,036	0.38	None

In addition to the disclosure of the table above, there are remunerations to presidents and vice presidents provided service (e.g. serve as independent consultant rather than employee) in the most recent year for all companies: NT\$ 621 thousands

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

Note2: Includes the contribution and real disbursement of the pension. In 2023, pensions contributed to the pension account at Bank of Taiwan by the company for employees applying old system of labor standards act are NT\$1,200 thousand and disbursement from that account is NT\$0, while under the new system of labor pension act, total amount contributed by the company for managers listed in the table are NT\$540 thousand, which has been fully paid into their individual pension account at Bureau of Labor Insurance.

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

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

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

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

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

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

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

4. Employee Compensation Granted to Management Team

February 29, 2024, Unit: NT\$ thousand

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income
Executive Officers	Chairman/CEO	Liang, Chin-Li	0	32,498	32,498	1.8%
	President	Lai, Ming-Kun				
	President	Wang, Chun-Sheng				
	Vice President	Chang, Ri-Dong				
	Vice President	Chen, Yuan-Pi				
	Vice President	Lee, Ming-Chih				
	Assistant Vice President	Li, Po-Sheng				
	Assistant Vice President	Yang, Hui-Bao				
	Assistant Vice President	Tung, San-Chi				
	Assistant Vice President	Lin, Ching-Yi				
	Assistant Vice President	Chi, Chia-Chin				
	Assistant Vice President	Tseng, Huei-Shiung				
Financial/Accounting/ Chief Corporate Governance Officer	Chen, Chung-Sheng					

Note1: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

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

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

Unit : NT\$ thousand

Title	2022				2023			
	Total Remuneration paid to directors, presidents and vice presidents		Ratio of total remuneration paid to directors, presidents and vice presidents to net income		Total Remuneration paid to directors, presidents and vice presidents		Ratio of total remuneration paid to directors, presidents and vice presidents to net income	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	158,706	163,418	8.21%	8.45%	155,696	165,361	8.47%	9.00%
CEO								
Presidents								
Vice Presidents								

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

A. Directors

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

Independent directors receive a fixed amount of remuneration per month and do not participate in the distribution of annual remuneration for directors. If an independent director is appointed as a member of any functional committee by the

board of directors of the company, he/she will receive additional remuneration paid to members of functional committee.

B. Presidents and Vice Presidents

The remuneration for presidents and vice presidents includes fixed salary and variable salary. The fixed salary is the monthly salary; the variable salary includes the employee compensation and performance bonus, which is measured based on their personal annual appraisal performance and is closely linked to the company’s operational and sustainable performance results. The content of the annual appraisal includes qualitative indicators (such as the key core competence of the job, future development potential... etc.) and quantitative indicators (such as the status of achievement of the personal goal, including financial performance indicators, comprehensive management indicators, and sustainability practice indicators, as well as the achievement rate... etc.) as shown in <Table 1>. The total amount of employee compensation is in accordance with the company’s articles of association, when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees’ and directors’ compensation as compensation to employees. The total amount of performance bonus payout is determined based on the company’s annual operating performance. Both are reviewed by the company and the Remuneration Committee and submitted to the board of directors for approval. In addition, if the presidents and vice presidents serve as directors or supervisors of subsidiaries, they can also receive remuneration in accordance with the “Regulations governing the representative of a juristic person director or supervisor appointed to the group companies.”

C. The company’s procedure for determining remuneration of all employees (including all executives) is in accordance with the performance evaluation and salary regulations approved by the board of directors. After the overall consideration of the individual’s participation in the company’s operations and performance evaluation, reasonable remuneration will be given. The measurement aspects are listed in <Table 1>. The Remuneration Committee and the Board of Directors also regularly review the fairness of salary and remuneration of directors and executives, and review the regulations in a timely manner based on actual operating conditions and relevant laws and regulations. There is no incentive for the directors and executives to pursue compensation by engaging in activities that exceed the tolerable risk level.

<Table 1>

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

iv. Implementation of Corporate Governance

1. Board of Directors

A total of 5(A) meetings of the board of directors were held in 2023. The attendance of director was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate(B/A)	Remarks
Chairman	Liang, Chin-Li	5	0	100%	Was re-elected on Jul. 23, 2021
Director	Yang, Jung-Tang	5	0	100%	Was re-elected on Jul. 23, 2021
Director	Hu, Tai-Tsen	5	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Yeh, Hui-Hsin	5	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Yang, Qian	5	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Wang, Mao-Rong	5	0	100%	Was re-elected on Jul. 23, 2021
Independent Director	Huang, Tzu-Pei	5	0	100%	Was newly elected on Jul. 23, 2021

■ Other mentionable items:

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

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

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

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

Directors' names	Contents of motions	Causes for avoidance	Voting
Liang, Chin-Li	The 2022 performance bonus for executives.	He concurrently served as the Company's chief officers.	He did not participate in the voting.
Liang, Chin-Li	The company's 2023 remuneration for executives.	He concurrently served as the Company's chief officers.	He did not participate in the voting.
Liang, Chin-Li Yang, Jung-Tang Hu, Tai-Tsen	The distribution of 2022 directors' compensation.	They are an interested party in relation to the motion.	They did not participate in the voting.
Liang, Chin-Li	The distribution of 2022 employee's compensation for executives.	He concurrently served as the Company's chief officers.	He did not participate in the voting.

Directors' names	Contents of motions	Causes for avoidance	Voting
Liang, Chin-Li	The manager of the company to hold shares in RAYZHER's stock release case.	He concurrently served as the Company's chief officers.	He did not participate in the voting.
Liang, Chin-Li Yang, Jung-Tang Hu, Tai-Tsen	The company's 2023 remuneration policy to directors and employees.	They are an interested party in relation to the motion.	They did not participate in the voting.
Liang, Chin-Li	The company's 2023 compensation policy for executives.	He concurrently served as the Company's chief officers.	He did not participate in the voting.

(3) Performance Evaluation of the Board of Directors

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

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

After all questionnaires are completed, the Financial Division will then collect it and calculate the score. The internal evaluation in 2023 has been conducted in January 2024. All participants including the entire Board, individual members of Board, and each functional committee (Remuneration Committee, Audit Committee and Nominating Committee) have scored more

than 90 points (out of 100 points). The performance is evaluated as excellent and there is no need to improve. During the assessments, the directors suggest further strengthening the board's role in sustainability, including participating in internal sustainable development strategy and promotion meetings, as well as providing relevant advice and assistance. The company has implemented the recommendations from the directors. The above result of the internal evaluation has been reported to the Board meeting after approval by the Nomination Committee on Feb. 26, 2024 and has been revealed on the website of the company.

The company commissioned the "Taiwan Corporate Governance Association" to carry out an external evaluation of Board performance in October 2023. It is confirmed that the Taiwan Corporate Governance Association and evaluating experts have no financial interest and business relations with the company, and they do not violate the requirement of professional and independence. All the evaluation processes were completed with the evaluation report available by Jan. 3, 2024. The result of the external evaluation has been reported to the Board meeting after approval by the Nomination Committee on Feb. 26, 2024 and has been disclosed on the company's website. The content is summarized as follows.

- Evaluation duration: From November 1, 2022 to October 31, 2023.
- Evaluation standards and method: Evaluate the eight aspects of the Board, including the composition, leadership, authority, supervision, communication, internal control and risk management, self-discipline and others, through an online questionnaire and site visits.
- Overall evaluation results: Board members understand the implementation of sustainable management in the company. The company fully implements environmental, safety, and health management and reports to the board to strengthen its supervisory function. The company voluntarily establishes a Nominating Committee to actively implement corporate governance systems, enhance the effectiveness of the Board of Directors and create corporate value. The company provides orientation training for new directors to assist them in assuming their roles and complying with laws and regulations, which is highly appreciated.
- Evaluation recommendations:
 - A. Establish board term objectives and incorporate them into performance evaluation indicators to effectively assess the board's effectiveness;
 - B. Upgrade the existing "corporate sustainability committee" at the management level to a functional committee under the board of directors, to effectively fulfill the board's supervisory responsibilities;
 - C. Further develop the company's overall risk management policy.
- Improvement status: The company is undergoing internal assessment as recommended.

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

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

A. Board structure

The board is comprised of members from a variety of backgrounds, who have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board's decision and supervisory capacity. "Directors Election Procedures" that stipulate a cumulative voting system and nomination system for director and independent director elections. Shareholders who hold above a certain number of shares are given the right to nominate candidates. The nomination process is fair and transparent; it increases minority shareholders' chances to participate,

protects the interests of investors, and prevents the nomination from becoming monopolized or excessive. Furthermore, a set of by-election procedures was also introduced to avoid disruption to the company's business operations if some or all directors and independent directors are dismissed. To ensure the independence of the board, the company has rules that each director and independent director are required to exercise their authorities independently. The company also establishes a performance evaluation system for the board of directors in order to improve the operation efficiency and enhance the board functions. According to the "Rules for Performance Evaluation of Board of Directors and Functional Committees," the company not only conducts internal evaluation of the board and self-evaluation by the board members of themselves once a year but also commissions an external evaluation institution or panel of external experts and scholars to conduct external evaluation of the board at least every three years. Information such as directors' shareholding positions, transfer restrictions, and collateralized shares are fully disclosed on the Market Observation Post System, which investors are welcome to make inquiries on.

B. The independent director system

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

C. Establishment of an Audit Committee

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

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

D. Establishment of a Remuneration Committee

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

E. Establishment of Nominating Committee

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

F. Improving information transparency

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

- (5) Independent directors' attendance of board in 2023: A total of 5 board meetings were held in 2023, all independent directors attended each meeting in person.
- (6) In 2024, 2 board meetings were held up to the date of printing of this annual report and all directors and independent directors attended in person.

2. Audit Committee

A total of 5 (A) Audit Committee meetings were held in 2023. The attendance of the independent directors was as follows:

Title (Note)	Name	Attendance in Person(B)	By Proxy	Attendance rate (B/A)	Remarks
Independent Director	Yeh, Hui-Hsin	5	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Yang, Qian	5	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Wang, Mao-Rong	5	0	100%	Was appointed on Jul. 23, 2021
Independent Director	Huang, Tzu-Pei	5	0	100%	Was newly appointed on Jul. 23, 2021.

Note : All audit committee members are independent directors. Please refer to page 12~19 for their professional qualification and experience.

■ Other mentionable items:

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

- A. The adoption of or amendments to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. The procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. Loans of funds, endorsements, or provision of guarantees of a material nature.
- G. The offering, issuance, or private placement of equity-type securities.
- H. The hiring or dismissal of a certified public accountant, or their compensation.
- I. The appointment or discharge of a financial, accounting, or internal audit officer.
- J. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- K. Business report and proposal for earnings distribution or offsetting of deficit.
- L. Other material matters as may be required by the company or by the competent authority.

(2) Audit Committee's work of 2023 :

- A. Review the financial reports.
- B. Assessment of the effectiveness of the internal control system.
- C. Review the endorsements or guarantees for others.
- D. Review the subscription of securities.
- E. Review the hiring of a certified public accountant and conduct assessments of CPA independence and competence based on a written statement issued by a CPA and AQIs. For specific indicators, please refer to page 49 <Table 1>.
- F. Review to establish the company's non-assurance services pre-approval policy.
- G. Review to approve the contract of the non-assurance services about "Sustainable Organization Reconstruction."
- H. Review the personnel reassignment.
- I. Review to approve the NTC to abandon the capital increase of Suzhou Winmax and instead be held by an employee shareholding platform

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

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

Audit Committee Meetings	Major resolutions	Circumstances referred to in Article 14-5 of the Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors
Feb. 24, 2023	1. Approved to establish the company's non-assurance services pre-approval policy.	✓	None
	2. Resolved to approve the company's 2022 business report and financial statements.	✓	None
	3. Resolved to approve the company's 2022 statement of internal control system.	✓	None
	4. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants and to approve the amendment of the "Regulations governing the CPA's performance evaluation."	✓	None
	Independent director's dissenting or qualified opinion or significant recommendation: None.		
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Measures taken by the company based on the opinions of the Audit Committee: None.		
May 10, 2023	1. Resolved to approve the retroactive recognition of the company's guarantees and endorsements.	✓	None
	2. Resolved to approve the contract of the non-assurance services about "Sustainable Organization Reconstruction."	✓	None
	Independent director's dissenting or qualified opinion or significant recommendation: None.		
	Resolutions of the Audit Committee: Approved by all attending members without objection.		

Audit Committee Meetings	Major resolutions	Circumstances referred to in Article 14-5 of the Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors
	Measures taken by the company based on the opinions of the Audit Committee: None.		
Nov. 08, 2023	1. Resolved to approve the personnel reassignment.	✓	None
	Independent director's dissenting or qualified opinion or significant recommendation: None.		
	Resolutions of the Audit Committee: Approved by all attending members without objection.		
	Measures taken by the company based on the opinions of the Audit Committee: None.		

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

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

CPAs and internal auditors report to the independent directors the results of the annual, quarterly, or semi-annual audited (reviewed) financial statements, or the functioning of internal controls through the Audit Committee meetings. In the meetings, independent directors are given sufficient opportunities to communicate with the CPAs and internal auditors face to face, which provides independent directors with sufficient overview of the company's operations and helps them to supervise appropriately. In addition to holding Audit Committee meetings quarterly, the independent directors also maintain regular e-mail contact with the CPAs and internal auditors in order to stay informed of the company's operations. The company holds a Closed-door meeting between the chief internal auditor and the independent directors at least once a year. Results of communication between the independent directors, the internal auditors and the CPAs in 2023 are listed in the table below and have been revealed on the company's website.

A. Communications between the independent directors and the internal auditors

Date	Communication matters	Execution results
Jan. 13, 2023 Closed-door Meeting	<ul style="list-style-type: none"> ■ Audit implementation and tracking status in the fourth quarter of 2022 ■ 2022 self-assessment of the internal control system ■ 2023 Annual work plan 	<ul style="list-style-type: none"> ■ No comments
Feb. 24, 2023 Audit committee meeting	<ul style="list-style-type: none"> ■ Internal audit activities report (2022/10~2022/12) ■ 2022 Statement of the internal control system 	<ul style="list-style-type: none"> ■ No comments ■ Submit to the board of directors after approval
May 10, 2023 Audit committee meeting	<ul style="list-style-type: none"> ■ Internal audit activities report (2023/01~2023/03) 	<ul style="list-style-type: none"> ■ No comments
Aug. 10, 2023 Audit committee meeting	<ul style="list-style-type: none"> ■ Internal audit activities report (2023/04~2023/06) 	<ul style="list-style-type: none"> ■ No comments
Nov. 08, 2023 Audit committee meeting	<ul style="list-style-type: none"> ■ Internal audit activities report (2023/07~2023/09) ■ 2023 Risk management reports 	<ul style="list-style-type: none"> ■ No comments ■ Submit to the board of directors after approval

Date	Communication matters	Execution results
	<ul style="list-style-type: none"> ■ 2024 Annual audit plans ■ To amend the company’s “Subsidiary Management Policy.” 	
Feb. 01, 2023 Communication via e-mail or phone call	<ul style="list-style-type: none"> ■ Are there any ways to completely resolve the issues occurring in the subsidiary, including discrepancies in income and expenditure control and flaws in procurement documentation? If the regulations are too strict, should they be relaxed? If there are gaps in execution, how can management be strengthened? For company operations, having a deficiency is relative to having risk. Finding the optimal balance between regulations and implementation is a creative opportunity for us and could also be one of the good ways to assist company growth. 	<ul style="list-style-type: none"> ■ In terms of internal control and management systems, the group is generally consistent. Regarding income and expense management, each company submits a monthly Income and Expense Statistics form to the headquarters for approval, which is then reviewed by the CEO. The report has addressed measures for abnormal reasons (such as differences in income and expenses exceeding 10%) and filled in projected invoice amounts and payment expenditures for the next three months. If there are any additional instructions from the CEO after review, each department will provide a response. Flaws in procurement documentation are minor oversights identified during the procurement process (most documents adhere to the established system), and it will be strictly required that the subsidiary company effectively implements execution according to the internal control system.
Nov. 02, 2023 Communication via e-mail or phone call	<ul style="list-style-type: none"> ■ Based on the investigation of old data, it was found that a risk assessment standard form was issued by the company in October 2022. The structures of the two forms are similar, with only some adjustments made to the internal evaluation parameters. May I know if the adjustment values in this new report were derived from a general survey, expert consultation, or self-study by the department? Will this risk report be included in the future sustainability report? 	<ul style="list-style-type: none"> ■ The risk assessment standard form covers the overall business operations of the company, so the framework is generally consistent. However, it is adjusted annually based on the past two years’ incidents and potential risks associated with operational activities of the group. This assessment standard is developed by the audit unit and presented to the management for review and confirmation. The risk assessment standard form is used as the basis for developing the annual audit plan and serves to incorporate

Date	Communication matters	Execution results
		risk events into audit work that requires enhanced monitoring or attention, thus it will not be included in the sustainability report. The main focus of the sustainability report is on risk management operations, including risk management processes, organizational structure and responsibilities, risk identification, and response strategies (such as market, credit, cybersecurity, legal, climate change risks), which are similar to the report on risk management to be presented to the board of directors.

B. Communications between the independent directors and the CPAs

Date	Communication matters	Execution results
Jan. 13, 2023 Closed-door Meeting	<ul style="list-style-type: none"> ■ Closed door meeting between the CPAs and the independent directors 	No comments
Jan. 13, 2023 KAM Meeting	<ul style="list-style-type: none"> ■ 2022 Key Audit Matters of the financial report 	No comments
Feb. 24, 2023 Audit Committee Meeting	<ul style="list-style-type: none"> ■ Consolidated financial reports of 2022 	No comments
May 10, 2023 Audit Committee Meeting	<ul style="list-style-type: none"> ■ Consolidated financial statements for three months ended March 31, 2023 	No comments
Aug. 10, 2023 Audit Committee Meeting	<ul style="list-style-type: none"> ■ Consolidated financial statements for six months ended June 30, 2023 	No comments
Nov. 08, 2023 Audit Committee Meeting	<ul style="list-style-type: none"> ■ Consolidated financial statements for nine months ended September 30, 2023 	No comments

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

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The company has established “Corporate Governance Practical Rules” based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. These practices are being implemented in compliance with laws with information properly disclosed in the best interests of investors, stakeholders and employees.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders’ suggestions, doubts and disputes according to the “Corporate Governance Practical Rules” and “Procedures for Handling Investor Relationship.” (2) The company’s major shareholders are mostly comprised of the management team and long-term shareholders. The company constantly monitors shareholding positions of its directors and major shareholders. Changes in shareholding positions among directors, managers and shareholders with more than a 10% holding are reported regularly to the competent authority. (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system and the “Subsidiary Management Policy.” (4) The company has established “Procedures for Handling Material Inside Information and Avoiding Insiders Trading” to avoid insiders trading with undisclosed information and revealed the procedures on the company’s website. In 2017, the company introduced the integrity standards into the E-learning system and included it as the annual required course since 2018 to enhance the attentions of all the employees constantly. In 2023, a course was opened as follows: <ul style="list-style-type: none"> ■ Course name: “Ethical Corporate Management and Sexual Harassment Prevention” 	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			<ul style="list-style-type: none"> ■ Course outline: The ethical corporate management and sexual harassment prevention promotion, the explanation of employee ethics (including the prohibition of insider trading), and the compliance of code of ethics. ■ Number of trainees: A total of 355 employees completed the training (the number of trainees should be 383,) the completion ratio is 92.69% ■ Education hours: 355 hours <p>Besides, the company provides information of insider trading, including laws and regulations and case analysis to its insider (directors and managerial officers) by E-mail semiannually. For new insiders, information will be provided for six consecutive months since their appointment. Information has been sent on Mar. 31, 2023 and Sep. 28, 2023, respectively. Directors of the company also irregularly participate in external training courses such as corporate governance and insider trading policies organized by external organizations.</p> <p>The amendment to the “Corporate Governance Practical Rules” was approved by board resolution on February 24, 2022. The amended provisions stipulate the adoption of stock trading control measures from the date insiders of the Company become aware of the contents of the company’s financial reports or relevant business results. Such measures include, but are not limited to, the prohibition of stock trading by directors during closure periods 30 days and 15 days prior to the release of annual and quarterly financial reports, respectively. We notified our insiders of the aforementioned closure periods by e-mail on the date the amendment took effect. In the future, insiders will be reminded of upcoming closure periods by e-mail 5 days in advance. In 2023, e-mail was sent out on Jan. 19, Apr. 19, Jul. 20 and Oct. 18, respectively.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Does the company voluntarily establish other functional committees in addition</p>	✓		<p>(1) The company has established “Corporate Governance Practical Rules” to formulate the diversification of the Board members and revealed it on the company’s website and MOPS. Please refer to page 20~22 for the content of the diversified policy, specific management goals and implementation.</p> <p>(2) The company has established the “Nominating Committee Charter” after approval by the board on Feb. 23, 2018 and set up the Nominating Committee on May 30, 2018. Please</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>to the Remuneration Committee and the Audit Committee?</p> <p>(3) Whether the company formulates the regulations and method for the performance evaluation of the board of directors, conducts evaluation regularly every year, reports the results to the board of directors, and takes it as a reference for the remuneration, nomination and re-appointment of each director?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>			<p>refer to page 52~53 for the composition and operations of the Nominating Committee.</p> <p>(3) The Board has approved to establish the company’s “Rules for Performance Evaluation of Board of Directors and Functional Committees” on Feb. 26, 2015. The company conducts internal evaluation at the end of each year through questionnaire. According to Article 3, the company also conducts external evaluation at least every three years. Results of the evaluation will serve as a reference for the calculation of individual directors’ remuneration and the selection or nomination of directors by the company. The 2023 internal evaluation has been conducted. In addition, the company commissioned the “Taiwan Corporate Governance Association” to carry out an external evaluation of Board performance in October 2023. Please refer to page 34~35 for more information regarding content and results of evaluations.</p> <p>(4) Our Audit Committee will conduct annual assessments of CPA independence and competence and submit the results of such assessments to the board for resolution pursuant to the “Regulations governing the CPA’s performance evaluation”, which have been approved by the board of directors. Members of the Audit Committee fill out the Assessment Form based on the actual situation and reference to the written statement issued by a CPA for financial reporting and AQIs after the end of the fiscal year. The assessment form consists of three dimensions: Independence Indicators, Performance Indicators, and Audit Quality Indicators. Please refer to page 49 <Table 1> for specific indicator items.</p> <p>The average compliance rate for 2023 is 93%, which met the criteria for renewal of 80% or above. Therefore, upon approval by the Audit Committee and the Board of Directors on February 26, 2024, the company has renewed its contract with the CPA.</p>	
<p>4. Whether TWSE/TPEX listed companies have deployed appropriate numbers of suitable corporate governance personnel, and designated a chief corporate governance officer responsible for cooperate governance affairs (including but not limited to providing provision of</p>	✓		<p>Upon approval by the board on Nov. 8, 2023, the company has appointed manager of financial division, Chen, Chung-Sheng, as the chief corporate governance officer to be in charge of corporate governance affairs and designated Chairman and Board of Directors to be in charge of supervision. Mr. Chen is the managerial officer of the company and has been in a managerial position for at least three years in a public company in handling financial affairs, meeting the requirements of the chief corporate governance officer.</p> <p>The chief corporate governance officer performs its business according to the duties. In</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
information required for performance of duties by the directors and supervisors, assistance to the directors in complying with laws and regulations, handling of matters relating to board of directors meetings and shareholders meetings in compliance with law, and preparation of minutes of board of directors meetings and shareholders meetings) ?			<p>2023, the main duties and business execution are shown as follows.</p> <ol style="list-style-type: none"> (1) Furnishing information required for business execution by directors and arranging continuing education for directors. (2) Updating the developments of laws and regulations relating to the operation of the company in order to assist directors with legal compliance. (3) Plans to scheme proper corporate system as well as organizational frame to accelerate the independency of Board of Directors, transparency of company and compliance of decree. (4) Before directors' meeting, it will inquiry the opinion of every director to scheme and formulate agenda, inform to all directors for attendance at least 7 days prior to the meeting, and provide sufficient meeting materials and explain the proposals for directors' understanding about the content of relevant proposal as well as complete meeting minutes within 20 days after the board meetings. (5) Registers date of shareholders' meeting every year according to the deadline of law, produces and declares meeting notice, handbook for agenda and proceeding by deadline, and handles amendment registration after revision of Article of Incorporation or re-election of directors. (6) Improves relevant information of corporate governance in compliance with the indicator of the corporate governance evaluation system. (7) Pay attention to the transparency and symmetry of information to protect shareholders' rights. 	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders(e.g., including but not limited to shareholders, employees, customers and suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company sets up stakeholder zones of official sites including employee, client, supplier, investor with respective specific contact windows respectively by category of stakeholder, continuously listens to feedback from stakeholders, understands their concerns, and reports relevant communication mechanisms and implementation results to the board of directors every year. The result of 2023 has been reported to the Board meeting on Nov. 8, 2023 and revealed on the company's website.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Registry and Transfer Department to deal with shareholder affairs.	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>	✓		<p>(1) The company has an official website (http://www.acter.com.tw) that regularly updates the company’s financial performance and discloses corporate governance information.</p> <p>(2) The company has adopted “Procedures for Handling Investor Relationship” to ensure the effective communication of systematically integrated information pertaining to financial and operational status, future development, and corporate governance to different target audiences in accordance with their individual needs based on the principles of fairness and transparency. The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner.</p> <p style="margin-left: 20px;">A. The company has implemented a spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company’s website.</p> <p style="margin-left: 20px;">B. Information on investor seminars is disclosed on the company’s website as it becomes available.</p> <p style="margin-left: 20px;">C. The Company has already set up its English website to keep foreign investors informed of its financial and business standings.</p> <p>(3) In order to enable investors to obtain sufficient and accurate information in a timely manner, the company has announced and reported its 2023 financial report on February 26, 2024 and the financial reports for each quarter of 2023 as well as the operating status for each month of 2023 have been announced and reported before the specified deadline.</p>	None
<p>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p> <p>Below is a summary of steps taken by the management to ensure sound corporate governance:</p> <p>(1) The company has a set of work rules in place that protect employees’ interests. Under these rules, employees, irrespective of rank, gender or nationality, are provided with benefits such as insurance, training, health checkups and retirement plans superior to legal requirements. In addition, the company’s Employee</p>				

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>Welfare Committee introduces welfare packages that aim to create a harmonious workplace and to enrich employees' lifestyles. The company is ISO 14001:2015 and ISO45001:2018-certified for the purpose of ensuring proper management over workplace safety and health. It has a Quality Insurance & safety Department that is dedicated to promoting and supervising workplace safety; meanwhile, the company has established different kinds of meetings to encourage an open exchange of opinions between employees and management. An employee mailbox and whistle-blower system has also been made available on the company's website (under the HR section), through which employees may reflect their opinions and offer suggestions.</p> <p>(2) Investor relations, supplier relations and stakeholders' rights: as part of its goal of information transparency, the company discloses financial and business information in a timely and appropriate manner in compliance with related laws. It has contact windows and mailboxes that investors, suppliers and stakeholders can use to leave messages and give opinions. The company has also created a corporate governance section on its website in both Chinese and English to protect the interests of local and foreign investors and provide them with diversified information.</p> <p>The company establishes trade arrangements and issues purchase orders to suppliers in compliance with the principle of equality. These agreements clearly outline the rights and obligations between the two parties, and work to secure both parties' legal interests.</p> <p>(3) Status of the Continuing Education of Directors: all directors of the company have completed the mandatory courses stipulated under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." For status of the continuing education of directors in 2023, please refer to page 88~89 of the annual report.</p> <p>(4) Risk management policy and risk assessment standards: the company is focused on its primary business. We have risk and crisis management rules and policies, and set up a "risk management team" in charged by management personnel of related departments and divisions as the first line of defense for risk control, the President serves as the convener, and the audit office is the promotion and execution unit of the team (executive secretary). They identify, assess, confirm and classify all types of risks faced by the company by convening regular meetings every year and whenever necessary. We negotiate a feasible plan, report the implementation of risk management to the Audit Committee and the board of directors in a timely manner, and put forward necessary improvement suggestions to avoid or minimize risks that may jeopardize the company's interests, and emphasis on employee safety. All major operating policies, investments, asset acquisitions and disposals, corporate guarantees and endorsements are subjected to thorough analysis before they are proposed for the board's resolution. The Auditing Office develops annual audit plans based on assessed risks and executes accordingly as a means of risk supervision and reports to the Audit Committee and the board of directors on risk management once a year. The company's risk management scope, organization and performance of 2023 have been disclosed on the company's website.</p> <p>(5) Customer policy: The company has a Business Department and an Engineering Department responsible for engaging customers in timely communications, responding to customization needs, providing excellent services and resolving any issues that might arise. Besides, the General Administration Division conducts customer satisfaction survey from time to time and keeps all channels open for bilateral communication with customers.</p> <p>(6) Insurance against directors' liabilities: the company has taken out liabilities insurance for its directors. Information about the insured amount, coverage and premium rate has been reported in the Board meeting on Jan. 25, 2024 and revealed on the MOPS.</p> <p>(7) Succession planning and execution of board members and key management levels of the company: At present, the succession planning of the company is</p>				

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
			<p>under way, and presidents of the company and its subsidiaries are the successor of the chairman, who shall cultivate succession ability through experience in operating the company or its subsidiaries. The operating directors of each company of the group agree with the company's culture and their values are consistent with those of the company. They have already served the group for a certain period of time. They have gained recognition for their integrity, customer service and operating ability. At present, the successors are already members of the board of directors of each company. They are expected to learn about the operations of the board of directors in the next 8-10 years and take over from the board of directors in the future 10-15 years.</p> <p>The succession of senior executives in the company is mainly hierarchical, so it does not only focus on a few high-level executives. First, the departmental executives must have agents and prepare them as successors to the senior executives of each department. Subsequently, there will be an agent system for the executives of divisions and staff. Through work rotation training and functional development, mentorship, education, training, self-study, teaching and work experience, and the company's existing performance appraisal system, the company's future successors are assessed and cultivated for the company's future development. The company recruits excellent talents, internally and externally to increase the width and depth of the company's successors.</p>	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange			<p>The company is ranked in top 5% in 9th Corporate Governance Evaluation of Listed Companies. The company reviews items not achieving evaluation standard every year after the result of evaluation be announced, makes adjustment and improvement successively and carries out step by step. Among the indicators that did not meet the standards this year, the company has improved such as disclosure of an integrity course name. As for other advanced indicators, the company will review and discuss continuously.</p>	

<Table 1>

Independence Indicators	Performance Indicators	Audit Quality Indicators
The CPA has no direct or material financial interest in the Company	Financial reports for the first three quarters must be completed within 45 days of the end of the quarter, and annual financial reports must be completed within three months of the end of the year.	Experience, training hours, turnover, professional support
The CPA has no improper interest in the Company	Time to complete the audit and draft the report for the first three quarters	CPA's load, input, EQCR review situation, quality control support ability
Has the CPA provided relevant services for the Company within the past two years?	Time to complete the annual audit and draft the report	Non-audit service fees, client familiarity
The CPA's name is not used by other companies	Does the CPA frequently interact with the company's management team (including internal audit) and keep records?	Lack of external inspection and punishment, competent authority issued a letter to improve
Do auditing service task force members utilize undisclosed information they have become privy to in the performance of their duties for the trading of securities held by customers?	Do the CPA has appropriate interaction with independent directors and keep records?	Innovative planning or initiative
No debtor-creditor relationship exists between the CPA and the Company	Does the CPA actively make recommendations on the company's system and internal control for auditing purposes and keep records?	
No joint investment or profit sharing relationship exists between the CPA and the Company	Regularly update the company on tax and securities regulations and revised IFRS accounting standards.	
The CPA holds no concurrent appointment with fixed compensation at the Company	Stability of audit service team case manager and lead auditor.	
The CPA receives no business-related commissions from the Company	Assist in communication and coordination with regulatory authorities when necessary.	
Has the CPA served consecutive terms in excess of seven years?	Notify management or the governance unit regardless of the presence of anomalies when auditing internal fraud.	

4. Composition and Operations of Remuneration Committee or Nominating Committee

(1) Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

February 29, 2024

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

B. Attendance of Members at Remuneration Committee Meetings

a. There are four members in the Remuneration Committee.

b. The tenure of the 5th Remuneration Committee is from Jul. 23, 2021 to Jul. 22, 2024. A total of 5(A) meetings of the Remuneration Committee were held in 2023. The attendance record of the Remuneration Committee members was as follows:

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

Other matters to be disclosed :

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

C. The main duties of the Remuneration Committee

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

D. Resolutions of the Remuneration Committee in 2023

Date	Major resolutions	Resolutions of the Remuneration Committee	Remuneration Committee’s dissenting opinion or qualified opinion
Jan. 13, 2023	1.Resolved to approve the 2022 performance bonus for executives.	Approved by all attending members without objection.	None.
Feb. 24, 2023	1.Resolved to approve the distribution of 2022 employees and directors compensation. 2.Resolved to approve the connection and reasonableness between the compensation policy of the directors and managerial officers and performance assessment results.	Approved by all attending members without objection.	None.
May 10, 2023	1.Resolved to approve the company’s 2023 remuneration for executives.	Approved by all attending members without objection.	None.
Aug. 10, 2023	1.Resolved to approve the distribution of 2022 directors’ compensation. 2.Resolved to approve the distribution of 2022 employee’s compensation for executives. 3.Resolved to approve the manager of the company to hold shares in RAYZHER’s stock release case.	Proposal 2: Modify the amount of cash compensation for employees. Proposal 3: The case refers to the release of shares of RAYZHER to the manager of Acter by NTC. Approved by all attending members without objection.	None.
Nov. 08, 2023	1.Resolved to approve the company’s 2023 remuneration policy to directors and employees. 2.Resolved to approve the company’s 2023 compensation policy for executives.	Approved by all attending members without objection.	None.

(2)Nominating Committee

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

The 2nd Committee is composed of four independent directors and one director. Each member has the expertise to perform his or her duties such as expertise in corporate governance or work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business. Please refer to page 18~22.

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

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

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

a. There are five members in the Nominating Committee.

b. The tenure of the 2nd Nominating Committee is from Jul. 23, 2021 to Jul. 22, 2024. A total of 1(A) meeting of the Nominating Committee was held in 2023. The professional qualification, experience and attendance record of the Nominating Committee members was as follows:

Title	Name	Professional qualifications and experience (Note)	Attendance in Person(B)	By proxy	Attendance Rate in Person (B/A)	Remark
Convener	Yang, Qian	Management administration	1	0	100%	Was appointed on Jul. 23, 2021
Member	Liang, Chin-Li	Corporate governance	1	0	100%	Was appointed on Jul. 23, 2021
Member	Yeh, Hui-Hsin	Accountant	1	0	100%	Was appointed on Jul. 23, 2021
Member	Wang, Mao-Rong	Industrial technician	1	0	100%	Was appointed on Jul. 23, 2021
Member	Huang, Tzu-Pei	Lawyer	1	0	100%	Was newly appointed on Jul. 23, 2021.

Note : Please refer to page 18~22.

C. Resolutions of the Nominating Committee in 2023 : The meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the Nomination Committee members, the outcome of the resolution of the Nomination Committee, and the measures taken by the company with respect to the Nomination Committee members' opinions.

Date	Major resolutions	Resolutions of the Nominating Committee	Recommendations or dissenting opinions of the Nomination Committee members
Feb. 24, 2023	<ol style="list-style-type: none"> 1. Resolved to approve the internal performance evaluation of board of directors in 2022. 2. Resolved to approve the 2023 programs for director continuing education. 3. Resolved to approve the review of the establishment standards and membership qualifications of the committees, and recommended their organizational charters. 4. Approved to amend the "Corporate Governance Practical Rules." 	Approved by all attending members without objection.	None.

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

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board? (the company shall	✓		To promote sustainable development; facilitate economic, environmental and social progress; and implement sustainable operations and management of the company, the company has established "Corporate Social Responsibility Best Practice Principles" based on the resolution of the Board of Directors on Apr. 29, 2014 and established "Corporate Social Responsibility Committee" chaired by the chairman in 2019. The principle is renamed to "Sustainable Development Best Practice Principles" in 2022, and the Committee is renamed to "Corporate Sustainability Committee" in 2021. Apart from promoting sustainable development by the General Administration Division as the executive secretary, the Committee also has five teams of sustainable operations team, green economy team, risk governance team, sustainable supply chain team and corporate philanthropy team in charged by management personnel of related departments and divisions. The committee's work progress will be discussed regularly at the executive	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc.)			<p>meeting yearly, while the implementation situation will be reported to the board of directors in the fourth quarter and the result will be disclosed on the company’s website simultaneously. The performance of 2023 has been reported to the Board meeting on the 8th of November 2023. Excerpts are as follows</p> <ol style="list-style-type: none"> 1. Facilitate the shared prosperity with the whole society to take the corporate social responsibility to the utmost. <ul style="list-style-type: none"> – Specific approaches: Contribute to the social welfare and help the vulnerable groups with our expertise and professional skills to form a corporate culture of willing to do something good and helping people. 2. Facilitate the workplace health and build up a safe working environment <ul style="list-style-type: none"> – Specific approaches: Facilitate the project of health promotion and conduct the activities for physical-psychological-spiritual relax and work-life balance. Meanwhile, implement all required working security management system to build up a safe working environment. – Implementation results: There were some activities like On-site health services by professional specialists, prevention of illegal infringements in the workplace, advocate of smoking hazards and health information (such as influenza prevention, cardiovascular disease, etc.) and family day conducted. In 2023, the injury at work in Acter was 0%. 3. Establish a diverse and equal workplace culture <ul style="list-style-type: none"> – Specific approaches: Establishing related rules to protect human rights of all employees. – Implementation results: “Human Rights Policy” was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary staff, interns etc.) Meanwhile, the policy will be updated based on the related regulations continuously. <p>Directors attach great importance to promoting sustainable development and have offered recommendations regarding ESG issues, such as recommending further</p>	

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			strengthening the board’s role in sustainability, including participating in internal sustainable development strategy and promotion meetings, as well as providing relevant advice and assistance. The company has implemented the recommendations from the directors. The Board of Directors will continue to pay attention to the promotion of sustainable development and give advice in a timely manner.	
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulate relevant risk management policies or strategies? The materiality principles refer to those who have a significant influence on the company’s investors and other stakeholders on environmental, social and corporate governance issues. (the company shall describe its risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and the assessment status.)	✓		<p>The disclosed information encompasses the sustainable development performance between January and December 2023. Risk assessments currently focus on the Taichung HQ and the defined boundaries currently do not include the Company’s subsidiaries. The company has formulated a “Risk and Crisis Management Rules” and approval by the board. The board of director is appointed as the supreme governance unit and established an inter-departmental risk management team to identify, assess, confirm and classify all types of risks faced by the company, and negotiate a feasible plan to effectively reduce the company’s operating risks. In addition, the company set up the “Corporate Social Responsibility Committee” in 2019, the Committee is renamed to “Corporate Sustainability Committee” in 2021, with the chairman as the convener and the General Administration Division as the executive secretary, responsible for promoting sustainable development. Based on the GRI Reporting Standards and the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP(2018), the Committee carry out materiality analysis through identification, analysis and confirmation to identify major issues of environmental, social and corporate governance and formulate relevant risk management policies or strategies as follows:</p> <ol style="list-style-type: none"> 1. In the environmental dimension, we have formulated climate risk identification procedures with reference to the TCFD framework. Regular GHG emission inventories within the scope of the operations are conducted in line with the ISO14064-1:2018 standard. Formulation of response measures to reduce the impact of environmental risks on operations are paired with the improvement for the ongoing development of green, energy-saving engineering technologies. 2. In terms of social, we assess the issue of “occupational health and safety management.” 	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			<p>By establishing an Occupational Safety Committee, we jointly deliberating, coordinating and planning safety and health relevant regulations to effectively prevent occupational disasters and protect employees' health and safety.</p> <p>3. In terms of corporate governance, we assess the issue of "corporate governance and legal compliance." By strengthening the operation of the board of directors and implementing integrity management to ensure that all personnel around the company comply with the relevant laws and regulations and create a sound corporate governance culture.</p> <p>Please refer to the "Sustainable Management" chapter of the company's sustainability report for more information.</p>	
<p>3. Issues of Environment</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	✓		<p>(1) The company has set up standard operating procedures and operations manuals according to the nature of its construction work. In addition to requiring employees to comply with construction procedures, the company is also dedicated to enhancing safety and hazard control over the work environment, work activities, and any instruments or equipment used. Work environments are tested regularly and the company's work practices have received ISO45001:2018 Occupational Health and Safety certification.</p>	None
<p>(2) Does the company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p>			<p>(2) The company has passed ISO14001:2015 Environmental Management certification and ISO50001:2018 Energy Management Systems certification processes and are firmly committed to realizing optimal use of energy and substantial achievements in the field of energy conservation through systematization, implementation, maintenance, and ongoing improvements of energy management, continues to devote resources to technology R&D to provide customers with energy-saving solutions. By using energy-saving and heat recovery equipment, the company expects to reduce environmental pollution and promote recycling. The company also making regular inventories and reviews to understand its energy use status, enhancing energy efficiency through regular maintenance works; adopting energy-saving, water-saving</p>	

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			<p>or energy star labeled products; and, educating employees the energy-saving concepts and enhancing their awareness towards energy saving.</p> <p>Acter mostly relies on purchased electricity (within the boundaries of the Taichung HQ) and gasoline for company vehicles to meet its energy demands. We set a value not exceeding the baseline value (defined as the average value of the preceding two years) in the respective year as the energy conservation target for the following year.</p> <p>The per capita power consumption in 2023 amounted to 4.33 (GJ/number of employees), which is a 5.46% decrease from the baseline value of 4.58 (GJ/number of employees), indicating that the energy-saving measures implemented by the company continue to have a positive impact. The total gasoline consumption increased due to an increase in project volume in 2023, leading to a higher demand for commuting to and from work locations. However, the per capita consumption decreased by approximately 15.27% to 2.58 (GJ/number of employees) compared to the baseline value of 3.045 (GJ/number of employees). The company will regularly promote energy-saving education and implement daily management, and will continue to monitor to achieve energy-saving goals in the future.</p>	
(3) Does the company assess the current and future potential risks and opportunities of climate change to the company, and adopt measures to respond to climate-related issues?			<p>(3) With a view to tackling the challenges of climate change early on, a Corporate Sustainability Committee has been formed as the highest body in the field of climate change with the chairperson of the Company serving as chair and the General Administration Division as the executive secretary. This committee deliberates climate change-related strategies and targets, identify climate change risks and opportunity. Based on the identification results, we further established metrics and management by objectives, and submits reports to the board of directors. We disclose information on governance, strategy, risk management, metrics and targets in accordance with the TCFD framework announced by the Financial Stability Board. Assessments of climate change risks are relaunched every two years and updates are inspected every year. The latest climate risk assessment was completed at the end of 2023. Relevant response measures were devised and the potential opportunities were analyzed. For a more</p>	

Promotion Item	Implementation Status			Deviations and Reasons																																								
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			detailed description, please refer to the Environmental Sustainability chapter in the Sustainability Report.																																									
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?			<p>(4) The statistical results of the company’s greenhouse gas emissions, water consumption and total weight of waste in the past two years are as follows:</p> <p>1.Greenhouse gas emissions: The boundary is Taichung HQ and some engineering offices. The data has been verified by a third-party verification agency to comply with the “ISO14064-1:2018.”</p> <table border="1"> <thead> <tr> <th colspan="2">Sources of GHG Emissions</th> <th colspan="3">Annual GHG Emissions Unit: ton-CO2e</th> </tr> <tr> <th>Item</th> <th>Explanation</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Direct GHG emissions (Category 1)</td> <td>Including official vehicle fuel, refrigerant lost from official vehicles, office equipment fugitive refrigerant, fire extinguisher, septic tank</td> <td>103.2774</td> <td>67.8315</td> <td>75.7276</td> </tr> <tr> <td>Indirect GHG emissions (Category 2)</td> <td>Including purchased electricity</td> <td>48.7653</td> <td>127.6654</td> <td>91.8240</td> </tr> <tr> <td>Other indirect GHG emissions (Category 3)</td> <td>Including business travel and employee commuting</td> <td>-</td> <td>321.6870</td> <td>302.8717</td> </tr> <tr> <td>Other indirect GHG emissions (Category 4)</td> <td>Including waste from fuel and energy related activities and operations</td> <td>-</td> <td>45.5794</td> <td>41.7298</td> </tr> <tr> <td>Sum of GHG Emissions</td> <td>Category 1 + Category 2</td> <td>152.043</td> <td>195.497</td> <td>167.5516</td> </tr> <tr> <td>Sum of other GHG Emissions</td> <td>Category 3 + Category 4</td> <td>-</td> <td>367.266</td> <td>344.6015</td> </tr> </tbody> </table> <p>In order to reduce the greenhouse gas, the “Greenhouse Gas Inventory Committee” has been established since 2018 in accordance with ISO 14064-1 and the GHG Protocol to self-inspect the internal greenhouse gas emissions of enterprises. Through systematic management and reports, the company can effectively grasp the greenhouse gas emissions. In 2023, according to the “ISO14064-1:2018,” the company used the “Operational Control” method to inventory the direct GHG</p>	Sources of GHG Emissions		Annual GHG Emissions Unit: ton-CO2e			Item	Explanation	2021	2022	2023	Direct GHG emissions (Category 1)	Including official vehicle fuel, refrigerant lost from official vehicles, office equipment fugitive refrigerant, fire extinguisher, septic tank	103.2774	67.8315	75.7276	Indirect GHG emissions (Category 2)	Including purchased electricity	48.7653	127.6654	91.8240	Other indirect GHG emissions (Category 3)	Including business travel and employee commuting	-	321.6870	302.8717	Other indirect GHG emissions (Category 4)	Including waste from fuel and energy related activities and operations	-	45.5794	41.7298	Sum of GHG Emissions	Category 1 + Category 2	152.043	195.497	167.5516	Sum of other GHG Emissions	Category 3 + Category 4	-	367.266	344.6015	
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Promotion Item	Implementation Status			Deviations and Reasons
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			<p>emissions (category 1), indirect GHG emissions (category 2), and other indirect GHG emissions (category 3-6) related to operations within the business scope. Through the principle of significant indirect assessment, identify category 2, category 3, and category 4 as the indirect GHG emissions of Acter’s significance, and calculate the emission.</p> <p>The company’s 2022 and 2023 annual GHG inventory reports have been approved by the President and verified by the third-party verification agency DNV.</p> <p>Based on the results of the GHG inventory, the company has set a carbon reduction action path and strategic blueprint. Taking 2022 as the base year, the company has set an absolute reduction of 20% in total GHG emissions (category 1 & 2) by 2030, and promised that within the same time frame, absolutely reduce other indirect GHG emissions by 10% to reduce the impact of business operations on the environment.</p> <p>In order to effectively implement the concept of sustainable management, in addition to an ongoing commitment to the innovative application of energy conservation and carbon reduction technologies in the field of engineering and reduction of resource waste and environmental pollution generated in engineering processes, the following energy conservation and carbon reduction measures are implemented in our daily office operations:</p> <ul style="list-style-type: none"> (a)Adoption of zoned control of lighting in office areas (lighting control is also implemented during lunch breaks and overtime hours) (b)Turning off unnecessary power sources and setting of AC thermostats to 26–28°C (c)Regular inspection of energy-consuming equipment in office areas and prioritized selection of high-performance products that have been awarded eco-friendly marks (d)Encouragement of employees to take public transportation and adopt carpooling or video conferencing to reduce carbon emissions generated by transportation 	

