

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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

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Independent Auditors' Review Report

To the Board of Directors of Inventec Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Corporation (“Company”) and its subsidiaries (“Group”) as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$75,116,126 thousand and \$73,766,851 thousand, constituting 32% and 36% of the consolidated total assets; and the total liabilities amounting to \$19,564,012 thousand and \$20,716,118 thousand, constituting 11% and 14% of the consolidated total liabilities as of September 30, 2020 and 2019, respectively; as well as the total comprehensive income (loss) amounting to \$598,362 thousand, \$581,615 thousand, \$(365,125) thousand and \$529,923 thousand, constituting 29%, 82%, (6)% and 14% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2020 and 2019, for the three months ended September 30, 2020 and 2019, respectively.



Furthermore, as stated in Note (6)(f), the other equity accounted investments of the Group in its investee companies of \$1,128 thousand and \$0 thousand as of September 30, 2020 and 2019, respectively, and its equity in net earnings on these investee companies of \$1,032 thousand, \$0 thousand, \$(579) thousand and \$(1,697) thousand for the three months and nine months ended September 30, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, as well as its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wan-Wan Lin and Liu-Fong Yang.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF SEPTEMBER 30, 2020 AND 2019

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2020, December 31, 2019, and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2020.9.30		2019.12.31		2019.9.30		LIABILITIES AND EQUITY		2020.9.30		2019.12.31		2019.9.30			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current Assets :								Current Liabilities :									
1100	Cash and cash equivalents (Notes (6)(a))	\$	26,707,329	12	18,952,967	10	26,330,817	13	2100	Short-term borrowings (Note (6)(m))	\$	40,634,468	18	25,166,518	13	33,781,966	17
1110	Current financial assets at fair value through profit or loss (Notes (6)(b))		2,516,035	1	3,958,468	2	2,751,249	1	2120	Current financial liabilities at fair value through profit or loss (Notes (6)(b))		174,959	-	108,175	-	12,515	-
1120	Current financial assets at fair value through other comprehensive income		1,163,960	1	1,194,430	1	1,131,458	1	2130	Current contract liabilities (Note (6)(u))		7,428,251	3	6,449,213	4	6,489,783	3
	(Notes (6)(b))								2170	Accounts payable (Note (7))		87,216,175	38	71,342,557	37	77,007,687	37
1170	Accounts receivable, net (Notes (6)(c) and (7))		107,526,097	46	88,491,343	46	89,229,993	43	2230	Current tax liabilities		2,421,932	1	2,319,023	1	2,901,133	2
1200	Other receivables, net (Notes (6)(d) and (7))		787,950	-	754,975	-	893,792	-	2200	Other payables (Note (7))		10,449,750	4	11,571,105	6	11,355,758	6
1310	Inventories, manufacturing business, net (Notes (6)(e))		46,677,859	20	37,345,542	19	46,518,735	23	2322	Long-term borrowings, current portion (Note (6)(m))		3,822,744	2	359,061	-	386,979	-
1470	Other current assets (Notes (6)(l))		5,007,845	2	1,469,984	1	1,514,599	1	2280	Current lease liabilities (Notes (4) and (6)(n))		193,301	-	200,289	-	188,384	-
			190,387,075	82	152,167,709	79	168,370,643	82	2399	Other current liabilities, others		11,821,946	5	9,530,335	5	9,049,349	4
	Non-current assets :											164,163,526	71	127,046,276	66	141,173,554	69
1510	Non-current financial assets at fair value through profit or loss		716,668	-	-	-	-	-		Non-current Liabilities :							
	(Notes (6)(b))								2540	Long-term borrowings (Note (6)(m))		3,345,731	2	3,883,134	2	3,742,195	2
1517	Non-current financial assets at fair value through other comprehensive		3,910,669	2	2,243,738	1	361,134	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))		604,960	-	640,401	-	600,865	-
	income (Notes (6)(b))								2580	Non-current lease liabilities (Notes (4) and (6)(n))		783,001	-	976,791	-	868,165	-
1550	Investments accounted for using equity method, net (Notes (6)(f))		220,218	-	247,194	-	256,758	-	2670	Other non-current liabilities, others (Notes (6)(q))		4,726,591	2	3,575,023	2	3,314,306	2
1600	Property, plant and equipment (Notes (6)(h))		28,881,126	13	30,729,458	16	29,647,277	14				9,460,283	4	9,075,349	4	8,525,531	4
1755	Right-of-use assets (Notes (6)(i))		3,391,451	2	3,546,126	2	3,473,106	2		Total Liabilities		173,623,809	75	136,121,625	70	149,699,085	73
1760	Investment property, net (Notes (6)(j))		-	-	693,315	-	705,577	-									
1780	Intangible assets (Notes (6)(k))		889,852	-	880,774	1	903,606	1		Equity attributable to owners of parent :							
1900	Other non-current assets (Notes (4), (6)(l) and (6)(q))		3,211,914	1	2,584,539	1	2,261,999	1	3110	Ordinary share (Note (6)(r))		35,874,751	16	35,874,751	19	35,874,751	18
			41,221,898	18	40,925,144	21	37,609,457	18	3200	Capital surplus (Note (6)(r))		2,913,461	1	2,913,461	2	2,912,889	1
									3300	Retained earnings (Note (6)(r))		20,244,599	9	18,304,941	9	16,966,738	8
									3400	Other equity interest (Note (6)(r))		(1,480,909)	(1)	(1,822,005)	(1)	(1,287,109)	(1)
										Total equity attributable to owners of parent		57,551,902	25	55,271,148	29	54,467,269	26
									36XX	Non-controlling interests		433,262	-	1,700,080	1	1,813,746	1
										Total Equity		57,985,164	25	56,971,228	30	56,281,015	27
TOTAL ASSETS		\$	231,608,973	100	193,092,853	100	205,980,100	100	TOTAL LIABILITIES AND EQUITY		\$	231,608,973	100	193,092,853	100	205,980,100	100