Promotion Item	Implementation Status			Deviations and Reasons																																				
	Yes	No	Abstract Explanation																																					
			<p>(e)Regular internal announcements to remind co-workers to practice energy conservation habits and promote an energy-saving culture</p> <p>2. Water consumption: The boundary is Taichung HQ.</p> <p style="text-align: right;">Unit: m³</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>Baseline value</th> <th>2023</th> <th>Reduction ratio in 2023</th> </tr> </thead> <tbody> <tr> <td>Total water consumption</td> <td>759</td> <td>743</td> <td>751</td> <td>831</td> <td>10.65%</td> </tr> <tr> <td>Water consumption per capita</td> <td>8.93</td> <td>8.16</td> <td>8.545</td> <td>8.70</td> <td>1.81%</td> </tr> </tbody> </table> <p>We adopt the average value of the previous two years as the baseline value and set a value for the respective year not exceeding the baseline value as the target for water consumption reduction for the following year. In 2023, the total water consumption at the headquarters has increased compared to the baseline value due to expansion of business leading to an increase in office space. In the future, the company will continue to promote water conservation policies to achieve the goal of reducing per capita water consumption. With a view to reinforcing the management of water resources and reduction of water consumption, Acter has adopted automatic sensing devices for all faucets on its company premises. Water conservation slogans are displayed to remind all staff members to cherish water resources.</p> <p>3. Total weight of waste: The boundary is Taichung HQ.</p> <p style="text-align: right;">Unit: kg</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2021</th> <th>2022</th> <th>Baseline value</th> <th>2023</th> <th>Reduction ratio in 2023</th> </tr> </thead> <tbody> <tr> <td>Total weight of waste</td> <td>333.6</td> <td>309.5</td> <td>321.55</td> <td>319.8</td> <td>(0.54%)</td> </tr> <tr> <td>Output per capita</td> <td>3.92</td> <td>3.40</td> <td>3.66</td> <td>3.61</td> <td>(1.37%)</td> </tr> </tbody> </table> <p>In the field of waste reduction, we also adopt the average value of the previous two years as the baseline value and set a value for the respective year not exceeding the baseline value as the waste reduction target for the following year. The waste</p>	Item	2021	2022	Baseline value	2023	Reduction ratio in 2023	Total water consumption	759	743	751	831	10.65%	Water consumption per capita	8.93	8.16	8.545	8.70	1.81%	Item	2021	2022	Baseline value	2023	Reduction ratio in 2023	Total weight of waste	333.6	309.5	321.55	319.8	(0.54%)	Output per capita	3.92	3.40	3.66	3.61	(1.37%)	
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Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			<p>reduction target for 2023 has already been reached. Since Acter is an engineering service provider, not a manufacturing industry, waste management at its HQ mainly consists of kitchen waste recycling. The building management committee engages a professional, qualified waste treatment business for the unified collection and use of such waste for composting.</p> <p>For details of the greenhouse gas emissions, water consumption, total weight of waste in the past two years, policies on energy saving, carbon reduction, reduction of greenhouse gas and water consumption or other waste management, please refer to the “Environmental sustainability” chapter of the sustainability report.</p>	
4. Issues of Social				None
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			(1) The Company will follow the human rights related policies announced by the government. According to the Labor Standards Act, Act of Gender Equality in Employment and the related regulations, the company has set the “Work Rules” to secure the legal rights of the employees. “Human Rights Policy” was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the related international initiatives, i.e. human rights related parts in International Bill of Human Rights and International Labor Convention etc. This policy has been announced to all employees and is disclosed on the company’s website.	
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employee?			(2) The Company stipulated “Employment Remuneration Administration Policies,” “Employee Appraisal Guidelines,” “Employee Reward and Discipline Guidelines,” “Employee Ethical Business Guidelines,” and “Regulations Governing Employee Reward” in accordance with relevant laws and regulations. It is expected to encourage employees to perform well and improve on weak performance with the open and concrete administrations measures in order to carry out the business philosophy and achieve sustainable development of the company. In order to provide sound rewards and remuneration program, the General Administration Division adjusts employee’s salary based on the market level of salary, the trend of economic, and employee’s	

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
			<p>potential every year. They also take achievement rate of annual budget target, the company's annual operating performance and individual performance into consideration when calculating employee's bonus. We are firmly committed to realizing the concept of equal pay for equal work and equal promotion opportunities for male and female employees and maintaining a ratio of female supervisors in excess of 20% to stimulate economic growth on the foundation of the concepts of sustainability and inclusion. In 2023, female employees and supervisors accounted for 32% and 20% on average, respectively. In terms of welfare planning, in addition to statutory standards, provide more welfare measures that meet the needs of employees such as leave without pay that are superior to the law, group insurance, gender-equitable childcare measures, a solid retirement system, employee assistance programs, maternal health protection program, professional training, etc. For employees applying the old system of labor standards act, professional actuaries are commissioned to safeguard the future welfare of employees, while under the new system of labor pension act, the company contributes 6% of employees' salaries into individual pension accounts. Besides, according to Article 26-1 of the "Articles of Incorporation," when distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees. The "surplus profits" here refers to the balance of pre-tax profit before deducting the employees' and directors' compensation. For employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, please refer to page 112~114 of the annual report or the "Common Prosperity" chapter of the sustainability report.</p>	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for			(3) The Company follows all the regulations and system about the work safety, and the Quality Insurance & safety Department is responsible for planning, implementing, and monitoring health management related tasks and educational trainings, and has obtained ISO45001:2018 certification. Through the regular security and health	

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
its employees on a regular basis?			educational trainings for spontaneous check and disaster prevention, the awareness of work environment hazards and emergency responding capabilities of the staff could be improved. In 2023, a total of 8 emergency response drills were conducted, along with 24 educational work safety trainings totaling 1,456 hours, achieving 0 major occupational injuries and 0 disability frequency rate for thirteen consecutive years. At the same time, we continue to care for and protect the physical and mental health of employees. In 2023, a total of 61 health promotion messages were published, 12 on-site services by occupational specialists and 4 health lectures were held, and 4 health promotion activities were organized in cooperation with external parties, such as musculoskeletal prevention physiotherapy activities and free oral cancer prevention and screening. No fire incidents occurred in 2023. For protective measures about safety and health of employees, please refer to page 114~118 of the annual report or the “Common Prosperity” chapter of the sustainability report.	
(4) Does the company provide its employees with career development and training sessions?			(4) In order to enhance the professional abilities, the company has set up employee promotion relative systems and founded the Acter A ⁺ Academy in 2014, arranging different courses for different ranks. The courses include core value training, professional training, management training, and general training. With the adoption of PDCA quality management model and E-Learning platform system, the company trains every employee from new employee orientation to setting their career development plan and to holding education and training programs that can satisfy their functional work requirements. Consensus meetings, seminars, workshops, external training and online classes also take place at Act to offer our employees diverse learning resources. For the implementation of education and training, please refer to page 113~114 of the annual report or the “Common Prosperity” chapter of the sustainability report.	
(5) Does the company comply with the relevant laws and international standards with			(5) The company provides engineering technical service and provides customized design, as well as integrating construction service, etc. and its marketing and indication are in accordance with the execution of the following regulation and international criterion to	

Promotion Item	Implementation Status			Deviations and Reasons																								
	Yes	No	Abstract Explanation																									
regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?			<p>ensure the safety of customers. On the other hands, Acter is devoted to protecting customers' confidentiality, and has regulations such as "Obligation of Confidentiality" to ensure the rights of customers.</p> <table border="1"> <thead> <tr> <th>Construction Items</th> <th>Regulation / Guide</th> </tr> </thead> <tbody> <tr> <td>Civil construction</td> <td>Building Code and Regulations</td> </tr> <tr> <td>Fire protection</td> <td>Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy</td> </tr> <tr> <td>Air conditioning</td> <td>ISO 14644, PIC/S, FDA</td> </tr> <tr> <td>Instrument and Control</td> <td>GAMP 5</td> </tr> <tr> <td>Compartment material</td> <td>GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act</td> </tr> <tr> <td>Electric force and illumination</td> <td>Electrical Code</td> </tr> <tr> <td>Commissioning</td> <td>ISPE Commissioning and Qualification</td> </tr> <tr> <td>Water, Water for injection, and Vapor</td> <td>ISPE Water and Steam Systems (Second Edition)</td> </tr> <tr> <td>Sanitary pipe laying and equipment</td> <td>ASME BPE 2009</td> </tr> <tr> <td>Sterile preparation</td> <td>Sterile Product Manufacturing Facilities (Second Edition)</td> </tr> <tr> <td>Biological Products</td> <td>Biopharmaceutical Manufacturing Facilities</td> </tr> </tbody> </table>	Construction Items	Regulation / Guide	Civil construction	Building Code and Regulations	Fire protection	Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy	Air conditioning	ISO 14644, PIC/S, FDA	Instrument and Control	GAMP 5	Compartment material	GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act	Electric force and illumination	Electrical Code	Commissioning	ISPE Commissioning and Qualification	Water, Water for injection, and Vapor	ISPE Water and Steam Systems (Second Edition)	Sanitary pipe laying and equipment	ASME BPE 2009	Sterile preparation	Sterile Product Manufacturing Facilities (Second Edition)	Biological Products	Biopharmaceutical Manufacturing Facilities	
Construction Items	Regulation / Guide																											
Civil construction	Building Code and Regulations																											
Fire protection	Fire Prevention Act, Standards for Installation of Fire Safety Equipments Based on Use and Occupancy																											
Air conditioning	ISO 14644, PIC/S, FDA																											
Instrument and Control	GAMP 5																											
Compartment material	GMP, Building Code and Regulations, Interior Decoration and Repairs Governance Act																											
Electric force and illumination	Electrical Code																											
Commissioning	ISPE Commissioning and Qualification																											
Water, Water for injection, and Vapor	ISPE Water and Steam Systems (Second Edition)																											
Sanitary pipe laying and equipment	ASME BPE 2009																											
Sterile preparation	Sterile Product Manufacturing Facilities (Second Edition)																											
Biological Products	Biopharmaceutical Manufacturing Facilities																											
(6) Does the company formulate a supplier management policy which requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how their			(6) We continue to require suppliers to take Acter's "Suppliers Code of Conduct" as the basis for action, and work together with the supply chain to optimize our performance through good supply chain management; and make continuous progress on providing a safe work environment, maintaining operations ethically, forming a dignified labor-employee relationship and facilitating environmental protection. The company rules management operations of suppliers upon internal control system, and makes records of supplier basic information for material and engineering contractor. For the case of suppliers obtaining ISO 9001 quality and management system certificate ISO																									

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
implementation is?			<p>14001 international environmental management system criteria, ISO45001 occupational health and safety system relevant certificates, and other qualification remark of government and quality qualification remarks of foreign government, it will be listed as priority suppliers. It enforces and promotes company corporate social responsibility in its transactions company with its suppliers :</p> <ol style="list-style-type: none"> 1. It specifies in the article of the condense agreement of the Company : “Article 13 The suppliers shall abide by the corporate social responsibility company requirements of the company. In the event that any of the policies were violated and their actions cause an impact on environment and society, the company can terminate or cancel the agreement at any time.” 2. It stipulates environmental security and management procedure of contractor to specify that contractor shall the related regulations and requirement of environmental safety and health. 3. It regulates “safety and health requirement of contractor” on engineering contracting agreement and rigidly conduct the requests the suppliers shall comply with every environmental safety and health requirement during construction toward supplier. 4. It concludes “Honest and Integrity Commitment” establish healthy supplier chain relationship between the company and suppliers once the supplier breaches the commitment. The company holds the right to terminate the cooperation relationship and the supplier shall burden all legal responsibilities accordingly. 	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or	✓		The company’s report complies with the GRI Sustainability Reporting Standards (2021), corresponds to the SDGs, also refers to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, ISO26000 Social Responsibility Guidelines, and Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, and will obtain the assurance or verification statement through the third-party organization. The company has entrusted the third-party DNV Taiwan to conduct verification for two consecutive years since 2022. Report of 2022 has obtained	None

Promotion Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Explanation	
certification for the reports above?			the verification and uploaded on the company’s website. Report of 2023 is expected be completed by the end of August.	
6. If the company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the company’s operations: The company has made a commitment to sustainability, and has implemented measures such as an employee code of conduct and environmental safety and health policies. These actions are consistent with the rationale of the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”				
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development : Please refer to <Table 1> and <Table 2>.				

<Table 1>

Item	Detailed Description
■ Human rights	
Compliance with the Labor Standards Act	The Company will follow the human rights related policies announced by the government. According to the Labor Standards Act, Act of Gender Equality in Employment and the related regulations, the company has set the “Work Rules” to secure the legal rights of the employees. “Human Rights Policy” was set to secure the human rights and benefits of all the employees (active employees, contractors and temporary workers, interns etc.) after referencing the International Bill of Human Rights, International Labor Convention and related international initiatives. To maintain employer-employee relations, the company holds employment meetings on a regular basis according to the “Regulations for Implementing Labor-Management Meetings.” Four meetings were held in 2023.
Other (e.g. protecting employees and recruitment candidates from harassment and discrimination)	The company has implemented the “Human Rights Policy,” “Sexual Harassment Prevention Policy,” and “Personal Information Protection Policy” to protect employees’ rights, interests and privacy. There were no complaints to violation of human rights as of 2023.
■ Employees’ rights, safety and health	
Adequate training for employees	In order to inspire growth among employees and nurture professional talent, the company has implemented a set of training guidelines and empowered General Administration Division to oversee employee training.
Employees’ right to express	The company implements two-way communication through multiple channels such as internal platforms,

Item	Detailed Description
opinions	employee mailboxes, seminars, labor-management meetings, and employee satisfaction surveys. An employee mailbox has been made available on the company’s website (under the HR section), through which employees may reflect their opinions about rights, welfare, management and the work environment. The company conducts employee satisfaction surveys through questionnaire each year and improvement measures are then proposed so as to achieve employee demands and expectations.
Other (e.g. ISO45001 certification on occupational health and safety, and offering of reasonable welfare and remuneration packages to employees)	The company has obtained ISO9001:2015 certification on quality, ISO14001:2015 certification on environmental management, ISO50001:2018 certification on energy management systems and ISO45001:2018 certification on occupational safety and health. Its employee remuneration system has been developed in compliance with relevant laws including those that govern minimum wages and mandatory benefits.
■ Employee care	
Workplace safety	The company has empowered a Quality Insurance & safety Department to oversee safety and health conditions at various work sites. The department conducts regular tests on the operating environment and takes steps to ensure that safety and health regulations have been strictly complied with to provide employees with the utmost assurance.
Establishment of written employee health and safety policies	The company has an environmental safety and health policy and related regulations and cooperates in their execution.
Other (e.g. care for employees’ physical/mental development and family life)	The company has established “Employee Welfare Committee” in 2005. It plans employee traveling activities, association, gathering party, reunion party and so on, including family day, using activities to increase the interaction of employees with their families. We anticipated that our employee could attach importance on the family life and mental development apart from work value the importance of family for our employees and our Human Resource Division staff aims to take care of the needs of the employee, including physical and mental development. In 2023, a total of 3 employee welfare committee meetings were held, with a total annual appropriation amount of NT\$6,925,853, including special funds for employees to have overseas or domestic trips. A total of 62 overseas or domestic activities were held.
■ Environmental Protection	
Establishment of written environmental protection policy, compliance with environmental protection laws, and other (e.g.	The Company has established the environmental management system based on the internal “Environment manual” and passed the certification of ISO14001 International Environmental Management Systems in 2010. We have not only continuously improved the ISO14001 International Environmental Management Systems but also followed the requirements of the revised ISO version to have the system upgraded in 2017. We’ve done our best to

Item	Detailed Description															
development of energy-saving and pollution-reducing technologies, equipment and activities; steps taken to reuse or recycle waste, or to reduce or prohibit the use of hazardous substances)	protect the environment to take our corporate social responsibility. We have done nothing illegal or against regulations by the end of 2023.															
■ Community involvement																
Participation in community services and charity activities, and other (e.g. aid and investment in the community [including manpower, supplies, knowledge and skills], steps taken to ensure the health and safety of the community)	<p>The company's employees in the Taichung headquarters have formed the 「Volunteering group of Acter」 to join in the irregular community services and activities. The total involvement of employees in community services and service hours were as the following table. The service area has expanded from the company's location in Taichung and Changhua to all of Taiwan, due to the volunteer activities being related to the company's core business, enabling the company to contribute to society with its expertise.</p> <table border="1" data-bbox="636 683 2076 914"> <thead> <tr> <th data-bbox="636 683 1525 722">The content of the participation in the service</th> <th data-bbox="1525 683 1848 722">Number of participants</th> <th data-bbox="1848 683 2076 722">Total hours</th> </tr> </thead> <tbody> <tr> <td data-bbox="636 722 1525 799">2023/04/25 and 2023/11/06 Environmental education volunteer activities in Da-cheng Elementary School (Changhua)</td> <td data-bbox="1525 722 1848 799">6</td> <td data-bbox="1848 722 2076 799">36</td> </tr> <tr> <td data-bbox="636 799 1525 839">2023/05/06 Building volunteers (all of Taiwan)</td> <td data-bbox="1525 799 1848 839">16</td> <td data-bbox="1848 799 2076 839">176</td> </tr> <tr> <td data-bbox="636 839 1525 879">2023/12/16 Shopping with vulnerable seniors (Taichung)</td> <td data-bbox="1525 839 1848 879">33</td> <td data-bbox="1848 839 2076 879">99</td> </tr> <tr> <td data-bbox="636 879 1525 914">Total</td> <td data-bbox="1525 879 1848 914">55</td> <td data-bbox="1848 879 2076 914">311</td> </tr> </tbody> </table>	The content of the participation in the service	Number of participants	Total hours	2023/04/25 and 2023/11/06 Environmental education volunteer activities in Da-cheng Elementary School (Changhua)	6	36	2023/05/06 Building volunteers (all of Taiwan)	16	176	2023/12/16 Shopping with vulnerable seniors (Taichung)	33	99	Total	55	311
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2023/12/16 Shopping with vulnerable seniors (Taichung)	33	99														
Total	55	311														
■ Social contributions and social welfare																
Donations to charities, educational, healthcare, artistic activities etc., and other (e.g. aid to less-developed countries, offering of employment opportunities to the socially disadvantaged etc)	<p>There are four aspects in regard to Acter's social participation, including “environmental sustainability,” “care for the disadvantaged,” “sustainability in urban and rural areas,” and “community building.” Relevant actions are facilitated, reviewed and reported by the Company's General Management Division and volunteer team each year. In 2023, we have totally invested NTD7,890,121 in social participation. Related activities are as follows:</p> <ol style="list-style-type: none"> 1. Social participation <ul style="list-style-type: none"> - Purpose: Sponsor related groups and drive all employees to participate in volunteer work - Description: Social participation expenditures and donations of second-hand materials - Implementation results: <ul style="list-style-type: none"> ■ Sponsored kindergarten surveillance camera campus painting activity of Da-cheng Elementary School ■ Sponsored shopping with vulnerable seniors activity 															

Item	Detailed Description
	<ul style="list-style-type: none"> ■ Sponsored NIEA’s 11 elementary schools in Changhua the journals of Future Youth and Future Children for one year ■ Sponsored funds to INRAA for rice straw decomposing bacteria to reduce air pollution and GHG emissions <p>2. Industrial-academic cooperation</p> <ul style="list-style-type: none"> – Purpose: Foster Acter’s human capital and enhance young people’s employment ability. – Description: Industrial-academic training plan, enterprise internship plan, scholarship – Implementation results: <ul style="list-style-type: none"> ■ A total of 2 student participated in the industry-academic training plan in 2023, costing NTD984,638. ■ A total of 11 student participated in the corporate internship (10 in the semester-based internship and 1 in the summer internship), costing NTD4,084,933. ■ Provide scholarship for NYUST , NKUST and NCUT, totaled NTD 310,000. ■ Provide lecture fee for NTUT, NYUST, and NCUT, totaled NTD 82,598. <p>3. External initiatives</p> <ul style="list-style-type: none"> – Purpose: Facilitate partnership; share knowledge and expertise; and participate in initiatives of sustainable development associations/ institutions. – Description: Facilitate industrial development and enhance the corporate brand image – Implementation results: In 2023, the total number of external partner organizations in which Acter participates as a member is 11, and the total amount of investment to assist in the development and operation of the organization is NT\$156,627. <ul style="list-style-type: none"> ■ Taiwan Energy Service Association ■ Taiwan Refrigeration & Air-conditioning Engineering Association of R.O.C. ■ Taiwan Electrical Contractors Association ■ Taiwan Water Pipe Engineering Industries Association ■ Solar PV Generation System Association of R.O.C. ■ Taiwan Pharmaceutical Manufacturer’s Association ■ Taichung Importers & Exporters Chamber of Commerce ■ Taiwan Cleaning Technology Association ■ Taiwan Parenteral Drug Association ■ Semiconductor Equipment and Materials International ■ Taiwan High-Tech Facility Association

Item	Detailed Description
	The Company has followed the article 38 of “People with Disabilities Rights Protection Act” and article 12 of “Indigenous Peoples Employment Rights Protection Act” to hire the people with disabilities and indigenous people. By 2023, 3 people with disabilities and 3 indigenous people were hired and they’d represent 1% of total employees in the company. The ratio meets the provisions of the laws and Acter will continue to evaluate if they were at the right position and provide them the equal rights for working.
■ Social services	
Promotion of social welfare and other	Over the years, the company has been continuously cooperated with schools and relevant educational institutes for industrial and academic projects, including “industrial and academic cooperation” and “internship programs.” It is the Company’s expectation to integrate the industry and school resources to generate synergy and create more opportunities for students. In 2023, total expenses for “industrial and academic cooperation” and “internship programs” are NT\$984 thousand and NT\$4,085 thousand respectively.
■ Investor relations	
Operating transparency	The company publishes financial and business information on the Market Observation Post System and its website as required by law.
Corporate governance	In an attempt to achieve more robust corporate governance, the company has empowered its directors and Audit Committee in accordance with the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to make the company’s operations more transparent to shareholders.
Other	The company has set up its own website and implemented a spokesperson and a deputy spokesperson policy as a means of providing more transparent financial information to investors.
■ Supplier relations	
Reasonableness of procurement prices and other	The company has developed a set of “Material Procurement and Management Procedures” based on ISO9001 standards. By establishing procurement contracts with suppliers, the company is able to define the specifications for its purchases and thereby protect its own interests. Business dealings with suppliers are based on trust and a mutually beneficial relationship made possible by open communications.
■ Stakeholder interests	
Intellectual property rights	The company respects intellectual property rights, and is yet to be involved in any case of IP infringement.
Regulatory compliance	The company’s operating policies and systems are in strict compliance with laws.
Other (e.g. disclosure of corporate social responsibilities on company	The company has disclosed its corporate social responsibilities in prospectus and in its annual reports.

Item	Detailed Description
website)	
■ Consumer interests	
Emphasis put on customers relations (e.g. consumer protection, product quality, safety and innovation, attention to customers' complaints, provision of full product information etc.)	In order to provide customers with "total satisfaction," the company conducts customer satisfaction surveys every year. Analysis and review are carried out for customer complaints and problems or where the overall evaluation score has not reached a certain score, and treatment options, improvement measures, and prevention methods are then proposed so as to achieve customer demands and expectations. Regarding the average customer satisfaction level of Acter in 2023 was score 91.8.

<Table 2>Climate-Related Information of TWSE/TPEX Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>1. The Corporate Sustainability Committee serves as the climate change management unit, regularly planning and reporting on related issues, and presenting results at board and executive management meetings.</p> <p>2. Based on the likelihood and impact of climate risks and opportunities, summarize relevant items and assess the timeline and impact as listed below :</p> <ul style="list-style-type: none"> ■ Physical risks: equipment damage and operational interruptions caused by various disasters <ul style="list-style-type: none"> (1) Extreme weather events: long-term (30 years) (2) Adapt to Climate Change: Long-term (30 years) ■ Transition risk: Global trends are moving towards greenhouse gas emissions control, leading to increased costs. The company is taking measures to conduct audits and voluntary reductions, complying with regulations. <ul style="list-style-type: none"> (1) Policy and Regulatory Impact: Midterm (10 years) (2) Greenhouse gas emission pricing: midterm (10 years) ■ Opportunities <ul style="list-style-type: none"> (1) Innovative energy-saving technology, precise market response: short-term (5 years)

Item	Implementation status
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p> <p>4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p> <p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> <p>9. Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans.</p>	<p>(2) Enhancing Climate Resilience, Internal Regulatory Audit Identification: Short-term (5 years)</p> <p>(3) Promote energy conservation, carbon reduction, and resource management to mitigate potential policy impacts on operations: short term (5 years)</p> <p>3. The mentioned entities, transition risks and opportunities will impact changes in the company’s operating costs.</p> <p>4. Regularly identify risks and opportunities, communicate with responsible units, and incorporate them into the company’s annual risk management assessment. The Corporate Sustainability Committee will report risk control measures and operational effectiveness to the Board of Directors.</p> <p>5. Please refer to the Sustainability Report for an explanation of the scenario analysis.</p> <p>6. Please refer to the chapter on “Sustainable Innovation” in the sustainability report for more details on the relevant initiatives.</p> <p>7. We currently do not use internal carbon pricing planning tools, but will consider in the future based on the impact of climate change on our company °</p> <p>8. Reveal relevant emission data in the annual sustainability report and regularly review the progress towards achieving goals. Carbon credits and RECs have not been implemented yet.</p> <p>9. Please refer to pages 58~60 of the annual report for an inventory and verification of greenhouse gas emissions, reduction targets, strategies, and specific action plans. The company will fill out the form according to the schedule specified in the Sustainability Roadmap.</p>

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

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

(2) Measures adopted :

- A. Employees of the company are prohibited from offering or accepting inappropriate benefits, and are discouraged from doing business with dishonest agents, suppliers, customers or other business partners.
- B. All employees of the company are required to comply with policies and refrain from dishonest conduct.
- C. Employees of the company are required to disassociate themselves whenever there is a conflict between their interests and the interests of the company.
- D. Employees of the company are bound to maintain confidentiality over any commercial secrets learned during their involvement. They are prohibited from revealing such secrets to others as well as inquiring into secrets unrelated to their job roles.
- E. All major operating policies, investments, asset acquisitions and disposals, loans, corporate guarantees and endorsements, and bank financing are subjected to thorough analysis before they are proposed for the board's resolution.
- F. The company's Financial Division is responsible for reviewing transactions according to accounting policies and conducting credit assessments of its customers. The Financial Division clarifies with the financial statement auditor should they encounter any major issues or queries. It reports regularly to the competent authority and makes public announcements on mandatory disclosures as required by law.
- G. The Auditing Office is responsible for carrying out internal audits on various departments within the company, and therefore ensures the robustness and effectiveness of the company's internal control systems.
- H. For the purpose of pursuing sustainable development, the company is committed to the concept of "integrity" as an operational principle. This integrity is reflected in the company's transparent disclosure of financial and corporate governance information on its website and on the Market Observation Post System and its corporate governance system (comprising of its "Ethical Corporate Management Practice Principles" and "Ethical Corporate Management Operating Procedures and Conduct Guide").

(3)Ethical Corporate Management

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

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
commitment to implement the policies as well as review and revise the aforementioned policies regularly?			updated issued by the competent authority.	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	✓		<p>(1) The company must assess the legitimacy of suppliers and contractors who have a business relationship with the company, and check any records of unethical conduct, to ensure that the business operating methods of such parties is fair and transparent, and shall avoid conducting business with suppliers and contractors that are involved in unethical conduct.</p> <p>When conducting the above assessment, the company may employ appropriate examination procedures to investigate a company's business partners based on the following items in order to know the state of that party's ethical corporate management:</p> <ol style="list-style-type: none"> 1. The country, location of the business operations, organizational structure, management policy and payment location. 2. Has an ethical corporate management policy been drafted? What is the policy's state of implementation? 3. Is the location of this company's business operations in a high corruption risk country? 4. Is the business of this company classified as a high corruption risk business? 5. The long-term operating situation and goodwill of this company. 6. Ask the business partners of this company about their opinions concerning the company. 7. Has this company been involved in any unethical conduct, such as bribery or illegal political contributions? <p>When signing a contract, it shall be specified in contracts that when</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity, and regularly (at least once a year) report to the board of directors about the programs, supervision and execution situations for the ethical corporate management policies and the prevention against unethical conducts?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and</p>			<p>suppliers or contractors are involved in unethical conduct while engaging in business activities, the company can terminate or cancel the contract at any time. Besides, suppliers or contractors are required to sign a “Letter of Ethical Commitment.”</p> <p>(2) The company has established “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating Procedures and Conduct Guide,” and “Code of Ethics,” etc. and is active in conveying its underlying rationale to the employees. In order to promote honest business, the General Administration Division supports the Executive Secretary to take charge of honesty relevant system and maintenance and supervision and execution, it shall report to the Board periodically every year and the promoting situation of 2023 has been reported to the Board on November 8, 2023, and which was disclosed on the site. Upon discovering or receiving reports of dishonest conduct, the General Administration Division investigates immediately and demands immediate cessation if such conduct has been verified to have violated laws or the corporate ethical principles. In which case, the violator will be subject to disciplinary action and legal claims if necessary in order to protect the company’s reputation. For dishonest conduct that has already occurred, the General Administration Division will help identify weaknesses in the internal control systems or procedures that led to the incident, and instruct the responsible department to rectify so that such incidents do not recur. All departments are required to report to the board of directors on dishonest conduct discovered, actions taken, and subsequent improvements made.</p> <p>(3) The company has implemented a set of “Employee Ethical Business Guidelines” that requires employees to disassociate themselves from cases that involve their own interests. Violators are subject to</p>	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management and has its internal audit unit developed relevant audit programs according to the assessment results for the risks of unethical conducts as well as reviewed compliance to prevention against unethical behaviors or entrusted accountants to conduct the review?</p> <p>(5) Does the company regularly hold internal and external educational training on operational integrity?</p>			<p>disciplinary actions.</p> <p>(4) The company has always paid great attention to the accuracy and completeness of its financial reporting procedures and controls. It has developed effective accounting systems and internal controls to address business activities that present higher integrity risks. Meanwhile, the internal auditor devises annual audit plans based on risk assessment outcomes, and compiles its findings into audit reports for the board of directors' review.</p> <p>(5) The Company would promote the company management concept and requirements by educational training and internal meetings to let the employees understand well and follow accurately. Year 2017, we have introduced the integrity standards into the E-learning system and included it as the annual required course since 2018. In 2023, a course was opened to enhance the attentions of all the employees as follows:</p> <ul style="list-style-type: none"> ▪ Course name: "Ethical Corporate Management and Sexual Harassment Prevention" ▪ Course outline: The ethical corporate management and sexual harassment prevention promotion, the explanation of employee ethics (including the prohibition of insider trading), and the compliance of code of ethics. ▪ Number of trainees: A total of 355 employees completed the training (the number of trainees should be 383,) the completion ratio is 92.69% ▪ Education hours: 355 hours <p>The company assigns employees to participate in ethics training whenever deemed appropriate.</p>	

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases and follow-up measures to be taken after the investigation is completed?</p>	✓		<p>(1) The company established a “Code of Ethics” and “Employee Ethical Business Guidelines,” and published it on company governance page of the official site. All employees shall abide by the rules and regulations, all executives of each unit shall carry out and ensure that all department employees understand, accept and comply with the relevant regulations with all its strength. Employees shall be cautious about any behavior that violates the code of conduct, on occasion that any inquiry or discovery of behaviors relating with violating any rule and the norm serious violation cases shall be reported to the Board and then given the corresponding punishment according to the “Employee Reward and Discipline Guidelines,” and a proceeding will be brought up once there is any relevant violation to the law. Employees who violated the regulation with a post under the level of manager for any personal punishment and measure considered as violation of law or impairment of interest and right as unjustified cause, it may submit concrete matter of fact and enclose with related information to appeal to Investigation Unit of General Administration Division, while the person who violated rules with post of above manager, it can conduct according to the regulation about appealing in Code of Ethics. For the reporting channels of the company, in addition to employee personal opinion or claim box, it also set up auditing commission mailbox for completing the function of supervision.</p> <p>(2) In order to reinforce the protection on the interest and right of reporter and avoid the revenge occurred by improper personnel measure, it built “whistleblower protection” relevant measures, for the staff and relevant personnel who denounced someone who has violated regulation or participated with the process of investigation, it will give appropriate</p>	None

Evaluation Item	Implementation Status			Deviations and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?			<p>protection measure for refrain in them from suffering unfair treatment and revenge. In case that the whistleblower has suffered from revenge, it can seek remedies at specific responsibility unit or Office of the Chairman.</p> <p>(3) Concerning “Whistleblower Protection,” it safeguards the reporter’s position and rewards from degradation or expelling due to reporting, as for the case of suffering the revenge via normal reporting, in addition to providing compensation, a punishment will be imposed on the revenging party according to “Employee Reward and Discipline Guidelines.”</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	✓		(1) The company has clearly disclosed its business philosophy on its website. Ethical guidelines are also made available for employees to inquire.	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>The company has devised “Ethical Corporate Management Practice Principles” and “Ethical Corporate Management Operating Procedures and Conduct Guide” in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies” and the company’s practices. These codes, procedures and manuals serve as guidance to employees while carrying out their roles.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>In order to develop honesty as part of its corporate culture, governance and risk management, the company has outlined in its “Ethical Corporate Management Operating Procedures and Conduct Guide” the regulations that directors, managers and employees are bound to comply with and a list of conduct to avoid.</p>				

7. Corporate Governance Guidelines and Regulations

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

8. Other Important Information Regarding Corporate Governance

The company has established “Procedures for Handling Material Inside Information and Management of the prevention of insider trading.” The adoption or amendment to the procedures was submitted to the board of directors for approval by resolution and publicly announced. Please refer to the company’s website at www.acter.com.tw→Investors→Corporate Governance.

9. Internal Control System

(1)Statement of Internal Control System: Please refer to page 81.

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

ACTER GROUP CORPORATION LIMITED

Statement of Internal Control System

Date: Feb. 26, 2024

Acter has conducted a self-assessment of internal controls for the period of January 1, 2023 to December 31, 2023. The results are as follows:

1. Acter acknowledges that the company's Board of Directors and management are responsible for establishing, implementing and maintaining the preexisting internal control system. The purpose of the internal control system is to provide a reasonable assurance for achieving the company's goals: efficient and effective operations (including profit, efficiency, and the safeguard of assets, etc.), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws and regulations.
2. The internal control system has its inherent constraints. Regardless of how well the system is implemented, it can only provide a reasonable assurance that the above goals will be achieved. Indeed the effectiveness of the internal control system may vary due to resulting changes in the environment and circumstances. Acter's internal control system is self-monitoring and requisite actions are promptly taken to address any recognized shortcomings in the system.
3. Acter evaluates the effectiveness of the design and performance of its internal control system as indicated in the Rules Governing Internal Control Systems Established by Public Listed Companies announced by the Securities and Exchange Commission, MOF. Based on the management control process, the items for assessing the internal control specified in the Points are: 1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information and Communication and 5. Monitoring. Each is comprised of certain factors that are described in the Points.
4. Acter has evaluated the effectiveness of the design and performance of its internal control system in accordance with the above factors.
5. Acter believes that the effectiveness of the design and execution of its internal control system in 2023/12/31 the above mentioned assessment period provides reasonable assurance of achieving the goals of operation efficiency and effectiveness, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws and regulations.
6. This Statement of Internal Control will be a prominent feature of Acter's annual report and prospectus and will be released to the public. Should any statement contained within be misleading or falsely represented, Articles 20, 32, 171 and 174 of the Securities Exchange Law shall apply.
7. This Statement of Internal Control has been approved by Acter's Board of Directors at the Feb. 26, 2024 board meeting. Seven directors attended the meeting and agreed with the content of the statement.

ACTER GROUP CORPORATION LIMITED

Chairman: Liang, Chin-Li
Lai, Ming-Kun
President: Wang, Chun-Sheng

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

None.

11. Major Resolutions of Shareholders' Meeting and Board Meetings

(1) Major Resolutions of Shareholders' Meeting

Date	Major resolutions	Implementation Status
May 25, 2023	<ol style="list-style-type: none"> Adoption of the 2022 Business Report and Financial Statements. Adoption of the Proposal for Distribution of 2022 Profits. 	<ol style="list-style-type: none"> Resolved by Shareholders' Meeting. Resolved by Shareholders' Meeting and the record date was set at Jul. 12, 2023. The company distributed cash dividends for the second half of 2022 on Jul. 27, 2023. (NT\$8.25700195 per share.)

(2) Major Resolutions of Board Meetings

Date	Major resolutions
Jan. 13, 2023	<ol style="list-style-type: none"> Resolved to approve the 2022 performance bonus for executives. Resolved to approve the retroactive recognition of the company's guarantees and endorsements. Resolved to approve the retroactive recognition of company's application for credit limit at banking institutions.
Feb. 24, 2023	<ol style="list-style-type: none"> Resolved to approve the distribution of 2022 employees and directors compensation. Approved to establish the company's non-assurance services pre-approval policy. Resolved to approve the company's 2022 business report and financial statements. Resolved to approve the distribution of 2022 profit. Resolved to approve the company's 2022 statement of internal control system. Resolved to approve the evaluation of qualification and independence of the Certified Public Accountants and to approve the amendment of the "Regulations governing the CPA's performance evaluation." Approved to amend the "Corporate Governance Practical Rules." Resolved to approve the record date of new common shares converted from the 1st domestic unsecured convertible bonds. Resolved to approve the schedule of the group's greenhouse gas inventory and verification in accordance with the "Sustainable Development Roadmap for Listed Companies" issued by the FSC. Resolved to approve the application and retroactive recognition of company's application for credit limit at banking institutions. Approved to amend the "Rules Governing Financial and Business Matters Among the Group Enterprises, Specified Companies and Affiliated Enterprises." Approved to convene the company's 2023 annual shareholders' meeting.
May 10, 2023	<ol style="list-style-type: none"> Resolved to approve the company's 2023 remuneration for executives. Resolved to approve the consolidated financial statements for three months ended March 31, 2023. Resolved to approve the retroactive recognition of the company's guarantees and endorsements. Resolved to approve the retroactive recognition of the company's investment in the construction company.

Date	Major resolutions
	<ol style="list-style-type: none"> 5. Approved to acquire the securities of AMPOC. 6. Approved to acquire the securities of PSI. 7. Resolved to approve the contract of the non-assurance services about “Sustainable Organization Reconstruction.” 8. Resolved to approve the record date of new common shares converted from the 1st domestic unsecured convertible bonds. 9. Approved to provide a “Letter of Support” for credit limits applied by subsidiaries. 10. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions. 11. Resolved to approve the ex-dividend date for cash dividends distribution.
Aug. 10, 2023	<ol style="list-style-type: none"> 1. Resolved to approve the distribution of 2022 directors’ compensation. 2. Resolved to approve the distribution of 2022 employee’s compensation for executives. 3. Resolved to approve the manager of the company to hold shares in RAYZHER’s stock release case. 4. Resolved to approve the consolidated financial statements for six months ended June 30, 2023. 5. Resolved to approve the retroactive recognition of the company’s guarantees and endorsements. 6. Approved to amend the “Risk and Crisis Management Rules.” 7. Resolved to approve the record date of new common shares converted from the 1st domestic unsecured convertible bonds. 8. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions. 9. Resolved to approve that ACTER TECHNOLOGY INTEGRATION GROUP CO., LTD., a subsidiary of the company, intends to issue convertible bonds, which may reduce the company’s shareholding ratio in ACTER Integration. 10. Resolved to approve the schedule of the group’s greenhouse gas inventory and verification.
Nov. 08, 2023	<ol style="list-style-type: none"> 1. Resolved to approve the company’s 2023 remuneration policy to directors and employees. 2. Resolved to approve the company’s 2023 compensation policy for executives. 3. Resolved to approve the consolidated financial statements for nine months ended September 30, 2023. 4. Resolved to approve the company’s business report and dividend distribution for the first half of 2023. 5. Resolved to approve the 2024 annual audit plan. 6. Approved to amend the “Subsidiary Management Policy.” 7. Resolved to approve the application and retroactive recognition of the company’s guarantees and endorsements. 8. Resolved to approve the NTC to abandon the capital increase of Suzhou Winmax and instead be held by an employee shareholding platform. 9. Resolved to approve the personnel reassignment. 10. Resolved to approve the record date of new common shares converted from the 1st domestic unsecured convertible bonds. 11. Resolved to approve the renewal and retroactive recognition of company’s application for credit limit at banking institutions.
Jan. 25, 2024	<ol style="list-style-type: none"> 1. Resolved to approve the 2023 performance bonus for executives. 2. Approved to acquire the securities of PSI. 3. Approved to lend capital to subsidiary - Enrich Tech Co., Ltd. 4. Resolved to approve the retroactive recognition of company’s application for credit limit at banking institutions. 5. Approved to provide a “Letter of Support” for credit limits applied by subsidiaries.

Date	Major resolutions
Feb. 26, 2024	<ol style="list-style-type: none"> 1. Resolved to approve the distribution of 2023 employees and directors compensation. 2. Resolved to approve the company's 2023 business report and financial statements. 3. Resolved to approve the distribution of 2023 profit. 4. Resolved to approve the company's 2023 statement of internal control system. 5. Resolved to approve the evaluation of qualification and independence, and remuneration of the Certified Public Accountants. 6. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets." 7. Resolved to approve the retroactive recognition of company's application for credit limit at banking institutions. 8. Approved to amend the company's "Articles of Incorporation." 9. Approved to amend the company's "Rules of Procedure for Shareholder Meetings." 10. Approved to elect 7 members of the 13th Board of Directors. (Including 4 independent directors) 11. Approved to release the directors and their representatives from non-competition restrictions. 12. Approved to convene the company's 2024 annual shareholders' meeting.

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

None.

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

February 29, 2024

Job title	Name	Date of Appointment	Date of Termination	Reason for Resignation or Dismissal
Principal accounting officer and principal financial officer	Tsao, Yun-Han	Aug. 01, 2009	Nov. 09, 2023	Position adjustment
Chief corporate governance officer	Tsao, Yun-Han	Apr. 11, 2019	Nov. 09, 2023	Position adjustment

v. Information on the professional fees of the attesting CPAs

1. Professional fee of the attesting CPAs

Unit: NT\$ thousand

CPA Firm	CPA's Name	Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
KPMG	Chen Cheng Hsueh Lu, Chien-Hui	Jan. 1, 2023~ Dec. 31, 2023	1,840	505	2,345	Note1

Note1: Non-Audit fees include tax certification of NT\$485 thousand and checklist for the salaries of the full-time employees who are not in a managerial position of NT\$20 thousand.

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

None.

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

None.

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

1. Regarding Former CPA

Date of replacement	Approved by board of director on Apr. 14, 2022		
Reason for replacement and explanation	Internal job assignment and scheduling adjustment made by KPMG		
Describe whether the company terminated or the CPAs terminated or did not accept the engagement	Circumstances	Parties	CPAs The company
	Terminated the engagement	Not Applicable	
	No longer accepted (discontinued) the engagement		
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the company?	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	Other
	No	✓	
Specify details : None.			
Other matters to be disclosed (disclosures for Clause 6.1.4~6.1.7, Article 10 of these guidelines)	None		

2. Regarding the Successor CPA

Name of accounting firm	KPMG
Names of CPAs	Chen Cheng Hsueh · Lu, Chien-Hui
Date of engagement	Approved by board of director on Apr. 14, 2022
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the company and the former CPAs	None

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

There is no disagreement from the former CPAs.

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

None.

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

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

Unit: Share

Title	Name	2023		As of Feb. 29, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman(CEO)	Liang, Chin-Li	0	0	0	0
Director	Yang, Jung-Tang	0	0	0	0
Director	Hu, Tai-Tsen	0	0	0	0
Independent Director	Yeh, Hui-Hsin	0	0	0	0
Independent Director	Yang, Qian	0	0	0	0
Independent Director	Wang, Mao-Rong	648	0	0	0
Independent Director	Huang, Tzu-Pei	0	0	0	0
President	Lai, Ming-Kun	0	0	0	0
President	Wang, Chun-Sheng	0	0	0	0
Vice President	Chang, Ri-Dong	0	0	0	0
Vice President	Chen, Yuan-Pi	0	0	0	0
Vice President	Lee, Ming-Chih	0	0	0	0
Assistant Vice President	Li, Po-Sheng	0	0	0	0
Assistant Vice President of Financial Division	Tsao, Yun-Han	(Note1)			
Assistant Vice President	Yang, Hui-Bao	0	0	0	0
Assistant Vice President	Tung, San-Chi	(4,000)	0	0	0
Assistant Vice President	Lin, Ching-Yi	0	0	0	0
Assistant Vice President	Chi, Chia-Chin	0	0	0	0
Assistant Vice President	Tseng, Huei-Shiung(Note2)	0	0	0	0
Financial/Accounting/Chief Corporate Governance Officer	Chen, Chung-Sheng(Note2)	0	0	0	0

Note1: Position adjusted on Nov. 9, 2023

Note2: Newly appointed on Nov. 9, 2023. The increase (decrease) in the number of shares held in 2023 is number of changes after the appointment.

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

None.

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

None.

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

As of January 21, 2024

Name (Note1)	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Shareholders (Note3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Xiang-Hui Development Co., Ltd. Representative: Yang, Sin-Hao	5,395,776	4.35	0	0.00	0	0.00	Yang, Jung-Tang	Father of the representative of Xiang-Hui Development Co., Ltd.	None
Chiu-Chang Investment Co., Ltd Representative: Wang, Yi-Hua	4,901,580	3.95	0	0.00	0	0.00	Liang, Chin-Li	Spouse of the representative of Chiu-Chang Investment Co., Ltd.	None
Liang, Chin-Li	4,609,734	3.72	236,810	0.19	0	0.00	Chiu-Chang Investment Co., Ltd	The representative of Chiu-Chang Investment Co., Ltd is the spouse of Liang, Chin-Li	None
Sumitomo Chemical Engineering Co., Ltd. Representative: Yoshihiro Miyoshi	2,760,998	2.23	0	0.00	0	0.00	None	None	None
Hu, Tai-Tsen	2,607,178	2.10	43,608	0.04	0	0.00	None	None	None
Cathay Life Insurance Company, Ltd. Representative: Syong, Ming-He	2,602,000	2.10	0	0.00	0	0.00	None	None	None
Yang, Jung-Tang	2,094,148	1.69	0	0.00	0	0.00	Xiang-Hui Development Co., Ltd.	The representative of Xiang-Hui Development Co., Ltd. is the son of Yang, Jung-Tang	None
Tsai, Chih-Cheng	1,614,768	1.30	806,116	0.65	0	0.00	None	None	None
J.P. Morgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,409,168	1.14	0	0.00	0	0.00	None	None	None

Name (Note1)	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Shareholders (Note3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
J.P. Morgan in custody for Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	1,368,832	1.10	0	0.00	0	0.00	None	None	None

Note1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

As of Dec. 31, 2023, Unit: Share/%

Long-Term Investment (Note1)	Ownership by Acter		Ownership by directors and managers, and any companies controlled either directly or indirectly by the company		Total Ownership	
	Shares	%	Shares	%	Shares	%
Her Suo Eng., Co., Ltd.	10,000,000	100	0	0	10,000,000	100
Nova Technology Corp.(Note2)	43,196,358	58.69	749,304	1.02	43,945,662	59.71
Enrich Tech Co., Ltd.	7,401,560	56.94	1,190,352	9.15	8,591,912	66.09
Sheng Huei International Co. Ltd.	3,950,000	100	0	0	3,950,000	100

Note1: Investments accounted for using the equity method.

Note2: Numbers of shareholding is according to the register of shareholders of Nova Technology Corp. on Jan 14, 2024.

xi. Status of the Continuing Education of Directors in 2023

Title	Name	Date	Host Organization	Course	Hours
Chairman	Liang, Chin-Li	Mar. 30, 2023	Securities & Futures Institute, ROC	Corporate Governance and Securities Regulation	3
		Jul. 15, 2023	Commerce Development Research Institute	Corporate Governance Series Forum	3
		Jul. 20, 2023	Taipei Exchange	OTC Companies ESG Session	3
		Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3

Title	Name	Date	Host Organization	Course	Hours
Director	Yang, Jung-Tang	Mar. 17, 2023	Securities & Futures Institute, ROC	Discussion on Legal Risks and Responses of Directors and Supervisors from Major Corporate Malpractice Cases	3
		May 18, 2023	Securities & Futures Institute, ROC	Shareholders meeting, management control and equity strategy	3
		Jul. 13, 2023	Securities & Futures Institute, ROC	Talent Development and Corporate Sustainability	3
		Aug. 18, 2023	Securities & Futures Institute, ROC	Establishment of Whistleblower protection and reporting system for enterprises	3
		Sep. 19, 2023	Taiwan Securities Association	How to build a financial investment risk and return management platform for businesses	3
		Nov. 14, 2023	Independent Director Association Taiwan	Group's M&A strategy and post-investment management	3
Director	Hu, Tai-Tsen	May 26, 2023	Securities & Futures Institute, ROC	Insider trading legal liability and case analysis	3
		May 30, 2023	Taiwan Corporate Governance Association	The Emerging Risk : Climate Change	3
		Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3
Independent Director	Yeh, Hui-Hsin	Apr. 14, 2023	Taiwan Academy of Banking and Finance	Corporate Governance Lecture	3
		Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3
Independent Director	Yang, Qian	Mar. 10, 2023	Taiwan Corporate Governance Association	Shareholders' Meeting, Proxy Contest and Ownership Strategy	3
		Apr. 14, 2023	Taiwan Corporate Governance Association	Legal Risks and Responses to Enterprise Investment and Financing - From the Viewpoint of Corporate Directors' Responsibilities	3
		Apr. 28, 2023	Securities & Futures Institute, ROC	Early Warning and Type Analysis of Enterprise Financial Crisis	3
		Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3
Independent Director	Wang, Mao-Rong	Apr. 21, 2023	Taiwan Corporate Governance Association	How should the board of directors formulate ESG sustainable governance strategies in 2023	3
		Apr. 27, 2023	Taipei Exchange	Sustainable Development Action Plan Advocacy Meeting for Listed Companies	3
		Sep. 04, 2023	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
		Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3
Independent Director	Huang, Tzu-Pei	Sep. 15, 2023	Securities & Futures Institute, ROC	Can Taiwan's semiconductor industry sustain profitability amidst geopolitical turmoil	3
		Nov. 21, 2023	Taiwan Corporate Governance Association	Executives of the listed companies with the understanding of supervision from governmental authority	3

IV. Capital Overview

i. Capital and Shares

1. Source of Capital

Unit: NT\$/Share

Month/ Year	Offering Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
03/ 2023	5	144,000,000	720,000,000	117,604,331	588,021,655	Common shares converted from domestic unsecured convertible bonds for NT\$13,348,540	None	Note1
05/ 2023	5	144,000,000	720,000,000	122,062,795	610,313,975	Common shares converted from domestic unsecured convertible bonds for NT\$22,292,320	None	Note2
09/ 2023	5	144,000,000	720,000,000	123,177,757	615,888,785	Common shares converted from domestic unsecured convertible bonds for NT\$5,574,810	None	Note3
12/ 2023	5	144,000,000	720,000,000	124,080,930	620,404,650	Common shares converted from domestic unsecured convertible bonds for NT\$4,515,865	None	Note4

Note1: Approved no. Jing So Shang Zi 11230042850, 03/30/2023

Note2: Approved no. Jing So Shang Zi 11230087040, 05/30/2023

Note3: Approved no. Jing So Shang Zi 11230162570, 09/07/2023

Note4: Approved no. Jing So Shang Zi 11230221540, 12/04/2023

2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	124,080,930	19,919,070	144,000,000	GTSM Listed Company Stock

3. Information for Shelf Registration: Not applicable.

ii. Composition of Shareholders

As of January 21, 2024

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	9	233	16,208	202	16,652
Shareholding (Shares)	0	4,994,655	18,253,567	75,755,336	25,077,372	124,080,930
Percentage	0.00%	4.03%	14.71%	61.05%	20.21%	100.00%

iii. Shareholding Distribution Status

1. Common Shares

As of January 21, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	8,377	636,878	0.51%
1,000 ~ 5,000	6,202	13,491,816	10.87%
5,001 ~ 10,000	925	6,874,784	5.54%
10,001 ~ 15,000	364	4,548,087	3.67%
15,001 ~ 20,000	176	3,224,611	2.60%
20,001 ~ 30,000	214	5,324,224	4.29%
30,001 ~ 40,000	80	2,825,944	2.28%
40,001 ~ 50,000	50	2,258,312	1.82%
50,001 ~ 100,000	115	8,141,199	6.56%
100,001 ~ 200,000	57	7,975,255	6.43%
200,001 ~ 400,000	45	12,840,847	10.35%
400,001 ~ 600,000	13	6,393,112	5.15%
600,001 ~ 800,000	13	9,244,907	7.45%
800,001 ~ 1,000,000	7	6,244,538	5.03%
1,000,001 or over	14	34,056,416	27.45%
Total	16,652	124,080,930	100.00%

2. Preferred Shares

The Company did not issue any preferred share.

iv. List of Major Shareholders

As of January 21, 2024

Shareholder's Name	Shareholding	
	Shares	Percentage
Xiang-Hui Development Co., Ltd.	5,395,776	4.35%
Chiu-Chang Investment Co., Ltd	4,901,580	3.95%
Liang, Chin-Li	4,609,734	3.72%
Sumitomo Chemical Engineering Co., Ltd.	2,760,998	2.23%
Hu, Tai-Tsen	2,607,178	2.10%
Cathay Life Insurance Company, Ltd.	2,602,000	2.10%
Yang, Jung-Tang	2,094,148	1.69%
Tsai, Chih-Cheng	1,614,768	1.30%
J.P. Morgan in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1,409,168	1.14%
J.P. Morgan in custody for Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1,368,832	1.10%
Total	29,364,182	23.68%

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

Unit: NT\$; Thousand Shares

Item	2022 (Note10)		2023	2024/01/01- 2024/02/29 (Note8)
	Before the change in par value per share	After the change in par value per share		
Market Price per Share (Note1)				
Highest Market Price	240.00	111.00	192.50	206.50
Lowest Market Price	167.00	91.00	100.50	172.50
Average Market Price	210.61	100.94	144.82	188.69
Net Worth per Share (Note2)				
Before Distribution	64.67		71.02	Note9
After Distribution	56.04		65.02	Not Applicable
Earnings per Share (Note3)				
Weighted Average Shares (thousand shares)	114,810		122,317	Note9
Earnings Per Share	16.84		15.03	Note9
Dividends per Share				
Cash Dividends	11.68116394		10.50	Not Applicable
Stock Dividends				
• Dividends from Retained Earnings	0		0	Not Applicable
• Dividends from Capital Surplus	0		0	Not Applicable
Accumulated Undistributed Dividends (Note4)	0		0	Not Applicable
Return on Investment				
Price/Earnings Ratio (Note5 and 10)	6.19		9.64	Not Applicable
Price/Dividend Ratio (Note6 and 10)	8.92		13.79	Not Applicable
Cash Dividend Yield Rate (Note7 and 10)	11.21%		7.25%	Not Applicable

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

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

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

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

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

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

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

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

Note9: The data for the current year as of the date of printing of the annual report has not been reviewed by CPA.

Note10: The company's general shareholders' meeting resolved to amend the "Articles of Incorporation" and change the par value per share from NT\$10 to NT\$5 on May 26, 2022, which was approved by the Ministry of Economic Affairs by the Letter Jing So Shang Zi No.11101100840 dated Jun. 24, 2022 and was further approved by TPEx by the Letter Zheng-Gui-Jian No.1110006888 dated July 1, 2022. Original shares were replaced with new shares on Sep. 19, 2022. After the replacement, the number

of common shares was 114,607,990 shares and the average closing price per share in 2022 was NT\$104.16. Considering the comparability of information, the highest, lowest and average market prices are disclosed in the amounts before and after the change in par value per share.

vi. Dividend Policy and Implementation Status

1. Dividend Policy

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

The company's surplus earning distribution or loss off-setting proposal may be proposed after the end of each half fiscal year.

When distributing the surplus earnings for each half fiscal year, the company shall first estimate and reserve the taxes to be paid, offset its losses, estimate and reserve the amount of employees' and directors' compensation, set aside or reverse a legal capital reserve at 10% of the remaining earnings provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the company, then set aside a special capital reserve in accordance with law and the competent authority.

If there is a balance left over, the balance, together with the accumulated undistributed surplus in the previous period, shall be drafted by the board of directors for a distribution proposal. When the company distributes its surplus by issuing new shares, it shall follow the Article 240 of the Company Act; if such surplus is distributed in the form of cash, it shall be resolved by a majority vote at a board of directors meeting attended by at least two-thirds of the total number of directors.

If there is a surplus earning following annual closing, the company shall first pay the taxes and offset its losses, then distribute it in the following order:

- A. Set aside a 10% legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply;
- B. Special reserve in accordance with law and the competent authority.
- C. If there is a balance left over, the balance, together with the accumulated undistributed surplus in the previous period, shall be drafted by the board of directors for a distribution proposal. When the company distributes its surplus by issuing new shares, it shall be resolved at the shareholders' meeting; if such surplus is distributed in the form of cash, it shall be resolved by a majority vote at a board of directors meeting attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

In accordance with the Article 241 of the Company Act, when the company distributes its legal reserve and the capital reserve, in whole or in part, by issuing new shares or by cash distribution which shall be distributed as dividend shares to its original shareholders in proportion to the number of shares being held by each of them, it shall be distributed in accordance with the resolution in the preceding paragraph.

The company reserves a portion of the surplus depending on its current environment, growth stage and long term financial planning. The remaining amount will be distributed by the board of directors as shareholder dividend based on the capital situation and economic development of the current year and cash dividend shall account for 10% or more of the total shareholder dividend.

(2) The board of directors shall set out the company's distribution proposal based on the operational performance and the need of capital. When the company distributes its surplus by issuing new shares, it shall be resolved at the shareholders' meeting; if such surplus is distributed in the form of cash, it shall be resolved by a majority vote at a board of directors meeting attended by at least two-thirds of the total number of

directors and shall be reported to the shareholders' meeting. According to the resolution of board, the distributed shareholder dividend would be not less than 51% of the current undistributed profit. Besides, cash dividend should account for 10% or more of the total shareholder dividend. Please refer to the company's website at www.acter.com.tw→Investors→Shareholder service→Contact information & Stock quote & Dividends history.

2. Distribution of Dividend

Period	Date of the resolution by the board of director	Payment date	Cash Dividends Per Share (NTD)	Total Amount (NTD)
First half	Nov. 08, 2023	Feb. 2, 2024	4.5	558,364,185
Second half	Feb. 26, 2024	To be resolved	6.0	744,485,580
Total			10.5	1,302,849,765

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

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

viii. Compensation of employees and directors

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

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

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

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

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

Please refer to viii.1 Policy.

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

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

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

3. Information on any approval by the board of directors of distribution of compensation
- (1)The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.
- A. The amount of any employee compensation distributed in cash or stocks and compensation for directors.
The proposal was passed at the Meeting of the Board of Directors on Feb. 26, 2024. The employee cash compensation is NT\$141,100,771 and the compensation for directors is NT\$70,550,385.
- B. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.
- (2)The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.
None.
4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated
- (1)The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) are as follows.
Employee compensation: NT\$119,021,000.
The compensation for directors: NT\$75,045,955.
- (2)If there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:
The estimated employee compensation for year 2022 amounted to NT\$150,091,911, with a difference of NT\$31,070,911 compared to the actual distribution. This difference is due to accounting estimate changes and is recognized in the profit and loss account of the distributing year.
- ix. Buyback of Treasury Stock**
None.
- x. Issuance of Corporate Bonds**
None.
- xi. Issuance of Preferred Stock**
None.
- xii. Issuance of Global Depository Receipts**
None.

xiii. Employee Stock Options

None.

xiv. New Restricted Employee Stocks

None.

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

None.

xvi. Financing Plans and Implementation

None.

V.Operational Highlights

i. Business Activities

1. Business Scope

(1)Main areas of business operations

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

(2)Revenue distribution

Unit ; NT\$ thousand; %

Major Divisions	Total Sales in Year 2023	(%) of total sales
Construction Revenue	24,594,830	98%
Sales and Other Revenue	465,911	2%
Total	25,060,741	100%

(3)Main products (Services)

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

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

(4)New products (Services) planned for development

- A. Energy conservation technique
- B. Wastewater reclamation system
- C. Heat recovery system for air conditioner
- D. AI Smart Factory Management System
- E. Power Management System
- F. 3D BIM pipeline simulation and facility equipment information management

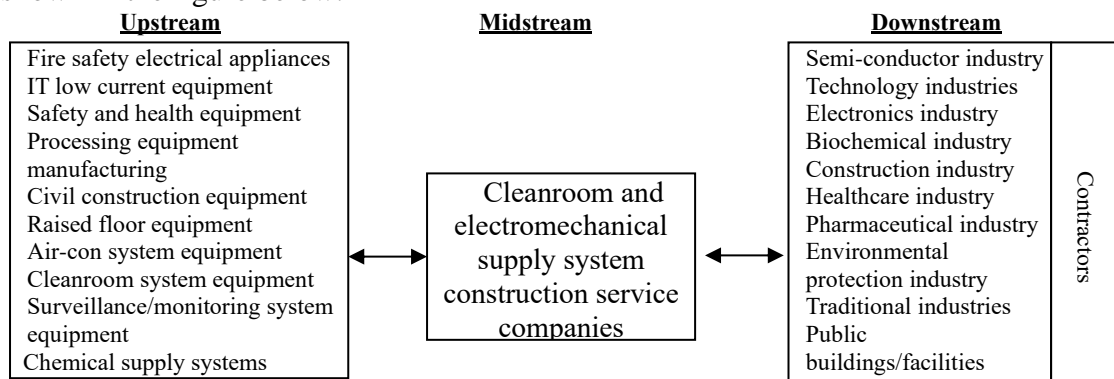
2. Industry Overview

(1)Current Status and Development of the Industry

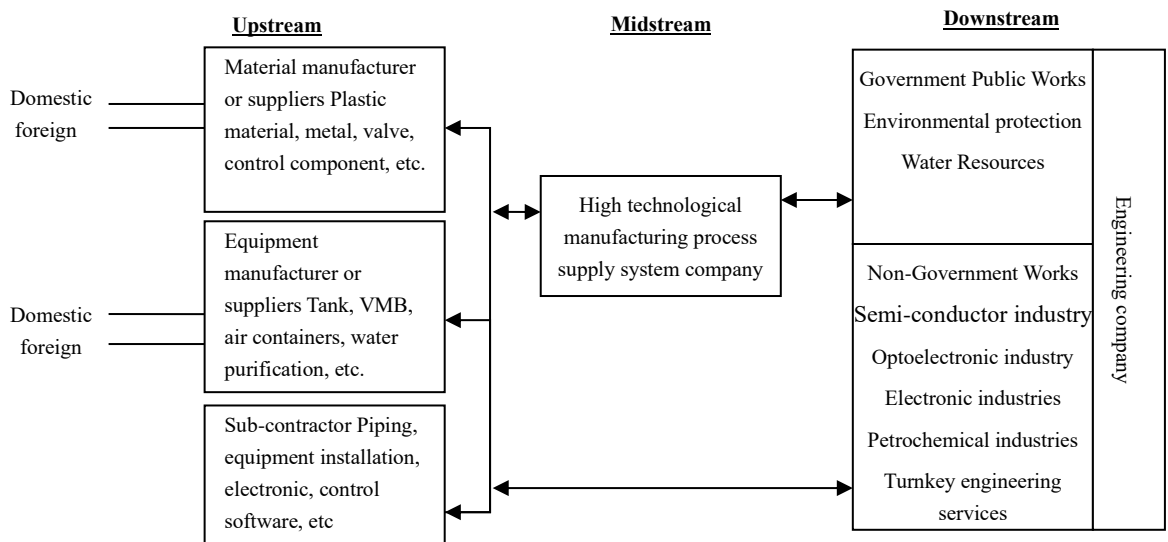
In the macro business environment, the SEMI predicts that the market will regain growth by 2024. In addition, the trend of advanced packaging continues. The visibility into future factory constructions is high. Many existing factories currently lag behind international standards. In the future, there will be a shift towards high value, low energy consumption, and low pollution models, creating opportunities for re-layout. Besides, as demonstrated in the 28th Conference of Parties (COP28) of the United Nations Framework Convention on Climate Change, achieving net-zero emissions is imminent. Leveraging its expertise in green engineering, Acter aims to provide clients with a broader range of services aligned with green sustainability principles. Those trends are beneficial to Acter’s performance. As Acter’s business covers multiple industries, except for the semiconductor industry and the photovoltaic panel industry, other industries also have considerable demand for plant and capital expenditures. It shows huge business opportunities in the market. Although large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry, Acter is committed to creating valuable projects and reduceing the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expenses and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering.

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

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



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



(3) Development Trends for the Company's Products

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

(4) Competition for the Company's Products

Engineering services have been a cornerstone for the advancement of civilization and industry. Human knowledge and intellect are continuing to evolve, while the industrial engineering market undergoes rapid changes. The key to survival and rapid growth in this highly competitive environment is being able to keep up with the pace of change. With competition between both foreign and domestic engineering service providers becoming increasingly fierce, economies of scale, increased efficiency, and integrated services are the keys to success. Sound engineering practices and professional techniques have always been critical to the expansion of engineering businesses and to the creation of new opportunities. The ability to quickly obtain sources of raw materials as well as provide customers with rapid and advanced engineering services will dictate whether or not a service provider will be able to achieve industry-leading status in today's competitive

environment. This is why Acter continues to engage in the development of new system integration techniques, as well as research ways to conserve energy, with an emphasis on inter-system compatibility, in order to meet the integration needs of plant-wide systems.

3. Research and Development

(1) Technology and Research Development

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

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

Unit ; NT\$ thousand

Year	2023	As of February 29, 2024
Total R&D Expenses	370,516	33,833 (Note1)

Note1: The data for the current year as of the date of printing of the annual report has not been reviewed by CPA.

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

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

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

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

Patent type	Patent name
Invention patents	A clean shed
	A clean room physical noise reduction device
	Exhaust system of air compressor
	Cleanroom wall panel installation structure and Internet-based indoor information collection system
	Cooling tower water supply mechanism and cooling tower
	Pre-treatment device and method for air conditioning unit based on MAU
	A clean room temperature and humidity control device
Utility model	A cold water system
	A gas volumetric flowmeter
	An efficient waste water pump
	An installation structure with adjustable shared bracket
	An installation structure for pipeline damping
	An energy-saving power equipment installation cabinet
	Energy-saving transformer
A quick disassembly structure and air compressor	

Patent type	Patent name
	An installation structure and negative pressure gauge
	A cooling water pressure stabilizer
	An adjustable angle blow dryer
	Full-automatic chemical barrel cleaning equipment
	Device for collecting and treating volatile toxic organic compounds
	Waste stripping liquid recycling equipment
	Full-automatic chemical filling equipment
	Drying equipment for etched and cleaned wafer
	Up-down swinging mechanism capable of realizing overturning action for semiconductor wafer
	Intelligent integrated terminal module
	Full-automatic chemical barrel replacing system
	Terminal Block (TB-32-V0-1808-32)
	Full-automatic wet-process equipment with single-batch four-flower basket synchronous operation
	Anti-bubble high-stability refractometer
	Novel full-automatic electronic-grade chemical tank filling assembly line system
	ITO oxalic acid powder dust removal device
	Flow control switch
	Gas cabinet
	Detection system and detection device
	FILTRATION DEVICE AND METHOD THEREOF
	Filtration device
Software copyright	Control software V1.033 based on our self-developed Marangoni Dryer machine
	Slot-type automatic cleaning machine control software V1.03
	Socket robotic arm control software V1.0

Note : The above patents were newly added in 2023.

4. Long-term and Short-term Development

(1) Short-term Development

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

(2) Long-term Development

- A. Strengthen corporate governance, enhance enterprise culture and sustainable development.
- B. Rooting deeply in this industry, continuously optimize engineering capabilities, carry out a diverse, multi-project integrated engineering service, and building a comprehensive marketing service system. Continuing to root deeply in the technology, biotechnology, livelihood, petrochemical, and other industries, and strive

- to use core skills to help companies achieve carbon neutrality, pursue a better future .
- C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, improve investment efficiency, and expand industrial integration.
- D. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical, medical industries and desalination.
- E. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology.
- F. Recruiting more diverse talents and actively training management teams.
- G. Deepening the professional technical capabilities such as green energy and environmental protection in fulfillment of its duty as a global citizen.

ii. Market and Sales Overview

1. Market Analysis

(1) Sales (Service) Region

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

(2) Market Share (%)

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

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

A. Supply conditions for the market in the future

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

B. Demand conditions for the market in the future

Electromechanical engineering services business opportunities are created by factory

expansion, plant upgrade, or maintenance projects of customers. Primary customer groups include high-tech manufacturers, biomedical manufacturers, and hospitals. In recent years, due to innovation in the global semiconductor, optoelectronics, and other electronics-related industries, the functionality and performance of electronic products has continued to advance, creating new market demand for the electronics industry. In light of the uniqueness of the industry, businesses have to be ready for an upgrade and expansion at all times. In addition, the constantly increasing awareness of environmental protection and energy saving gives rise to the needs for mechanical and electrical engineering not only in the high-tech industry but also in the daily life. As such, the demand for integration of mechanical/electrical systems and clean rooms continues to remain at a certain level. According to the SEMI released The World Fab Forecast subscription, it is estimated that 42 wafer fabs worldwide will enter production in 2024. In addition, the trend of advanced packaging continues. The visibility into future factory constructions is high. Many existing factories currently lag behind international standards. In the future, there will be a shift towards high value, low energy consumption, and low pollution models, creating opportunities for re-layout.

C. The market's growth potential

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

(4)competitive niche

A. Exceptional construction performance and extensive service coverage

Over the 45 years of the company's existence, it has been involved in the construction of commercial buildings, public infrastructure, department stores, hospitals, and facilities for green energy, optoelectronics, semiconductors, and biotech industries. It has built up a strong track record in the construction of air-conditioning, electrical and

cleanroom facilities, making it one of the few local construction service companies that are able to deliver across different industries and across borders. Compared to its peers, the company is able to quickly adjust to changes in economic cycles, and hence is exposed to fewer business risks. In addition, the company also proactively engages itself in the environmental protection and energy saving fields. The company and its subsidiary Nova Technology Corp. cooperate with the overseas large-scale company for developing water treatment relevant business and actively expand various fields.

B. A high quality image and reputation

A “creator of quality space” is how the company positions itself. It delivers cutting-edge work spaces supported by comprehensive after-sale services/warranties that has gained it a sparkling reputation. The company is ISO-9001:2015, ISO14001:2015, ISO45001:2018, ISO50001:2018, and CANB certified. It is also the only company among its industry peers that has been recognized and rewarded for achievements in energy conservation. “Quality” and “reputation” are the critical intangible assets that give the company the assurance to win over customers.

C. A quality management team and modularized construction methods

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

D. Specialized construction talents

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

E. Stringent cost control and complete after-sales services

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

F. Robust financial structure

Although the company is a provider of integrated system construction services, it outsources actual construction work to other subcontractors. Depending on the nature of the construction agreement, some of the materials and equipment needed for the job are purchased by the subcontractors while others are purchased by the company subject to proper procurement procedures. Subcontractors are required to have sufficient capital resources for payments such as tender bonds, performance bonds, material and equipment purchases, construction costs, and warranties, before they engage in large-scale integrated system projects. Meanwhile, the financial structure of the Company has been sound and healthy. There is sufficient working fund to support engineering operations. There are also abundant financing credits available at financial institutions. The sound and healthy financial structure helps enhance the level of confidence that clients have in the Company as well.

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

A. Favorable Factors

a. Technological development and plant upgrade

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

b. As living standards rise living space requirements also rise

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

c. Opportunities within the China market

The China market offers significant potential business opportunities, although there may be a short-term growth slowdown, overall market potential is expected to maintain an upward trend in the long term. China presents enormous and growing potential for Taiwanese businesses because of the similarities in language and culture unmatched by any foreign company. Over the years, investment from Taiwan in China has evolved from small businesses to large conglomerates, and from labor-intensive businesses to capital and technology-intensive businesses. The increasing amount of factory construction presents immense opportunities for the company's air-conditioning business in China, and our subsidiary, Acter Technology Integration Group Co., Ltd., has acquired the highest qualification of the first grade of general contractor in mechanical and electrical installation

engineering, and has been listed in 2022 to increase its reputations, while Winmax Technology Corp. become a participating development unit simultaneously for technical code for chemical system of electronic engineering in China with the technical advantage, which is very beneficial for business development in Mainland China.

d. Growth in Southeast Asia Markets

Due to global geopolitical changes, supply chain diversification risks, vast potential markets, and favorable policies, many companies are adopting a trend towards risk mitigation and actively expanding their presence in Southeast Asia. In response to this trend, the company has set up subsidiaries in Singapore, Malaysia, Vietnam, Indonesia and Thailand and transplanted its successful Taiwanese experience to quickly develop a working system. Because of its early entry, the company is confident of securing a competitive advantage in this market.

e. The biomedical industries

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

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

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

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

a. Price competition

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

Response strategies:

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

b. Intensifying competition from international industry peers

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

Response strategies:

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

c. Recruitment and retention of professionals meet challenges

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

Response strategies:

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

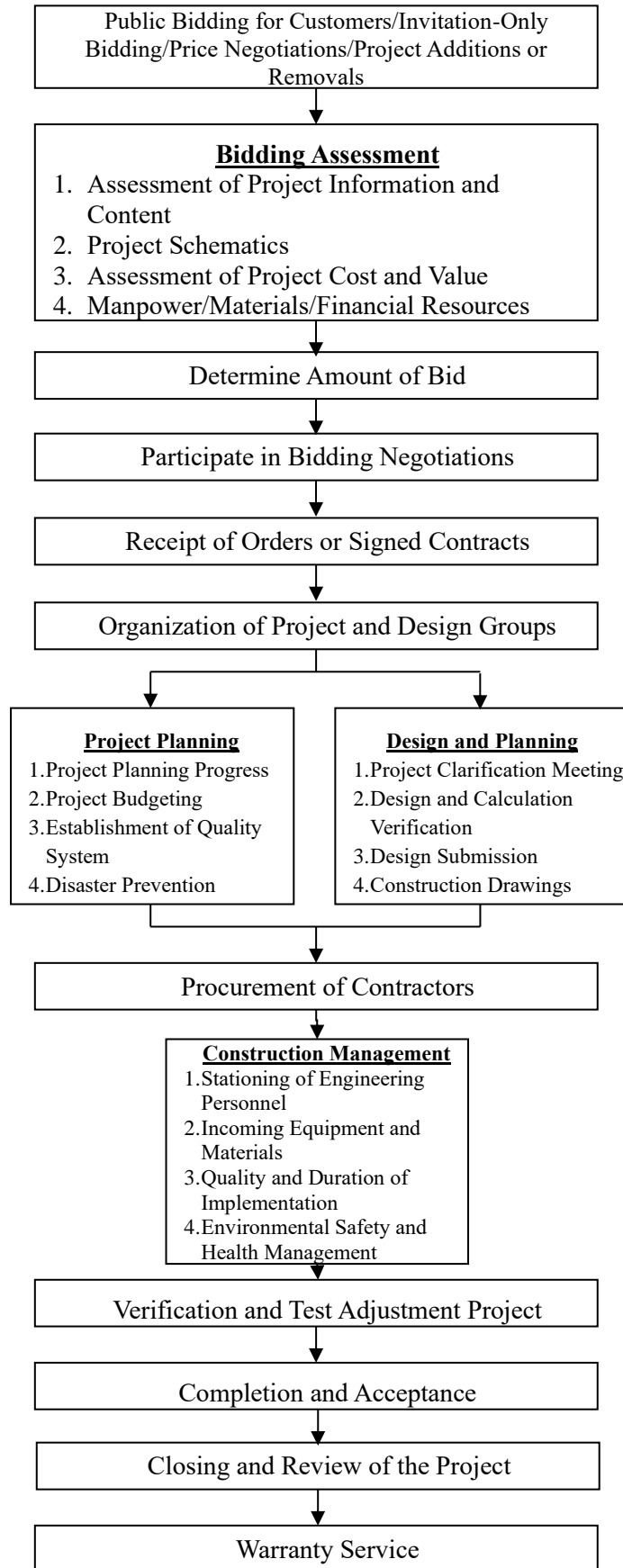
Externally, the Company creates a favorable image and collaborates with related departments in colleges and universities to increase its publicity and a sense of identity so that students will prioritize the Company when choosing a career in the future.

2. The Production Procedures of Main Products

(1) Major Products and Their Main Uses

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

(2)Major Products and Their Production Processes



3. Supply Status of Main Materials

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

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

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

Unit : NT\$ thousand

Item	2022				2023			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	22,269,012	100	Not applicable	Others	19,331,241	100	Not applicable
	Net Total Supplies	22,269,012	100	Not applicable	Net Total Supplies	19,331,241	100	Not applicable

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

Note2: There were no suppliers accounting for 10 percent or more of the company's net total procurement amount in 2022 and 2023.

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

Unit : NT\$ thousand

Item	2022				2023			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	A client	3,473,773	12	None	-	-	-	-
	Others	24,788,612	88	Not applicable	Others	25,060,741	100	Not applicable
	Net Sales	28,262,385	100	Not applicable	Net Sales	25,060,741	100	Not applicable

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

Note2: There were no clients accounting for 10 percent or more of the company's net total sales amount in 2023.

5. Production over the Last Two Years

Unit: NT\$ thousand

Output Major Products(or by departments)	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Cleanroom electromechanical integration engineering	Note3	Note3		13,994,718	Note3	Note3	11,169,518
Consumer industry electromechanical integration engineering	Note3	Note3		1,623,773	Note3	Note3	1,482,275
Biomedical integration engineering	Note3	Note3		944,567	Note3	Note3	570,386
Water gasification supply integration engineering	Note3	Note3		6,136,619	Note3	Note3	6,537,586
High-tech equipment and materials sales and services	Note3	Note3		784,557	Note3	Note3	383,228
Total	Note3	Note3		23,484,234	Note3	Note3	20,142,993

Note1: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

Note2: If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided.

Note3: Due to the characteristics of the industry, the major products cannot be measured using production capacity or production quantity.

6. Shipments and Sales over the Last Two Years

Unit: NT\$ thousand

Shipments & Sales Major Products(or by departments)	Year	2022				2023			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cleanroom electromechanical integration engineering	Note1		16,256,127	Note1	0	Note1	13,173,342	Note1	0
Consumer industry electromechanical integration engineering	Note1		1,882,981	Note1	0	Note1	1,744,856	Note1	0
Biomedical integration engineering	Note1		1,125,944	Note1	0	Note1	815,251	Note1	0
Water gasification supply integration engineering	Note1		7,083,852	Note1	901,091	Note1	8,292,960	Note1	568,421
High-tech equipment and materials sales and services	Note1		885,195	Note1	127,195	Note1	401,909	Note1	64,002
Total	Note1		27,234,099	Note1	1,028,286	Note1	24,428,318	Note1	632,423

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

iii. Human Resources

Year		2022	2023	As of March 31, 2024 (Note)
Number of Employees	Direct Employees	1,506	1,647	1,693
	Indirect Employees	393	378	376
	Total	1,899	2,025	2,069
Average Age		34.64	34.20	34.78
Average Years of Service		5.08	5.27	5.34
Education	Ph.D.	1	1	2
	Masters	87	90	98
	Bachelor's Degree	996	1,091	1,148
	Junior College	540	566	550
	Senior High School	151	155	154
	Below Senior High School	124	122	117

Note : The company compiles group human resources on a quarterly basis, therefore this column is updated with the latest information.

iv. Disbursements for Environmental Protection

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

None.

v. Labor Relations

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

(1) Employee Benefit Plans

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

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

(2)Continuing Education, Training

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

Unit: hour; NT\$

Content		Acter	Taiwan Subsidiaries	China	Southeast Asia	Total expense
Senior Executives (Executives of Vice President Rank or Higher) Average Training Hours	Male	15.66	1.60	0	9.00	2,852,767
	Female	0	0	0	0	
Middle Management Executives (Executives of Managerial Rank or Higher) Average Training Hours	Male	37.89	38.49	9.86	14.00	
	Female	20.93	6.20	24.48	0	
General Management Executives (Executives of Associate Department Head Rank) Average Training Hours	Male	56.41	13.65	18.74	17.00	
	Female	45.23	3.57	16.12	14.00	
General Employees Average Training Hours	Male	44.35	27.38	27.08	19.00	
	Female	28.90	32.87	22.39	18.00	

Below is a description of courses offered to employees:

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

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

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

The company has an employee retirement policy in place. It has assembled a Pension Supervisory Committee and contributes 2% of employees' monthly salaries into a pension account held with the Bank of Taiwan. Since July 1, 2005, the company has adopted the new pension system where the company contributes 6% of employees' salaries into individual pension accounts. In 2023, the total amount contributed to individual pension accounts at the Bureau of Labor Insurance was NT\$15,460,392. Overseas companies also follow local laws and regulations governing employee benefits.

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

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

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

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

None.

3. Protective measures about safety and health of employees

The company has passed ISO 14001:2015 (Validity period: from Dec. 14, 2021 to Dec. 13, 2024) and ISO45001:2018 (Validity period: from Feb. 23, 2022 to Feb. 22, 2025) certification for the purpose of ensuring proper management over workplace safety and health. It has a Quality Insurance & safety Department that is dedicated to promoting and supervising workplace safety.

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

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

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

No.	Major target and project management	
1	Target	Safety and health education and training hours statistics up to 500 hours per year
	Project management	<ol style="list-style-type: none"> 1. Continue conducting safety and health education and training for new recruits. 2. In 2023, internal education and training courses will be planned and included in individual required hours based on the nature of each employee's work. Course topics include: office operations hazards and preventive measures, project construction risk assessment and preventive measures, safety and health management standards, etc. 3. After the required courses are opened, all employees will be notified of the course schedule via email regularly and their attendance will be tracked. Upon completion of the course, all materials will be uploaded to the E-Learning platform for employees to access at any time. 4. Online courses on electrical safety operation and ceiling safety operation have been added to provide employees with flexibility in scheduling study time and increase their willingness to learn.
	Status description	<ol style="list-style-type: none"> 1. Employees are not familiar enough with safety regulations and lack awareness to immediately stop vendors from violating safety and health regulations. 2. Employees are not willing to engage in E-Learning, have low self-learning motivation, leading to insufficient knowledge of occupational health and safety education. 3. Electrical operation and ceiling operation are currently common tasks, and are also a common type of deficiency in 2022. However, there are currently no high-risk work hazard prevention materials related to these tasks available on the E-Learning platform for employees to learn. .
Course of action	<ol style="list-style-type: none"> 1. Continue to conduct a 3-hour general safety and health education training for new recruits. Those who are unable to complete the training on the day of employment must complete the training on the E-learning platform within one month. In 2023, a total of 51 new recruits completed the training . 2. The required courses for the year 2023 include office operations hazards and preventive measures, project construction risk assessment and preventive measures, safety and health management standards, safety and health management plan training, and introduction to safety and health procedure standards. All required personnel have completed the courses. 3. Regularly notify employees who have not completed the training to complete it on the E-Learning platform via email. All materials have been uploaded to the platform for employees to access at any time after completing the required courses. 4. In 2023, a total of 4 new educational training materials have been added, including training on preventing electric shock, hazards of working on ceilings, hazards of working in confined spaces, and 	

No.	Major target and project management	
		<p>outdoor safety and health education during cold weather. These materials are available online for employees to access at any time .</p> <p>5. The total duration of internal occupational health and safety training in 2023 is 1,456 hours.</p>
2	Target	The annual safety and health audits and consultations have reached 75 times
	Project management	<ol style="list-style-type: none"> 1. Conduct mandatory safety and health counseling for new construction projects, instruct safety and health personnel on the safety and health management process and forms for new facilities, and conduct the first audit within one month after counseling to review their compliance status. 2. During safety and health counseling sessions, the counseling records and attendance sheets should be completed. The results of the counseling and the site's safety and health performance should be communicated to relevant personnel and supervisors. 3. For construction sites with a compliance rate below 60%, mandatory re-inspections or guidance will be arranged based on the audit conclusions and issues encountered during site execution, followed by another re-inspection. 4. Conduct two physical safety and health education trainings annually to enhance safety awareness and optimize management skills of safety personnel. They will also serve as seed participants to teach other responsible personnel to establish safety and health documents and procedures. 5. For each department with an audit compliance rate below 70% every quarter, they are required to submit an Occupational Safety Compliance Improvement Plan and diligently implement corrective and preventive action measures.
	Status description	<ol style="list-style-type: none"> 1. In 2022, there were 86 site audits and 3 consultations conducted. The overall compliance rate for health and safety was 76%. 2. The increase in audit frequency leads to a decrease in overall compliance rate, indicating that a simple audit management approach cannot improve overall compliance. 3. During the early stages of establishing a new project, the personnel responsible for safety and health were unable to effectively set up documents and management processes. In smaller projects, safety and health duties were carried out by engineers who lacked familiarity with safety and health document forms. 4. The low seniority ratio of safety officers leads to poor implementation of onsite safety management.
	Course of action	<ol style="list-style-type: none"> 1. Thirteen safety and health counseling sessions have been conducted for the newly constructed project. The safety and health management processes and forms have been taught to the safety and health personnel. The first internal audit of the new construction project has achieved a compliance rate of over 85%. 2. The safety and health counseling records and attendance for the new project have all been completed, and the results and safety and health

No.	Major target and project management	
		<p>implementation status have been provided to all relevant personnel and supervisors.</p> <p>3. Have conducted 2 safety and health education training physical courses, the implementation status is as follows.</p> <p>(1) 35 people completed the Safety and Health Management Standard course and all passed the test.</p> <p>(2) A total of 34 participants attended the Occupational Safety and Health Management Plan and Risk Assessment course, and completed the practical risk assessment exercises.</p> <p>4. Completed 83 internal audits with no department scoring below 70% each quarter.</p>
3	Target	Comprehensive inspection (measurement) of wires and illuminance in the offices of the head office and each operation office, and keep the illuminance above 500 meters
	Project management	<p>1. Wiring inspections are conducted in January, April, July and October. Damaged wires should be replaced immediately. Any induction problem should be solved.</p> <p>2. In January, April, July and October, the company conducts lighting inspections to maintain sufficient illumination in the workplace, providing a comfortable and safe operating environment for employees and preventing eye/vision-related problems. (The office illumination remains above 500 meters.)</p> <p>3. Damaged light fixtures should be replaced immediately.</p>
	Status description	<p>1. Provide a safe electrical environment to prevent employees from electric shock, continuously secure electrical wires, replace damaged and aging wires, and promote safety awareness in electrical use.</p> <p>2. Typically, after 8,000-10,000 hours of use, fluorescent tubes experience a 20% - 30% decrease in brightness, leading to insufficient lighting in office spaces.</p> <p>3. Carry out lighting inspection of the head office and each operation office.</p>
Course of action	<p>1. Office wiring inspections were conducted in January, April, July, and October. Damaged and old wires were immediately replaced, and employee concerns regarding electrical shocks were addressed.</p> <p>2. In May and November 2023, electric shock prevention and electrical safety promotion were conducted.</p> <p>3. Measure the illuminance in the head office and operational offices in January, April, July, and October to ensure it reaches at least 500 lux.</p> <p>4. Damaged light tubes have been replaced when reported by staff or during regular inspections.</p>	
4	Target	Complete the conversion to the ISO14064-1:2018, obtain third-party verification, and publicly disclose energy consumption and all greenhouse gas emissions containing scopes 1, 2, and 3
	Project management	1. Assess resource requirements for version conversion and hire a consulting company for guidance, review company forms and standard documents, and adjust and optimize them according to the

No.	Major target and project management	
		<p>ISO14064-1:2018.</p> <ol style="list-style-type: none"> 2. Collect scope 1, 2, and 3 data from the previous year according to Company's SH-EP-0417 Greenhouse Gas Inventory and Management Procedure A, calculate emissions, and prepare inventory-related documents. 3. From March to May 2023, the verification will be carried out by an appointed verifier to obtain a statement. 4. Publicly disclose energy consumption and all greenhouse gas emissions containing scopes 1, 2, and 3 from June to December 2023 on the company's website and in the sustainability report
	Status description	<ol style="list-style-type: none"> 1. In recent years, with the impact of global warming and climate change, reducing carbon emissions to protect the Earth has become an international consensus, and countries are working towards achieving net zero emissions by 2050. 2. The FSC is promoting the "Sustainable Development Path for Listed Companies" plan, requiring all listed companies to complete a greenhouse gas inventory by 2027 and verify greenhouse gas emissions by 2029. 3. The company's greenhouse gas inventory has not yet undergone ISO14064:2018 transition verification
	Course of action	<ol style="list-style-type: none"> 1. Completed conversion to ISO 14064-1:2018. 2. The emissions data for scope 1, 2, and 3 for the previous year have been collected and calculated according to our company's SH-EP-0417 Greenhouse Gas Inventory and Management Procedure A, and the inventory documents have been prepared. The procedure has been revised to version B based on the actual situation. 3. In March to May 2023, third-party verification unit was commissioned for verification, and a statement was obtained in May. 4. By June 2023, energy consumption and all greenhouse gas emissions containing scopes 1, 2, and 3 have been disclosed on the company's website and in the sustainability report.

vi. Cyber security management

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

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

(1) Management Framework

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

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

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

(2) Specific Management Scheme

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

A. Respect the Intellectual Property

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

- a. Use of unauthorized computer software.
- b. Illegal downloading or copying works or software that are protected by copyright laws.
- c. Uploading copyright protected works to a public website without the consent of the copyright owner.

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

- F. Data Protection Mechanism for Information System and Server Room Management
- a. The documents in different classes are controlled by the access principle of divisional authorization, and the document management system establishes a document access security mechanism in accordance with the level of confidentiality, such as download forbidden, printing forbidden, and duplicating the content forbidden.
 - b. The routine data backup is performed by the IT department which performs the operation for the data file backup of all application systems and fills out the Server Backup History Table as backup records; the data after backup is stored offsite in case it is needed again.
 - c. Access control shall be installed for the Server Room and the computer server equipment shall be installed with appropriate security measures in case of fire, flooding and theft; an uninterrupted power system is installed to prevent damage caused by power interruptions.
- G. Manual governing the Emergency Contingency Response and System Restoration
- a. In the event that an abnormal incident occurs to the computer server, the logout notification shall be immediately made to the user and the data backup operation shall be carried out.
 - b. In the event that the restoration of the System is required due to any abnormality of system, the system restoration plan shall be prepared by the user with the help of the information personnel, which shall achieve the following objectives:
 - (a) Disrupt the source of disaster as soon as possible to reduce the scope of the disaster.
 - (b) Restore the operation of equipment as soon as possible.
 - (c) Utilize the backup device or media to carry out the system restoration.
 - (d) Notify the user to conduct the restoration work of time-difference data.
 - c. The system restoration plan shall be rehearsed, tested and modified from time to time to ensure that the restoration can be done as soon as possible.

(3) Execution in 2023

In 2023, we commissioned a third-party business to conduct a safety assessment encompassing the following items:

- A. Import MDR information security service: Monitor the behavior data of endpoints and analyze them 24 hours a day by a professional technical team to prevent unknown attacks that cannot be detected by antivirus software and reduce the risk of hacker extortion
- B. Inspection of malicious computer activities on the user end: Detection of malware or malicious files on personal computers including active and dormant malware, hacker utilities, and abnormal accounts and groups
- C. Inspection of malicious computer activities on the server end: Detection of malware or malicious files on servers including active and dormant malware, hacker utilities, and abnormal accounts and groups
- D. Social engineering drills: Sending of test mails to employees and recording of click rates to gain a better understanding of employee information security awareness

We have organized three information security awareness training courses to raise our employees' awareness of security threats, and total education hours is 214.5 hours. This course focused on safe use of social media, protective measures, sharing of cases, and e-mail safety rules. After conclusion of the course, relevant contents were made available to employees who were unable to attend the course via the E-learning system.

The completion rate of corrective action aimed at material and high-risk items has reached 100%, which guarantees optimal information security.

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

Establish the response for various phases, as follows:

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

Response Procedure for Security Incidents:

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

Daily Protection

- A. Promotion and education training shall be emphasized in order to increase the employees awareness of the information security risks
- B. Adjust the network security level and acquire the equipment in accordance with the current situation from time to time

2. Any losses suffered by the company in the most recent fiscal year and up to the annual report printing date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

None.

vii. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taiwan Cooperative Bank	2023/01/08~2024/01/09(Acter) 2024/01/31~2025/01/03(Her Suo)	Overall credit limit	None
Financing Contract	Mega International Commercial Bank	2023/06/23~2024/06/22(Acter) 2023/08/19~2024/08/18(Her Suo) 2022/09/01~2024/08/31(Nova Tech) 2023/12/01~2024/11/30(Winmax & Suzhou Winmax) 2023/06/22~2024/08/21(Acter Thailand) 2023/07/18~2024/04/25(Winmega)	Overall credit limit	None
Financing Contract	Hua Nan Bank	2023/07/07~2024/07/07(Acter)	Overall credit limit	None
Financing Contract	Shin Kong Bank	2022/09/07~2023/09/20(Acter) 2023/06/20~2024/06/20(Acter Thailand) 2023/09/12~2024/09/11(Rayzher) 2023/03/20~2024/04/25(Acter Indonesia)	Overall credit limit	None
Financing Contract	Bank of Shanghai	2023/09/21~2024/10/12(Acter) 2023/07/03~2024/07/03(Enrich Tech)	Overall credit limit	None
Financing Contract	CTBC Bank	2023/03/23~2024/03/31(Acter) 2023/03/31~2024/03/31(Acter Vietnam) 2023/03/31~2024/03/31(Winmax & Suzhou Winmax) 2023/12/27~2024/12/26(Acter Indonesia & AITI) 2023/03/01~2024/02/28(Enrich Tech) 2023/04/25~2024/03/31(AIL)	Overall credit limit	None
Financing Contract	HSBC	2023/10/01~2024/09/30(Acter) 2023/12/01~2024/11/30(Nova Tech) 2023/11/01~2024/10/31(Winmax & Suzhou Winmax) 2023/08/28~2024/08/27(Acter Thailand) 2024/09/06~2025/09/05(Rayzher)	Overall credit limit	None
Financing Contract	Standard Chartered	2023/10/31~2024/10/31(Acter) 2024/01/11~2025/01/10(Acter Thailand) 2023/01/01~2023/10/31(AIL)	Overall credit limit	None
Financing Contract	Taishin International Bank	2023/12/01~2024/11/30(Acter) 2024/01/25~2024/11/30(Nova Tech)	Overall credit limit	None
Financing Contract	Taipei Fubon Bank	2024/02/08~2024/12/31(Acter) 2024/01/11~2025/01/11(Nova Tech) 2024/02/06~2025/02/06(Rayzher)	Overall credit limit	None
Financing Contract	Mizuho Bank	2023/09/30~2024/09/30(Acter)	Overall credit limit	None
Financing Contract	Far Eastern International Bank	2023/03/23~2026/03/23(Acter) 2022/03/01~2023/03/01(Nova Tech)	Overall credit limit	None
Financing Contract	DBS	2023/06/22~2024/06/22(Acter) 2023/03/31~2024/03/30(Nova Tech)	Overall credit limit	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	E.SUN BANK	2023/11/20~2024/10/04(Nova Tech) 2024/01/03~2024/11/08(Shenzhen Dingmao) 2023/02/15~2024/02/15(Winmax & Suzhou Winmax) 2023/05/09~2024/05/10(Rayzher)	Overall credit limit	None
Financing Contract	First Bank	2022/11/14~2023/07/29(Nova Tech) 2023/04/26~2024/04/25(Acter Vietnam) 2023/02/23~2024/02/22(Winmax) 2024/01/10~2025/01/10(Rayzher)	Overall credit limit	None
Financing Contract	Bank SinoPac	2022/12/05~2023/12/31(Nova Tech) 2024/02/28~2024/12/31(Acter Shenzhen & Shenzhen Dingmao & Acter Integration) 2023/12/27~2024/12/31(Winmax & Suzhou Winmax) 2023/05/05~2023/12/31(Rayzher)	Overall credit limit	None
Financing Contract	Shanghai Pudong Development Bank	2024/02/05~2025/01/22(Acter Integration) 2024/01/22~2025/01/22(Winmax) 2023/09/21~2024/12/06(Suzhou Winmax)	Overall credit limit	None
Financing Contract	China Construction Bank	2023/04/07~2024/12/11(Acter Integration) 2023/09/05~2024/08/08(Winmax) 2023/08/01~2024/08/01(Suzhou Winmax)	Overall credit limit	None
Financing Contract	Huaxia Bank	2023/05/24~2024/05/23(Acter Integration) 2022/12/16~2025/12/15(Winmax & Suzhou Winmax)	Overall credit limit	None
Financing Contract	Bank Of Ningbo	2023/04/14~2024/04/04(Acter Integration)	Overall credit limit	None
Financing Contract	China Merchants Bank Co., Ltd.	2024/02/05~2026/11/11(Acter Integration)	Overall credit limit	None
Financing Contract	Bank Of China	2024/01/25~2025/01/24(Winmax)	Overall credit limit	None
Financing Contract	Fubon China	2023/03/27~2026/03/31(Winmax & Suzhou Winmax)	Overall credit limit	None
Financing Contract	Agricultural Bank of China Limited	2023/06/30~2024/06/30(Suzhou Winmax)	Overall credit limit	None
Financing Contract	Cathay United Bank Company Limited	2023/09/11~2024/09/11(Rayzher)	Overall credit limit	None
Financing Contract	Yuanta Bank	2022/09/09~2023/09/08(Acter) 2022/09/01~2023/09/01(Nova Tech) 2023/10/17~2024/10/17(Rayzher)	Overall credit limit	None
Financing Contract	KGI Bank Co., Ltd.	2023/08/25~2024/08/25(AIL)	Overall credit limit	None
Financing Contract	China CITIC Bank	2024/12/19~2025/02/28(Acter Integration) 2023/08/30~2024/08/30(Winmax & Suzhou Winmax)	Overall credit limit	None
Financing Contract	CITI BANK	2022/04/01~2023/03/31(Acter) 2022/04/22~2023/04/22(Nova Tech)	Overall credit limit	None
Financing Contract	SMBC	2022/06/30~2023/06/30(Acter)	Overall credit limit	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Bank Of Taiwan	2022/10/01~2023/10/04(Nova Tech)	Overall credit limit	None
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2024/01/08	Engineering Contract	Guaranteed commitment
Engineering Contract	K1 Company	Work completed and inspected according to schedule from 2024/01/05	Engineering Contract	Guaranteed commitment
Engineering Contract	W8 Company	Work completed and inspected according to schedule from 2023/11/02	Engineering Contract	Guaranteed commitment
Engineering Contract	W9 Company	Work completed and inspected according to schedule from 2023/11/02	Engineering Contract	Guaranteed commitment
Engineering Contract	A3 Company	Work completed and inspected according to schedule from 2023/07/03	Engineering Contract	Guaranteed commitment
Engineering Contract	T6 Company	Work completed and inspected according to schedule from 2022/06/22	Engineering Contract	Guaranteed commitment
Engineering Contract	H3 Company	Work completed and inspected according to schedule from 2022/10/01	Engineering Contract	Guaranteed commitment
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2022/10/20	Engineering Contract	Guaranteed commitment
Engineering Contract	Y1 Company	Work completed and inspected according to schedule from 2022/06/22	Engineering Contract	Guaranteed commitment
Engineering Contract	C2 Company	Work completed and inspected according to schedule from 2021/12/01	Engineering Contract	Guaranteed commitment
Engineering Contract	L5 Company	Work completed and inspected according to schedule from 2021/11/03	Engineering Contract	Guaranteed commitment
Engineering Contract	T3 Company	Work completed and inspected according to schedule from 2021/06/25	Engineering Contract	Guaranteed commitment
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2021/02/22	Engineering Contract	Guaranteed commitment
Engineering Contract	T2 Company	Work completed and inspected according to schedule from 2020/11/20	Engineering Contract	Guaranteed commitment
Engineering Contract	W6 Company	Work completed and inspected according to schedule from 2020/10/08	Engineering Contract	Guaranteed commitment
Engineering Contract	L4 Company	Work completed and inspected according to schedule from 2019/11/07	Engineering Contract	Guaranteed commitment
Engineering Contract	Chunghwa Post Co., Ltd.	Work completed and inspected according to schedule from 2018/05/21	Engineering Contract	Guaranteed commitment
Engineering Contract	W3 Company	Work completed and inspected according to schedule from 2020/08/10	Engineering Contract	Guaranteed commitment
Engineering Contract	N1 Company	Work completed and inspected according to schedule from 2020/12/07	Engineering Contract	Guaranteed commitment
Engineering Contract	A1 Company	Work completed and inspected according to schedule from 2022/10/18	Engineering Contract	Guaranteed commitment
Engineering Contract	N1 Company	Work completed and inspected according to schedule from 2023/07/14	Engineering Contract	Guaranteed commitment
Engineering Contract	W3 Company	Work completed and inspected according to schedule from 2023/09/25	Engineering Contract	Guaranteed commitment
Engineering Contract	L6 Company	Work completed and inspected according to schedule from 2023/02/01	Engineering Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering Contract	A2 Company	Work completed and inspected according to schedule from 2023/03/27	Engineering Contract	Guaranteed commitment
Engineering Contract	Panasonic Homes Taiwan Co., Ltd.	Work completed and inspected according to schedule from 2016/12/26	Engineering Contract	Guaranteed commitment
Engineering Contract	T5 Company	Work completed and inspected according to schedule from 2023/02/11	Engineering Contract	Guaranteed commitment
Engineering Contract	P2 Company	Work completed and inspected according to schedule from 2023/12/01	Engineering Contract	Guaranteed commitment
Engineering Contract	X1 Company	Work completed and inspected according to schedule from 2021/08/27	Engineering Contract	Guaranteed commitment
Engineering Contract	X1 Company	Work completed and inspected according to schedule from 2021/09/01	Engineering Contract	Guaranteed commitment
Engineering Contract	C6 Company	Work completed and inspected according to schedule from 2021/12/20	Engineering Contract	Guaranteed commitment
Engineering Contract	H2 Company	Work completed and inspected according to schedule from 2022/02/11	Engineering Contract	Guaranteed commitment
Engineering Contract	H2 Company	Work completed and inspected according to schedule from 2022/05/06	Engineering Contract	Guaranteed commitment
Engineering Contract	H2 Company	Work completed and inspected according to schedule from 2023/01/10	Engineering Contract	Guaranteed commitment
Engineering Contract	W10 Company	Work completed and inspected according to schedule from 2023/05/01	Engineering Contract	Guaranteed commitment
Engineering Contract	N2 Company	Work completed and inspected according to schedule from 2024/02/28	Engineering Contract	Guaranteed commitment
Engineering Contract	F3 Company	Work completed and inspected according to schedule from 2024/01/31	Engineering Contract	Guaranteed commitment
Engineering Contract	G2 Company	Work completed and inspected according to schedule from 2024/02/01	Engineering Contract	Guaranteed commitment
Engineering Contract	D2 Company	Work completed and inspected according to schedule from 2024/01/30	Engineering Contract	Guaranteed commitment
Engineering and Equipment Contract	S8 Company	Work completed and inspected according to schedule from 2022/08/16	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S3 Company	2023/07/20~2025/12/30	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S11 Company	Work completed and inspected according to schedule from 2022/11/07	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	H4 Company	Work completed and inspected according to schedule from 2023/01/11	Engineering and Equipment Contract	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
Engineering and Equipment Contract	S1 Company	Work completed and inspected according to schedule from 2023/02/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S12 Company	Work completed and inspected according to schedule from 2023/06/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S11 Company	Work completed and inspected according to schedule from 2023/06/28	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	T1 Company	Work completed and inspected according to schedule from 2023/10/23	Engineering and Equipment Contract	Guaranteed commitment
Equipment Contract	X1 Company	Work completed and inspected according to schedule from 2018/08/16	Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S7 Company	Work completed and inspected according to schedule from 2021/04/01	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S9 Company	Work completed and inspected according to schedule from 2022/04/02	Engineering and Equipment Contract	Guaranteed commitment
Engineering and Equipment Contract	S8 Company	2023/07/15~2024/08/31	Engineering and Equipment Contract	Guaranteed commitment
Equipment Contract	F2 Company	2022/03/01~2024/06/30	Equipment Contract	Guaranteed commitment

VI. Financial Information

i. Five-Year Financial Summary

1. Condensed Balance Sheet

(1) Condensed Consolidated Balance Sheet-IFRS

Unit: NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Current assets		10,805,708	13,795,953	17,257,605	25,135,731	24,604,480
Property, plant and equipment		463,872	466,402	573,294	690,310	767,506
Intangible assets		18,357	22,729	108,183	91,846	75,297
Other assets		705,143	833,511	764,885	1,198,636	2,139,409
Total assets		11,993,080	15,118,595	18,703,967	27,116,523	27,586,692
Current liabilities	Before distribution	5,714,613	7,268,508	9,772,602	14,497,385	13,244,524
	After distribution	6,527,414	7,954,749	10,631,631	15,670,661	13,989,010
Non-current liabilities		729,425	1,551,607	1,635,367	1,820,462	1,257,347
Total liabilities	Before distribution	6,444,038	8,820,115	11,407,969	16,317,848	14,501,871
	After distribution	7,256,839	9,506,356	12,266,998	17,491,123	15,246,357
Equity attributable to owners of the parent						
Common stock (Note1)		541,868	541,868	571,868	574,673	620,405
Capital surplus		1,392,119	1,437,710	1,866,632	3,055,511	3,707,948
Retained earnings	Before distribution	2,698,781	2,855,485	3,367,371	4,043,975	4,314,371
	After distribution	1,885,980	2,169,244	2,508,342	2,870,699	3,569,885
Other equity		(129,185)	(139,461)	(171,385)	(101,148)	169,123
Treasury stock		0	0	0	0	0
Non-controlling interest		1,045,459	1,152,334	1,661,458	3,213,943	4,272,974
Total shareholders' equity	Before distribution	5,549,042	6,298,480	7,295,998	10,798,675	13,084,821
	After distribution	4,736,241	5,612,239	6,436,969	9,625,399	12,340,335

Note1: There are advance receipts for share capital of NT\$ 450,544 thousand, NT\$ 54 thousand and NT\$ 11,721 thousand from year 2020 to 2022.

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

(2) Condensed Standalone Balance Sheet-IFRS

Unit: NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Current assets		2,530,620	4,139,072	4,782,850	7,158,629	6,513,236
Property, plant and equipment		98,024	96,308	95,895	97,917	95,415
Intangible assets		5,308	6,317	6,534	5,864	6,643
Other assets		3,884,080	4,250,182	4,605,696	6,334,016	7,456,210
Total assets		6,518,032	8,491,879	9,490,975	13,596,426	14,071,504
Current liabilities	Before distribution	1,625,640	2,128,622	2,599,527	5,457,125	4,677,442
	After distribution	2,438,441	2,814,863	3,458,556	6,470,113	5,421,928
Non-current liabilities		388,809	1,217,111	1,256,908	554,570	582,215
Total liabilities	Before distribution	2,014,449	3,345,733	3,856,435	6,011,694	5,259,657
	After distribution	2,827,250	4,031,974	4,715,464	7,024,682	6,004,143
Equity attributable to owners of the parent						
Common stock (Note1)		541,868	541,868	571,868	574,673	620,405
Capital surplus		1,392,119	1,437,710	1,866,632	3,055,511	3,707,948

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Retained earnings	Before distribution	2,698,781	2,855,485	3,367,371	4,043,975	4,314,371
	After distribution	1,885,980	2,169,244	2,508,342	3,030,987	3,569,885
Other equity		(129,185)	(139,461)	(171,385)	(101,148)	169,123
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	4,503,583	5,146,146	5,634,540	7,584,732	8,811,847
	After distribution	3,690,782	4,459,905	4,775,511	6,571,744	8,067,361

Note1: There are advance receipts for share capital of NT\$ 450,544 thousand, NT\$ 54 thousand and NT\$ 11,721 thousand from year 2020 to 2022.

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

2. Condensed Statement of Income

(1) Condensed Consolidated Statement of Income-IFRS

Unit: NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Operating revenue		12,674,886	13,977,010	20,217,225	28,262,385	25,060,741
Gross profit		2,572,339	2,518,506	3,282,799	4,778,151	4,917,748
Income from operations		1,778,512	1,701,062	2,139,259	3,322,529	3,263,821
Non-operating income(expenses)		87,954	(6,956)	39,242	97,417	252,180
Income before tax		1,866,466	1,694,106	2,178,501	3,419,946	3,516,001
Income from continuing operations - after tax		1,276,284	1,198,813	1,553,872	2,499,336	2,599,573
Loss of discontinued operation		0	0	0	0	0
Net income		1,276,284	1,198,813	1,553,872	2,499,336	2,599,573
Other comprehensive income - after tax		(85,338)	(7,470)	(44,982)	81,703	324,013
Total comprehensive income		1,190,946	1,191,343	1,508,890	2,581,039	2,923,586
Net income attributable to owners of the parent		1,036,094	970,082	1,204,410	1,933,122	1,838,104
Net income attributable to non-controlling interest		240,190	228,731	349,462	566,214	761,469
Total comprehensive income attributable to owners of the parent		968,003	959,229	1,166,203	2,008,566	2,112,019
Total comprehensive income attributable to non-controlling interest		222,943	232,114	342,687	572,473	811,567
Earnings per share (Note1)		9.58	8.95	10.54	16.84	15.03

Note1: The par value per share was changed to NT\$5 in September 2022 and the calculation of earnings per share has been retrospectively adjusted.

(2) Condensed Standalone Statement of Income-IFRS

Unit: NT\$ thousand

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Operating revenue		3,003,657	4,568,762	5,994,312	11,404,492	6,068,959
Gross profit		508,352	598,470	670,508	1,473,040	1,179,387
Income from operations		308,810	387,682	459,248	1,171,776	855,552
Non-operating income(expenses)		903,648	749,222	930,913	1,103,830	1,284,476
Income before tax		1,212,458	1,136,904	1,390,161	2,275,606	2,140,028
Income from continuing operations - after tax		1,036,094	970,082	1,204,410	1,933,122	1,838,104
Loss of discontinued operation		0	0	0	0	0

Item	Year	Five-Year Financial Summary				
		2019	2020	2021	2022	2023
Net income		1,036,094	970,082	1,204,410	1,933,122	1,838,104
Other comprehensive income - after tax		(68,091)	(10,853)	(38,207)	75,444	273,915
Total comprehensive income		968,003	959,229	1,166,203	2,008,566	2,112,019
Net income attributable to owners of the parent		1,036,094	970,082	1,204,410	1,933,122	1,838,104
Net income attributable to non-controlling interest		0	0	0	0	0
Total comprehensive income attributable to owners of the parent		968,003	959,229	1,166,203	2,008,566	2,112,019
Total comprehensive income attributable to non-controlling interest		0	0	0	0	0
Earnings per share (Note1)		9.58	8.95	10.54	16.84	15.03

Note1: The par value per share was changed to NT\$5 in September 2022 and the calculation of earnings per share has been retrospectively adjusted.

3. Auditors' Opinions from 2019 to 2023

Year	CPA Firm	CPA's Name	Auditing Opinion
2019	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2020	KPMG	Chang, Tzu-Hsin 、Huang, Hai-Ning	Unqualified opinion
2021	KPMG	Chen, Cheng-Hsueh 、Huang, Hai-Ning	Unqualified opinion
2022	KPMG	Chen, Cheng-Hsueh 、Lu, Chien-Hui	Unqualified opinion
2023	KPMG	Chen, Cheng-Hsueh 、Lu, Chien-Hui	Unqualified opinion

ii. Five-Year Financial Analysis

1. Financial Analysis-IFRS (Consolidated Financial Statements)

Item	Year	Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure	Ratio of liabilities to assets (%)	53.73	58.33	60.99	60.17	52.56
	Ratio of long-term capital to property, plant and equipment (%)	1,353.49	1,683.11	1,557.90	1,828.03	1,868.67
Solvency	Current ratio (%)	189.08	189.80	176.59	173.38	185.77
	Quick ratio (%)	146.88	137.22	112.23	115.81	125.92
	Times interest earned ratio	356	237	90	104	103
Operating ability	Accounts receivable turnover (turns)	3.26	3.36	3.89	3.85	3.28
	Average collection period	111.96	108.63	93.83	94.80	111.28
	Inventory turnover (turns)	0.63	0.63	0.75	0.73	0.48
	Accounts payable turnover (turns)	2.97	3.37	3.48	3.44	2.90
	Average days in sales	579.36	579.36	486.66	500.00	760.41
	Property, plant and equipment turnover (turns)	28.76	30.04	38.89	44.73	34.38
	Total assets turnover (turns)	1.06	1.03	1.20	1.23	0.91
Profitability	Return on total assets (%)	10.77	8.88	9.30	11.02	9.60
	Return on shareholders' equity (%)	23.35	20.23	22.86	27.62	21.76
	Ratio of Pre-tax income to issued capital (%) (Note1)	41.44	32.91	38.66	45.08	39.90
	Profit ratio (%)	10.06	8.57	7.68	8.84	10.37
	Earnings per share (\$) (Note2)	9.58	8.95	10.54	16.84	15.03
Cash flow	Cash flow ratio (%)	13.18	9.20	(0.80)	11.63	32.90
	Cash flow adequacy ratio (%)	101.23	75.64	44.86	42.53	59.21
	Cash reinvestment ratio (%)	(0.95)	(1.83)	(8.60)	2.15	7.47
Leverage	Operating leverage	1.04	1.04	1.06	1.04	1.05
	Financial leverage	1.00	1.00	1.01	1.01	1.01

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

1. The decrease in inventory turnover and increase in average days in sales were mainly due to the increase in total contract assets and inventories, but slower progress in contract execution leading to lower cost inputs.
2. The decrease in property, plant and equipment turnover was mainly due to the decrease in net operating revenue in 2023 compared to 2022.
3. The decrease in return on total assets was mainly due to the decrease in net operating revenue and the increase in average total assets due to contract assets and accounts receivable.
4. The decrease in return on shareholders' equity was mainly due to the increase in capital surplus resulting from the difference between the conversion price and face value of convertible bonds in 2023, leading to higher average shareholder equity compared to 2022.
5. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio were mainly due to a 158.42% increase in the cash inflow from operating activity in 2023 compared to 2022.

Note1: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent and it has been retrospectively adjusted.

Note2: The par value per share was changed to NT\$5 in September 2022 and the calculation of earnings per share has been retrospectively adjusted.

2. Financial Analysis-IFRS (Standalone Financial Statements)

Item		Financial analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure	Ratio of liabilities to assets (%)	30.90	39.39	40.63	44.21	37.37
	Ratio of long-term capital to property, plant and equipment (%)	4,990.99	6,607.22	7,186.46	8,312.40	9,845.44
Solvency	Current ratio (%)	155.66	194.44	183.98	131.17	139.24
	Quick ratio (%)	122.08	142.26	115.47	86.10	112.90
	Times interest earned ratio	204	540	134	200	966
Operating ability	Accounts receivable turnover (turns)	3.24	3.76	4.20	4.63	2.17
	Average collection period	112.65	97.07	86.90	78.83	168.20
	Inventory turnover (turns)	0.52	0.80	0.74	0.79	0.28
	Accounts payable turnover (turns)	2.84	3.87	3.37	4.07	2.09
	Average days in sales	701.92	456.25	493.24	462.02	1,303.57
	Property, plant and equipment turnover (turns)	30.24	47.02	62.37	117.68	62.78
	Total assets turnover (turns)	0.46	0.60	0.66	0.98	0.43
Profitability	Return on total assets (%)	16.07	12.94	13.48	16.82	13.29
	Return on shareholders' equity (%)	23.40	20.10	22.34	29.24	22.42
	Ratio of Pre-tax income to issued capital (%) (Note1)	26.92	22.09	24.67	30.00	24.28
	Profit ratio (%)	34.49	21.23	20.09	16.95	30.28
	Earnings per share (\$) (Note2)	9.58	8.95	10.54	16.84	15.03
Cash flow	Cash flow ratio (%)	(7.7)	13.66	(15.00)	3.54	62.73
	Cash flow adequacy ratio (%)	56.14	35.60	16.12	9.89	42.07
	Cash reinvestment ratio (%)	(19.34)	(8.25)	(15.66)	(15.05)	17.39
Leverage	Operating leverage	1.05	1.04	1.04	1.01	1.02
	Financial leverage	1.00	1.01	1.02	1.01	1.00

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

1. The increase in quick ratio was mainly due to the decrease in contract assets.
2. The increase in times interest earned ratio and decrease in return on total assets were mainly due to the conversion and early redemption of convertible bonds in 2023, resulting in reduced interest amortization.
3. The decrease in accounts receivable turnover, property, plant and equipment turnover, and total assets turnover, along with the increase in average collection period and profit ratio were mainly due to the decrease in operating revenue.
4. The decrease in inventory turnover and accounts payable turnover, along with the increase in average days in sales were mainly due to a decrease in operating revenue, resulting in a 51% decrease in operating costs and a 41% decrease in accounts payable.
5. The decrease in return on shareholders' equity was mainly due to adjustments in total equity attributable to the recognition of the conversion of convertible bonds of subsidiary Novatech, which resulted in a change of approximately NT\$104 million, coupled with a decrease in revenue leading to a 4.92% decrease in net profit after tax, around NT\$95 million.
6. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio were mainly due to a 1,417.05% increase in the cash inflow from operating activity in 2023 compared to 2022.

Note1: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent and it has been retrospectively adjusted.

Note2: The par value per share was changed to NT\$5 in September 2022 and the calculation of earnings per share has been retrospectively adjusted.

■ Formulas for the above two tables are as follows.

1. Financial Structure

- (1) Ratio of liabilities to assets = Total liability / Total assets
 - (2) Ratio of long-term capital to property, land and equipment = (Net shareholders' equity + Long-term liability) / Net property, land and equipment
2. Solvency
- (1) Current ratio: Current assets / current liability
 - (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
 - (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
- (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
 - (2) Days sales in accounts receivable = 365 / Account receivable turnover
 - (3) Inventory turnover = Cost of goods sold / Average inventory amount
 - (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
 - (5) Average days in sales = 365 / Inventory turnover
 - (6) Property, land and equipment turnover = Net sales / Net property, land and equipment
 - (7) Total assets turnover = Net sales / Total assets
4. Profitability
- (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
 - (2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity
 - (3) Profit ratio = Net income (loss) / Net sales
 - (4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average stock shares issued(NoteA)
5. Cash flow
- (1) Cash flow ratio = Net cash flow from operating activity / Current liability
 - (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years
 - (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital) (NoteB)
6. Leverage
- (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income(NoteC)
 - (2) Degree of financial leverage = Operating income / (Operating income – interest expense)
- Note A: The following factors are to be included in the consideration for the calculation of earnings per share:
1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
 2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
 3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
 4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is ant but it needs not be added to net loss if there is any.
- Note B: The following factors are to be included for consideration for the analysis of cash flow:
1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
 2. Capital expenditure meant for the cash outflow of capital investment annually.

3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, land and equipment for the total Property, land and equipment before deducting the cumulative depreciation.

Note C: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.

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

ACTER GROUP CORPORATION LIMITED **Audit Committee's Review Report**

This company's 2023 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 2023 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.

2024 shareholders meeting of ACTER GROUP CORPORATION LIMITED

ACTER GROUP CORPORATION LIMITED

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 26, 2024

iv. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to page 155 ~ page 234 of this annual report.

v. A parent company only financial statement for Years Ended December 31, 2023 and 2022, certified by a CPA

Please refer to page 235 ~ page 295 of this annual report.

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

None.

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

i. Financial Position

Unit: NT\$ thousand

Item	Year	2022	2023	Difference	
				Amount	%
Current Assets		25,135,731	24,604,480	(531,251)	(2.11)
Non-Current Assets		1,980,792	2,982,212	1,001,420	50.56
Total Assets		27,116,523	27,586,692	470,169	1.73
Current Liabilities		14,497,386	13,244,524	(1,252,862)	(8.64)
Non-Current Liabilities		1,820,462	1,257,347	(563,115)	(30.93)
Total Liabilities		16,317,848	14,501,871	(1,815,977)	(11.13)
Capital stock		574,673	620,405	45,732	7.96
Capital surplus		3,055,511	3,707,948	652,437	21.35
Retained Earnings		4,043,975	4,314,371	270,396	6.69
Other Equity		(101,148)	169,123	270,271	267.20
Total Equity attributable to the parent of company		7,584,732	8,811,847	1,227,115	16.18
Total Equity		10,798,675	13,084,821	2,286,146	21.17

1. Analysis of changes in financial ratios:

- (1) Non-current assets increased due to the increase in non-current financial assets at fair value through other comprehensive income in 2023.
- (2) Non-Current Liabilities decreased due to the decrease in bonds payable.
- (3) Capital surplus and total equity increased due to the conversion of convertible bonds by a subsidiary and the fact that the parent company did not subscribe for new shares issued by the subsidiary in cash capital increase in accordance with the shareholding ratio.
- (4) Other equity increased due to the increase in unrealised gains (losses) from financial assets measured at fair value through other comprehensive income.

2. Future response actions: Not applicable.

3. There is advance receipts for share capital of NT\$ 11,721 thousand included in the total equity in 2022.

ii. Financial Performance

Unit: NT\$ thousand

Item	Year	2022	2023	Difference	Percentage change (%)
Cost of Sales		23,484,234	20,142,993	(3,341,241)	(14.23)
Gross Profit		4,778,151	4,917,748	139,597	2.92
Operating Expenses		1,455,622	1,653,927	198,305	13.62
Operating Income		3,322,529	3,263,821	(58,708)	(1.77)
Non-operating Income and Gains		183,502	345,536	162,034	88.30
Non-operating Expenses and Losses		86,085	93,356	7,271	8.45
Income Before Tax		3,419,946	3,516,001	96,055	2.81
Tax Expense		920,610	916,428	(4,182)	(0.45)
Net Income		2,499,336	2,599,573	100,237	4.01

1. Analysis of changes in financial ratios:

- (1) The increase in non-operating income and gains was mainly due to the increase in interest income, dividend income and gains on financial assets at fair value through profit or loss in 2023.

2. Expected sales volume and basis for estimates:

Please refer to page 4 “2.2.2 Expected sales volume and basis for estimates” of this annual report.

iii. Cash Flow

1. Cash Flow Analysis for the Current Year (2023)

Item \ Year	2022	2023	Variance %
Cash Flow Ratio (%)	11.63	32.90	182.89
Cash Flow Adequacy Ratio (%)	42.53	59.21	39.22
Cash Reinvestment Ratio (%)	2.15	7.47	247.44

Analysis of financial ratio change:
 1. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio were mainly due to a 158.42% increase in the cash inflow from operating activity in 2023 compared to 2022.

2. Remedy for Cash Deficit and Liquidity Analysis

None.

3. Cash Flow Analysis for the Coming Year (2024)

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) from Investing and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
8,951,209	(1,200,000)	(2,146,891)	5,604,318	None	None

Analysis of change in cash flow for the coming year:

1. Operating Activities: The cash outflow will be generating from construction expenses.
2. Investing Activities: The cash outflow will be mainly due to financing or investment plans and acquisition of assets needed for expanding operations.
3. Financing Activities: The cash outflow will be mainly due to cash dividend payment and repayment of bank loans.

iv. Major Capital Expenditure Items

None.

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

1. Investment Policy

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

In addition, the company's subsidiary Acter Technology Integration Group Co., Ltd. officially listed on the Shanghai Stock Exchange on Oct. 13, 2022, which is expected to expand China and international business, attract and motivate local talents, increase the company's reputations and enhance its global competitiveness, bring positive effects to the image and business development of the company and create added value to its reinvestments.

2. Main Causes for Profits or Losses and Improvement Plans

(1) As projects gradually approach completion, and in comparison to the high base period from the previous year, revenue momentum has slowed. Nevertheless, the company remains committed to cost reduction and efficiency improvements to sustain profit growth.

(2) Improvement Plans

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

3. Investment Plans for the Coming Year

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

In Taiwan, in response to the development needs and strategic investments of the group, the company aims to achieve synergies by integrating resources and collectively expanding business through investing in Phoenix Silicon International Corporation.

In the future, the company will continue to seek suitable investment targets for horizontal and vertical integration, expanding the group's one-stop service range and expanding its footprint to become an international EPCM service provider and create mutual benefits.

vi. Analysis of Risk Management

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

(1) Interest Rates

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

The interest income or interest expenses to net operating revenues in 2023 were below 0.52%. The effect of interest rate movements on net income was limited.

Unit: NT\$ thousand

Item	Year	2023	As of February 29, 2024
Interest Income(1)		129,306	Note1
Interest Expenses(2)		34,170	
Net Operating Revenue(3)		25,060,741	
Ratio of Interest Income to Net Operating Revenue (1)/(3)		0.52%	
Ratio of Interest Expenses to Net Operating Revenue (2)/(3)		0.14%	

Note1: Financial information in 2023 has been audited by CPA and financial information as of February 29, 2024 has not been reviewed by CPA.

B. Future Response Measures

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

(2) Foreign exchange rates

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

The company and its affiliates are construction services providers and not importer/exporter. Although some of its raw materials are purchased from overseas suppliers and are denominated in foreign currencies, the NTD (18,372) thousand in exchange gains (losses) in 2023 was relatively insignificant compared to overall revenue and operating profits. For this reason, changes in exchange rates should not cause any significant impact on the company and its affiliates' revenues and profitability.

Unit: NT\$ thousand

Item	Year	2023	As of February 29, 2024
Income/Loss from Foreign Exchange Transactions		(18,372)	Note1
Net Operating Revenue		25,060,741	
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)		(0.07%)	
Operating Income		3,263,821	
Ratio of Income/Loss from Foreign Exchange Transactions to Operating Income (%)		(0.56%)	

Note1: Financial information in 2022 has been audited by CPA and financial information as of February 29, 2024 has not been reviewed by CPA.

B. Future Response Measures

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

(3) Inflation

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

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

B. Future Response Measures

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

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

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

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

- (3)The company and its subsidiaries have established respectively the “Procedure for Endorsements and Guarantees” or “Financing and external guarantee management system” which were reported to and approved by the shareholders meeting as the basis for making endorsements and guarantees for others. The transactions and procedures related to making endorsement and guarantees are based on the company’s norm.
- (4)The Company and its subsidiaries have established the “Procedure for Acquisition and Disposal of Assets.” or “Major operation and investment decision management system” which were reported to and approved by the shareholders meeting as the basis for conducting any derivative transactions. The transaction and procedures related to conducting any derivative transactions are based on the Company’s norm.

3. Future Research & Development Projects and Corresponding Budget

The R&D focus of system integration engineering is different from that of other industries in that system integration engineering is a customized solution developed based on a project owner’s needs, for which the company is required to explore different combinations of construction techniques, materials and equipment to deliver the best solution, while developing an operating system and environment that satisfies customers’ production requirements. Due to the high dependency on customers’ industry characteristics, the company’s R&D efforts are largely focused on industry-specific innovations. In order to excel in innovation, the company and its affiliates have developed a fundamental research, design and management procedure that brings different teams of researchers to develop a tightly integrated customer solution. Below is a description of the company’s future R&D plans:

- (1)Patent development: the company keeps acquiring patents in China; most of them relating to construction methods, applications and new materials, and software programming of a chemical equipment supply system.
- (2)Talent incubation and academia-industry cooperation: the company has comprehensive on-the-job training programs in place to help employees develop skills required, and works with scholars to explore new innovations. The company has been collaborating with Taipei Tech, Taiwan Tech, NCUT, NYUST, NKUST, FEU, and HKU in an internship program since 2006, and allying with Taipei Tech and NCUT.
- (3)Energy-saving technologies: in light of rising global emphasis on energy-saving, green and low-carbon lifestyles, the company has devoted many resources into research on energy-saving construction techniques and products that help customers reduce costs by making more efficient use of available resources, and improving business competitiveness.
- (4)Biotech research: The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP.

The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and

time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.

- (5) Studies on rationalized production procedures: in-depth studies on project owners' production procedures are helpful to facilitate communications with them. Doing so allows the company to make adjustments and help project owners optimize the efficiency of their production environment. Due to the extensive range of industries that the company's services touch on, it is imperative for the company to gain in-depth knowledge of production procedures involved before recommending any solutions to customers.
- (6) In utilization of the technical capability of established Building Information Modeling (BIM) - Revit of Company, take one step further into the Digital Twin application technology for air conditioning system which applies the digital computing and simulation technology in design and construction process so that the design efficiency, optimization design, construction efficiency and efficiency optimization of system energy is improved; the system balance and performance validation is assisted during the completion acceptance process so that the acceptance efficiency is improved; in the operation phase, the BIM, energy model, environmental control model, and monitoring system of physical and digital systems is integrated to perform the system operation management, system predictive maintenance diagnosis, faults diagnosis, operation optimization analysis, and artificial intelligence mechanical learning so that the risk of unanticipated faults is reduced, the operating costs is decreased, and the system energy efficiency is improved.
- (7) To solve the time-consuming and complicated modeling and calculation issues of air conditioning design engineers in the design stage, the Building Information Modeling (BIM) of Revit and energy simulation technology is integrated and utilized by external computer programs so that the system design calculation report will be produced automatically through the automation database connection mechanism between the system design data, which not only can assist the air conditioning design engineers to complete air conditioning design volume calculations efficiently but also perform the value engineering analysis such as energy efficiency and cost optimization calculations.
- (8) The adoption of illuminance simulation software-aided lighting design ensures that the number of installed lighting fixtures matches actual needs, while achieving the goal of minimal deviations and reduced energy consumption.
- (9) Import the 3D drawing and cooperate with the 3D online platform to improve the quality and efficiency of the project, reduce the correction and adjustment time required for the follow-up pipeline overlay conflicts, and import the ISOGEN software to save time costs, establish the pipeline ISO diagram, so that the pipeline can be factory preset to reduce waste and reduce carbon emissions.
- (10) Develop Dynamo program writing automation modeling to reduce repetitive modeling tasks. Decrease personnel's time spent on checking drawings repeatedly, and improve model output efficiency and drawing accuracy

(11) Corresponding Budget

Unit: NT\$ thousand

Research projects	Current Progress	Expected research expenditure in the future	Completion Date	Project Description	Major factors that will impact future success
Digital Intelligence industry-academia cooperation program	In progress	3,060 (Excluding the initial investment of NT\$2,040 thousands)	Nov. 2026 (The first phase was completed in June 2023)	<ul style="list-style-type: none"> ■ Apply multi-industry experience to establish standardized design to accelerate R&D innovation ■ Apply digital computation and simulation technology in the design and construction process to enhance and optimize design efficiency, construction efficiency, and system energy efficiency 	<ul style="list-style-type: none"> ■ Combining academic knowledge with practice ■ Passing down technical applications
Patents	We are continually applying for related patents	539,411	Jun. 2026	<ul style="list-style-type: none"> ■ Construction techniques are optimized and the capabilities of equipments are upgraded. ■ New function requirements and new system development ■ Reduce procurement costs 	<ul style="list-style-type: none"> ■ Personnel participate in research ■ Encouragement and support from company ■ local policy support
Constructing Digital Twin and applications of air-conditioning systems with BIM and simulation technology	In progress	3,060	Mar. 2026	<ul style="list-style-type: none"> ■ Integrate Revit's BIM and energy simulation technology in the design and construction process to improve design efficiency and system energy efficiency optimization 	<ul style="list-style-type: none"> ■ Openness of the application
BIM introduce ISO drawing output software	In progress	1,652	-	<ul style="list-style-type: none"> ■ Make ISO drawings with BIM, and pre-set off-site pipelines to speed up the work. 	<ul style="list-style-type: none"> ■ Output efficiency of drawing
Dynamo Automated Modeling	In progress	130	-	<ul style="list-style-type: none"> ■ Reduce repetitive modeling tasks and establish regularization ■ Reduce personnel operation time, speed up drawing output 	<ul style="list-style-type: none"> ■ Improve efficiency ■ Improve drawing accuracy

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

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

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

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

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

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

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

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

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

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

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

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

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

The company provides construction services on a project-by-project basis. It mainly serves manufacturing companies and has no fixed customers. However, for large projects,

there may be cases where revenue is earned from a few concentrated customers over a short period of time. As a means of controlling credit risks, the company performs credit assessments on customers before a project begins, and closely monitors customers' operations and market information once a project has kicked off.

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

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

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

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

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

12. Litigious or Non-litigious Matters

(1) Major litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report: None.

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

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

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

Status of lawsuit:

a. Wintek Taiwan: Taiwan Taichung District Court has confirmed the reorganization ruling of Wintek on October 5, 2016. Currently it has entered the reorganization procedure. As of the printing date of the annual report, Wintek has made three installments and loss ratio for the firm with unwarranted claim is 16%, 6%, and 10%, respectively. The Company has acquired the first to third compensation payments.

b. Wintek subsidiary in Vietnam: It has obtained an arbitrary award of winning a court case through Vietnam international arbitrary center. The parties shall reach a settlement pursuant to the payment on the arbitrary award and come to an agreement on reduction of debt with three installment payments. The Company has acquired all installment payments.

c. Wintek subsidiary in China: After Guangdong Dongguan People' Court conducted corporate reorganization ruling, the first loss ratio for the firm with unwarranted claim is 6.5%, and every firm will be paid with an extra of CNY

50,000 as compensation money. The Company has acquired the first compensation money in 2017 and the second allocation in 2021. The amount of the second allocation is the unpaid balance after the first payment multiplied by the second loss ratio the firm with unwarranted claim of 6.26%.

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

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

Status of lawsuit: Nova Tech filed a civil action against Jing He on October 29, 2013. In the first trial on December 29, 2023, the Taoyuan District Court ruled that Jing He should pay NT\$22.876 million to Nova Tech. (Case No: Taiwan Taoyuan District Court 2013 Jien-Zi No.71) Nova Tech has recognized a loss of NT\$12 million in the fiscal year 2023.

13. Other Major Risks

None.

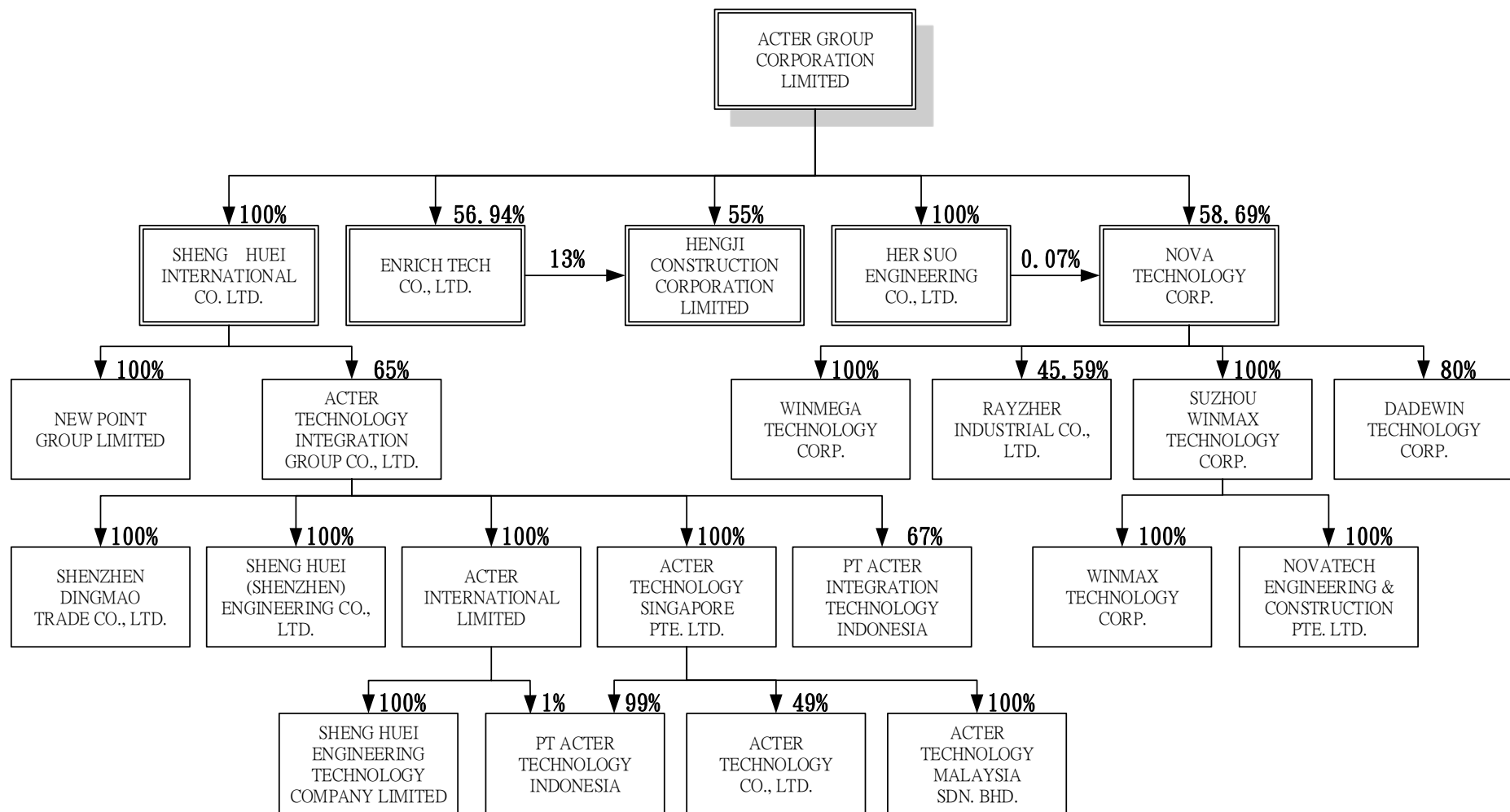
vii. Other Important Matter

None.

VIII. Special Disclosure

i. Summary of Affiliated Companies

1. Organizational chart of the affiliates (Dec. 31, 2023)



2. Basic Information on Affiliates

Dec. 31, 2023

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
Enrich Tech Co., Ltd.	1996.05.20	Taichung, Taiwan	NTD130,000	Comprehensive construction company
Nova Technology Corp.	1997.06.13	Hsinchu County, Taiwan	NTD358,897	Wholesaling of electronic and chemical equipment
Her Suo Eng., Co., Ltd.	1998.04.30	Hsinchu County, Taiwan	NTD100,000	Construction and set-up of freezing equipment
Acter Technology Singapore Pte. Ltd.	1999.11.10	Singapore	SGD3,376	Investment Holding company
Winmax Technology Corp.	2002.06.13	Shanghai, China	CNY33,174	Design and manufacture of air containers and liquid containers
Sheng Huei International Co. Ltd.	2003.07.15	Samoa	USD3,950	Investment Holding company
Acter Technology Integration Group Co., Ltd.	2003.09.03	Jiangsu, China	CNY100,000	Construction and set-up of electronic equipment and air conditioners
Sheng Huei (Shenzhen) Engineering Co., Ltd.	2005.06.21	Shenzhen, China	CNY35,297	Construction and set-up of electronic equipment and air conditioners
Sheng Huei Engineering Technology Company Limited	2007.05.02	Vietnam.	USD3,500	Set-up of electronic protection systems and central air conditioners
Rayzher Industrial Co., Ltd.	2007.11.20	Hsinchu County, Taiwan	NTD316,000	Piping engineering, installation cable and automatic control equipment, etc.
Acter International Limited	2007.11.20	Kowloon, Hong Kong	USD3,245	Holding company and trading of clean rooms and air conditioners
New Point Group Limited	2008.01.12	Seychelles	USD200	Holding company and trading of equipment
Acter Technology Malaysia Sdn. Bhd.	2011.11.24	Malaysia	MYR2,600	Investment Holding company

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
Shenzhen Dingmao Trade Co., Ltd.	2012.10.31	Shenzhen, China	CNY5,000	Electronic equipment and machinery trading
PT Acter Technology Indonesia	2013.06.24	Indonesia	IDR10,000,000	Equipment trading and set-up
Winmega Technology Corp.	2014.08.05	Hsinchu County, Taiwan	NTD30,000	Wholesaling of electronic and chemical equipments
Suzhou Winmax Technology Corp.	2016.05.31	Jiangsu, China	USD20,200	Design and manufacture of air containers and liquid containers
Novatech Engineering & Construction Pte. Ltd.	2016.06.28	Singapore	SGD1,000	Chemical supply system
Acter Technology Co., Ltd.	2019.09.16	Thailand	THB30,000	Set-up of electronic protection systems and central air conditioners
PT Acter Integration Technology Indonesia	2023.04.20	Indonesia	IDR12,512,500	Industrial building construction, electrical installation, water supply and drainage installation, air conditioning installation, mechanical installation, and related activities.
Dadewin Technology Corp.	2023.04.26	Hsinchu County, Taiwan	NTD5,000	Engineering graphic design, etc
Hengji Construction Corporation Limited	2023.05.23	Taipei, Taiwan	NTD6,000	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business

3. Directors, Supervisors, Presidents of Affiliates

Dec. 31, 2023 ; Unit : Shares ; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Her Suo Engineering Co., Ltd.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	10,000,000	100%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Tsai, Chih-Cheng)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Chang, Ri-Dong)		
	Supervisor	ACTER GROUP CORPORATION LIMITED (Representative : Wang, Chun-Sheng)		
	President	Tsai, Chih-Cheng	0	0.00%
Sheng Huei International Co. Ltd.	Director	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	3,950,000	100%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Yang, Jung-Tang)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
Acter Technology Integration Group Co., Ltd.	Chairman	Liang, Chin-Li	0	0.00%
	Vice Chairman	Chen, Chih-Hao	0	0.00%
	Director	Chu, Chi-Hua	0	0.00%
	Director	Su, Yu-Zhou	0	0.00%
	Independent Director	Shi, Kang	0	0.00%
	Independent Director	Gu, Hai-Lan	0	0.00%
	Independent Director	Wu, Wei-Hua	0	0.00%
	Supervisor	Huang, Ya-Ping	0	0.00%
	Supervisor	Liao, Chong-You	0	0.00%
	Supervisor	Wang, Yu	0	0.00%
President	Chu, Chi-Hua	0	0.00%	
Shenzhen Dingmao Trade Co.,Ltd.	Chairman	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	Note1	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Huang, Ya-Ping)		
	President	Chu, Chi-Hua		0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Sheng Huei (Shenzhen) Engineering Co., Ltd.	Chairman	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	Note1	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Huang, Ya-Ping)		
	President	Chu, Chi-Hua	0.00%	
Acter International Limited	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)	25,327,397	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Supervisor	None		
New Point Group Limited	Director	Sheng Huei International Co. Ltd. (Representative : Liang, Chin-Li)	200,000	100%
	Director	Sheng Huei International Co. Ltd. (Representative : Yang, Jung-Tang)		
	Director	Sheng Huei International Co. Ltd. (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
Nova Technology Corp.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	43,196,358	58.69%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Ma, Wei)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Wu, Pi-Huei)		
	Independent Director	Li, Cheng	0	0.00%
	Independent Director	Chi, Chih-Yi	0	0.00%
	Independent Director	Ciou, Huei-Yin	0	0.00%
	Independent Director	Yang, Sheng-Yung	0	0.00%
President	Ma, Wei	463,398	0.63%	
Winmax Technology Corp.	Chairman	Suzhou Winmax Technology Corp. (Representative : Liang, Chin-Li)	Note1	100%
	Director	Suzhou Winmax Technology Corp. (Representative : Hsu, Chung-Cheng)		
	Director	Suzhou Winmax Technology Corp. (Representative : Jian, Jian-Jhih)		
	Supervisor	Suzhou Winmax Technology Corp. (Representative : Zhao, Han)		
	President	Jian, Jian-Jhih	0.00%	

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Acter Technology Singapore Pte. Ltd.	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)	3,375,850	100%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Supervisor	None		
Acter Technology Malaysia Sdn. Bhd.	Director	Acter Technology Singapore Pte. Ltd. (Representative : Liang, Chin-Li)	2,600,000	100%
	Director	Acter Technology Singapore Pte. Ltd. (Representative : Chng, Yoong-Pin)		
	Director	Acter Technology Singapore Pte. Ltd. (Representative : Chu, Chi-Hua)		
	Supervisor	None		
Sheng Huei Engineering Technology Company Limited	Chairman	Acter International Limited (Representative : Tseng, Wen-Jan)	Note1	100%
	Director	Acter International Limited (Representative : Chen, Chih-Hao)		
	Director	Acter International Limited (Representative : Liang, Chin-Li)		
	Supervisor	Acter International Limited (Representative : Chu, Chi-Hua)		
	President	Tseng, Wen-Jan		0.00%
PT Acter Technology Indonesia	Chairman	Acter Technology Singapore Pte. Ltd. (Representative : Zeng, Jyun-Wei)	990,000	99%
	Supervisor	Acter Technology Singapore Pte. Ltd. (Representative : Chu, Chi-Hua)		
Enrich Tech Co., Ltd.	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Chuang, Cheng-Ting)	7,401,560	56.94%
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Ma, Wei)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)		
	Director	ACTER GROUP CORPORATION LIMITED (Representative : Wang, Chun-Sheng)		
	Director	Li Xin Investment Co., Ltd. (Representative : Yeh, Shu-Hsun)	2,467,186	18.98%
	Supervisor	Tsao, Yun-Han	12,999	0.10%
	President	Chuang, Cheng-Ting	260,259	2.00%
Winmega Technology Corp.	Chairman	Nova Technology Corp. (Representative : Liang, Chin-Li)	3,000,000	100%
	Director	Nova Technology Corp. (Representative : Ma, Wei)		
	Director	Nova Technology Corp. (Representative : Wu, Chien-Nan)		
	Supervisor	Nova Technology Corp. (Representative : Ou, Chun-Yen)		
	President	Wu, Jian-Nan	0	0.00%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
Suzhou Winmax Technology Corp.	Chairman	Nova Technology Corp. (Representative : Liang, Chin-Li)	Note1	100%
	Director	Nova Technology Corp. (Representative : Hsu, Chung-Cheng)		
	Director	Nova Technology Corp. (Representative : Jian, Jian-Jhih)		
	Supervisor	Nova Technology Corp. (Representative : Zhao, Han)		
	President	Jian, Jian-Jhih		0.00%
Novatech Engineering & Construction Pte. Ltd.	Director	Suzhou Winmax Technology Corp. (Representative : Liang, Chin-Li)	1,000,000	100%
	Director	Suzhou Winmax Technology Corp. (Representative : Hsu, Chung-Cheng)		
	Supervisor	None		
	President	Hsu, Chung-Cheng		
Acter Technology Co., Ltd.	Chairman	Liang, Chin-Li	0	0.00%
	Director	Chu, Chi-Hua	0	0.00%
	Director	Ou, Shu-Hao	0	0.00%
	Supervisor	None	0	0.00%
Rayzher Industrial Co., Ltd.	Chairman	Nova Technology Corp. (Representative : Liang, Chin-Li)	14,408,000	45.59%
	Director	Nova Technology Corp. (Representative : Ma, Wei)		
	Director	Chou, Ku-Hua	209,800	0.66%
	Director	Taiyu Investment Co., Ltd. (Representative : Hung, Ping-Hung)	712,000	2.25%
	Independent Director	Tsai, Rong-Fa	0	0.00%
	Independent Director	Li, Yan-Wen	0	0.00%
	Independent Director	Wu, Hui-Lan	0	0.00%
President	Chou, Ku-Hua	209,800	0.66%	
PT Acter Integration Technology Indonesia	Chairman	Acter Technology Integration Group Co., Ltd. (Representative : Chao, Ching-Sung)	33,533	67%
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Liang, Chin-Li)		
	Director	Acter Technology Integration Group Co., Ltd. (Representative : Chen, Chih-Hao)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Chu, Chi-Hua)		
	Supervisor	Acter Technology Integration Group Co., Ltd. (Representative : Zeng, Jyun-Wei)		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
	Supervisor	PT Candra Bangun Persada (Representative : Yu, Chien-Fu)	16,517	33%
	President	Chao, Ching-Sung	0	0.00%
Dadewin Technology Corp.	Chairman	Nova Technology Corp. (Representative : Ma, Wei)	400,000	80%
	Director	Nova Technology Corp. (Representative : Su, Min-Lang)		
	Director	Xu, Rui-Xia	50,000	10%
	Supervisor	Ou, Chun-Yen	0	0.00%
	President	Ma, Wei	0	0.00%
Hengji Construction Corporation Limited	Chairman	ACTER GROUP CORPORATION LIMITED (Representative : Liang, Chin-Li)	3,300,000	55%
	Director	Enrich Tech Co., Ltd. (Representative : Chuang, Cheng-Ting)	780,000	13%
	Director	Fengzhen Investment Co., Ltd. (Representative : Li, Ciou-Mei)	1,920,000	32%
	Supervisor	Tsao, Yun-Han	0	0.00%
	President	Li, Ciou-Mei	0	0.00%

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

4. Operation Status of Affiliates

Dec. 31, 2023 ; Unit: NT\$ thousand

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Equity	Net Revenue	Operating Income	Net Income (Loss)	Basic Earnings Per Share (Note2)
Her Suo Engineering Co., Ltd.	100,000	1,009,702	702,863	306,839	799,361	109,441	95,428	9.54
Enrich Tech Co., Ltd.	130,000	471,435	322,180	149,255	326,625	10,134	6,698	0.52
Hengji Construction Corporation Limited	60,000	54,345	122	54,223	0	(4,795)	(5,777)	(0.96)
Nova Technology Corp.	358,897	5,698,446	1,768,705	3,929,741	2,028,147	311,636	1,042,089	14.95
Winmega Technology Corp.	30,000	188,517	54,700	133,817	110,897	22,475	17,219	5.74
Winmax Technology Corp.	143,402	4,450,316	2,758,941	1,691,375	4,122,845	804,343	733,148	Note1
Suzhou Winmax Technology Corp.	624,242	3,007,467	935,867	2,071,600	1,074,199	20,565	686,698	Note1
Novatech Engineering & Construction Pte. Ltd.	23,356	149,490	56,556	92,934	182,345	38,731	32,376	1.40
Rayzher Industrial Co., Ltd.	316,000	2,060,928	515,473	1,545,455	1,779,726	303,335	244,277	9.08
Dadewin Technology Corp.	5,000	4,915	803	4,112	230	(1,127)	(888)	(1.78)
Sheng Huei International Co. Ltd.	121,976	3,655,767	408	3,655,359	0	(663)	429,755	3.49
New Point Group Limited	6,176	54,000	718	53,282	0	(452)	24,470	3.93
Acter Technology Integration Group Co., Ltd.	432,270	7,507,455	2,809,371	4,698,084	6,650,126	457,290	640,526	1.46
Shenzhen Dingmao Trade Co., Ltd.	21,614	379,910	134,403	245,507	280,968	51,974	39,264	Note1
Sheng Huei (Shenzhen) Engineering Co., Ltd.	152,577	343,859	89,095	254,764	20,022	(26,793)	(27,280)	Note1
PT Acter Integration Technology Indonesia	25,041	24,048	1,751	22,297	26	(3,042)	(2,804)	(109,569.65)
Acter International Limited	100,206	473,138	90,977	382,161	25,264	8,469	216,318	2.14
Sheng Huei Engineering Technology Company Limited	101,799	893,526	487,414	406,112	1,318,259	234,707	194,446	Note1
Acter Technology Singapore Pte. Ltd.	78,846	152,627	510	152,117	0	(808)	26,476	0.34
Acter Technology Malaysia Sdn. Bhd.	17,329	69,414	72,242	(2,828)	41,352	(3,318)	(4,215)	(0.24)
PT Acter Technology Indonesia	20,013	117,685	33,458	84,227	55,524	(1,449)	21	10.41
Acter Technology Co., Ltd.	26,919	203,784	87,436	116,348	490,556	66,620	55,472	206.44

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Equity	Net Revenue	Operating Income	Net Income (Loss)	Basic Earnings Per Share (Note2)
Jiangsu Dianze Construction Engineering Co., Ltd. (Note3)	-	-	-	-	-	-	(110)	-

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

Note2: Calculated on the basis of its par value per share, each company is not exactly the same.

Note3: Jiangsu Dianze Construction Engineering Co., Ltd. was merged and dissolved on September 11, 2023.

ii. Private Placement Securities in the Most Recent Years

None.

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

None.

iv. Other matters that require additional description

None.

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

None.

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Group Corporation Limited as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements are included in the consolidated financial statements. Consequently, Acter Group Corporation Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Acter Group Corporation Limited

Chairman: Liang, Chin-Li

Date: February 26, 2024

Independent Auditors' Report

To the Board of Directors of Acter Group Corporation Limited:

Opinion

We have audited the consolidated financial statements of Acter Group Corporation Limited (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement 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 material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 for the year ended December 31, 2023. 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.

Construction revenue recognition

Please refer to Note 4(p) “Revenue”, Note 5 “Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Construction 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, construction 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 construction revenue recognition is in accordance with the related accounting standards.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 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 for the year ended December 31, 2023 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 Chen, Cheng-Hsueh and Lu, Chien-Hui.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

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' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 8,951,209	32	6,410,782	24	2100	Short-term borrowings (note 6(m))	\$ 540,595	2	350,228	1
1110	Current financial assets at fair value through profit or loss (note 6(b))	391,908	1	1,313,339	5	2130	Current contract liabilities (note 6(v))	3,465,368	13	3,576,899	13
1120	Current financial assets at fair value through other comprehensive income (note 6(c))	76,497	-	344,524	1	2150	Notes payable	145,089	1	177,916	1
1140	Current contract assets (note 6(v))	4,336,539	16	6,074,330	22	2170	Trade payables	6,189,104	22	7,377,360	27
1150	Notes receivable, net (note 6(d))	327,212	1	240,051	1	2180	Trade payables to related parties(note 7)	578	-	1,095	-
1170	Trade receivables, net (note 6(d))	6,268,797	23	8,136,175	30	2201	Accrued salaries and bonuses	732,701	3	699,427	2
1200	Other receivables (note 6(e))	23,284	-	39,444	-	2216	Dividends payable	659,571	2	452,016	2
1220	Current income tax assets	30,126	-	23,543	-	2230	Current income tax liabilities	514,331	2	429,581	2
1310	Inventories, net (note 6(f))	2,146,984	8	1,246,038	5	2250	Current provisions (note 6(p))	377,752	1	271,706	1
1410	Prepayments	1,003,844	4	758,975	3	2280	Current lease liabilities (note 6(o))	65,917	-	70,099	-
1476	Other current financial assets (note 8)	608,732	2	281,668	1	2321	Bonds payable, current portion (note 6(n))	-	-	546,019	2
1479	Other current assets	439,348	2	266,862	1	2399	Other current liabilities and accrued expenses (note 9)	553,518	2	545,040	2
		<u>24,604,480</u>	<u>89</u>	<u>25,135,731</u>	<u>93</u>			<u>13,244,524</u>	<u>48</u>	<u>14,497,386</u>	<u>53</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,416,444	5	508,217	2	2500	Non-current financial liabilities at fair value through profit or loss (note 6(b))	-	-	1,840	-
1550	Investments accounted for using equity method (note 6(g))	45,089	-	23,063	-	2530	Bonds payable (note 6(n))	315,115	1	754,706	3
1600	Property, plant and equipment (note 6(i))	767,506	3	690,310	2	2570	Deferred tax liabilities (note 6(r))	812,835	3	885,669	4
1755	Right-of-use assets (note 6(j))	166,851	1	213,023	1	2580	Non-current lease liabilities (note 6(o))	77,300	-	118,052	-
1760	Investments property, net (note 6(k))	233,604	1	236,454	1	2640	Net defined benefit liability, non-current (note 6(q))	51,945	-	60,043	-
1780	Intangible assets (note 6(l))	75,297	-	91,846	-	2645	Guarantee deposits received	152	-	152	-
1840	Deferred tax assets (note 6(r))	223,014	1	177,758	1			<u>1,257,347</u>	<u>4</u>	<u>1,820,462</u>	<u>7</u>
1990	Other non-current assets	54,407	-	40,121	-		Total liabilities	<u>14,501,871</u>	<u>52</u>	<u>16,317,848</u>	<u>60</u>
		<u>2,982,212</u>	<u>11</u>	<u>1,980,792</u>	<u>7</u>		Equity attributable to owners of parent (note 6 (s)):				
		<u>\$ 27,586,692</u>	<u>100</u>	<u>27,116,523</u>	<u>100</u>	3110	Ordinary share	620,405	2	574,673	2
						3140	Advance receipts	-	-	11,721	-
						3200	Capital surplus	3,707,948	13	3,055,511	11
						3300	Retained earnings	4,314,371	16	4,043,975	15
						3400	Other equity	169,123	1	(101,148)	-
							Total equity attributable to owners of parent	<u>8,811,847</u>	<u>32</u>	<u>7,584,732</u>	<u>28</u>
						36XX	Non-controlling interests	<u>4,272,974</u>	<u>16</u>	<u>3,213,943</u>	<u>12</u>
							Total equity	<u>13,084,821</u>	<u>48</u>	<u>10,798,675</u>	<u>40</u>
	Total assets	<u>\$ 27,586,692</u>	<u>100</u>	<u>27,116,523</u>	<u>100</u>		Total liabilities and equity	<u>\$ 27,586,692</u>	<u>100</u>	<u>27,116,523</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating Revenues (note 6(v)):				
4521	Construction revenue	\$ 24,603,937	98	27,291,759	96
4529	Less: allowances	<u>(9,107)</u>	<u>-</u>	<u>(41,764)</u>	<u>-</u>
		24,594,830	98	27,249,995	96
4110	Sales and other	<u>465,911</u>	<u>2</u>	<u>1,012,390</u>	<u>4</u>
		25,060,741	100	28,262,385	100
	Operating costs:				
5520	Construction cost (note 6(o), (q) and 7(b))	19,759,161	78	22,699,677	80
5110	Costs of goods sold (note 6(f))	<u>383,832</u>	<u>2</u>	<u>784,557</u>	<u>3</u>
		<u>20,142,993</u>	<u>80</u>	<u>23,484,234</u>	<u>83</u>
	Gross profit from operations	<u>4,917,748</u>	<u>20</u>	<u>4,778,151</u>	<u>17</u>
	Operating expenses (note 6(o) and (q)):				
6100	Selling expenses	280,114	1	201,017	1
6200	Administrative expenses	1,011,471	4	920,084	3
6300	Research and development expenses	370,516	2	334,495	1
6450	Expected credit (gain)loss	<u>(8,174)</u>	<u>-</u>	<u>26</u>	<u>-</u>
		<u>1,653,927</u>	<u>7</u>	<u>1,455,622</u>	<u>5</u>
	Net operating income	<u>3,263,821</u>	<u>13</u>	<u>3,322,529</u>	<u>12</u>
	Non-operating income and expenses (note 6 (x))				
7050	Finance costs	(34,170)	-	(33,135)	-
7100	Interest income	129,306	1	40,538	-
7010	Other income	126,701	-	78,459	-
	Share of profit of associates accounted for using equity method, net (note 6(g))	21,620	-	1,032	-
7020	Other gains and losses, net	<u>8,723</u>	<u>-</u>	<u>10,523</u>	<u>-</u>
		<u>252,180</u>	<u>1</u>	<u>97,417</u>	<u>-</u>
	Profit before income tax	3,516,001	14	3,419,946	12
7950	Less: Income tax expenses (note 6(r))	<u>916,428</u>	<u>4</u>	<u>920,610</u>	<u>3</u>
	Profit	<u>2,599,573</u>	<u>10</u>	<u>2,499,336</u>	<u>9</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 (note 6(q))	5,627	-	6,117	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	345,974	2	86,381	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>351,601</u>	<u>2</u>	<u>92,498</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	(79,766)	-	96,908	-
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	33,196	-	(84,640)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(r))	<u>18,982</u>	<u>-</u>	<u>(23,063)</u>	<u>-</u>
		<u>(27,588)</u>	<u>-</u>	<u>(10,795)</u>	<u>-</u>
8300	Other comprehensive income, net of tax	<u>324,013</u>	<u>2</u>	<u>81,703</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 2,923,586</u>	<u>12</u>	<u>2,581,039</u>	<u>9</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 1,838,104	7	1,933,122	7
8620	Non-controlling interests	<u>761,469</u>	<u>3</u>	<u>566,214</u>	<u>2</u>
		<u>\$ 2,599,573</u>	<u>10</u>	<u>2,499,336</u>	<u>9</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 2,112,019	9	2,008,566	7
8720	Non-controlling interests	<u>811,567</u>	<u>3</u>	<u>572,473</u>	<u>2</u>
		<u>\$ 2,923,586</u>	<u>12</u>	<u>2,581,039</u>	<u>9</u>
	Earnings per share (Expressed in New Taiwan Dollars) (note 6(u))				
9750	Basic earnings per share	<u>\$ 15.03</u>		<u>16.84</u>	
9850	Diluted earnings per share	<u>\$ 14.58</u>		<u>15.48</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity					
	Ordinary shares	Advance receipts	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	Total Other equity	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 571,868	54	1,866,632	818,400	139,461	2,409,510	3,367,371	(163,214)	(8,171)	(171,385)	1,661,458	7,295,998
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	119,812	-	(119,812)	-	-	-	-	-	-
Special reserve	-	-	-	-	31,924	(31,924)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,261,725)	(1,261,725)	-	-	-	-	(1,261,725)
Profit for the year ended December 31,2022	-	-	-	-	-	1,933,122	1,933,122	-	-	-	566,214	2,499,336
Other comprehensive income for the year ended December 31,2022	-	-	-	-	-	5,207	5,207	71,113	(876)	70,237	6,259	81,703
Total comprehensive income	-	-	-	-	-	1,938,329	1,938,329	71,113	(876)	70,237	572,473	2,581,039
Conversion of convertible bonds	2,805	11,667	228,638	-	-	-	-	-	-	-	-	243,110
Changes in ownership interests in subsidiaries	-	-	960,241	-	-	-	-	-	-	-	-	960,241
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	980,012	980,012
Balance at December 31, 2022	\$ 574,673	11,721	3,055,511	938,212	171,385	2,934,378	4,043,975	(92,101)	(9,047)	(101,148)	3,213,943	10,798,675
Balance at January 1, 2023	\$ 574,673	11,721	3,055,511	938,212	171,385	2,934,378	4,043,975	(92,101)	(9,047)	(101,148)	3,213,943	10,798,675
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	-	292,529	-	(292,529)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,571,352)	(1,571,352)	-	-	-	-	(1,571,352)
Reversal of special reserve	-	-	-	-	(152,133)	152,133	-	-	-	-	-	-
Profit for the year ended December 31,2023	-	-	-	-	-	1,838,104	1,838,104	-	-	-	761,469	2,599,573
Other comprehensive income for the year ended December 31,2023	-	-	-	-	-	3,391	3,391	(50,087)	320,611	270,524	50,098	324,013
Total comprehensive income	-	-	-	-	-	1,841,495	1,841,495	(50,087)	320,611	270,524	811,567	2,923,586
Conversion of convertible bonds	45,732	(11,721)	513,709	-	-	-	-	-	-	-	-	547,720
Change in ownership interests in subsidiaries	-	-	138,712	-	-	-	-	-	-	-	-	138,712
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	253	253	-	(253)	(253)	-	-
Exercise the right of disgorgement	-	-	16	-	-	-	-	-	-	-	-	16
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	247,464	247,464
Balance at December 31, 2023	\$ 620,405	-	3,707,948	1,230,741	19,252	3,064,378	4,314,371	(142,188)	311,311	169,123	4,272,974	13,084,821

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,516,001	3,419,946
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses (including investment property)	135,300	107,236
Amortization expenses	38,738	36,604
Expected credit (gain) loss	(8,174)	26
Interest expense	34,170	33,135
Interest income	(129,306)	(40,538)
Dividend income	(42,784)	(31,370)
Shares of profit of associates accounted for using equity method	(21,620)	(1,032)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(59,324)	1,545
Loss from disposal of property, property plant, equipment	1,505	798
Loss on disposal of investment properties	14	-
Loss on disposal of intangible assets	1,421	-
Loss on remeasurements of investing	30,399	-
Lease modification benefits and others	(1,113)	198
Total adjustments to reconcile (profit) loss	<u>(20,774)</u>	<u>106,602</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in current financial assets at fair value through profit or loss	980,781	(566,325)
Decrease (increase) in current contract assets	1,737,791	(1,340,804)
(Increase) decrease in notes receivable	(87,729)	207,915
Decrease (increase) in trade receivables	1,878,803	(2,570,876)
Increase in inventories	(900,946)	(694,303)
Increase in other current assets	(720,950)	(106,078)
Total changes in operating assets	<u>2,887,750</u>	<u>(5,070,471)</u>
Changes in operating liabilities:		
(Decrease) increase in current contract liabilities	(111,531)	1,949,621
(Decrease) increase in notes payable	(32,827)	7,612
(Decrease) increase in trade payables (including related parties)	(1,188,773)	1,453,741
Increase in provisions	110,008	9,847
Increase in other current liabilities	47,980	432,520
Total changes in operating liabilities	<u>(1,175,143)</u>	<u>3,853,341</u>
Total adjustments	<u>1,691,833</u>	<u>(1,110,528)</u>
Cash inflow generated from operations	5,207,834	2,309,418
Interest received	121,997	40,538
Interest paid	(28,972)	(25,428)
Income taxes paid	(943,244)	(638,253)
Net cash flows from operating activities	<u>4,357,615</u>	<u>1,686,275</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(286,139)	(412,800)
Proceeds from disposal of financial assets at fair value through other comprehensive income	709	-
Acquisition of property, plant and equipment	(137,168)	(146,980)
Proceeds from disposal of property, plant and equipment	353	108
Acquisition of intangible assets	(23,912)	(21,387)
Acquisition of right-of-use assets	(589)	(393)
Acquisition of investment properties	(229)	-
(Increase) decrease in other non-current assets	(14,286)	12,713
Dividends received	42,784	31,370
Net cash flows used in investing activities	<u>(418,477)</u>	<u>(537,369)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,538,622	3,413,380
Decrease in short-term loans	(1,341,739)	(3,746,130)
Redeemed from convertible bonds	(100)	-
Exercise the right of disgorgement	16	-
Proceeds from issuing bonds	-	802,721
Decrease in guarantee deposits	-	(110)
Payment of lease liabilities	(77,134)	(60,936)
Cash dividends paid	(1,415,684)	(859,029)
Change in non-controlling interests	21,729	1,944,168
Net cash flows (used in) from financing activities	<u>(1,274,290)</u>	<u>1,494,064</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(124,421)</u>	<u>68,981</u>
Net increase in cash and cash equivalents	2,540,427	2,711,951
Cash and cash equivalents at beginning of period	6,410,782	3,698,831
Cash and cash equivalents at end of period	<u>\$ 8,951,209</u>	<u>6,410,782</u>

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

Acter Group Corporation Limited (the “Company”) was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company’s registered office address is located at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City, Taiwan (R.O.C.). The consolidated financial statements of the Company as of and for the year ended December 31, 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the Group’s entities are described in Notes 4 (c). Acter’s common shares were publicly listed on the Taipei Exchange (“TPEX”) on November 10, 2010.

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

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

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized as follows. Except for Note 3 indicated, the following accounting policies were applied consistently to all periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial assets measured at fair value through profit or loss;
- 2) Financial assets measured at fair value through other comprehensive income; and
- 3) Net defined benefit liabilities is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Subsidiaries’ financial statements are adjusted to align the accounting policies with those of the Company.

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Notes
			December 31, 2023	December 31, 2022	
(1)The Company	Nova Technology Corp. (Nova Tech)	Wholesale, assemble and maintenance of electronic and chemical equipment	58.69	63.66	
	Her Suo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100	100	
	Enrich Tech Co., Ltd. (Enrich Tech)	Comprehensive construction company	56.94	56.94	
	Sheng Hwei International Co., Ltd. (SHI)	Investment holding company	100	100	
	Hengji Construction Co., Ltd (Hengji)	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business.	55	-	Note 2
(2)Nova Tech	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	-	100	Note 6
	Suzhou Winmax Technology Corp. (Suzhou Winmax)	Design and manufacture of air containers and liquid containers	100	100	
	Winmega Technology Corp. (Winmega)	Wholesale of electronic and chemical engineering equipment	100	100	
	Nova Tech Engineering & Construction Pte., Ltd. (NTEC Singapore)	Chemical supply system business	-	100	Note 7
	Rayzher Industrial Co., Ltd. (Rayzher)	Piping engineering, cable installation and automatic control equipment engineering, etc.	45.59	51.31	Note 3 and Note 8
	Dadewin technology Corp. (Dadewin)	Engineering graphic design, etc.	80	-	Note 1

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding		Notes
			December 31, 2023	December 31, 2022	
(3) Suzhou Winmax	Winmx	Design and manufacture of air containers and liquid containers	100	-	Note 6
	NTEC Singapore	Chemical supply system business	100	-	Note 7
(4) Enrich Tech	Hengji	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business.	13	-	Note 2
(5) SHI	Acter Technology Integration Group CO.,Ltd. (Acter Integration)	Construction and set-up of electronic equipment and air conditioners	65	65	
	New Point Group Ltd. (New Point)	Investment holding company and trading equipment.	100	100	
(6) Acter Integration	Shenzhen Dingmao Trade Co.,Ltd. (Shenzhen Dingmao)	Electronic equipment and machinery trading	100	100	
	Shenzhen Huei (Shenzhen) Engineering Co.,Ltd. (Shenzhen Sheng Huei)	Construction and set-up of electronic equipment and air conditioners	100	100	
	Acter International Ltd. (AIL)	Investment holding company and trading of clean rooms and air conditioners	100	100	
	Acter Technology Singapore Sdn. Bhd (Acter Singapore)	Investment holding Company	100	100	
	Jiangsu Dianze Construction Engineering Co., Ltd. (Jiangsu Dianze)	Engineering construction and contracting, industrial engineering design services, etc.	-	-	Note 5
	PT Acter Integration Technology Indonesia (Acter Integration Indonesia)	Industrial building construction, electrical installation, water supply and drainage installation, air conditioning installation, mechanical installation, and related activities.	67	-	Note 4
(7) Acter Singapore	Acter Technology Malaysia Sdn. Bhd Co., Ltd. (Acter Malaysia)	Investment holding company	100	100	
	PT Acter Technology Indonesia (Acter Indonesia)	Equipment trading and set-up	99	99	
	Acter Technology Co., Ltd. (Acter Thailand)	Set-up of electronic protection systems and central air conditioners	49	49	
(8) AIL	PT Acter Technology Indonesia (Acter Indonesia)	Equipment trading and set-up	1	1	
	Sheng Huei Engineering Technology Co., Ltd (Acter Vietnam)	Set-up of electronic protection systems and central air conditioners	100	100	

Note 1: Nova Tech established the subsidiary Dadewin Technology Corp. in April 2023, with 80% of the shares held by Nova Tech.

Note 2: The Company established the subsidiary Hengji Construction Co., Ltd in May 2023, which is held 55% by The Company and 13% by Enrich Tech.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 3: Rayzher completed its first cash capital increase and issued 7,400 thousand of new shares in July 2023. The Group did not purchase new shares in accordance with the shareholding ratio, and the ratio was reduced from 51.31% to 49.53%; in addition, In response to the Group's operating strategy, the Group disposed of part of Rayzher' s equity in August 2023, reducing the shareholding ratio from 49.53% to 47.24%; Rayzher completed its second cash capital increase and issued 1,100 thousand of new shares in October 2023, the Group did not purchase new shares in accordance with the shareholding ratio, and the ratio was reduced from 47.24% to 45.59%.

Note 4: Acter Integration established the subsidiary PT Acter Integration Technology Indonesia and completed procedures of cash capital increase in August and November 2023, with 67% of the shares held by Acter Integration.

Note 5: The Group has taken control of Jiangsu Dianze since July 2023, and incorporated the financial statement of Jiangsu Dianze into the consolidated statements of the Group on that date. Acter Integration has carried out a simple combination with its subsidiary Jiangsu Dianze through the resolution of the shareholders' meeting on August 29, 2023. Jiangsu Dianze has eliminated and September 11,2023 will be the base date of the merger.

Note 6: In response to the adjustments in the Group's organizational restructuring, the Group transferred its shares in Winmax to Suzhou Winmax by way of shareholding conversion, based on a resolution approved during the Board of Directors of Nova Tech held on August 29, 2023. All related registration procedures had been completed in October 2023.

Note 7: In response to the adjustments in the Group's organizational restructuring, the Group disposed its entire shares in its subsidiary, NTEC, to Suzhou Winmax, based on a resolution approved during the Board of Directors of Nova Tech held on August 29, 2023. All related registration procedures had been completed in November 2023.

Note 8: Although the Group did not own more than half of the Rayzher ownership interests, it was considered to have de facto control over the main operating policies of Rayzher. As a result, Rayzher were accounted for as subsidiaries of company.

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

(d) Foreign currency

(i) Foreign currency transactions

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

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

(Continued)

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

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

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

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

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

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way respectively.

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

(Continued)

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

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

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

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

(Continued)

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

Dividend income derived is recognized on the date that the Group's right to receive payment is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g., financial assets which is held for trading and manages and assess performance based fair value) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

(Continued)

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

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

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

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

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 540 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

(Continued)

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

The compound financial instruments issued by the Group are convertible corporate bonds (denominated in NTD) that the holder has the option to convert into equity capital. The number of issued shares will not vary with changes in fair value.

The amount originally recognized for the liability component of a compound financial instrument is measured at the fair value of a similar liability excluding equity conversion rights. The originally recognized amount of the equity component is measured as the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the carrying amounts of the original liability and equity.

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

Interest related to financial liabilities is recognized in profit or loss. Financial liabilities are reclassified to equity upon conversion, and no gain or loss is incurred on their conversion.

4) Financial liabilities

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

(Continued)

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

(Continued)

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

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

(j) Investment property

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

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

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

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

(l) Lease

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

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

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

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

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

(ii) As a lessor

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

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

(Continued)

ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

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

(m) Intangible assets

(i) Recognition and measurement

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

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

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

Other intangible assets, including dedicated certificate, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Dedicated certificate 4 years

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

(n) Impairment of non-financial assets

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(o) Provisions

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

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

(p) Revenue

(i) Revenue from contracts with customers

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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1) Equipment contracts and construction contracts

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

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

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

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

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

2) Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all criteria for acceptance have been satisfied.

3) Financing components

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

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

- a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(r) Share-based payment transaction

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

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

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

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

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

(s) Income Taxes

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

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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(t) Earnings per share

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

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

(u) Operating segments

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

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

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

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

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

Construction revenue recognition

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

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

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	\$ 2,942	2,680
Checking and demand deposits	3,647,757	4,746,348
Time deposits	3,782,153	628,900
Cash equivalent - repurchased commercial paper	1,518,357	1,032,854
	\$ 8,951,209	6,410,782

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

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss-current:		
Non derivative financial assets		
Structured deposits	\$ -	538,373
Beneficiary securities - open-end funds	345,093	704,634
Special shares	19,580	48,950
Corporate bonds	21,969	21,087
Listed stock	5,102	-
Financial assets designated at fair value through profit or loss-current:		
Unsecured convertible corporate bonds-call options	164	295
	\$ 391,908	1,313,339
Financial liabilities designated at fair value through profit or loss-non-current:		
Unsecured convertible corporate bonds-put options	\$ -	1,840
	\$ -	1,840

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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- (c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income-current:		
Corporate bonds	\$ <u>76,497</u>	<u>344,524</u>
Debt investments at fair value through other comprehensive income-non-current:		
Corporate bonds	\$ 275,376	-
Equity investments at fair value through other comprehensive income-non-current :		
Listed stock	1,134,587	298,727
Emerging stock	4,235	207,244
Unlisted stock	<u>2,246</u>	<u>2,246</u>
	\$ <u>1,416,444</u>	<u>508,217</u>

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

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

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

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

Because of over-allotment agreement, certain equity instruments measured at FVOCI were sold in 2023, the related gain accumulated in other comprehensive income of \$253 thousand has been reclassified from other equity to retained earnings, accordingly.

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

- (iv) The financial assets were not pledged.

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

(d) Notes and trade receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable-measured as amortized cost	\$ 327,671	236,830
Notes receivables-at fair value through other comprehensive income	-	3,221
Less: Loss allowance	<u>(459)</u>	<u>-</u>
	<u>\$ 327,212</u>	<u>240,051</u>
Trade receivables-measured as amortized cost	\$ 6,400,446	8,279,250
Less: Loss allowance	<u>(131,649)</u>	<u>(143,075)</u>
	<u>\$ 6,268,797</u>	<u>8,136,175</u>

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

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

	<u>December 31, 2023</u>		
Aging days	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 5,702,646	-	-
121 to 180 days	581,904	0.5%	2,910
181 to 360 days	274,355	1%	2,744
361 to 540 days	77,742	40%~50%	34,984
More than 541 days	<u>35,370</u>	100%	<u>35,370</u>
	<u>\$ 6,672,017</u>		<u>76,008</u>
	<u>December 31, 2022</u>		
Aging days	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
1 to 120 days	\$ 7,611,761	-	-
121 to 180 days	573,443	0.5%	2,867
181 to 360 days	163,576	1%	1,636
361 to 540 days	54,667	40%~50%	25,396
More than 541 days	<u>62,089</u>	100%	<u>62,089</u>
	<u>\$ 8,465,536</u>		<u>91,988</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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The loss allowance provision from the other group of December 31, 2023 and December 31, 2022 was determined as follows:

	December 31, 2023		
Aging days	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ -	-	-
121 to 180 days	-	-	-
181 to 360 days	-	-	-
361 to 540 days	-	-	-
More than 541 days	56,100	100%	56,100
	\$ 56,100		56,100

	December 31, 2022		
Aging days	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	\$ -	-	-
121 to 180 days	-	-	-
181 to 360 days	2,678	-	-
361 to 540 days	-	-	-
More than 541 days	51,087	100%	51,087
	\$ 53,765		51,087

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

	2023	2022
Balance on January 1	143,075	142,895
Impairment losses (reversal) recognized	(8,174)	26
Amounts written off	(110)	(1,083)
Foreign exchange gains	(2,683)	1,237
Balance on December 31	\$ 132,108	143,075

- (i) Trade receivables includes retained construction receivable, which amounted to \$449,194 thousand and \$293,874 thousand as of December 31, 2023 and 2022, respectively.
- (ii) The notes and trade receivables were not pledged.

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Notes to the Consolidated Financial Statements

(e) Other receivables

	December 31, 2023	December 31, 2022
Other accounts receivable	\$ 23,284	39,444

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

(f) Inventories

	December 31, 2023	December 31, 2022
Finished goods and merchandise	\$ 62,871	73,796
Work in process and semi-finished goods	12,053	53,292
Raw materials	2,125,098	1,139,505
	2,200,022	1,266,593
Less: provision for inventory devaluation	(53,038)	(20,555)
	\$ 2,146,984	1,246,038

For the years ended December 31, 2023 and 2022, the Group recognized the operating costs of \$33,078 thousand and \$6,652 thousand, respectively, from the write-down of inventory cost to net realizable value.

No inventories were pledged as collaterals.

(g) Investment in equity-accounted investees

	December 31, 2023	December 31, 2022
Associates	\$ 45,089	23,063

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

	2023	2022
Profit attributable to the Group:		
Profit	\$ 21,620	1,032
Other comprehensive income	-	-
Total comprehensive income	\$ 21,620	1,032

As of December 31, 2023 and 2022, the investment accounted for using equity method was not pledged.

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Notes to the Consolidated Financial Statements

(h) Significant subsidiaries of non-controlling interest

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

<u>Subsidiaries</u>	<u>Main Business Location/Registered Country</u>	<u>Percentage of non-controlling ownership</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Nova Tech	R.O.C.	41.31 %	36.34 %
Rayzher	R.O.C.	54.41 %	48.69 %
Acter Integration	China	35.00 %	35.00 %

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

(i) Information regarding of Nova Tech:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	\$ 2,299,106	2,738,163
Non-current assets	3,399,340	2,830,715
Current liabilities	(1,257,048)	(1,501,375)
Non-current Liabilities	(511,657)	(1,126,755)
Net assets	<u>\$ 3,929,741</u>	<u>2,940,748</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	<u>\$ 2,028,147</u>	<u>2,110,347</u>
Net income for the period	\$ 1,042,089	796,566
Other comprehensive income	131,961	30,616
Comprehensive income	<u>\$ 1,174,050</u>	<u>827,182</u>
Cash flows from operating activities	\$ (346,673)	727,164
Cash flows from investing activities	165,921	95,846
Cash flows from financing activities	(584,684)	208,838
Net (decrease) increase in cash and cash equivalents	<u>\$ (765,436)</u>	<u>1,031,848</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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(ii) Information regarding of Rayzher:

	December 31, 2023	December 31, 2022
Current assets	\$ 1,753,872	1,499,111
Non-current assets	307,056	286,590
Current liabilities	(491,669)	(777,033)
Non-current Liabilities	<u>(23,804)</u>	<u>(33,447)</u>
Net assets	<u>\$ 1,545,455</u>	<u>975,221</u>
	2023	2022
Operating revenue	<u>\$ 1,779,726</u>	<u>2,297,891</u>
Net income for the period	\$ 244,277	373,029
Other comprehensive income	<u>-</u>	<u>-</u>
Comprehensive income	<u>\$ 244,277</u>	<u>373,029</u>
Cash flows from operating activities	\$ (16,414)	405,769
Cash flows from investing activities	(51,397)	(84,987)
Cash flows from financing activities	<u>294,420</u>	<u>(111,383)</u>
Net increase in cash and cash equivalents	<u>\$ 226,609</u>	<u>209,399</u>

(iii) Information regarding of Acter Integration:

	December 31, 2023	December 31, 2022
Current assets	\$ 6,108,777	6,047,751
Non-current assets	1,398,660	1,168,692
Current liabilities	(2,719,664)	(2,721,868)
Non-current Liabilities	<u>(89,700)</u>	<u>(56,125)</u>
Net assets	<u>\$ 4,698,073</u>	<u>4,438,450</u>
	2023	2022
Operating revenue	<u>\$ 6,650,098</u>	<u>5,327,492</u>
Net income for the period	640,526	594,359
Other comprehensive income	<u>2,070</u>	<u>8,970</u>
Comprehensive income	<u>\$ 642,596</u>	<u>603,329</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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	2023	2022
Cash flows from operating activities	\$ 328,280	(639,657)
Cash flows from investing activities	538,616	41,622
Cash flows from financing activities	(264,676)	2,104,709
Effect of exchange rate changes	(48,923)	(14)
Net increase in cash and cash equivalents	\$ 553,297	1,506,660

(i) Property, plant and equipment

The cost and depreciation of the Group were as follows:

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:					
Balance on January 1, 2023	\$ 344,703	329,839	257,936	-	932,478
Additions	-	300	77,378	59,490	137,168
Disposals	-	(616)	(9,002)	-	(9,618)
Reclassification	-	8,053	(8,053)	-	-
Effect of movements in exchange rates	-	(4,585)	(2,776)	(1,044)	(8,405)
Balance on December 31, 2023	\$ 344,703	332,991	315,483	58,446	1,051,623
Balance on January 1, 2022	\$ 263,378	302,248	203,013	5,038	773,677
Additions	81,325	10,197	55,458	-	146,980
Disposals	-	-	(3,552)	-	(3,552)
Reclassification	-	3,822	1,219	(5,101)	(60)
Effect of movements in exchange rates	-	13,572	1,798	63	15,433
Balance on December 31, 2022	\$ 344,703	329,839	257,936	-	932,478
Depreciation:					
Balance on January 1, 2023	\$ -	79,324	162,844	-	242,168
Depreciation	-	17,634	35,142	-	52,776
Disposals	-	(616)	(7,144)	-	(7,760)
Reclassifications	-	185	(185)	-	-
Effect of movements in exchange rates	-	(1,411)	(1,656)	-	(3,067)
Balance on December 31, 2023	\$ -	95,116	189,001	-	284,117

(Continued)

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

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Balance on January 1, 2022	\$ -	63,893	136,490	-	200,383
Depreciation	-	14,881	27,776	-	42,657
Disposals	-	-	(2,646)	-	(2,646)
Effect of movements in exchange rates	-	550	1,224	-	1,774
Balance on December 31, 2022	<u>\$ -</u>	<u>79,324</u>	<u>162,844</u>	<u>-</u>	<u>242,168</u>
Carrying amounts:					
Balance on December 31, 2023	<u>\$ 344,703</u>	<u>237,875</u>	<u>126,482</u>	<u>58,446</u>	<u>767,506</u>
Balance on January 1, 2022	<u>\$ 263,378</u>	<u>238,355</u>	<u>66,523</u>	<u>5,038</u>	<u>573,294</u>
Balance on December 31, 2022	<u>\$ 344,703</u>	<u>250,515</u>	<u>95,092</u>	<u>-</u>	<u>690,310</u>

The property, plant and equipment is not pledged.

(j) Right-of-use assets

The Group leases many assets including land, buildings and construction and other facilities. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 29,278	173,082	106,429	308,789
Additions	-	22,880	17,658	40,538
Disposals	-	(12,763)	(18,039)	(30,802)
Effect of movements in exchange rates	(598)	(1,456)	(1,060)	(3,114)
Balance at December 31, 2023	<u>\$ 28,680</u>	<u>181,743</u>	<u>104,988</u>	<u>315,411</u>
Balance at January 1, 2022	\$ 28,890	110,091	84,017	222,998
Additions	-	103,188	42,618	145,806
Disposals	-	(41,216)	(20,690)	(61,906)
Effect of movements in exchange rates	388	1,019	484	1,891
Balance at December 31, 2022	<u>\$ 29,278</u>	<u>173,082</u>	<u>106,429</u>	<u>308,789</u>
Depreciation:				
Balance at January 1, 2023	\$ 1,643	53,580	40,543	95,766
Depreciation	725	52,051	26,739	79,515
Disposals	-	(9,135)	(16,478)	(25,613)
Effect of movements in exchange rates	(46)	(582)	(480)	(1,108)
Balance at December 31, 2023	<u>\$ 2,322</u>	<u>95,914</u>	<u>50,324</u>	<u>148,560</u>

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

	<u>Land</u>	<u>Building and construction</u>	<u>Other facilities</u>	<u>Total</u>
Balance at January 1, 2022	\$ 903	56,623	37,094	94,620
Depreciation	730	37,025	23,831	61,586
Disposals	-	(40,679)	(20,589)	(61,268)
Effect of movements in exchange rates	10	611	207	828
Balance at December 31, 2022	<u>\$ 1,643</u>	<u>53,580</u>	<u>40,543</u>	<u>95,766</u>
Carrying amounts:				
Balance at December 31, 2023	<u>\$ 26,358</u>	<u>85,829</u>	<u>54,664</u>	<u>166,851</u>
Balance at January 1, 2022	<u>\$ 27,987</u>	<u>53,468</u>	<u>46,923</u>	<u>128,378</u>
Balance at December 31, 2022	<u>\$ 27,635</u>	<u>119,502</u>	<u>65,886</u>	<u>213,023</u>

(k) Investment Property

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

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

	<u>Owned property</u>			<u>Right-of-use assets</u>	<u>Total</u>
	<u>Land and improvement</u>	<u>Building and Construction</u>	<u>Facilities</u>	<u>Land</u>	
Cost:					
Balance at January 1, 2023	\$ 139,922	121,046	85	3,210	264,263
Additions	-	229	-	-	229
Disposals	-	-	(85)	-	(85)
Effect of changes in foreign rates	-	(190)	-	(66)	(256)
Balance at December 31, 2023	<u>\$ 139,922</u>	<u>121,085</u>	<u>-</u>	<u>3,144</u>	<u>264,151</u>
Balance at January 1, 2022	\$ 139,922	120,923	85	3,168	264,098
Effect of changes in foreign rate	-	123	-	42	165
Balance at December 31, 2022	<u>\$ 139,922</u>	<u>121,046</u>	<u>85</u>	<u>3,210</u>	<u>264,263</u>
Depreciation:					
Balance at January 1, 2023	\$ -	26,122	71	1,616	27,809
Depreciation	-	2,922	-	87	3,009
Disposals	-	-	(71)	-	(71)
Effect of changes in foreign rates	-	(165)	-	(35)	(200)
Balance at December 31, 2023	<u>\$ -</u>	<u>28,879</u>	<u>-</u>	<u>1,668</u>	<u>30,547</u>
Balance at January 1, 2022	\$ -	23,122	71	1,508	24,701
Depreciation	-	2,905	-	88	2,993
Effect of changes in foreign rates	-	95	-	20	115
Balance at December 31, 2022	<u>\$ -</u>	<u>26,122</u>	<u>71</u>	<u>1,616</u>	<u>27,809</u>

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

	Owned property			Right-of-use assets	Total
	Land and improvement	Building and Construction	Facilities	Land	
Carrying amounts:					
Balance at December 31, 2023	\$ <u>139,922</u>	<u>92,206</u>	<u>-</u>	<u>1,476</u>	<u>233,604</u>
Balance at January 1, 2022	\$ <u>139,922</u>	<u>97,801</u>	<u>14</u>	<u>1,660</u>	<u>239,397</u>
Balance at December 31, 2022	\$ <u>139,922</u>	<u>94,924</u>	<u>14</u>	<u>1,594</u>	<u>236,454</u>
Fair value:					
Balance at December 31, 2023					\$ <u>360,687</u>
Balance at December 31, 2022					\$ <u>395,727</u>

- (i) The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.
- (ii) The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value to asset its impairment.
- (iii) The investment property is not pledged.

(l) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

	Software	Dedicated certificate	Franchise and others	Goodwill	Total
Cost:					
Balance at January 1, 2023	\$ 68,739	91,847	18,399	1,232	180,217
Acquisition through business combinations	-	-	1,320	-	1,320
Additions	22,592	-	-	-	22,592
Disposals	(7,799)	-	(1,320)	-	(9,119)
Effect of change in foreign rates	(680)	-	-	-	(680)
Balance at December 31, 2023	\$ <u>82,852</u>	<u>91,847</u>	<u>18,399</u>	<u>1,232</u>	<u>194,330</u>
Balance at January 1, 2022	\$ 53,500	91,847	18,399	1,232	164,978
Additions	21,387	-	-	-	21,387
Disposals	(6,480)	-	-	-	(6,480)
Effect of change in foreign rates	332	-	-	-	332
Balance at December 31, 2022	\$ <u>68,739</u>	<u>91,847</u>	<u>18,399</u>	<u>1,232</u>	<u>180,217</u>
Accumulated Amortization:					
Balance at January 1, 2023	\$ 37,143	40,183	9,813	1,232	88,371
Amortization	14,511	22,962	1,265	-	38,738
Disposals	(7,588)	-	(110)	-	(7,698)
Effect of change in foreign rates	(378)	-	-	-	(378)
Balance at December 31, 2023	\$ <u>43,688</u>	<u>63,145</u>	<u>10,968</u>	<u>1,232</u>	<u>119,033</u>

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

	<u>Software</u>	<u>Dedicated certificate</u>	<u>Franchise and others</u>	<u>Goodwill</u>	<u>Total</u>
Balance at January 1, 2022	\$ 30,914	17,221	8,660	-	56,795
Amortization	12,489	22,962	1,153	-	36,604
Impairment loss	-	-	-	1,232	1,232
Disposals	(6,479)	-	-	-	(6,479)
Effect of change in foreign rates	219	-	-	-	219
Balance at December 31, 2022	<u>\$ 37,143</u>	<u>40,183</u>	<u>9,813</u>	<u>1,232</u>	<u>88,371</u>
Carrying amounts:					
Balance at December 31, 2023	<u>\$ 39,164</u>	<u>28,702</u>	<u>7,431</u>	<u>-</u>	<u>75,297</u>
Balance at January 1, 2022	<u>\$ 22,586</u>	<u>74,626</u>	<u>9,739</u>	<u>1,232</u>	<u>108,183</u>
Balance at December 31, 2022	<u>\$ 31,596</u>	<u>51,664</u>	<u>8,586</u>	<u>-</u>	<u>91,846</u>

(m) Short-term borrowing

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	<u>\$ 540,595</u>	<u>350,228</u>
Unused facilities	<u>\$ 13,802,002</u>	<u>10,773,367</u>
Interest Rate	<u>2.05%~3.65%</u>	<u>3.343%~5.71%</u>

(n) Bonds payable

The details of unsecured convertible bonds were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total convertible corporate bonds issued	\$ 1,600,000	1,600,000
Unamortized discounted corporate bonds payable	(12,485)	(51,775)
Cumulative redeemed amount	(100)	-
Cumulative converted amount	(1,272,300)	(247,500)
Less: current portion	-	(546,019)
Corporate bonds issued balance at year-end	<u>\$ 315,115</u>	<u>754,706</u>
Embedded derivative-call options, included in financial assets at fair value through profit or loss	<u>\$ 164</u>	<u>295</u>
Embedded derivative-put options, included in financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>1,840</u>
	<u>2023</u>	<u>2022</u>
Remeasured gain and (loss) of embedded derivative-call and put rights, included in financial assets and (liabilities) at fair value through profit or loss	<u>\$ 1,709</u>	<u>(1,545)</u>
Interest expense	<u>\$ 13,897</u>	<u>9,602</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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The Group issued 8,000 unsecured 3 years convertible bonds without any effective interest rate in Taiwan on November 27, 2020. The bonds have been fully redeemed or converted in September 2023.

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

Due to the cash capital increase in 2021, the conversion price will be adjusted to \$195.1 per stock from January 4, 2021. In 2020, the distribution of cash dividends was announced, and the conversion price was adjusted to \$183.2 per share from July 11, 2021. In 2021, the distribution of cash dividends was announced, and the conversion price was adjusted to \$169.6 per share from July 8, 2022. In 2022, the par value of the stock was changed, and the conversion price was adjusted to \$84.8 per share from September 16, 2022.

In the first half of 2022, the distribution of cash dividends was announced, and the conversion price was adjusted to \$82 per share from February 13, 2023. In the second half of 2022, the distribution of cash dividends was announced, and the conversion price was adjusted to \$77.5 per share from July 12, 2023.

Beginning from three month after the issue date (February 28, 2021) until forty days before maturity (October 18, 2023), if the closing price of the company's common shares on the Taipei Exchange is higher than 30% of the conversion price for thirty consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, the Group may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.

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

On December 12, 2022, Nova Tech issued 8,000 unsecured three-year convertible bonds in Taiwan, at 101% face value, totaling \$800,000 thousand, without interest rate. The total value raised and issued was \$808,000 thousand, with the effective interest rate of 1.7414% and a conversion price was set at \$89.5 at the time of issuance.

When the common shares qualify for conversion price adjustment in accordance with the terms of issue, such adjustment will be made based on a formula according to the terms of issue. There are no reset terms for this bond. After the dividends were distributed in 2022, the conversion price had been adjusted to \$82.2 per share effective July 5, 2023 and \$87.5 per share effective February 5, 2023, respectively. After the dividends were distributed in 2023, the conversion price had been adjusted to \$80.2 per share effective January 14, 2024.

From the day following the three months after the issuance date (March 13, 2023) until forty days before the maturity date (November 2, 2025), if the closing price of Nova Tech's ordinary shares at the securities counter trading center exceeded the converted corporate bond's conversion price by more than, or equals to 30% for 30 consecutive business days, or the outstanding balance of the convertible bonds is less than 10% of the total face value of the bonds, Nova Tech may redeem the outstanding bonds, by cash, within 5 trading days after the call date of the bonds, at the face value of the bonds.

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

Nova Tech should set the date (December 12, 2024) following 2 years of the issuance date of convertible bonds as recorded date for bondholders' early bond sellback. Bondholders are entitled to exercise the put option beginning from the put date (December 12, 2024), with an exercise price at 100% of the face value of the bonds. Upon receipt of a sell request, Nova Tech shall pay the amount to the bondholders, by cash, within five trading days of the put date.

(o) Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 65,917</u>	<u>70,099</u>
Non-current	<u>\$ 77,300</u>	<u>118,052</u>

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

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 4,098</u>	<u>3,529</u>
Expenses relating to short-term leases	<u>\$ 107,636</u>	<u>76,847</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 12,018</u>	<u>25,196</u>

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

	2023	2022
Total cash outflow for leases	<u>\$ 200,886</u>	<u>166,508</u>

(i) Land and building leases

The Group leases land and buildings for its office space. The leases typically run for a period of 1 to 6 years.

(ii) Other leases

The Group leases transportation equipment with contract terms of 2 to 5 years. In certain cases, the Group has options to purchase the assets at the end of the contract term.

Offices, employee dormitory and office equipment leases with contract terms of 1 to 3 years are short-term or for low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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

(p) Provisions

	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 271,706	259,896
Provisions made during the period	301,580	145,926
Provisions used during the period	(99,721)	(48,466)
Provisions reversed during the period	(91,824)	(87,613)
Unwinding of discount	(27)	-
Effect of movements in exchange rates	<u>(3,962)</u>	<u>1,963</u>
Balance on December 31	<u><u>\$ 377,752</u></u>	<u><u>271,706</u></u>

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

(q) Employee benefits

(i) Defined benefit plans

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 78,263	91,535
Fair value of plan assets	<u>(26,318)</u>	<u>(31,492)</u>
Net defined benefit liabilities	<u><u>\$ 51,945</u></u>	<u><u>60,043</u></u>

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

1) Composition of plan assets

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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The Group's labor pension reserve account balance in the Bank of Taiwan amounted to \$26,318 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movement in present value of the defined benefit obligations

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

	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 91,535	94,527
Service cost and interest for the period	1,579	1,072
Remeasurements of the net defined benefit liability (asset)		
– Actuarial (gain) loss arising from changes in financial assumptions	(2,453)	(7,170)
– Actuarial loss arising from changes in experience adjustments	(3,067)	3,093
Benefits paid	(9,382)	-
Effect of movement in exchange rates	<u>51</u>	<u>13</u>
Balance, December 31	<u>\$ 78,263</u>	<u>91,535</u>

3) Movement in fair value of defined benefit plan assets

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

	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 31,492	27,322
Interest revenue	580	198
Remeasurements of the net defined benefit liability		
– Return on plan assets (excluding the interest revenue)	95	2,043
Contributions made	2,243	1,929
Benefits paid	<u>(8,092)</u>	<u>-</u>
Balance, December 31	<u>\$ 26,318</u>	<u>31,492</u>

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Interest cost	\$ 1,579	1,072
Actual return on plan assets	(580)	(198)
Settlement gains	<u>(1,290)</u>	<u>-</u>
	<u>\$ (291)</u>	<u>874</u>

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

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

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

	2023	2022
The Company	\$ (3,391)	(5,207)
Non-controlling interests	(2,236)	(910)
Recognition for the period	\$ (5,627)	(6,117)

- 6) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.625%~2.00%	1.75%~7.00%
Increases in future salary rate	3.00%~4.00%	3.00%~8.00%

The Group is expected to make a contribution payment of \$1,810 thousand to the defined benefit plans for the one-year period after the reporting date.

The weighted – average duration of the defined benefit plans is 12.81 to 15.22 years.

- 7) Sensitivity analysis

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (2,030)	2,029
Future salary increase (decrease)	2,108	(1,966)
December 31, 2022		
Discount rate	\$ (5,318)	5,501
Future salary increase (decrease)	5,344	(5,268)

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

There were no changes in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company, Hengji, Nova Tech, Her Suo, Enrich Tech, Winmega, Rayzher and Dadewin Tech contribute an amount at the rates of 6% of their employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group's offshore subsidiaries contribute their pensions to their respective local social insurance agency in accordance with the provisions of their local acts. The Group's contributions to the Bureau of the Labor Insurance or other local social insurance agency for the Group's employee pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2023 and 2022, the Group set aside \$41,770 thousand and \$35,942 thousand, respectively, of the pension costs under the defined contribution plan.

(r) Income taxes

(i) Income tax expense

The amount of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current period	\$ 1,064,375	774,909
Prior years income tax adjustment	<u>(48,839)</u>	<u>(1,820)</u>
	<u>1,015,536</u>	<u>773,089</u>
Deferred tax expense:		
Origination and reversal of temporary differences	(105,559)	146,916
Changes in deductible temporary difference without recognition	(3,069)	4,535
Recognition of previously unrecognized loss carry forward	<u>9,520</u>	<u>(3,930)</u>
	<u>(99,108)</u>	<u>147,521</u>
Income tax expense	<u><u>\$ 916,428</u></u>	<u><u>920,610</u></u>

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The amount of tax income benefit (expense) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>\$ 18,982</u>	<u>(23,063)</u>

Reconciliation of income tax benefit and income before tax were as follows:

	2023	2022
Profit before tax	<u>\$ 3,516,001</u>	<u>3,419,946</u>
Tax rate according to the Group's location	\$ 703,200	683,989
Effect of difference in tax rate of foreign jurisdiction	485,921	426,685
Adjustment in tax rate	-	470
Changes in unrecognized temporary difference	(3,069)	4,535
Prior years income tax adjustment	(48,839)	(1,820)
Surtax on undistributed earnings	31,966	15,822
Effect on income tax due to adjust tax law	(267,636)	(205,141)
Unrecognized loss carry forward	<u>14,885</u>	<u>(3,930)</u>
Income tax expense	<u>\$ 916,428</u>	<u>920,610</u>

(ii) Deferred tax asset and liability

1) Unrecognized deferred tax asset

	December 31, 2023	December 31, 2022
Deductible temporary difference	\$ 4,498	7,567
Loss carry forward	<u>17,061</u>	<u>2,176</u>
	<u>\$ 21,559</u>	<u>9,743</u>

Except for the remaining profit, the tax losses, which are the previous accounting losses examined and approved by the tax authorities, are deductible from profit before tax for the current year, according to the respective local tax law of the Company and its subsidiaries. The deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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As of December 31, 2023, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Acter Singapore	2017	\$ 4,804	-	Assessed amount
Acter Singapore	2018	1,377	-	Assessed amount
Acter Singapore	2020	28,898	-	Assessed amount
Acter Singapore	2022	2,867	-	Assessed amount
Acter Malaysia	2016	3,181	-	Assessed amount
Acter Malaysia	2017	644	-	Assessed amount
Acter Malaysia	2018	364	-	Assessed amount
Acter Malaysia	2020	163	-	Assessed amount
Acter Malaysia	2021	644	-	Assessed amount
Acter Malaysia	2022	1,209	-	Assessed amount
Acter Malaysia	2023	4,231	-	Assessed amount
		<u>\$ 48,382</u>		

2) Recognized deferred tax asset and liabilities

Deferred tax assets:

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Construction cost	\$ 54,652	18,894	-	73,546	17,215	-	90,761
Estimated construction loss	796	469	-	1,265	1,401	-	2,666
Loss carry forward	3,606	(3,606)	-	-	385	-	385
Allowance for decline in realizable value of inventory	2,176	1,024	-	3,200	5,969	-	9,169
Excessive provision of bad debt	34,600	(11,603)	-	22,997	(656)	-	22,341
Construction revenue and cost on book-tax differences	9,809	(9,809)	-	-	-	-	-
Exchange of unrealized Profits and losses	4,131	(3,872)	-	259	3,112	-	3,371
Foreign currency translation differences for foreign operations	47,863	-	(23,063)	24,800	-	18,982	43,782
Unrealized loss and others	30,160	21,531	-	51,691	(1,152)	-	50,539
	<u>\$ 187,793</u>	<u>13,028</u>	<u>(23,063)</u>	<u>177,758</u>	<u>26,274</u>	<u>18,982</u>	<u>223,014</u>

Deferred tax liabilities:

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Gains on investment in foreign equity- accounted investee	\$ 721,792	153,201	-	874,993	(85,303)	-	789,690
Others	3,328	7,348	-	10,676	12,469	-	23,145
	<u>\$ 725,120</u>	<u>160,549</u>	<u>-</u>	<u>885,669</u>	<u>(72,834)</u>	<u>-</u>	<u>812,835</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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(iii) Assessment of tax

The income tax returns of Enrich Tech have been assessed by the tax authorities through year 2020.

The income tax returns of the Company, Her Suo, Winmega, Rayzher and Nova Tech, have been assessed by the tax authorities through year 2021.

(s) Capital and other equity

As of December 31, 2023 and 2022, the authorized common stock was \$720,000 thousand, while the issued common stock amounted to \$620,405 thousand and \$574,673 thousand, with a par value of \$5 per share, respectively.

(i) Issuance of common stock

The Company issued the first domestic unsecured convertible corporate bonds, and the application for conversion amounted for the year ended December 31, 2023 and 2022 were \$552,400 thousand and \$246,500 thousand, respectively, for which 6,802 thousand and 2,783 thousand common stock, respectively, were converted.

The company passed the resolution of the ordinary shareholders' meeting to amend the company's articles of association on May 26, 2022, changing the value of \$10 per share to \$5 per share, and proposed by the Board of Directors on August 5, 2022, to set the stock exchange base date as September 16, 2022, and the relevant statutory registration procedures have been completed.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2023	December 31, 2022
From issuance of common stock	\$ 2,221,085	1,684,104
Difference between the consideration and the carrying amount of subsidiaries acquired or disposed	6,034	6,034
Changes in ownership interest in subsidiaries	1,480,813	1,342,101
Equity component of convertible bonds recognized in stock option	-	23,272
Other	16	-
	\$ 3,707,948	3,055,511

1) Nova Tech, a subsidiary of the Group, issued the unsecured convertible corporate bonds in 2023. The Company recognized the change of \$104,074 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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- 2) Nova Tech, a subsidiary of the Group, disposed equity shares of Rayzher and NTEC Singapore in 2023 and recognized the change of \$6,101 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.
- 3) Rayzher, a subsidiary of the Group, processed a capital increase, resulting in a change of \$28,537 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.

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

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, the legal reserve shall be set aside until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside, and the remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors to be approved in the stockholders' meeting.

1) Legal reserve

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

2) Special reserve

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 second half and 2022 first half had been approved during the board meeting on February 24, 2023 and November 4, 2022, respectively. The relevant earnings distributions to shareholders were as follows:

	2022 second half	2022 first half
Dividends distributed to ordinary shareholders		
Cash	\$ 1,012,988	402,696

The amounts of cash dividends on the appropriations of earnings for 2023 second half and 2023 first half had been approved during the board meeting on February 26, 2024 and November 8, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023 second half	2023 first half
Dividends distributed to ordinary shareholders		
Cash	\$ 744,486	558,364

4) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2023	\$ (92,101)	(9,047)	(101,148)
Foreign currency translation differences (net of tax)	(50,087)	-	(50,087)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	320,611	320,611
Disposal of equity instruments at fair value through other comprehensive income	-	(253)	(253)
Balance, December 31, 2023	\$ (142,188)	311,311	169,123

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2022	\$ (163,214)	(8,171)	(171,385)
Foreign currency translation differences (net of tax)	71,113	-	71,113
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(876)	(876)
Balance, December 31, 2022	<u>\$ (92,101)</u>	<u>(9,047)</u>	<u>(101,148)</u>

(t) Share-based payment

Cash capital increase reserved for employee subscription

Rayzher's Board of Directors approved to issue 7,400 thousand and 1,100 thousand shares on April 6 and August 7, 2023, to conduct a cash capital increase, of which, 1,100 thousand and 110 thousand shares, with the equivalent percentages of 14.86% and 10%, respectively, of the above issued shares shall be reserved as employee stock option for qualified employees to subscribed in accordance with article 267 of R.O.C Company. For the remaining unsubscribed shares or shares which have not been exercised, the Chairman will be authorized to contact a specific person to fully subscribe those shares at the issuance price.

In light of the matter, the entire shares for both periods, which have been reserved for employee stock option, have been subscribed at the par values of \$16.60 and \$1.7295 per share, with their fair values measured in accordance with the provisions of the IFRS 2 Share-based Payment Regulations. Moreover, \$5,552 thousand and \$12,905 thousand of the above compensation costs amounting to \$18,260 thousand and \$197 thousand had been recognized by the Company and its non-controlling interests, respectively.

The estimated fair values of the options granted were calculated at the date of grant using the Black-Scholes option pricing model. The assumptions adopted in this valuation model as follow:

	Retention of Cash Increase for staff subscription	
	<u>2023 1st</u>	<u>2023 2nd</u>
Fair value at the date of grant (in dollars)	76.56	104.79
Subscription price (in dollars)	60	105
Duration of share options (Year)	0.074	0.036
Expected volatility (%)	26.28%	23.79%
The risk-free rate of interest (%)	0.95%	0.98%

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

(u) Earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u>1,838,104</u>	<u>1,933,122</u>
Weighted average number of ordinary shares	<u>122,317</u>	<u>114,810</u>
Basic earnings per share	\$ <u>15.03</u>	<u>16.84</u>
Diluted earnings per share		
	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 1,838,104	1,933,122
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	<u>1,488</u>	<u>7,637</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>1,839,592</u>	<u>1,940,759</u>
Weighted average number of ordinary shares (basic)	122,317	114,810
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	1,764	8,984
Effect of employee share bonus	<u>2,049</u>	<u>1,602</u>
Weighted average number of ordinary shares (diluted)	<u>126,130</u>	<u>125,396</u>
Diluted earnings per share	\$ <u>14.58</u>	<u>15.48</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets		
Taiwan	\$ 10,489,249	15,940,473
Mainland China	12,296,959	10,571,297
Other countries	<u>2,274,533</u>	<u>1,750,615</u>
	\$ <u>25,060,741</u>	<u>28,262,385</u>
Major products		
Cleanroom electromechanical integration engineering	\$ 13,173,342	16,256,127
Water gasification supply integration engineering	8,861,381	7,984,943
Consumer industry electromechanical integration engineering	1,744,856	1,882,981
Biomedical integration engineering	815,251	1,125,944
High-tech equipment and materials sales and services	<u>465,911</u>	<u>1,012,390</u>
	\$ <u>25,060,741</u>	<u>28,262,385</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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(ii) Contract balances

	December 31, 2023	December 31, 2022
Contract assets-Construction and equipment	\$ 4,437,202	6,137,192
Less: allowance for impairment	(100,663)	(62,862)
	\$ 4,336,539	6,074,330
Contract liabilities-Construction and equipment	\$ 3,465,368	3,576,899

The amount of revenue recognized for the year ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$2,330,316 thousand and \$1,319,451 thousand, respectively.

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

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

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no major changes in 2023 and 2022.

(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2023 and 2022, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were \$24,437,630 thousand and \$23,592,205 thousand, respectively. The Group will recognize revenue gradually over time as the consideration is completed, which is expected to occur over the next 1 to 3 years.

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

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

(w) Remuneration to employees and directors

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

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For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$141,101 thousand and \$150,092 thousand, and its directors' and supervisors' remuneration amounting to \$70,550 thousand and \$75,046 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were recognized under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(x) Non-operating income and expenses

(i) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense—bank loans	\$ 16,175	20,004
Interest expense—lease liabilities	4,098	3,529
Interest expense—bonds	<u>13,897</u>	<u>9,602</u>
	<u>\$ 34,170</u>	<u>33,135</u>

(ii) Interest revenue

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 82,518	23,249
Other interest income	<u>46,788</u>	<u>17,289</u>
	<u>\$ 129,306</u>	<u>40,538</u>

(iii) Other revenue

	<u>2023</u>	<u>2022</u>
Rental income	\$ 7,158	2,999
Dividend income	42,784	31,370
Government subsidy income and others	<u>76,759</u>	<u>44,090</u>
	<u>\$ 126,701</u>	<u>78,459</u>

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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(iv) Other income and losses

	2023	2022
Exchange (loss) gain on foreign currency	\$ (18,372)	52,443
Loss on disposals of property, plant and equipment	(1,505)	(798)
Loss on disposals of investment properties	(14)	-
Loss on disposal of intangible assets	(1,421)	-
Loss on disposal of investment	(30,399)	-
Lease modification benefit	1,110	1,034
Net gain (loss) on financial assets at fair value through profit or loss	57,615	(40,611)
Net gain (loss) on financial liability at fair value through profit or loss	1,709	(1,545)
	\$ 8,723	10,523

(y) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of December 31, 2023 and 2022, concentration of credit risk deriving from the Group's top customer did not constitute more than 12% and 22%, respectively, of the Group's receivables while those deriving from the Group's other top four customers did not constitute more than 20% and 19%, respectively, of the Group's receivables.

3) Receivables

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

Other financial assets measured at amortized cost include other financial assets and other receivables.

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

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The loss allowance provisions were determined as follows:

	Other financial assets (guarantee deposits paid)
Balance on January 1,2023	\$ 22,065
Amount written off	<u>(22,065)</u>
Balance on December 31,2023	<u>\$ -</u>
Balance on January 1, 2022	\$ 21,773
Foreign exchange gains	<u>292</u>
Balance on December 31,2022	<u><u>\$ 22,065</u></u>

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding notes payable, trade payables (including related parties), accrued salaries and bonus and other accrued expenses.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Non-secured bank loans	\$ 540,595	547,348	547,348	-	-	-
Bonds payable	315,115	327,600	-	327,600	-	-
Leases liabilities (including current and non-current)	<u>143,217</u>	<u>147,981</u>	<u>68,562</u>	<u>43,149</u>	<u>36,270</u>	<u>-</u>
	<u>\$ 998,927</u>	<u>1,022,929</u>	<u>615,910</u>	<u>370,749</u>	<u>36,270</u>	<u>-</u>
December 31, 2022						
Non-derivative financial liabilities						
Non-secured bank loans	\$ 350,228	350,873	350,873	-	-	-
Bonds payable	1,300,725	1,352,500	552,500	-	800,000	-
Leases liabilities (including current and non-current)	<u>188,151</u>	<u>194,826</u>	<u>74,125</u>	<u>59,123</u>	<u>58,612</u>	<u>2,966</u>
	<u>\$1,839,104</u>	<u>1,898,199</u>	<u>977,498</u>	<u>977,498</u>	<u>858,612</u>	<u>2,966</u>

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

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(iii) Currency risk

1) Exposure to currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 32,260	30.880	996,189	38,395	30.708	1,179,033
CNY	84,611	4.3227	365,748	123,170	4.4129	543,537
JPY	100,736	0.2163	21,789	338,604	0.2313	78,319
SGD	1,983	23.3559	46,315	-	-	-
<u>Non-Monetary</u>						
USD	989	30.880	30,540	7,972	30.708	244,804
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	4,090	30.880	126,299	11,377	30.708	349,365
JPY	126,983	0.2163	27,466	281,684	0.2313	65,154

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, other receivables, financial assets at fair value through other comprehensive income, loans, trade payables and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, JPY and SGD as of December 31, 2023 and 2022 would have increased or decreased the before-tax net income by \$12,763 thousand and \$13,864 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Exchange gains and losses of monetary items

As the Group transacts in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the year ended December 31, 2023 and 2022, the foreign exchange gains or losses, including both realized and unrealized, amounted to \$(18,372) thousand and \$52,443 thousand, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in this note of liquidity risk management.

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

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If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by \$5,406 thousand and \$3,502 thousand for the year ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	For the years ended December 31,			
	2023		2022	
	Other comprehensive income before tax	Net income before tax	Other comprehensive income before tax	Net income before tax
Increasing 3%	\$ 34,232	11,093	15,247	22,608
Decreasing 3%	\$ (34,232)	(11,093)	(15,247)	(22,608)

(vi) Fair value of financial instruments

1) The kinds of financial instruments and fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 391,744	391,744	-	-	391,744
Financial assets designated as fair value through profit or loss	164	-	164	-	164
Subtotal	391,908	391,744	164	-	391,908
Financial assets at fair value through other comprehensive income					
Corporate bonds	351,873	351,873	-	-	351,873
Listed company stock	1,134,587	1,134,587	-	-	1,134,587
Emerging stock	4,235	4,235	-	-	4,235
Unlisted stock	2,246	-	-	2,246	2,246
Subtotal	1,492,941	1,490,695	-	2,246	1,492,941
Total	\$ 1,884,849	1,882,439	164	2,246	1,884,849
Financial liabilities at amortized cost					
Bonds payable	\$ 315,115	-	547,092	-	547,092

(Continued)

ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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	December 31, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 1,313,044	774,671	538,373	-	1,313,044
Financial assets designated as fair value through profit or loss	295	-	295	-	295
Subtotal	<u>1,313,339</u>	<u>774,671</u>	<u>538,668</u>	<u>-</u>	<u>1,313,339</u>
Financial assets at fair value through other comprehensive income					
Corporate bonds	344,524	344,524	-	-	344,524
Listed company stock	298,727	298,727	-	-	298,727
Emerging stock	207,244	6,753	200,491	-	207,244
Unlisted stock	2,246	-	-	2,246	2,246
Subtotal	<u>852,741</u>	<u>650,004</u>	<u>200,491</u>	<u>2,246</u>	<u>852,741</u>
Total	<u>\$ 2,166,080</u>	<u>1,424,675</u>	<u>739,159</u>	<u>2,246</u>	<u>2,166,080</u>
Financial liability at fair value through profit or loss					
Financial liabilities designated as fair value through profit or loss	\$ 1,840	-	1,840	-	1,840
Financial liabilities at amortized cost					
Bonds payable	<u>1,300,725</u>	<u>-</u>	<u>1,504,804</u>	<u>-</u>	<u>1,504,804</u>
Total	<u>\$ 1,302,565</u>	<u>-</u>	<u>1,506,644</u>	<u>-</u>	<u>1,506,644</u>

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

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

3) Valuation techniques for financial instruments measured at fair value

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

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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The Group’s financial instruments are classified by their category, and the attributes of their fair value are as follows if such financial instruments are traded in active markets: beneficiary securities – open end fund, Corporate bonds and emerging stock, whose fair value was determined based on market quoted prices.

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

When the financial instrument of the Group is not traded in an active market, its fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another for the years ended December 31,2023 and 2022.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
Opening balance, January 1, 2023	\$ 2,246
Transfer out of the third tier	-
Ending Balance, December 31, 2023	\$ 2,246
Opening balance, January 1,2022	\$ 129,646
Transfer out of the third tier	(127,400)
Ending Balance, December 31,2022	\$ 2,246

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

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

Most of the Group’s financial assets in Level 3 have only one significant unobservable input, while its equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - equity investments without an active market	Net asset value method	◆ Discount for lack of market ability (As of December 31, 2023 and 2022 were both 30%)	◆ The higher the discount for lack of marketability, The lower the fair value.

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

The method be applied by the Group to measure the financial instruments are reasonable. There will be different result if applied other measurement models or assumptions.

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

			<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Increase or decrease</u>	<u>Favorable Unfavorable</u>
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	10%	321	(321)
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	10%	321	(321)

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

- (z) Financial risk management

- (i) Overview

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

- 1) Credit risk
- 2) Liquidity risk

(Continued)

ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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3) Market risk

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

(ii) Risk management framework

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivable

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

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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2) Investment

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

3) Guarantee

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

(iv) Liquidity risk

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

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

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

2) Interest rate risk

The Group borrows funds on variable interest rates. Changes in market interest rates leads to the change of effective interest rates and fluctuation of future cash flows. The Group reduces interest rate risk by negotiating interest rates with banks from time to time.

3) Other market price risk

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

(aa) Capital management

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

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

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total liabilities	\$ 14,501,871	16,317,848
Less: cash and cash equivalents	<u>(8,951,209)</u>	<u>(6,410,782)</u>
Net debt	5,550,662	9,907,066
Total equity	<u>8,811,847</u>	<u>7,584,732</u>
Total Capital	<u>\$ 14,362,509</u>	<u>17,491,798</u>
Debt to capital ratio	<u>38.65 %</u>	<u>56.64 %</u>

The management believes that there were no changes in the Group's approach to capital management for the years ended December 31,2023.

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

The Group's financing activities which did not affect the current cash flow in the years ended December 31,2023 and 2022, were as follows:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>December 31, 2023</u>
			<u>Foreign exchange movement</u>	<u>Increase/ Decrease</u>	<u>Transfer to Advance receipts and capital surplus</u>	<u>Amortization</u>	
Short-term borrowings	\$ 350,228	196,883	(6,516)	-	-	-	540,595
Lease liabilities	188,151	(77,134)	(1,450)	33,650	-	-	143,217
Bonds payable	<u>1,300,725</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>(999,407)</u>	<u>13,897</u>	<u>315,115</u>
Total liabilities from financing activities	<u>\$ 1,839,104</u>	<u>119,649</u>	<u>(7,966)</u>	<u>33,650</u>	<u>(999,407)</u>	<u>13,897</u>	<u>998,927</u>

	<u>January 1,2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>December 31, 2022</u>
			<u>Foreign exchange movement</u>	<u>Increase/ Decrease</u>	<u>Transfer to Advance receipts and capital surplus</u>	<u>Amortization</u>	
Short-term borrowings	\$ 650,766	(332,750)	32,212	-	-	-	350,228
Lease liabilities	104,618	(60,936)	728	143,741	-	-	188,151
Bonds payable	<u>779,527</u>	<u>802,721</u>	<u>-</u>	<u>(1,600)</u>	<u>(289,525)</u>	<u>9,602</u>	<u>1,300,725</u>
Total liabilities from financing activities	<u>\$ 1,534,911</u>	<u>409,035</u>	<u>32,940</u>	<u>142,141</u>	<u>(289,525)</u>	<u>9,602</u>	<u>1,839,104</u>

(7) Related-party transactions:

(a) Names and relationship with the Group

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

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Johnwell Airconditioning Enterprise Co., Ltd	The key management personnel of the parent company's directors
Xiang-Hui Development Co., Ltd.	The key management personnel of the parent company's directors

(b) Other related party transactions

Construction cost, and related assets and liabilities:

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

	<u>Purchases</u>		<u>Payables to Related Parties</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entity under the key management's control	\$ <u>3,331</u>	<u>3,461</u>	<u>578</u>	<u>1,095</u>

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

(c) Key management personnel compensation

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 164,183	162,379
Post-employment benefits	540	648
	<u>\$ 164,723</u>	<u>163,027</u>

(8) Pledged assets:

The Group's pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other financial assets – current:			
Demand deposit and time deposit	construction contract fulfillment and warranty guarantee	<u>\$ 406,557</u>	<u>158,458</u>

(9) Commitments and contingencies:

Significant commitments and contingencies for the Group as of December 31, 2023, and 2022 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$2,254,369 thousand and \$1,955,330 thousand, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$4,982,354 thousand and \$3,520,805 thousand, respectively.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to \$2,004,700 thousand and \$0, respectively.
- (d) For already-signed but not-yet-finished significant construction contracts, please refer to note 6(v).
- (e) The Company's subsidiary, Nova Tech, entered into an agreement with Jing He Science Co., Ltd. (Jing He) for the construction and expansion of a new factory and gas factory, respectively, wherein Nova Tech is responsible for the installation process of the pipelines, as well as for purchasing the related equipment according to the design layout and purchase order provided by Jing He. However, Jing He made certain changes to its layout plan, which in turn, requires extra work; and for this reason, Nova Tech requested Jing He for an additional payment, in which Jing He argued that the contract is a lump-sum contract; therefore, refused to make any additional payment. Furthermore, it unilaterally terminated the agreement prior to the completion of the construction. Nova Tech then filed a lawsuit to the District Court against Jing He, demanding the amount of the contract to be paid in full. Nova Tech has also engaged a lawyer to defend its case. On the other hand, the District Court appointed Taiwan Association of Construction and Development, as well as Taiwan Professional Electrical Engineers Association, to estimate the value of the completed part of the new factory building, with both parties providing supplementary opinions for the preliminary valuation. The District Court has also appointed Taiwan Construction Research Institute (TCRI) to estimate the value of the expansion of the gas factory, wherein the estimated result turned out to be the same as that of which conducted by Nova Tech. On December 29, 2023, the Taiwan Taoyuan District Court ordered Jing He to pay the amount of \$22,876 thousand to Nova Tech, resulting in Nova Tech to make the provision of \$12,000 thousand for its loss in 2023.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By item	By function	2023			2022		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit							
Salary		1,366,226	953,110	2,319,336	1,254,692	839,826	2,094,518
Labor, health and social insurance		150,039	99,816	249,855	119,097	78,485	197,582
Pension		32,433	9,734	42,167	26,754	10,062	36,816
Other		42,369	51,535	93,904	39,868	38,601	78,469
Depreciation		47,034	85,257	132,291	34,623	69,620	104,243
Amortization		221	38,517	38,738	702	35,902	36,604

Note: Depreciation for investment property for the years ended December 31, 2023 and 2022, amounted to \$3,009 thousand and \$2,993 thousand, respectively recognized as non operating expense.

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits (note 2)	Maximum limit of fund financing (note 2)
													Item	Value		
1	NovaTech	Winmax	Other receivables due from related parties	Yes	637,720	617,550	345,816	2.350	Short-term financing	-	Operating capital	-	None	-	1,571,896	1,571,896
2	SHI	ATM	Other receivables due from related parties	Yes	22,203	21,613	21,613	4.485	Short-term financing	-	Operating capital	-	None	-	3,289,823	3,289,823
2	SHI	AIL	Other receivables due from related parties	Yes	81,063	77,200	77,200	6.000	Short-term financing	-	Operating capital	-	None	-	3,289,823	3,289,823
3	AIL	Acter Indonesia	Other receivables due from related parties	Yes	64,850	-	-	-	Short-term financing	-	Operating capital	-	None	-	3,821,620	3,821,620
4	Acter Integration	Shenzhen Dingmao	Other receivables due from related parties	Yes	71,731	-	-	-	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
4	Acter Integration	Acter Vietnam	Other receivables due from related parties	Yes	187,597	182,982	59,519	5.400	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
4	Acter Integration	Acter Thailand	Other receivables due from related parties	Yes	64,077	-	-	-	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
4	Acter Integration	Acter Indonesia	Other receivables due from related parties	Yes	61,129	59,519	-	-	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
4	Acter Integration	Acter Malaysia	Other receivables due from related parties	Yes	64,077	-	-	-	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
4	Acter Integration	AIL	Other receivables due from related parties	Yes	88,634	86,454	-	-	Short-term financing	-	Operating capital	-	None	-	1,879,229	1,879,229
5	Sheng Huei Shenzhen	Shenzhen Dingmao	Other receivables due from related parties	Yes	112,080	-	-	-	Short-term financing	-	Operating capital	-	None	-	2,547,640	2,547,640
5	Sheng Huei Shenzhen	Acter Integration	Other receivables due from related parties	Yes	89,664	-	-	-	Short-term financing	-	Operating capital	-	None	-	101,906	101,906
6	Winmax	Suzhou Winmax	Other receivables due from related parties	Yes	354,536	259,362	151,295	2.100	Short-term financing	-	Operating capital	-	None	-	676,550	676,550

Note 1. The ending balance was the used credit line approved by the Board of Directors for the year ended December 31, 2023.

Note 2. Calculation methods of the company and its subsidiaries for the limited amount and the total amount available for lending purpose for single party:

1. The Company:

- (1) The total amount available for lending purpose shall not exceed 10% of the Company's net worth.
- (2) The amount for short-term financing needs for single party, shall not exceed 10% of the Company's net worth.

2. Nova Tech:

- (1) The total amount available for lending purpose shall not exceed 40% of Nova Tech's net worth.
- (2) The total amount available for short-term financing needs, shall not exceed 40% of Nova Tech's net worth; and the amount available for single party for short-term financing needs shall not exceed 40% of Nova Tech's net worth.

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ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES
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3. SHI

- (1) The total amount available for lending purpose shall not exceed 90% of SHI's net worth.
- (2) The total amount available for short-term financing needs, shall not exceed 40% of SHI's net worth; and the amount available for single party for short-term financing needs shall not exceed 40% of SHI's net worth.
- (3) The leading amount to directly or indirectly wholly owned subsidiaries outside Taiwan for finance needs, or directly or indirectly wholly owned subsidiaries outside Taiwan to the Group for finance needs, are not limited by the 40% of net worth. The total amount still remains limited, shall not exceed 90% of SHI's net worth.

4. Acter Integration and its subsidiaries (AIL and Sheng Huei Shenzhen):

- (1) The total amount available for lending purpose shall not exceed 40% of Acter Integration and its subsidiaries 's net worth.
- (2) The total amount available for short-term financing needs, shall not exceed 40% of net worth of the company which lent funds; and the amount available for single party for short-term financing needs shall not exceed 40% of net worth of the company which lent funds.
- (3) The maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan (must be within the scope of the consolidated financial statements of Acter Integration) for short-term financing needs, the total amount and maximum amount for lending shall not exceed 1000% of the net worth of each subsidiary.

5. Winmax:

- (1) The total amount available for lending purpose shall not exceed 40% of Winmax's net worth.
- (2) The maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan for short-term financing needs, the total amount and maximum amount for lending shall not exceed 40% of Winmax's net worth.

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

Note 4. The transaction had been eliminated upon consolidation.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (%)	Maximum amount for guarantees and endorsements (note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 4)										
0	The Company	Her Suo	2	44,059,235	526,680	362,250	362,250	-	4.11	70,494,776	Y	N	N
0	The Company	Enrich Tech	2	44,059,235	925,756	925,756	736,912	-	10.51	70,494,776	Y	N	N
0	The Company	Hengji	2	44,059,235	3,960	-	-	-	-	70,494,776	Y	N	N
0	The Company	Yida Construction	5	26,435,541	414,000	414,000	414,000	-	4.70	44,059,235	N	N	N
0	The Company	Kedge Construction	5	26,435,541	1,590,700	1,590,700	1,590,700	-	18.05	44,059,235	N	N	N
1	Her Suo	The company	3	9,205,170	3,927,208	3,927,208	3,927,208	-	1,279.89	10,739,365	N	Y	N
1	Her Suo	Nova Tech	4 (note3)	9,205,170	41,601	41,601	41,601	-	13.56	10,739,365	N	N	N
2	Nova Tech	Winmax and Suzhou Winmax	2	7,859,482	2,374,766	2,332,749	1,143,423	-	59.36	11,789,223	N	N	Y
2	Nova Tech	Suzhou Winmax	2	7,859,482	26,582	25,928	25,928	-	0.66	11,789,223	N	N	Y
2	Nova Tech	Rayzher	2 (note4)	7,859,482	460,215	35,500	35,500	-	0.90	11,789,223	N	N	N
2	Nova Tech	Winmega	2	7,859,482	100,000	50,000	50,000	-	1.27	11,789,223	N	N	N
2	Nova Tech	Winmax	2	7,859,482	1,152,722	1,072,800	915,162	-	27.30	11,789,223	N	N	Y
3	Acter Integration	Shenzhen Sheng Huei	2	28,188,438	179,328	172,908	59,803	-	3.68	37,584,584	N	N	Y
3	Acter Integration	Acter Vietnam	2	28,188,438	2,365,287	2,255,072	2,255,072	-	48.00	37,584,584	N	N	N
3	Acter Integration	Shenzhao Dingmao	2	28,188,438	318,935	280,976	6,921	-	5.98	37,584,584	N	N	Y
3	Acter Integration	Acter Malaysia	2	28,188,438	64,077	-	-	-	-	37,584,584	N	N	N
3	Acter Integration	Acter Inodonsia	2	28,188,438	32,039	-	-	-	-	37,584,584	N	N	N
4	Shenzhen Sheng Huei	Acter Integration	3	3,821,460	160,902	-	-	-	-	4,585,752	N	N	Y
5	Winmax	Suzhou Winmax	3	5,074,125	900,521	878,373	68,126	-	51.93	8,456,875	N	N	Y
6	Enrich Tech	The Company	3	4,477,650	314,372	314,372	314,372	-	210.63	5,223,925	N	Y	N

(Continued)

ACTER GROUP CORPORATION LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1. Calculation method of the company and its subsidiaries for the endorsement guarantee limit and the maximum endorsement guarantee limit for a single enterprise

1. The Company:

- (1) The total amount of endorsements and guarantees provided by the Company to its subsidiaries, who need to fulfill their contractual obligation by providing mutual endorsements and guarantees for peer in order to undertake a construction project, shall not exceed 500% of the Company's net worth. Also, the maximum amount for single subsidiary shall not exceed 300% of the Company's net worth.
- (2) The total amount of endorsements and guarantees provided by the Company to subsidiaries who the Company, directly and indirectly, holds more than 50% of their voting shares, shall not exceed 800% of the Company's net worth. Also, the maximum amount for single subsidiary shall not exceed 500% of the Company's net worth.
- (3) The total amount of endorsements and guarantees provided by the Company to its subsidiaries, who need to fulfill their contractual obligation by providing mutual endorsements and guarantees for peer in order to undertake a construction project, or inter the parent company and subsidiaries, or to a subsidiary who the parent company owns, directly and indirectly, 100% of its voting shares, shall not exceed 800% of the Company's net worth. Also, the maximum amount for single party shall not exceed 500% of the Company's net worth.

2. Her Suo:

- (1) The total amount of endorsements and guarantees provided by Her Suo shall not exceed 3500% of Her Suo's net worth. Also, the maximum amount for single party shall not exceed 3000% of Her Suo's net worth.
- (2) Acter directly or indirectly holds more than 90% of the voting shares, the total amount of endorsements and guarantees shall not exceed 10% of Acter's net worth. However, this restriction does not apply to the company that Acter directly and indirectly holds 100% of the voting shares.

3. Nova Tech:

- (1) Except for contracting projects that require mutual endorsement guarantee between the peer in accordance with the provisions of the contract, the total amount of endorsements and guarantees provided by Nova Tech to other entries shall not exceed 300% of the company's net worth. Also, the maximum amount for single party shall not exceed 200% of the company's net worth.
- (2) Nova Tech and its subsidiaries requires mutual endorsement guarantee between the peer in accordance with the contract provisions for the contracted project, the total amount of endorsements and guarantees provided by Nova Tech to other entries shall not exceed 500% of the company's net worth. Also, the maximum amount for single party shall not exceed 300% of the company's net worth.

4. Acter Integration and its subsidiaries (Sheng Huei Shenzhen)

- (1) The total amount of endorsements and guarantees provided by Acter Integration to other entities shall not exceed 800% of the company's net worth. Also, the maximum amount shall not exceed 600% of the company's net worth.
- (2) The total amount of endorsements and guarantees provided by the subsidiaries of Acter Integration to other parties shall not exceed 1800% of the company's net worth. Also, the maximum amount shall not exceed 1500% of each company's net worth.
- (3) The total amount of external guarantees provided by Acter Integration and its subsidiaries shall not exceed 1000% of the company's net worth. Also, the maximum amount shall not exceed 800% of the company's net worth.

5. Winmax:

- (1) The total amount of endorsements and guarantees provided by Winmax to other entities shall not exceed 500% of the company's net worth and the maximum amount for single party amount shall not exceed 300% of the company's net worth.
- (2) Acter or Nova Tech directly or indirectly holds more than 90% of the voting shares, the total amount of endorsements and guarantees shall not exceed 10% of Acter's or Nova Tech's net worth. However, this restriction does not apply to the company that Acter or Nova Tech directly and indirectly holds 100% of the voting shares.

6. Enrich Tech:

- (1) The total amount of endorsements and guarantees provided by Enrich Tech to other entities shall not exceed 3500% of the company's net worth. Also, the maximum amount shall not exceed 3000% of the company's net worth.

Note 2. The net worth was audited by a Certified Public Accountant.

Note 3. In accordance with the first paragraph of Article 13 of the Company's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.

(Continued)

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

Note 4. In accordance with the fourth paragraph of Article 6 of Nova Tech's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.

Note 5. Relationship with the Company

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	TCB Taiwan Quantitative Fund	-	Current financial assets at fair value through profit or loss	1,049	20,000	-	20,000	
The Company	Allianz Global Investors Taiwan Technology Fund	-	Current financial assets at fair value through profit or loss	21	3,666	-	3,666	
The Company	Yuanta U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	4,936	-	4,936	
The Company	Cathay U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	5,090	-	5,090	
The Company	Fubon 20+ Years US Treasury Bond ETF	-	Current financial assets at fair value through profit or loss	150	4,887	-	4,887	
The Company	Capital ICE 25+ Year US Treasury Exchange Traded Fund	-	Current financial assets at fair value through profit or loss	152	4,838	-	4,838	
The Company	KGI 25+ Years US Treasury Bond ETF	-	Current financial assets at fair value through profit or loss	37	1,184	-	1,184	
The Company	CTBC U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	4,982	-	4,982	
The Company	Sinopac ICE 20+ Year US Treasury ETF	-	Current financial assets at fair value through profit or loss	155	4,092	-	4,092	
					<u>53,675</u>		<u>53,675</u>	
The Company	Holy Stone Healthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	4,235	0.20 %	4,235	
The Company	Waste Recovery Technology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,865	300,315	7.84 %	300,315	
The Company	AMPOC Far-East Co., Ltd	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	2,598	205,502	2.27 %	205,502	
The Company	Phoenix Silicon Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	4,665	243,072	2.70 %	243,072	
					<u>753,124</u>		<u>753,124</u>	
Nova Tech	Chailease Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	200	19,580	-	19,580	
Nova Tech	Corporate bonds-saudi Arabian Oil Company	-	Current financial assets at fair value through profit or loss	-	21,969	-	21,969	
					<u>41,549</u>		<u>41,549</u>	
Nova Tech	AMPOC Far-East Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	4,309	340,842	-	340,842	
Her Suo	TCB Taiwan Quantitative Fund	-	Current financial assets at fair value through profit or loss	1,648	31,418	-	31,418	
Her Suo	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	3,278	50,000	-	50,000	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	3,876	50,000	-	50,000	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	273	50,000	-	50,000	

(Continued)

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Her Suo	UPAMC James Bond Money Market Fund	-	Current financial assets at fair value through profit or loss	2,916	50,000	-	50,000	
Her Suo	Pine Bridge Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	2,143	30,000	-	30,000	
Her Suo	Eastspring Investments Well Pool Money Market Fund	-	Current financial assets at fair value through profit or loss	2,149	30,000	-	30,000	
Her Suo	Taiwan Tea Co., Ltd.	-	Current financial assets at fair value through profit or loss	100	2,175	-	2,175	
Her Suo	Sanyang Motor Co., Ltd	-	Current financial assets at fair value through profit or loss	41	2,927	-	2,927	
					<u>296,520</u>		<u>296,520</u>	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	0.002	2,246	0.24 %	2,246	
Her Suo	Phoenix Silicon Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	861	44,856	0.50 %	44,856	
					<u>47,102</u>		<u>47,102</u>	
SHI	Citigroup Global Markets Holding	-	Current financial assets at fair value through other comprehensive income	20	61,299	-	61,299	
SHI	Citigroup Global Markets Holding	-	Current financial assets at fair value through other comprehensive income	5	15,198	-	15,198	
					<u>76,497</u>		<u>76,497</u>	
SHI	JPMorgan chase&Co Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	9	23,547	-	23,547	
SHI	Ecopetrol S.A. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	8	22,021	-	22,021	
SHI	Nordstrom Inc Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	21,011	-	21,011	
SHI	United Airlines Inc Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	28,914	-	28,914	
SHI	Energy Transfer L.P. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	6	16,586	-	16,586	
SHI	Bat Capital Corp Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	8	24,336	-	24,336	
SHI	Ford Mrt Co Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	27,110	-	27,110	
SHI	Broadcom Inc Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	24,543	-	24,543	
SHI	T-mobile USA INC Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	7	15,740	-	15,740	
SHI	DP world Ltd. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	7	17,056	-	17,056	
SHI	Hewlett Packard Enterprise Co Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	17,009	-	17,009	
SHI	MetLife Inc. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	14,293	-	14,293	
SHI	NVIDIA CORP Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	14,318	-	14,318	
SHI	HSBC Holding PLC Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	3	8,892	-	8,892	
					<u>275,376</u>		<u>275,376</u>	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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

(Continued)

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

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Nova Tech	The Company	Be owned 58.69% by the Company	Sales	123,435	6.09 %	Depend on individual contract	Depend on individual contract	No significant difference	75,385	19.80%	
Suzhou Winmax	Winmax	Be owned 58.69% by the Company	Sales	133,850	12.46 %	Depend on individual contract	Depend on individual contract	No significant difference	567	0.13%	

Note: Paid-in capital refers to the paid-in capital of the Company. Since the par value of each share of the Company's stock is not NT\$10, the transaction amount of more than 20% of the paid-in capital is calculated based on 10% of the equity attributable to the parent of the Company on the balance sheet.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Nova Tech	The Company	2	Contract liability—construction and equipment	450,365	Depend on individual contract	1.63%

Note 1: The number filled in as follows:

- 1) 0 represents the Company.
- 2) Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

- 1) 1 represents the transactions from parent company to subsidiaries.
- 2) 2 represents the transactions from subsidiaries to parent company.
- 3) 3 represents the transactions between subsidiaries.

Note 3: Calculation of the ratio of transaction amount to total revenue or total assets in a business transaction. If it belongs to the asset and liability account, it is calculated as the year-end balance divided by the total assets. If it belongs to the income and expense account, it is calculated as the cumulative amount divided by the total revenue up to the middle of the period.

Note 4: Whether significant transactional relationships should be disclosed in this table is subject to the company's determination based on the materiality principle.

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

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Maximum Percentage of ownership for the period	Net income (losses) of investee	Share of profits of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Nova Tech	Hsinchu	Wholesale, assemble and maintenance of electronic and chemical equipment	213,455	213,455	43,196	58.69 %	2,306,451	63.66 %	1,042,089	644,765	Note2
The Company	Her Suo	Hsinchu	Construction and set up of freezing equipment	60,000	60,000	10,000	100 %	305,253	100 %	95,428	93,843	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	7,402	56.94 %	85,563	56.94 %	6,698	2,659	Note2
The Company	SHI	Samoa	Investment holding company	121,302	121,302	3,950	100 %	3,655,359	100 %	429,755	429,755	Note2
The Company	Hengji	Taipei	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business.	33,000	-	3,300	55 %	29,823	55 %	(5,777)	(3,177)	Note2
Enrich Tech	Hengji	Taipei	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business.	7,800	-	780	13 %	7,049	13 %	(5,777)	(751)	Note2
Nova Tech	Winmega	Hsinchu	Electronic equipment, equipment wholesale, chemical machinery wholesale, etc	15,000	15,000	3,000	100 %	133,817	100 %	17,219	17,219	Note2
Nova Tech	NTEC	Singapore	Contract for the chemical supply system business	-	24,179	-	- %	-	100 %	32,376	553	Note2
Nova Tech	Rayzher	Hsinchu	Piping engineering, motor installation-automatic control equipment, etc.	518,896	355,575	14,408	45.59 %	717,599	51.31 %	244,277	109,836	Note2
Nova Tech	Dadewin	Hsinchu	Engineering graphic design, etc.	4,000	-	400	80 %	3,290	80 %	(888)	(710)	Note2
Suzhou Winmax	NTEC	Singapore	Contract for the chemical supply system business	24,179	-	1,000	100 %	92,935	100 %	32,376	31,823	Note2
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100 %	53,282	100 %	24,470	24,470	Note2
Acter Integration	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	99,994	25,327	100 %	382,162	100 %	216,318	216,318	Note2
Acter Integration	Acter Singapore	Singapore	Investment holding company	80,000	80,000	3,376	100 %	152,117	100 %	26,476	26,476	Note2
Acter Integration	Acter Integration Indonesia	Indonesia	Industrial building construction, electrical installation, water supply and drainage installation, air conditioning installation, mechanical installation, and related activities.	16,858	-	34	67 %	14,939	100 %	(2,804)	(1,879)	Note2
Acter Singapore	Acter Malaysia	Malaysia	Investment holding company	26,780	26,780	2,600	100 %	(2,828)	100 %	(4,215)	(4,215)	Note2
Acter Singapore	Acter Indonesia	Indonesia	Equipment trading and set-up	14,816	14,816	990	99 %	83,384	99 %	21	21	Note2
Acter Singapore	Acter Thailand	Thailand	Set up of electronic protection systems and central air conditioners	14,428	14,428	147	49 %	56,983	49 %	55,472	27,181	Note2
Acter Singapore	DJR	Thailand	Investment holding company	908	908	13	25 %	3,543	25 %	6,825	1,707	
Acter Singapore	Daejin Road	Thailand	Investment holding company	1,371	1,371	13	25 %	5,357	25 %	10,313	2,579	
AIL	Acter Indonesia	Indonesia	Equipment trading and set-up	150	150	10	1 %	842	1 %	21	-	Note2
AIL	Acter Vietnam	Vietnam	Set up of electronic protection systems and central air conditioners	109,246	48,238	Note 1	100 %	406,111	100 %	194,446	194,446	Note2
AIL	Space	Thailand	Investment holding company and trading of equipment	7,308	7,308	74	49 %	27,640	49 %	26,980	13,221	
AIL	DJR	Thailand	Investment holding company	871	871	12	24 %	3,403	24 %	6,825	1,638	
AIL	Daejin Road	Thailand	Investment holding company	1,317	1,317	12	24 %	5,146	24 %	10,313	2,475	

Note 1: Limited company.

Note 2: The transactions have been eliminated upon consolidation.

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of surplus capital	Method of investment (note 10)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Maximum Percentage of ownership for the period	Investment income (losses) (note 8)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Winmax	Design and manufacture of air containers and liquid containers	151,426 (Note 1)	1	9,635	-	-	9,635	733,148	58.69%	63.66%	430,301	992,705	1,482,545
Acter Integration	Construction and set-up of electronic equipment and air conditioners	341,919 (Note 2)	2	106,177	-	-	106,177	640,526	65.00%	65.00%	416,325	3,053,618	532,932 (Note 5)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	39,264	65.00%	65.00%	25,521	159,573	-
Shenzhen Sheng Hwei	Electronic equipment and machinery trading	172,877 (Note 3)	3	15,980	-	-	15,980	(27,280)	65.00%	65.00%	(17,731)	165,590	55,876 (Note 5)
Suzhou Winmax	Design and manufacture of air containers and liquid containers	650,838 (Note 4)	1	32,478	-	-	32,478	686,698	58.69%	63.66%	403,038	1,215,868	-
Jingsu Dianze	Engineering construction and contracting, industrial engineering design services, etc.	- (Note 11)	3	-	-	-	-	(110)	65.00%	65.00%	(72)	-	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 8)	Investment Amounts Authorized by Investment Commission, MOEA (note 6 and 8)	Upper Limit on Investment (note 7)
170,379 (USD5,450 thousand)	1,994,678 (USD64,344 thousand)	5,287,108

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

Note 2: The total amount of capital included the capital increase incurred from retained earnings of USD4,537 thousand in 2006, 2007, 2010, 2011 and 2019, and the capital increase incurred from capital surplus of USD\$1,891 thousand in 2023.

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

Note 4: The total amount of capital included the capital increase incurred from retained earnings of USD2,000 thousand and share-based of USD17,200 thousand in 2023.

Note 5: It included retained earnings to the Company amount \$457,505 thousand (USD15,166 thousand) and CNY27,822 thousand was paid to SHI.

Note 6: The accumulated investment in Mainland China included through Nova Tech amounting to \$1,456,185 thousand (USD47,342 thousand) was authorized by the Investment Commission. However, the remittance from Winmax to Nova Tech amounting to \$1,482,545 thousand (USD48,735 thousand) and the remittance from Fuyu International to SHI amounting to \$164,079 thousand (USD 5,879 thousand) and the remittance from Acter Integration to the Company amounting to \$457,505 thousand (USD15,166 thousand) were not included in the accumulated investment amounts.

Note 7: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the maximum amount on investment in Mainland China shall not exceed 60% of the Company's net worth.

Note 8: All foreign currency amounts were translated at the exchange rates and authorized by the Investment Commission.

Note 9: The amount was recognized based on the audited financial statements.

Note 10: Fuyu had been liquidated in December 2020. However, the accumulated investment in Mainland China amounting to \$6,110 thousand (USD200 thousand) has yet to be remitted to the Company.

Note 11: Jiangsu Dianze was liquidated in November 2023.

Note 12: Ways to invest in Mainland China:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a foreign company.
- (3) Investment in Mainland China through an existing company in Mainland China.

(iii) Significant transactions:

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

(d) Major shareholders:

As of December 31, 2023, there were no shareholders holding more than 5% of the shares.

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

(14) Segment information:

(a) General information

There are three reportable segments of the Group: Taiwan, Mainland China, and other Asian countries. The Taiwan segment provides engineering, maintenance, sales and other services in Taiwan area. The Mainland China segment provides engineering services and sales in Mainland China. The other Asian segment provides engineering services in Vietnam, Singapore, Malaysia and other Asian countries.

The reportable segments are strategic business units that render products and services in different areas. Since each strategic business unit is located in a different environment, they require different administration strategies and are managed separately. Most of the business units were founded by the Company, and the management teams have been cultivated by the Company as well.

(b) Information on reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the segmented net income from the internal management report that the chief operating decision maker reviews as the basis to determine the resource allocation and make a performance evaluation. The Group has allocated income tax expense (benefit) or extraordinary gain or losses to reportable segments. In addition, profit or loss from all reportable segments includes significant non-cash items, excluding depreciation and amortization. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note 4 “Significant accounting policies”. The Group’s income from operating segment is measured by using the net income, and is referred to as the basis of performance evaluation.

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

<u>2023</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 10,947,294	11,999,988	2,113,459	-	25,060,741
Intersegment revenues	166,652	148,138	-	(314,790)	-
Interest revenue	61,466	51,336	26,862	(10,358)	129,306
Total revenue	\$ 11,175,412	12,199,462	2,140,321	(325,148)	25,190,047
Interest expense	(18,057)	(18,779)	(8,551)	11,217	(34,170)
Depreciation and amortization	(78,980)	(66,444)	(8,554)	(20,060)	(174,038)
Share of gain (loss) of associates accounted for using equity method	2,078,762	919,685	679,849	(3,656,676)	21,620
Reportable segment profit or loss	1,180,007	1,152,670	292,469	(25,573)	2,599,573
Asset:					
Investment accounted for using equity method	9,315,804	2,833,793	3,696,482	(15,800,990)	45,089
Capital expenditures of noncurrent assets	65,184	29,084	6,003	-	100,271
Reportable segment asset	23,559,792	15,688,990	5,818,005	(17,480,095)	27,586,692
Reportable segment liability	8,624,504	6,727,671	844,860	(1,695,164)	14,501,871

(Continued)

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

<u>2022</u>	<u>Taiwan</u>	<u>Mainland China</u>	<u>Other Asian</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 16,784,643	10,033,426	1,444,316	-	28,262,385
Intersegment revenues	289,965	119,912	-	(409,877)	-
Interest revenue	7,532	19,868	18,931	(5,793)	40,538
Total revenue	<u>\$ 17,082,140</u>	<u>10,173,206</u>	<u>1,463,247</u>	<u>(415,670)</u>	<u>28,302,923</u>
Interest expense	(14,894)	(12,389)	(11,678)	5,826	(33,135)
Depreciation and amortization	(58,958)	(55,783)	(6,664)	(22,435)	(143,840)
Share of gain (loss) of associates accounted for using equity method	1,807,415	230,953	539,000	(2,576,336)	1,032
Reportable segment profit or loss	1,406,738	1,008,802	108,560	(24,764)	2,499,336
Assets:					
Investment accounted for using equity method	8,231,625	873,282	3,230,743	(12,312,587)	23,063
Capital expenditures of noncurrent assets	124,661	40,428	3,277	-	168,366
Reportable segment asset	22,251,909	12,094,009	5,018,154	(12,247,549)	27,116,523
Reportable segment liability	10,175,955	5,315,906	817,155	8,832	16,317,848

(c) Information about the products and services

For details of the information from January 1 to December 31, 2023 and 2022, please refer to Note 6 (v).

(d) Geographical information

In presenting information on the basis of geography, segment revenue should be based on the geographical location of customers, and segment non-current assets should be based on the geographical location of the assets.

<u>Area</u>	<u>2023</u>	<u>2022</u>
Revenue from external customers:		
Taiwan	\$ 10,489,249	15,940,473
Mainland China	12,296,959	10,571,297
Other countries	2,274,533	1,750,615
	<u>\$ 25,060,741</u>	<u>28,262,385</u>

<u>Area</u>	<u>2023</u>	<u>2022</u>
Non-current assets:		
Taiwan	\$ 887,749	901,136
Mainland China	355,287	323,520
Other countries	13,946	13,655
	<u>\$ 1,256,982</u>	<u>1,238,311</u>

(Continued)

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

Non-current assets include property, plant and equipment, right-of-use assets, investment property, goodwill, intangible assets and other assets.

(e) Major customers

Sales to individual customers representing greater than 10% of the revenue were as follows:

	<u>2023</u>	<u>2022</u>
Customers A	\$ <u> -</u>	<u> 3,473,773</u>

Independent Auditors' Report

The Board of Directors
Acter Group Corporation Limited:

Opinion

We have audited the accompanying parent company only financial statements of Acter Group Corporation Limited (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policies information.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2023 and 2022, 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 audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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.

Construction revenue recognition

Please refer to Note 4(n) "Revenue", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty: Construction revenue recognition", and Notes 6(q) "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.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 auditors' 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 Company 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 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 parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hsueh Chen and Chien-Hui Lu.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only 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 parent company only financial statements, the Chinese version shall prevail.

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

ACTER GROUP CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Operating revenues: (Notes 6(q) and 7)				
4521 Construction revenue	\$ 6,072,801	100	11,411,813	100
4529 Allowances	(3,842)	-	(7,321)	-
	<u>6,068,959</u>	<u>100</u>	<u>11,404,492</u>	<u>100</u>
Operating costs:				
5520 Construction cost (Notes 6(m), (r) and 7)	<u>4,889,572</u>	<u>81</u>	<u>9,931,452</u>	<u>87</u>
Gross profit	<u>1,179,387</u>	<u>19</u>	<u>1,473,040</u>	<u>13</u>
Operating expenses: (Notes 6(m) and (r))				
6100 Selling expenses	31,011	-	29,916	-
6200 General and administrative expenses	296,621	5	275,685	3
6450 Expected credit gain (Note 6(d))	(3,797)	-	(4,337)	-
	<u>323,835</u>	<u>5</u>	<u>301,264</u>	<u>3</u>
Operating income	<u>855,552</u>	<u>14</u>	<u>1,171,776</u>	<u>10</u>
Non-operating income and expenses: (Note 6(s))				
7050 Finance costs	(2,217)	-	(11,420)	-
7100 Interest revenue	29,986	-	2,689	-
7010 Other income and expenses	57,846	1	44,133	-
7070 Share of gain of associates accounted for using equity method	1,167,845	19	1,091,584	10
7020 Other gains and losses	31,016	1	(23,156)	-
	<u>1,284,476</u>	<u>21</u>	<u>1,103,830</u>	<u>10</u>
Income before income tax	<u>2,140,028</u>	<u>35</u>	<u>2,275,606</u>	<u>20</u>
7950 Income tax expense (Note 6(n))	<u>301,924</u>	<u>5</u>	<u>342,484</u>	<u>3</u>
Profit for the year	<u>1,838,104</u>	<u>30</u>	<u>1,933,122</u>	<u>17</u>
8300 Other comprehensive income (loss):				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurement of defined benefit plan (Note 6(m))	1,027	-	1,956	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	287,415	5	83,763	1
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, that will not be reclassified to profit or loss	2,364	-	3,251	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<u>290,806</u>	<u>5</u>	<u>88,970</u>	<u>1</u>
8360 Items that will be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign operations	(62,608)	(1)	88,892	1
8367 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	33,196	1	(84,639)	(1)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(n))	12,521	-	(17,779)	-
	<u>(16,891)</u>	<u>-</u>	<u>(13,526)</u>	<u>-</u>
8300 Other comprehensive income, net of tax	<u>273,915</u>	<u>5</u>	<u>75,444</u>	<u>1</u>
8500 Total comprehensive income	<u>\$ 2,112,019</u>	<u>35</u>	<u>2,008,566</u>	<u>18</u>
Earnings per share (attributable to shareholders of the parent) (Note 6(p))				
9750 Basic earnings per share (In new Taiwan dollars)	<u>\$ 15.03</u>		<u>16.84</u>	
9850 Diluted earnings per share (In new Taiwan dollars)	<u>\$ 14.58</u>		<u>15.48</u>	

See accompanying notes to financial statements.

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

ACTER GROUP CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

	Retained earnings						Other equity			Total equity	
	Ordinary shares	Advance receipts for share capital	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		Total Other equity interest
Balance, January 1, 2022	\$ 571,868	54	1,866,632	818,400	139,461	2,409,510	3,367,371	(163,214)	(8,171)	(171,385)	5,634,540
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	119,812	-	(119,812)	-	-	-	-	-
Special reserve	-	-	-	-	31,924	(31,924)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,261,725)	(1,261,725)	-	-	-	(1,261,725)
Profit for the year ended December 31, 2022	-	-	-	-	-	1,933,122	1,933,122	-	-	-	1,933,122
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	5,207	5,207	71,113	(876)	70,237	75,444
Total comprehensive income	-	-	-	-	-	1,938,329	1,938,329	71,113	(876)	70,237	2,008,566
Convertible corporate bonds	2,805	11,667	228,638	-	-	-	-	-	-	-	243,110
Changes in ownership interests in subsidiaries	-	-	960,241	-	-	-	-	-	-	-	960,241
Balance, December 31, 2022	\$ 574,673	11,721	3,055,511	938,212	171,385	2,934,378	4,043,975	(92,101)	(9,047)	(101,148)	7,584,732
Balance, January 1, 2023	\$ 574,673	11,721	3,055,511	938,212	171,385	2,934,378	4,043,975	(92,101)	(9,047)	(101,148)	7,584,732
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	292,529	-	(292,529)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(1,571,352)	(1,571,352)	-	-	-	(1,571,352)
Reversal of special reserve	-	-	-	-	(152,133)	152,133	-	-	-	-	-
Profit for the year ended December 31, 2023	-	-	-	-	-	1,838,104	1,838,104	-	-	-	1,838,104
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	3,391	3,391	(50,087)	320,611	270,524	273,915
Total comprehensive income	-	-	-	-	-	1,841,495	1,841,495	(50,087)	320,611	270,524	2,112,019
Convertible corporate bonds	45,732	(11,721)	513,709	-	-	-	-	-	-	-	547,720
Changes in ownership interests in subsidiaries	-	-	138,712	-	-	-	-	-	-	-	138,712
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	253	253	-	(253)	(253)	-
Exercise the right of disgorgement	-	-	16	-	-	-	-	-	-	-	16
Balance, December 31, 2023	\$ 620,405	-	3,707,948	1,230,741	19,252	3,064,378	4,314,371	(142,188)	311,311	169,123	8,811,847

See accompanying notes to financial statements.

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

ACTER GROUP CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 2,140,028	2,275,606
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	21,210	18,667
Amortization	5,494	6,118
Excepted credit impairment reversal	(3,797)	(4,337)
Gain on financial liabilities at fair value through profit or loss, net	(45,724)	(55)
Interest expense	2,217	11,420
Interest income	(29,986)	(2,689)
Dividend income	(24,736)	(19,258)
Shares of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,167,845)	(1,091,584)
Loss on disposal of property, plant and equipment	2	-
Loss on disposal of investment property	14	-
Lease modification benefits and others	(8)	(2)
Total adjustments to reconcile loss	<u>(1,243,159)</u>	<u>(1,081,720)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in current financial assets at fair value through profit or loss	381,601	(26,029)
Decrease (increase) in current contract assets	1,141,102	(636,906)
(Increase) decrease in notes receivable	(32,071)	153,879
Decrease (increase) in accounts receivable	1,199,404	(1,975,423)
Increase in other operating assets	<u>(20,292)</u>	<u>(148,612)</u>
Total changes in operating assets	<u>2,669,744</u>	<u>(2,633,091)</u>
Changes in operating liabilities:		
Increase in current contract liabilities	828,687	639,298
(Decrease) increase in notes payable	(3,809)	5,991
(Decrease) increase in accounts payable (Including related parties)	(1,191,408)	980,969
Increase in provisions	17,947	4,233
Increase in other current liabilities	<u>44,186</u>	<u>168,708</u>
Total changes in operating liabilities	<u>(304,397)</u>	<u>1,799,199</u>
Total adjustments	<u>1,122,188</u>	<u>(1,915,612)</u>
Cash inflow generated from operations	3,262,216	359,994
Interest received	23,319	3,566
Interest paid	(410)	(1,818)
Income taxes paid	<u>(350,915)</u>	<u>(168,326)</u>
Net cash flows from operating activities	<u>2,934,210</u>	<u>193,416</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(242,973)	(106,623)
Disposal of financial assets at fair value through other comprehensive income	709	-
Acquisition of investments accounted for using equity method	(33,000)	-
Acquisition of property, plant and equipment	(1,316)	(5,169)
Increase (decrease) in guarantee deposits paid	128	(2,120)
Acquisition of intangible assets	(6,272)	(5,448)
Acquisition of investment property	(229)	-
(Increase) decrease in other non-current assets	(1,742)	300
Dividends received	<u>749,286</u>	<u>536,950</u>
Net cash flows from investing activities	<u>464,591</u>	<u>417,890</u>
Cash flows from financing activities:		
Increase in short-term loans	-	1,179,000
Repayments of short-term loans	-	(1,179,000)
Redemption price of bonds	(100)	-
Exercise the right of disgorgement	16	-
Payment of lease liabilities	(14,870)	(13,104)
Cash dividends paid	<u>(1,415,684)</u>	<u>(859,029)</u>
Net cash flows from financing activities	<u>(1,430,638)</u>	<u>(872,133)</u>
Net increase (decrease) in cash and cash equivalents	1,968,163	(260,827)
Cash and cash equivalents at beginning of period	802,106	1,062,933
Cash and cash equivalents at end of period	<u>\$ 2,770,269</u>	<u>802,106</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
ACTER GROUP CORPORATION LIMITED

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) History and Organization

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

(2) The Authorization of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on February 26, 2024.

(3) Application of new standards, amendments and interpretations

- (a) The impact of endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2023:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform-Pillar Two Model Rules”

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

The Company assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- Amendments to IAS 21 “Lack of Exchangeability”

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for Note 3 indicated, the following accounting policies were applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The accompanying parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant items, these parent company only financial statements have been prepared on the historical cost basis:

- 1) Financial assets measured at fair value through profit or loss;
- 2) Financial assets measured at fair value through other comprehensive income; and
- 3) Net defined benefit liabilities is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The parent company only financial statements are presented in New Taiwan Dollars, which is the currency of the main economic environment of each entity of the Company’s operates as its functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

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

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

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way respectively.

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Subsequent to initial recognition, these assets are measured at amortized cost, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or at FVOCI described as above (e.g., financial assets which is held for trading and manages and assess performance based on fair value) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 540 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

The compound financial instruments issued by the company are convertible corporate bonds (denominated in New Taiwan dollars) that the holder has the option to convert into equity capital. The number of issued shares will not vary with changes in their fair value.

The amount originally recognized for the liability component of a compound financial instrument is measured at the fair value of a similar liability excluding equity conversion rights. The originally recognized amount of the equity component is measured as the difference between the fair value of the overall compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to the carrying amounts of the original liability and equity.

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

Interest related to financial liabilities is recognized in profit or loss. Financial liabilities are reclassified to equity upon conversion, and no gain or loss is incurred on their conversion.

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(g) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, net income, other comprehensive income and equity in the parent company only financial statements are equivalent to those of the profit, other comprehensive income and equity which are attributable to parent company shareholders in the consolidated financial statements.

Changes in the parent's ownership interests in subsidiaries that do not result in a loss of control are accounted as equity transactions.

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(h) Investment property

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

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

- 1) Buildings: 50 years
- 2) Other facilities: 3~9 years
- 3) The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful lives within 50 years.

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

<u>Component Items</u>	<u>Useful Lives (years)</u>
Transportation vehicles	5
Instrument equipment	5
Computer equipment	3~5
Office decoration construction	9
Other equipment	5~9

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

(j) Leases

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

(i) As a lessee

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

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

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

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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

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- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modification

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

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

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

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

(ii) As a lessor

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

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

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

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

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(k) Intangible assets

(i) Recognition and measurement

Other acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent Expenditure

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

(iii) Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for computer software is 1~3 years.

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Provisions

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

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

(n) Revenue recognition

(i) Revenue from contracts with customers

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

1) Construction contracts

The Company is engaged in construction business of semiconductors, consumer industry and electronic assembly companies. Since assets are gradually controlled by customers during the construction process, revenue is gradually recognized based on the proportion of the project cost incurred to date of the estimated total contract costs. The consideration promised in the contract includes those fixed amounts. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

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

2) Financing components

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

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(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered.

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income Taxes

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonuses and employee stock bonuses or rewards that have yet to be approved during the stockholders' meeting. The company's potentially dilutive ordinary shares include convertible corporate bonds and employee dividends or remuneration that have not been resolved by the board of directors and can be issued in stock.

(r) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements. Thus, disclosure of the segment information in the parent company only financial statements is waived.

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

The preparation of the parent-company-only financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(a) Construction Revenue recognition

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

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

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

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	\$ 198	201
Checking and demand deposits	145,542	92,423
Time deposits	1,423,478	9,693
Cash equivalents-repurchased commercial paper	<u>1,201,051</u>	<u>699,789</u>
	<u>\$ 2,770,269</u>	<u>802,106</u>

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For the information of interest rate risk and sensitivity analysis of financial assets and liabilities, please refer to Note 6(t).

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Beneficiary securities - open-end funds	\$ 53,675	360,127
Preferred share	-	29,370
 Financial assets designated measured at fair value through profit or loss:		
Unsecured convertible corporate bonds		
- call and put provision	-	55
	\$ 53,675	389,552

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 748,889	112,363
Emerging stocks	4,235	207,244
	\$ 753,124	319,607

- (i) The Company designated the investments shown above measured as at fair value through other comprehensive income because these equity instruments are held for long-term strategic purposes and not for trading.

Because of over-allotment agreement, certain equity instruments measured at FVOCI were sold in 2023, the related gain accumulated in other comprehensive income of \$253 thousand has been reclassified from other equity to retained earnings, accordingly.

- (ii) For credit risk and market risk, please refer to Note 6(t).

- (iii) The financial assets shown above were not pledged.

- (d) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Measured at amortized cost		
Notes receivable	\$ 80,901	48,830
Accounts receivable	2,125,129	3,324,533
Less: loss allowance	(1,997)	(5,794)
	\$ 2,204,033	3,367,569

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

Age of receivables	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
1 to 120 days	\$ 1,958,287	-	-
121 to 180 days	229,240	0.50%	1,146
181 to 360 days	17,830	1%	178
361 to 540 days	-	40%	-
More than 541 days	673	100%	673
	<u>\$ 2,206,030</u>		<u>1,997</u>

Age of receivables	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
1 to 120 days	\$ 3,289,289	-	-
121 to 180 days	48,938	0.50%	245
181 to 360 days	29,886	1%	299
361 to 540 days	-	40%	-
More than 541 days	5,250	100%	5,250
	<u>\$ 3,373,363</u>		<u>5,794</u>

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

	2023	2022
Balance on January 1	\$ 5,794	10,131
Impairment losses reversal	(3,797)	(4,337)
Balance on December 31	<u>\$ 1,997</u>	<u>5,794</u>

- (i) Accounts receivable include construction contracts and retained construction receivable, which amounted to \$428,008 thousand and \$242,748 thousand as of December 31, 2023 and 2022, respectively.
- (ii) The notes and accounts receivable were not pledged.
- (e) Other receivables (including related parties)

	December 31, 2023	December 31, 2022
Other accounts receivable	\$ 6,864	13,218
Other accounts receivable-related parties	178,343	107,156
	<u>\$ 185,207</u>	<u>120,374</u>

Please refer to Note 6(t) for credit risk information.

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- (f) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 6,382,449	5,698,328

- (i) Subsidiaries
Please refer to consolidated financial statements for the year ended December 31, 2023.
- (ii) Investment accounted for using equity method were not pledged for the year ended December 31, 2023 and 2022.

- (g) Property, plant and equipment

The movement of the cost and depreciation for the property, plant and equipment were as follows:

	Land	Building and construction	Other facilities	Total
Cost:				
Balance on January 1, 2023	\$ 77,863	18,665	28,108	124,636
Additions	-	-	1,316	1,316
Disposals	-	-	(419)	(419)
Balance on December 31, 2023	\$ 77,863	18,665	29,005	125,533
Balance on January 1, 2022	\$ 77,863	18,665	23,012	119,540
Additions	-	-	5,169	5,169
Disposals	-	-	(73)	(73)
Balance on December 31, 2022	\$ 77,863	18,665	28,108	124,636
Depreciation:				
Balance on January 1, 2023	\$ -	6,552	20,167	26,719
Depreciation	-	565	3,251	3,816
Disposals	-	-	(417)	(417)
Balance on December 31, 2023	\$ -	7,117	23,001	30,118
Balance on January 1, 2022	\$ -	5,987	17,658	23,645
Depreciation	-	565	2,582	3,147
Disposals	-	-	(73)	(73)
Balance on December 31, 2022	\$ -	6,552	20,167	26,719
Carrying amounts:				
Balance on December 31, 2023	\$ 77,863	11,548	6,004	95,415
Balance on January 1, 2022	\$ 77,863	12,678	5,354	95,895
Balance on December 31, 2022	\$ 77,863	12,113	7,941	97,917

The property, plant and equipment were not pledged.

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(h) Right-of-use assets

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

	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 52,734	27,728	80,462
Additions	7,098	2,522	9,620
Disposals	(1,644)	(3,037)	(4,681)
Balance on December 31, 2023	<u>\$ 58,188</u>	<u>27,213</u>	<u>85,401</u>
Cost:			
Balance on January 1, 2022	\$ 50,812	21,011	71,823
Additions	1,922	15,590	17,512
Disposals	-	(8,873)	(8,873)
Balance on December 31, 2022	<u>\$ 52,734</u>	<u>27,728</u>	<u>80,462</u>
Depreciation			
Balance on January 1, 2023	\$ 26,917	9,433	36,350
Depreciation	8,748	6,141	14,889
Disposals	(1,456)	(2,976)	(4,432)
Balance on December 31, 2023	<u>\$ 34,209</u>	<u>12,598</u>	<u>46,807</u>
Balance on January 1, 2022	\$ 19,669	12,420	32,089
Depreciation	7,248	5,785	13,033
Disposals	-	(8,772)	(8,772)
Balance on December 31, 2022	<u>\$ 26,917</u>	<u>9,433</u>	<u>36,350</u>
Book values:			
Balance on December 31, 2023	<u>\$ 23,979</u>	<u>14,615</u>	<u>38,594</u>
Balance on January 1, 2022	<u>\$ 31,143</u>	<u>8,591</u>	<u>39,734</u>
Balance on December 31, 2022	<u>\$ 25,817</u>	<u>18,295</u>	<u>44,112</u>

(i) Investment Property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 year. For all investment property leases, the rental income is fixed under the contracts.

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The movements in investment property were as follows:

	<u>Land and improvement</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
Cost:				
Balance on January 1, 2023	\$ 139,922	111,778	85	251,785
Additions	-	229	-	229
Disposals	-	-	(85)	(85)
Balance on December 31, 2023	<u>\$ 139,922</u>	<u>112,007</u>	<u>-</u>	<u>251,929</u>
Balance on December 31, 2022 (Balance on January 1, 2022)	<u>\$ 139,922</u>	<u>111,778</u>	<u>85</u>	<u>251,785</u>
Depreciation:				
Balance on January 1, 2023	\$ -	18,408	71	18,479
Depreciation	-	2,505	-	2,505
Disposals	-	-	(71)	(71)
Balance on December 31, 2023	<u>\$ -</u>	<u>20,913</u>	<u>-</u>	<u>20,913</u>
Balance on 1 January 2022	\$ -	15,921	71	15,992
Depreciation	-	2,487	-	2,487
Balance on December 31, 2022	<u>\$ -</u>	<u>18,408</u>	<u>71</u>	<u>18,479</u>
Carrying amounts:				
Balance on December 31, 2023	<u>\$ 139,922</u>	<u>91,094</u>	<u>-</u>	<u>231,016</u>
Balance on January 1, 2022	<u>\$ 139,922</u>	<u>95,857</u>	<u>14</u>	<u>235,793</u>
Balance on December 31, 2022	<u>\$ 139,922</u>	<u>93,370</u>	<u>14</u>	<u>233,306</u>
Fair value:				
Balance on December 31, 2023				<u>\$ 358,099</u>
Balance on December 31, 2022				<u>\$ 392,580</u>

- (i) The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.
- (ii) The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value for impairment assessment.
- (iii) The investment property is not pledged.

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(j) Bonds payable

The details of unsecured convertible bonds were as follows:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 800,000	800,000
Unamortized discounted corporate bonds payable	-	(6,481)
Cumulative redeemed amount	(100)	-
Cumulative converted amount	(799,900)	(247,500)
Less: Current portion	-	(546,019)
Corporate bonds issued balance at year-end	<u>\$ -</u>	<u>-</u>
Embedded derivative-call and put options, included in financial assets at fair value through profit or loss	<u>\$ -</u>	<u>55</u>
Equity component-conversion options, included in capital surplus-stock options	<u>\$ -</u>	<u>23,272</u>
	2023	2022
Embedded derivative-call and put rights, included in Financial assets and liabilities at fair value through Profit or loss	<u>\$ (55)</u>	<u>55</u>
Finance cost	<u>\$ 1,804</u>	<u>9,602</u>

The company issued 8,000 unsecured 3 years convertible bonds without any effective interest rate in Taiwan on November 27, 2020. The bonds have been fully redeemed or converted in September 2023.

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

Due to the cash capital increase in 2021, the conversion price will be adjusted to \$195.1 per stock from January 4, 2021. In 2020, the distribution of cash dividends was announced, and the conversion price was adjusted to \$183.2 per share from July 11, 2021. In 2021, the distribution of cash dividends was announced, and the conversion price was adjusted to \$169.6 per share from July 8, 2022. In 2022, the par value of the stock was changed, and the conversion price was adjusted to \$84.8 per share from September 16, 2022.

In the first half of 2022, the distribution of cash dividends was announced, and the conversion price was adjusted to \$82 per share from February 13, 2023. In the second half of 2022, the distribution of cash dividends was announced, and the conversion price was adjusted to \$77.5 per share from July 12, 2023.

Beginning from three month after the issue date (February 28, 2021) until forty days before maturity (October 18, 2023), if the closing price of the company's common shares on the Taipei Exchange is higher than 30% of the conversion price for thirty consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, the Company may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.

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

(k) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 15,126</u>	<u>13,295</u>
Non-current	<u>\$ 23,954</u>	<u>31,289</u>

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

The amounts recognized in profit or loss was as follows:

	<u>2023</u>	<u>2022</u>
Interest expenses on lease liabilities	<u>\$ 410</u>	<u>425</u>
Expenses relating to short-term leases	<u>\$ 8,249</u>	<u>13,538</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 4,796</u>	<u>6,183</u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 28,325</u>	<u>33,250</u>

(i) Real estate leases

The company leases buildings for its office space. The leases typically run for a period of 1.5 to 8 years.

(ii) Other leases

The Company leases transportation equipment with contract terms of 2 to 5 years. In certain cases, the Company has options to purchase the assets at the end of the contract terms.

Office, employee dormitory and office equipment leases with contract terms of 1 year are short-term or for low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(l) Provisions

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance on January 1	\$ 30,802	26,569
Provisions increase during the period	30,426	18,565
Provisions used during the period	(6,281)	(10,645)
Provisions reversal during the period	(6,198)	(3,687)
Balance on December 31	<u>\$ 48,749</u>	<u>30,802</u>

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

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 30,979	31,414
Fair value of plan assets	<u>(15,460)</u>	<u>(13,962)</u>
Net defined benefit liability	<u>\$ 15,519</u>	<u>17,452</u>

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to \$15,460 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movement in present value of the defined benefit obligations

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

	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 31,414	\$ 32,260
Current service costs and interest	549	242
Remeasurement of the net defined benefit liability (asset)		
– Actuarial loss (gain) arising from changes in financial assumptions	427	(4,120)
– Actuarial loss (gain) arising from experience adjustments	<u>(1,411)</u>	<u>3,032</u>
Balance, December 31	<u>\$ 30,979</u>	<u>31,414</u>

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3) Movement of defined benefit plan assets at fair value

The movements of defined benefit plan assets at fair value for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Balance, January 1	\$ 13,962	\$ 11,801
Interest income	255	93
Net remeasurements of defined benefit liability (asset) – Return on plan assets (excluding current interest)	43	868
Amounts contributed to plan	<u>1,200</u>	<u>1,200</u>
Balance, December 31	<u><u>\$ 15,460</u></u>	<u><u>13,962</u></u>

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Net interest cost of net defined benefit liability (Operating expense)	<u>\$ 294</u>	<u>149</u>

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

The net defined benefit liability (asset) are recognized in other comprehensive income for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Actuarial gain arising from defined benefit obligation	\$ (984)	(1,088)
Actuarial gain arising from fair value of plan assets	(43)	(868)
Actuarial gain recognized in current period	<u><u>\$ (1,027)</u></u>	<u><u>(1,956)</u></u>

6) Actuarial assumptions

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625%	1.75%
Future salary increase rate	3.00%	3.00%

The Company expects to contribute \$1,200 to the defined benefit plans in 2024.

The weighted – average duration of the defined benefit plans is 14.01 years.

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7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (849)	885
Future salary increase (decrease)	853	(826)
December 31, 2022		
Discount rate	\$ (943)	970
Future salary increase (decrease)	938	(916)

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

The approach to develop the sensitivity analysis and its relevant actuarial assumptions are the same as those in previous year.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs under the defined contribution plan were \$15,371 thousand and \$14,253 thousand for the years ended December 31, 2023 and 2022, respectively.

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(n) Income tax

(i) Income tax expense

The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense:		
Current period	\$ 270,577	274,606
Income tax adjustments on prior years	(7,336)	(2)
	<u>263,241</u>	<u>274,604</u>
Deferred tax expense:		
Origination and reversal of temporary differences	38,683	67,880
Income tax expense	<u>\$ 301,924</u>	<u>342,484</u>

Income taxes recognized expense (benefit) directly in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences—foreign operations	<u>\$ 12,521</u>	<u>(17,779)</u>

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

	<u>2023</u>	<u>2022</u>
Profit before tax	\$ 2,140,028	2,275,606
Tax rate using the Company's domestic tax rate	\$ 428,006	455,121
Investments tax credits	(147,618)	(119,621)
The impact of tax adjustments in accordance with the tax law	(8,902)	(1,851)
Prior years income tax adjustment	(7,336)	(2)
Surtax on undistributed earnings	19,573	8,837
Other	18,201	-
Total	<u>\$ 301,924</u>	<u>342,484</u>

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(ii) Deferred tax assets and liabilities

Deferred tax asset:

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Estimate project cost	\$ 8,983	2,253	-	11,236	2,826	-	14,062
Estimated construction loss	217	762	-	979	153	-	1,132
Compensated absences	1,832	244	-	2,076	293	-	2,369
Unrealized appraisal loss on financial assets	-	7,106	-	7,106	(5,042)	-	2,064
Foreign currency translation differences for foreign operations	<u>28,976</u>	<u>-</u>	<u>(17,779)</u>	<u>11,197</u>	<u>-</u>	<u>12,521</u>	<u>23,718</u>
	<u>\$ 40,008</u>	<u>10,365</u>	<u>(17,779)</u>	<u>32,594</u>	<u>(1,770)</u>	<u>12,521</u>	<u>43,345</u>

Deferred tax liability:

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2023
Corporate bond evaluation benefits	\$ 240	11	-	251	(11)	-	240
Gains on investment in foreign equity- accounted investee	425,672	75,112	-	500,784	41,518	-	542,302
Unrealized appraisal loss on financial assets	951	(951)	-	-	48	-	48
Exchange of unrealized profits	<u>569</u>	<u>4,073</u>	<u>-</u>	<u>4,642</u>	<u>(4,642)</u>	<u>-</u>	<u>-</u>
	<u>\$ 427,432</u>	<u>78,245</u>	<u>-</u>	<u>505,677</u>	<u>36,913</u>	<u>-</u>	<u>542,590</u>

(o) Capital and other equity

As of December 31, 2023 and 2022, the authorized common stock of the Company amounted to \$720,000 thousand, while the issued common stock amounted to \$620,405 thousand and \$574,673 thousand with a par value of \$5 per share, respectively.

(i) Issuance of common stock

The Company issued the first domestic unsecured convertible corporate bonds, and the application for conversion amounted for the year ended December 31, 2023 and 2022 were \$552,400 thousand and \$246,500 thousand, respectively, for which 6,802 thousand and 2,783 thousand common stock, respectively, were converted.

The company passed the resolution of the ordinary shareholders' meeting to amend the company's articles of association on May 26, 2022, changing the value of \$10 per share to \$5 per share, and proposed by the Board of Directors on August 5, 2022, to set the stock exchange base date as September 16, 2022, and the relevant statutory registration procedures have been completed.

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(ii) Capital surplus

The components of the capital surplus were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
From common stock	\$ 2,221,085	1,684,104
Difference between the consideration and the carrying amount of subsidiaries acquisition or disposal	6,034	6,034
Changes in ownership interest in subsidiaries	1,480,813	1,342,101
Equity component of convertible bonds recognized in stock option	-	23,272
Other	16	-
	<u>\$ 3,707,948</u>	<u>3,055,511</u>

- (1) Nova Tech, a subsidiary of the Group, issued the unsecured convertible corporate bonds in 2023. The Company recognized the change of \$104,074 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.
- (2) Nova Tech, a subsidiary of the Group, disposed equity shares of Rayzher and NTEC Singapore in 2023 and recognized the change of \$6,101 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.
- (3) Rayzher, a subsidiary of the Group, processed a capital increase, resulting in a change of \$28,537 thousand in ownership interest in subsidiaries, and the capital surplus has been adjusted.

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

(iii) Retained earnings

According to the Company's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, the legal reserve shall be set aside until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside, and the remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors to be approved in the stockholders' meeting.

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1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2022 second half and 2022 first half had been approved during the board meeting on February 24, 2023 and November 4, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

Dividends distributed to ordinary shareholders:	<u>2022 Second half</u>	<u>2022 First half</u>
Cash	<u>\$ 1,012,988</u>	<u>402,696</u>

The amounts of cash dividends on the appropriations of earnings for 2023 second half and 2023 first half of the year had been approved during the board meeting on February 26, 2024, and November 8, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

Dividends distributed to ordinary shareholders:	<u>2023 Second half</u>	<u>2023 First half</u>
Cash	<u>\$ 744,486</u>	<u>558,364</u>

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4) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2023	\$ (92,101)	(9,047)	(101,148)
Foreign currency exchange differences (net of tax)	(50,087)	-	(50,087)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	320,611	320,611
Disposal of equity instruments measured at fair value through other comprehensive profit or loss	-	(253)	(253)
Balance, December 31, 2023	<u>\$ (142,188)</u>	<u>311,311</u>	<u>169,123</u>
Balance, January 1, 2022	\$ (163,214)	(8,171)	(171,385)
Foreign currency exchange differences (net of tax)	71,113	-	71,113
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(876)	(876)
Balance, December 31, 2022	<u>\$ (92,101)</u>	<u>(9,047)</u>	<u>(101,148)</u>

(p) Earnings per share ("EPS")

Basic EPS

	2023	2022
Net income available to common shareholders	<u>\$ 1,838,104</u>	<u>1,933,122</u>
Weighted average number of common shares	<u>122,317</u>	<u>114,810</u>
Basic EPS (in dollars)	<u>\$ 15.03</u>	<u>16.84</u>

Diluted EPS

	2023	2022
Net income available to common shareholders	\$ 1,838,104	1,933,122
The after-tax effect of the interest expense and other income or expense loss of convertible corporate bonds	1,488	7,637
Net income available to common shareholders (Diluted)	<u>\$ 1,839,592</u>	<u>1,940,759</u>
Weighted average number of common shares (Basic)	122,317	114,810

(Continued)

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Notes to the Parent Company Only Financial Statements

	2023	2022
Effect of dilutive potential common shares		
Effect of conversion of convertible bonds	1,764	8,984
Effect of employee share bonus	2,049	1,602
Diluted weighted average number of common shares (after adjusting the effect of dilutive potential common shares)	126,130	125,396
Diluted EPS (in dollars)	\$ 14.58	15.48
 (q) Revenue from contracts with customers		
(i) Disaggregation of revenue		
	2023	2022
Primary geographical markets		
Taiwan	\$ 6,068,959	11,404,492
Major products		
Cleanroom electromechanical integration engineering	\$ 4,011,257	8,764,494
Biomedical integration engineering	1,391,791	1,042,009
Consumer industry electromechanical integration engineering	665,911	1,597,989
	\$ 6,068,959	11,404,492
 (ii) Contract balances		
	December 31, 2023	December 31, 2022
Contract assets-Construction	\$ 1,030,629	2,171,731
Contract liabilities-Construction	\$ 1,682,024	853,337

For details on accounts receivable and loss allowance, please refer to Note 6(d).

The amount of revenue recognized for the year ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$747,131 thousand and \$208,130 thousand.

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

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

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no major changes in 2023 and 2022.

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(iii) Transaction price allocated to the remaining performance obligations

As of December 31, 2023 and 2022, the aggregated amount of the transaction price from construction contracts allocated to the remaining performance obligation from construction contract were \$10,953,365 thousand and \$11,036,276 thousand, respectively. The Company will recognize revenue gradually over time as the consideration is completed, which is expected to occur over the next 1 to 3 years. If the contract of construction has an original expected duration of less than one year, the Company shall apply the practical expedient of IFRS 15 and shall not disclose the information about the transaction price allocated to the remaining performance obligations of the contract.

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

(r) Remuneration to employees and directors

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

For the years ended December 31, 2023 and 2022, the Company accrued and recognized employee remuneration amounting to \$141,101 thousand and \$150,092 thousand and its directors' and supervisors' remuneration amounting to \$70,550 thousand and \$75,046 thousand, respectively. The amounts mentioned above were calculated based on the income before income tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were recognized under operating costs or operating expenses during 2023 and 2022. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022.

(s) Non-operating income and expenses

(i) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense-Bank loan	\$ -	1,392
Interest expense-Lease liabilities	410	425
Interest expense-Bonds payable	1,804	9,602
Interest expense-Others	3	1
	<u>\$ 2,217</u>	<u>11,420</u>

(ii) Interest income

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 20,563	412
Other interest income	9,423	2,277
	<u>\$ 29,986</u>	<u>2,689</u>

(iii) Other revenue

	<u>2023</u>	<u>2022</u>
Rental income	\$ 1,015	1,011
Dividend income	24,736	19,258
Remuneration to directors and others	32,095	23,864
	<u>\$ 57,846</u>	<u>44,133</u>

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(iv) Other income and losses

	2023	2022
Exchange loss on foreign currency	\$ (14,697)	(1,182)
Loss on disposals of property, plant and equipment	(2)	-
Loss on disposal of investment property	(14)	-
Gain from lease modification	5	2
Net gain (loss) on financial liabilities at fair value through profit and loss	45,724	(21,976)
	\$ 31,016	(23,156)

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of December 31, 2023 and 2022, notes receivable and accounts receivable (including related parties) from the Company's top 5% customers representing 70% and 71% of the company's receivable, respectively. Accordingly, concentrations of credit risk exist.

3) Receivables

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

Other financial assets at amortized cost include other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(f)). There were no loss allowance recognized for the year of 2023 and 2022.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding notes payable, accounts payable (including related parties) accrued salaries and dividends and other accrued expenses:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2023						
Non-derivative financial liabilities						
Lease liabilities (current and non-current)	\$ 39,080	39,820	15,423	12,668	11,729	-
	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bonds payable	546,019	552,500	552,500	-	-	-
Lease liabilities (current and non-current)	44,584	45,572	13,820	11,725	20,027	-
	\$ 590,603	598,072	566,320	11,725	20,027	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 14,894	30.880	459,927	2,276	30.708	69,891
CNY	-	-	-	15	4.4129	66
<u>Non-Monetary items</u>						
USD	-	-	-	6,983	30.708	214,434
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	195	30.880	6,022	561	30.708	17,227

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation (depreciation) of the TWD against the USD and CNY as of December 31, 2023 and 2022 would have increased or decreased the before-tax net income by \$4,539 thousand and \$527 thousand, respectively. The analysis assumes that all other variable remain constant.

3) Foreign exchange gain (loss) on monetary item

With varieties of functional currencies within the company, the information on foreign exchange gain (loss) was disclosed based on the total amount. The foreign exchange gains (losses) (including realized and unrealized) in 2023 and 2022 were \$14,697 thousand and \$1,182 thousand respectively.

(iv) Other market price risk

If the prices of equity securities change on reporting date (two periods analysis and other factors are assumed to remain unchanged), the effects on the profit or loss as illustrated below:

Prices of securities at the reporting date	2023		2022	
	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increasing 3%	\$ 22,594	1,610	9,588	11,685
Decreasing 3%	\$ (22,594)	(1,610)	(9,588)	(11,685)

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reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid ask spreads is an indication of non-active market.

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

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

When the financial instrument of the Company is not traded in an active market, its fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another for the year ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Financial assets at fair value through other comprehensive income
Opening balance, January 1, 2022	\$ 127,400
Transfer from Level 3	<u>(127,400)</u>
Ending Balance, December 31, 2022	<u>\$ -</u>

(u) Financial risk management

(i) Overview

The Company is exposed to the following risks due to usage of financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative

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effects of these risk exposures, please refer to the respective notes in the parent company only financial statements.

(ii) Risk management framework

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

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

(iii) Credit risk

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

1) Accounts and other receivable

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

2) Investment

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

3) Guarantee

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

(iv) Liquidity risk

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

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity instrument prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

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

2) Interest risk

The Company's borrowings are mainly floating interest rates, changes in effective rates along with the fluctuation of the market interest rate influence the Company's future cash flow. The Company reduces the interest risks by negotiating the loan interest rates frequently with banks.

3) Other market price risk

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

(v) Capital management

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

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

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

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

	December 31, 2023	December 31, 2022
Total liabilities	\$ 5,259,657	6,011,694
Less: cash and cash equivalents	<u>(2,770,269)</u>	<u>(802,106)</u>
Net debt	2,489,388	5,209,588
Total equity	8,811,847	7,584,732
Total capital	<u>\$ 11,301,235</u>	<u>12,794,320</u>
Debt to capital ratio	<u>22.03%</u>	<u>40.72%</u>

There were no changes in the Company's approach to capital management for the year ended December 31, 2023.

(w) Investing and financing activities not affecting cash flows

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, was as follows:

For the right-of-use assets obtained by leasing, please refer to Note 6(h).

The reconciliation of liabilities from financing activities is as follows:

	January 1,2023	Cash flows	Non-cash changes			December 31,2023
			Increase	Transfer to advance share and capital surplus	Amortization	
Leases liabilities	\$ 44,584	(14,870)	9,366	-	-	39,080
Bonds payables	<u>546,019</u>	<u>(100)</u>	<u>-</u>	<u>(547,723)</u>	<u>1,804</u>	<u>-</u>
Total liabilities from financing activities	<u>\$ 590,603</u>	<u>(14,970)</u>	<u>9,366</u>	<u>(547,723)</u>	<u>1,804</u>	<u>39,080</u>

	January 1,2022	Cash flows	Non-cash changes			December 31,2022
			Decrease	Transfer to advance share and capital surplus	Amortization	
Leases liabilities	\$ 40,279	(13,104)	17,409	-	-	44,584
Bonds payables	<u>779,527</u>	<u>-</u>	<u>-</u>	<u>(243,110)</u>	<u>9,602</u>	<u>546,019</u>
Total liabilities from financing activities	<u>\$ 819,806</u>	<u>(13,104)</u>	<u>17,409</u>	<u>(243,110)</u>	<u>9,602</u>	<u>590,603</u>

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(7) Related party transactions

(a) Names and relationship with related parties

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Nova Technology Corp. (Nova Tech)	Subsidiaries
Her Suo Engineering Co., Ltd. (Her Suo)	Subsidiaries
Enrich Tech Co., Ltd. (Enrich Tech)	Subsidiaries
Hengji Construction Corporation Limited (Hengji)	Subsidiaries
Winmega Technology Corp. (Winmega)	Subsidiaries
Suzhou Winmax Technology Corp. (Suzhou Winmax)	Subsidiaries
Rayzher Industrial Co., Ltd. (Rayzher)	Subsidiaries
Dadewin Technology Corp. (Dadewin)	Subsidiaries
Novatech Engineering & Construction Pte. Ltd. (NTEC Singapore)	Subsidiaries
Sheng Huei International Co. Ltd. (SHI)	Subsidiaries
Acter International Limited (AIL)	Subsidiaries
Acter Technology Singapore Pte. Ltd. (Acter Singapore)	Subsidiaries
Jiangsu Dianze Construction Engineering Co., Ltd. (Jiangsu Dianze)	Subsidiaries
PT Acter Integration Technology Indonesia (Acter Integration Indonesia)	Subsidiaries
Acter Technology Malaysia Sdn. Bhd. (Acter Malaysia)	Subsidiaries
PT Acter Technology Indonesia (Acter Indonesia)	Subsidiaries
Acter Technology Co., Ltd. (Acter Thailand)	Subsidiaries
New Point Group Limited (New Point)	Subsidiaries
Winmax Technology Corp. (Winmax)	Subsidiaries
Sheng Huei Engineering Technology Company Limited (Acter Vietnam)	Subsidiaries
Acter Technology Integration Group Co., Ltd. (Acter Integration)	Subsidiaries
Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Subsidiaries
Shenzhen Dingmao Trade Co., Ltd. (Shenzhen Dingmao)	Subsidiaries
Johnwell Ent Co., Ltd.	The key management personnel of the Company's directors
Xiang-Hui Development Co., Ltd.	The key management personnel of the Company's directors

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(b) Significant transactions and balances with related parties

(i) Relevant costs and liabilities of project

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

	Construction cost		Payables to Related Parties	
	2023	2022	December 31, 2023	December 31, 2022
Subsidiaries	\$ 175,383	306,202	114,776	68,156
Entity under the key management's control	3,331	3,461	578	1,095
	<u>\$ 178,714</u>	<u>309,663</u>	<u>115,354</u>	<u>69,251</u>

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

(ii) Endorsements to the related parties:

For the years ended December 31, 2023 and 2022, the Company provided subsidiaries with credit loan, Stand by L/C, Bank guarantee letter and promissory note for engaging in bank guarantee loan and construction fulfillment amounting to \$1,288,006 thousand and \$862,436 thousand, respectively.

For the years ended December 31, 2023 and 2022, the Company charged interest expenses (recognized as other income) to related parties from endorsements amounting to \$62 thousand and \$52 thousand. As of December 31, 2023 and 2022, the balance of other receivable to related parties amounting to \$21 thousand and \$9 thousand, which were recognized as other receivable to related parties.

For the years ended December 31, 2023 and 2022, the Company's subsidiaries acquired bank loan credit from above mentioned bank guarantee loan amounting to \$300,000 thousand and \$250,000 thousand and actual usage amounting to \$111,156 thousand and \$33,272 thousand, respectively.

(iii) Guarantees from the related parties:

For the years ended December 31, 2023 and 2022, the subsidiaries provided guarantees to the Company for fulfillment and warranty guarantee for engaging in construction contracts amounting to \$ 4,241,580 thousand and 2,662,839 thousand.

(iv) Others:

For the years ended December 31, 2023 and 2022, the Company estimated its directors' and supervisors' remuneration from subsidiaries (recognized as other income) amounting to \$27,135 thousand and \$20,754 thousand. As of December 31, 2023 and 2022, the balance of other receivable to related parties amounting to \$27,135 thousand and \$20,754 thousand, respectively.

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In 2023 and 2022, the Company received cash dividends of \$724,550 thousand and \$517,691 thousand respectively, and the uncollected amounts as of December 31, 2023 and 2022 were \$151,187 thousand and \$ 86,393, respectively, recognized as other receivables-related parties.

(c) Key management personnel compensation

Remuneration of key management personnel includes:

	2023	2022
Short-term employee benefits	\$ 155,157	158,058
Post-employment benefits	540	648
	\$ 155,697	158,706

(8) Pledged assets

The Company's pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2023	December 31, 2022
Other financial assets – current:			
Demand deposit / Fixed deposit	Industrial safety reserve	\$ 3,248	2,121

(9) Significant commitments and contingencies

Significant commitments and contingencies for the Company as of December 31, 2023, and 2022 were as follows:

- (a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$1,449,878 thousand and \$1,301,762 thousand, respectively.
- (b) The amounts pledged to the bank for engaging in construction contracts amounted to \$1,334,280 thousand and \$1,312,824 thousand, respectively.
- (c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to \$2,004,700 thousand and \$0, respectively.
- (d) For already-signed but not-yet-finished significant construction contracts, please refer to Note 6(q).

(10) Losses due to major disasters: None

(11) Subsequent Events: None

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(12) Other

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

By function By item	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefit						
Salary	462,951	146,927	609,878	505,503	130,296	635,799
Labor, health and social insurance	24,707	14,479	39,186	21,903	11,784	33,687
Pension	13,084	2,581	15,665	12,228	2,174	14,402
Remuneration of directors	-	77,960	77,960	-	81,168	81,168
Other	10,247	11,267	21,514	9,863	14,495	24,358
Depreciation	945	17,760	18,705	-	16,180	16,180
Amortization	140	5,354	5,494	140	5,978	6,118

Note: Depreciation for investment property for the year ended December 31, 2023 and 2022 was both \$2,487 thousand, and was recorded in non-operating expense.

As of December 31, 2023 and 2022, the additional information for employee numbers and employee benefits were as follows:

	<u>2023</u>	<u>2022</u>
Average numbers of employee	399	380
Average numbers of directors without serving concurrently as employee	6	6
Average employee benefits	\$ 1,746	1,894
Average employee salaries	\$ 1,552	1,700
Average adjustment rate of employee salaries	(8.71)%	20.23%
Supervisor's remuneration	\$ -	-

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

1. Remuneration policy for directors and managers:

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

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

2. Employee salary and remuneration policy:

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

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(13) Additional disclosures

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Financing company	Counterparty	Financial statement account	Related party	Maximum balance for the period	Ending balance (Note 1)	Amount actually drawn	Interest rate (%)	Nature for financing	Transaction amounts	Reason for short-term financing	Loss allowance	Collateral		Financing limits for each borrowing company (Note 2)	Financing company's total financing amount limits (Note 2)
													Item	Value		
1	Nova Tech	Winmax	Other receivables from related parties	Yes	637,720	617,550	345,816	2.350	Short-term financing	-	Operating capital	-	none	-	1,571,896	1,571,896
2	SHI	ATM	Other receivables from related parties	Yes	22,203	21,613	21,613	4.485	Short-term financing	-	Operating capital	-	none	-	3,289,823	3,289,823
2	SHI	AIL	Other receivables from related parties	Yes	81,063	77,200	77,200	6.000	Short-term financing	-	Operating capital	-	none	-	3,289,823	3,289,823
3	AIL	Acter Indonesia	Other receivables from related parties	Yes	64,850	-	-	-	Short-term financing	-	Operating capital	-	none	-	3,821,620	3,821,620
4	Acter Integration	Shenzhen Dingmao	Other receivables from related parties	Yes	71,731	-	-	-	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
4	Acter Integration	Acter Vietnam	Other receivables from related parties	Yes	187,597	182,982	59,519	5.400	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
4	Acter Integration	Acter Thailand	Other receivables from related parties	Yes	64,077	-	-	-	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
4	Acter Integration	Acter Indonesia	Other receivables from related parties	Yes	61,129	59,519	-	-	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
4	Acter Integration	Acter Malaysia	Other receivables from related parties	Yes	64,077	-	-	-	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
4	Acter Integration	AIL	Other receivables from related parties	Yes	88,634	86,454	-	-	Short-term financing	-	Operating capital	-	none	-	1,879,229	1,879,229
5	Sheng Hwei Shenzhen	Shenzhen Dingmao	Other receivables from related parties	Yes	112,080	-	-	-	Short-term financing	-	Operating capital	-	none	-	2,547,640	2,547,640
5	Sheng Hwei Shenzhen	Acter Integration	Other receivables from related parties	Yes	89,664	-	-	-	Short-term financing	-	Operating capital	-	none	-	101,906	101,906
6	Winmax	Suzhou Winmax	Other receivables from related parties	Yes	354,536	259,362	151,295	2.100	Short-term financing	-	Operating capital	-	none	-	676,550	676,550

Note 1. The ending balance was the used credit line approved by the Board of Directors for the year ended December 31, 2023.

Note 2. Calculation methods of the company and its subsidiaries for the limited amount and the total amount available for lending purpose for single party:

1. The company:

- (1) The total amount available for lending purpose shall not exceed 10% of the Company's net worth.
- (2) The amount for short-term financing needs for single party, shall not exceed 10% of the Company's net worth.

2. Nova Tech:

- (1) The total amount available for lending purpose shall not exceed 40% of Nova Tech's net worth.
- (2) The total amount available for short-term financing needs, shall not exceed 40% of Nova Tech's net worth; and the amount available for single party for short-term financing needs shall not exceed 40% of Nova Tech's net worth.

3. SHI:

- (1) The total amount available for lending purpose shall not exceed 90% of SHI's net worth.
- (2) The total amount available for short-term financing needs, shall not exceed 40% of SHI's net worth; and the amount available for single party for short-term financing needs shall not exceed 40% of SHI's net worth.
- (3) The maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan for short-term financing needs, or group parent company, does not restricted to the limit of 40% of net worth, but it's still subject to the overall limit and the amount available for single party for short-term financing needs shall not exceed 90% of SHI's net worth.

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4. Acter Integration and its subsidiaries (AIL and Sheng Huei Shenzhen):

- (1) The total amount available for lending purpose shall not exceed 40% of Acter Integration and its subsidiaries 's net worth
- (2) The total amount available for short-term financing needs, shall not exceed 40% of net asset of the company which lent funds; and the amount available for single party for short-term financing needs shall not exceed 40% of net asset of the company which lent funds.
- (3) The maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan (must be within the scope of the consolidated financial statements of Acter Integration) for short-term financing needs, the total amount and maximum amount for lending shall not exceed 1000% of the net worth of each subsidiary.

5. Winmax:

- (1) The total amount available for lending purpose shall not exceed 40% of Winmax's net worth.
- (2) The maximum amount to directly or indirectly wholly owned subsidiaries outside Taiwan for short-term financing needs, the total amount and maximum amount for lending shall not exceed 40% of Winmax's net worth.

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Endorsement/ guarantee provider	Guaranteed party		Limits on endorsement/ guarantee amount	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to Net equity per latest financial statements (%)	Maximum endorsement/ guarantee amount allowable (Note 1)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in mainland China
		Name	Nature of relationship (Note 5)										
0	The Company	Her Suo	2	44,059,235	526,680	362,250	362,250	-	4.11	70,494,776	Y	N	N
0	The Company	Enrich Tech	2	44,059,235	925,756	925,756	736,912	-	10.51	70,494,776	Y	N	N
0	The Company	Hengji	2	44,059,235	3,960	-	-	-	-	70,494,776	Y	N	N
0	The Company	Yida Construction	5	26,435,541	414,000	414,000	414,000	-	4.70	44,059,235	N	N	N
0	The Company	Kedge Construction	5	26,435,541	1,590,700	1,590,700	1,590,700	-	18.05	44,059,235	N	N	N
1	Her Suo	The Company	3	9,205,170	3,927,208	3,927,208	3,927,208	-	1,279.89	10,739,365	N	Y	N
1	Her Suo	Nova Tech	4(Note 3)	9,205,170	41,601	41,601	41,601	-	13.56	10,739,365	N	N	N
2	Nova Tech	Winmax and Suzhou Winmax	2	7,859,482	2,374,766	2,332,749	1,143,423	-	59.36	11,789,223	N	N	Y
2	Nova Tech	Suzhou Winmax	2	7,859,482	26,582	25,928	25,928	-	0.66	11,789,223	N	N	Y
2	Nova Tech	Rayzher	2(Note 4)	7,859,482	460,215	35,500	35,500	-	0.90	11,789,233	N	N	N
2	Nova Tech	Winmega	2	7,859,482	100,000	50,000	50,000	-	1.27	11,789,233	N	N	N
2	Nova Tech	Winmax	2	7,859,482	1,152,722	1,072,800	915,162	-	27.30	11,789,233	N	N	Y
3	Acter Integration	Sheng Huei Shenzhen	2	28,188,438	179,328	172,908	59,803	-	3.68	37,584,584	N	N	Y
3	Acter Integration	Acter Vietnam	2	28,188,438	2,365,287	2,255,072	2,255,072	-	48.00	37,584,584	N	N	N
3	Acter Integration	Shenzhen Dingmao	2	28,188,438	318,935	280,976	6,921	-	5.98	37,584,584	N	N	Y
3	Acter Integration	Acter Malaysia	2	28,188,438	64,077	-	-	-	-	37,584,584	N	N	N
3	Acter Integration	Acter Indonesia	2	28,188,438	32,039	-	-	-	-	37,584,584	N	N	N
4	Sheng Huei Shenzhen	Acter Integration	3	3,821,460	160,902	-	-	-	-	4,585,752	N	N	Y
5	Winmax	Suzhou Winmax	3	5,074,125	900,521	878,373	68,126	-	51.93	8,456,875	N	N	Y
6	Enrich Tech	The Company	3	4,477,650	314,372	314,372	314,372	-	210.63	5,223,925	N	Y	N

Note 1. Calculation method of the company and its subsidiaries for the endorsement guarantee limit and the maximum endorsement guarantee limit for a single enterprise

1. The company:

- (1) The total amount of endorsements and guarantees provided by the Company to its subsidiaries, who need to fulfill their contractual obligation by providing mutual endorsements and guarantees for peer in order to undertake a construction project, shall not exceed 500% of the Company's net worth. Also, the maximum amount for single subsidiary shall not exceed 300% of the Company's net worth.

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- (2) The company that directly or indirectly hold more than 50% of the voting shares, the total amount of endorsements and guarantees shall not exceed 800% of the company's net worth, and the amount of endorsements and guarantees for a single company shall not exceed 500% of the company's net worth as a limit.
- (3) The company and its subsidiaries need mutual endorsement guarantee for non-group companies in accordance with the contractual provisions of the contracted projects, and the parent-subsidiary company or the company directly and indirectly hold 100% of the voting shares in the company's endorsement guarantee, the total guarantee amount shall not exceed 800% of the company's net worth, and the amount of endorsement guarantee for a single enterprise is limited to not more than 500% of the company's net worth.

2. Her Suo:

- (1) The total amount of endorsement guarantee provided by Her Suo shall not exceed 3500% of the net worth of Her Suo; the amount of endorsement guarantee for a single enterprise shall not exceed 3000% of the net worth of Her Suo.
- (2) Acter directly or indirectly holds more than 90% of the voting shares, the total amount of endorsements and guarantees shall not exceed 10% of Acter's net worth. However, this restriction does not apply to the company that Acter directly and indirectly holds 100% of the voting shares.

3. Nova Tech:

- (1) Except for contracting projects that require mutual endorsement guarantee between the peer in accordance with the provisions of the contract, the total accumulated external endorsement guarantee shall not exceed the limit of 300% of Nova Tech's net worth. The limit of endorsement guarantees for a single enterprise shall not exceed the limit of 200% of Nova Tech's net worth.
- (2) Nova Tech and its subsidiaries requires mutual endorsement guarantee between the peer in accordance with the contract provisions for the contracted project, and the total amount shall not exceed 500% of the company's net worth, and the amount of endorsement guarantee for a single enterprise shall not exceed 300% of Nova Tech's net worth;

4. Acter Integration and its subsidiaries (Sheng Huei Shenzhen and Shenzhen Dingmao)

- (1) The total amount of external guarantees of Acter Integration shall not exceed 800% of Acter Integration's most recent audited consolidated net worth; the amount of external guarantees for a single company shall not exceed 600% of Acter Integration's most recent audited consolidated net worth.
- (2) The total amount of external guarantees provided by its subsidiaries shall not exceed 1800% of the latest audited net assets of the subsidiary; the amount of external guarantees provided to a single enterprise shall not exceed 1500% of the latest audited net assets of the subsidiary.
- (3) The total amount of external guarantees provided by Acter Integration and its subsidiaries shall not exceed 1000% of the latest audited net assets of Acter Integration; the amount of external guarantees provided to a single enterprise shall not exceed 800% of the latest audited net assets of Acter Integration.

5. Winmax:

- (1) The total amount of endorsement guarantee provided by Winmax shall not exceed 500% of the net worth; the amount of endorsement guarantee for a single enterprise shall not exceed 300% of the net worth of Winmax.
- (2) Acter or Nova Tech directly or indirectly holds more than 90% of the voting shares, the total amount of endorsements and guarantees shall not exceed 10% of Acter's or Nova Tech's net worth. However, this restriction does not apply to the company that Acter or Nova Tech directly and indirectly holds 100% of the voting shares.

6. Enrich Tech:

- (1) The total amount of endorsement guarantee provided by Enrich Tech shall not exceed 3500% of the net worth of Enrich Tech; the amount of endorsement guarantee for a single enterprise shall not exceed 3000% of the net worth of Enrich Tech.

Note 2. The net worth was audited by a Certified Public Accountant.

Note 3. In accordance with the first paragraph of Article 13 of the company's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.

Note 4. In accordance with the fourth paragraph of Article 6 of Nova Tech's endorsement guarantee procedures, the endorsement guarantee object originally complied with but later did not meet the requirements, and the relevant endorsement guarantee amount was proposed to improve the relevant plan.

Note 5. The relationship between the endorsement guarantor and the endorsed guarantor is as follows:

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

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(iii) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Shares)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	TCB Taiwan Quantitative Fund	-	Current financial assets at fair value through profit or loss	1,049	20,000	-	20,000	
The Company	Allianz Global Investors Taiwan Technology Fund	-	Current financial assets at fair value through profit or loss	21	3,666	-	3,666	
The Company	Yuanta U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	4,936	-	4,936	
The Company	Cathay U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	5,090	-	5,090	
The Company	Fubon 20+ Years US Treasury Bond ETF	-	Current financial assets at fair value through profit or loss	150	4,887	-	4,887	
The Company	Capital ICE 25+ Year US Treasury Exchange Traded Fund	-	Current financial assets at fair value through profit or loss	152	4,838	-	4,838	
The Company	KGI 25+ Years US Treasury Bond ETF	-	Current financial assets at fair value through profit or loss	37	1,184	-	1,184	
The Company	CTBC U.S. Treasury 20+ Year Bond ETF	-	Current financial assets at fair value through profit or loss	160	4,982	-	4,982	
The Company	Sinopac ICE 20+ Year US Treasury ETF	-	Current financial assets at fair value through profit or loss	155	4,092	-	4,092	
					53,675		53,675	
The Company	Holy Stone Healthcare Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	250	4,235	0.20%	4,235	
The Company	Waste Recovery Technology Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	1,865	300,315	7.84%	300,315	
The Company	AMPOC Far-East Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	2,598	205,502	2.27%	205,502	
The Company	Phoenix Silicon Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	4,665	243,072	2.70%	243,072	
					753,124		753,124	
Nova Tech	Chailase Holding Company Limited Class A Preferred Shares	-	Current financial assets at fair value through profit or loss	200	19,580	-	19,580	
Nova Tech	Corporate bonds-Saudi Arabian Oil Company	-	Current financial assets at fair value through profit or loss	-	21,969	-	21,969	
					41,549		41,549	
Nova Tech	AMPOC Far-East Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	4,309	340,842	-	340,842	
Her Suo	TCB Taiwan Quantitative Fund	-	Current financial assets at fair value through profit or loss	1,648	31,418	-	31,418	
Her Suo	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	3,278	50,000	-	50,000	
Her Suo	Mega Diamond Money Market Fund	-	Current financial assets at fair value through profit or loss	3,876	50,000	-	50,000	
Her Suo	FSITC Money Market Fund	-	Current financial assets at fair value through profit or loss	273	50,000	-	50,000	
Her Suo	UPAMC James Bond Money Market Fund	-	Current financial assets at fair value through profit or loss	2,916	50,000	-	50,000	
Her Suo	PineBridge Taiwan Money Market Fund	-	Current financial assets at fair value through profit or loss	2,143	30,000	-	30,000	

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Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2023				Note
				Shares/Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
Her Suo	Eastspring Investments Well Pool Money Market Fund	-	Current financial assets at fair value through profit or loss	2,149	30,000	-	30,000	
Her Suo	Taiwan Tea CO., Ltd.	-	Current financial assets at fair value through profit or loss	100	2,175	-	2,175	
Her Suo	Sanyang Motor Co., Ltd.	-	Current financial assets at fair value through profit or loss	41	2,927	-	2,927	
					296,520		296,520	
Her Suo	Hsinchu Golf Country Club Co., Ltd.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	0.002	2,246	0.24%	2,246	
Her Suo	Phoenix Silicon Inc.	-	Non-current investments in equity instruments measured at fair value through other comprehensive income	861	44,856	0.50%	44,856	
					47,102		47,102	
SHI	Citigroup Global Markets Holdings	-	Current financial assets at fair value through other comprehensive income	20	61,299	-	61,299	
SHI	Citigroup Global Markets Holdings	-	Current financial assets at fair value through other comprehensive income	5	15,198	-	15,198	
					76,497		76,497	
SHI	JPMorgan Chase & Co. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	9	23,547	-	23,547	
SHI	Ecopetrol S.A. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	8	22,021	-	22,021	
SHI	Nordstrom Inc. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	21,011	-	21,011	
SHI	United Airlines Inc. Bond	-	Non-current financial assets at fair value through other comprehensive income	10	28,914	-	28,914	
SHI	Energy Transfer L.P. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	6	16,586	-	16,586	
SHI	B.A.T. Capital Corp. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	8	24,336	-	24,336	
SHI	Ford Motor Co. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	27,110	-	27,110	
SHI	Broadcom Inc. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	10	24,543	-	24,543	
SHI	T-Mobile USA Inc. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	7	15,740	-	15,740	
SHI	DP World Ltd. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	7	17,056	-	17,056	
SHI	Hewlett Packard Enterprise Co. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	17,009	-	17,009	
SHI	MetLife Inc. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	14,293	-	14,293	
SHI	NVIDIA Corp. Corporate Bond	-	Non-current financial assets at fair value through other comprehensive income	5	14,318	-	14,318	
SHI	HSBC Holdings PLC	-	Non-current financial assets at fair value through other comprehensive income	3	8,892	-	8,892	
					275,376		275,376	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding NT\$300 million or 20% of the capital stock: None.

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(vii) Related-party transaction for purchases and sales with amounts exceeding NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable or (payable)		Note
			Purchases/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable or (payable)	
Nova Tech	The Company	Be owned 58.69% by the Company	Sales	123,435	6.09%	Depend on individual contract	Depend on individual contract	No significant difference	75,385	19.80%	
Suzhou Winmax	Winmax	Be owned 58.69% by the Company	Sales	133,850	12.46%	Depend on individual contract	Depend on individual contract	No significant difference	567	0.13%	

Note: Paid-in capital refers to the paid-in capital of the company. Since the par value of each share of the company's stock is not NT\$10, the transaction amount of more than 20% of the paid-in capital is calculated based on 10% of the equity attributable to the parent of the company on the balance sheet.

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

(ix) Trading in derivative instruments: None.

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (In thousands)	Percentage of ownership	Carrying value			
The Company	Nova Tech	Hsinchu	Wholesale assemble, maintenance and design of electronic and chemical equipment	213,455	213,455	43,196	58.69%	2,306,451	1,042,089	644,765	Note2
The Company	Her Suo	Hsinchu	Construction and set-up of freezing equipment	60,000	60,000	10,000	100%	305,253	95,428	93,843	Note2
The Company	Enrich Tech	Taichung	Comprehensive construction company	68,841	68,841	7,402	56.94%	85,563	6,698	2,659	Note2
The Company	SHI	Samoa	Investment holding company	121,302	121,302	3,950	100%	3,655,359	429,755	429,755	Note2
The Company	Hengji	Taipei	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business	33,000	-	3,300	55%	29,823	(5,777)	(3,177)	Note2
Enrich Tech	Hengji	Taipei	Assigning contractors to build civil buildings, commercial buildings for sale or lease and related business	7,800	-	780	13%	7,049	(5,777)	(751)	Note2
Nova Tech	Winmega	Hsinchu	Wholesale of electronic and chemical engineering equipment	15,000	15,000	3,000	100%	133,817	17,219	17,219	Note2
Nova Tech	NTEC Singapore	Singapore	Chemical supply system business	-	24,179	-	-%	-	32,376	553	Note2
Nova Tech	Rayzher	Hsinchu	Piping engineering, installation cable and automatic control equipment, etc.	518,896	355,575	14,408	45.59%	717,599	244,277	109,836	Note2
Nova Tech	Dadewin	Hsinchu	Engineering graphic design, etc.	4,000	-	400	80%	3,290	(888)	(710)	Note2
Suzhou Winmax	NTEC Singapore	Singapore	Chemical supply system business	24,179	-	1,000	100%	92,935	32,376	31,823	Note2
SHI	New Point	Seychelles	Investment holding company and trading of equipment	6,110	6,110	200	100%	53,282	24,470	24,470	Note2
Acter Integration	AIL	Hong Kong	Investment holding company and trading of clean rooms and air conditioners	99,994	99,994	25,327	100%	382,162	216,318	216,318	Note2
Acter Integration	Acter Singapore	Singapore	Investment holding company	80,000	80,000	3,376	100%	152,117	26,476	26,476	Note2
Acter Integration	Acter Indonesia	Indonesia	Industrial building construction, electrical installation, water supply and drainage installation, air conditioning installation, mechanical installation, and related activities.	16,858	-	34	67%	14,939	(2,804)	(1,879)	Note2
Acter Singapore	Acter Malaysia	Malaysia	Investment holding company	26,780	26,780	2,600	100%	(2,828)	(4,215)	(4,215)	Note2
Acter Singapore	Acter Indonesia	Indonesia	Equipment trading and set-up	14,816	14,816	990	99%	83,384	21	21	Note2
Acter Singapore	Acter Thailand	Thailand	Set-up of electronic protection systems and central air conditioners	14,428	14,428	147	49%	56,983	55,472	27,181	Note2
Acter Singapore	DJR	Thailand	Investment holding company	908	908	13	25%	3,543	6,825	1,707	
Acter Singapore	Daejin Road	Thailand	Investment holding company	1,371	1,371	13	25%	5,357	10,313	2,579	
AIL	Acter Indonesia	Indonesia	Equipment trading and set-up	150	150	10	1%	842	21	-	Note2
AIL	Acter Vietnam	Vietnam	Set-up of electronic protection systems and central air conditioners	109,246	48,238	Note1	100%	406,111	194,446	194,446	Note2
AIL	Space	Thailand	Investment holding company and trading of equipment	7,308	7,308	74	49%	27,640	26,980	13,221	
AIL	DJR	Thailand	Investment holding company	871	871	12	24%	3,403	6,825	1,638	
AIL	Daejin Road	Thailand	Investment holding company	1,317	1,317	12	24%	5,146	10,313	2,475	

Note 1: Limited company.

Note 2: The transactions have been eliminated upon consolidation.

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

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars/Shares)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 12)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 8)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Winmax	Design and manufacture of air containers and liquid containers	151,426 (Note 1)	1	9,635	-	-	9,635	733,148	58.69%	430,301	992,705	1,482,545
Acter Integration	Construction and set-up of electronic equipment and air conditioners	341,919 (Note 2)	2	106,177	-	-	106,177	640,526	65.00%	416,325	3,053,618	532,932 (Note 5)
Shenzhen Dingmao	Electronic equipment and machinery trading	22,984	3	-	-	-	-	39,264	65.00%	25,521	159,573	-
Sheng Hwei Shenzhen	Construction and set-up of electronic equipment and air conditioners	172,877 (Note 3)	3	15,980	-	-	15,980	(27,280)	65.00%	(17,731)	165,590	55,876 (Note 5)
Suzhou Winmax	Design and manufacture of air containers and liquid containers	650,838 (Note 4)	1	32,478	-	-	32,478	686,698	58.69%	403,038	1,215,868	-
Jiangsu Dianze	Engineering construction and contracting, industrial engineering design services, etc.	- (Note 11)	3	-	-	-	-	(110)	65.00%	(72)	-	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5 and 7)	Upper Limit on Investment (Note 6)
170,379 (USD5,450 thousand)	1,994,678 (USD64,344 thousand)	5,287,108

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

Note 2: The total amount of capital included the capital increase incurred from retained earnings of USD4,537 thousand in 2006, 2007, 2010, 2011, 2019 and the capital increase incurred from capital surplus of USD1,891 thousand in 2023.

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

Note 4: The total amount of capital included the capital increase incurred from retained earnings of USD2,000 thousand and the capital increase incurred from property stock of USD17,200 thousand in 2023.

Note 5: It included retained earnings to the Company amount \$457,505 thousand (USD15,166 thousand) and CNY27,822 thousand was paid to SHI.

Note 6: The accumulated investment in Mainland China included through Nova Tech amounting to \$1,456,185 thousand (USD47,342 thousand) was authorized by the Investment Commission. However, the remittance from Winmax to Nova Tech amounting to \$1,482,545 thousand (USD48,735 thousand) and the remittance from Fuyu International to the Company amounting to \$164,079 thousand (USD5,879 thousand) and the remittance from Acter Integration to the Company amounting to \$457,505 thousand (USD15,166 thousand) were not include in the accumulated investment amounts.

Note 7: According to the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" issued by Investment Commission on August 29, 2008, the maximum amount on investment in Mainland China shall not exceed 60% of the Company's net worth.

Note 8: All foreign currency amounts were translated at the original exchange rates.

Note 9: The amount was recognized based on the audited financial statements.

Note 10: Fuyu had been liquidated in December 2020. However, the accumulated investment in Mainland China amounting to \$6,110 thousand (USD200 thousand) has yet to be remitted to the Company.

Note 11: Jiangsu Dianze had been liquidated in November 2023.

Note 12: Ways to invest in Mainland China:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland China through a foreign company.
- (3) Investment in Mainland China through an existing company in Mainland China.

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(iii) Significant transaction:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in “the Information on significant transactions” for the year ended December 31, 2023.

(d) Major shareholders:

As of December 31, 2023, there were no shareholders holding more than 5% of the shares.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

ACTER GROUP CORPORATION LIMITED

Chairman: Chin-Li Liang

Printed on February 29, 2024