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three months and nine months ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30,				For the nine months ended September 30,			
		2020		2019		2020		2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(u) and (7))	\$ 145,380,375	100	128,707,851	100	382,817,282	100	371,374,775	100
5000	Total operating costs (Notes (4) and (7))	139,529,062	96	122,691,641	96	366,735,752	96	354,738,053	96
	Gross profit from operations	5,851,313	4	6,016,210	4	16,081,530	4	16,636,722	4
	Operating expenses (Notes (6)(c), (6)(d) and (6)(v)):								
6100	Selling expenses	711,622	-	653,652	-	2,015,766	-	1,977,105	-
6200	Administrative expenses	1,062,359	1	1,105,395	1	3,100,010	1	3,212,062	1
6300	Research and development expenses	2,534,400	2	2,362,948	2	7,090,891	2	7,017,836	2
6450	Expected credit loss (gain)	13,833	-	10,779	-	62,681	-	9,543	-
6400	Total operating expenses	4,322,214	3	4,132,774	3	12,269,348	3	12,216,546	3
	Net operating income	1,529,099	1	1,883,436	1	3,812,182	1	4,420,176	1
	Non-operating income and expenses:								
7100	Interest income (Note (6)(w))	271,630	-	385,923	-	857,302	-	1,006,734	-
7010	Other income (Note (6)(w))	86,077	-	125,301	-	216,549	-	243,160	-
7020	Other gains and losses, net (Note (6)(w))	679,130	-	(384,010)	-	5,505,219	2	572,981	-
7050	Finance costs, net (Notes (6)(w))	(268,841)	-	(498,414)	-	(846,179)	-	(1,373,066)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (4) and (6)(f))	(3,180)	-	(10,551)	-	(14,045)	-	(17,462)	-
	Total non-operating income and expenses	764,816	-	(381,751)	-	5,718,846	2	432,347	-
	Profit from continuing operations before tax	2,293,915	1	1,501,685	1	9,531,028	3	4,852,523	1
7950	Less: Income tax expenses (Note (6)(q))	549,598	-	496,973	-	3,333,135	1	1,307,659	-
	Profit	1,744,317	1	1,004,712	1	6,197,893	2	3,544,864	1
	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	54,732	-	339,731	-	949,171	-	651,310	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(8,272)	-	1,082	-	(12,245)	-	2,072	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	46,460	-	340,813	-	936,926	-	653,382	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	245,915	-	(638,342)	-	(617,803)	-	(300,682)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	526	-	(1,351)	-	(686)	-	(1,208)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	246,441	-	(639,693)	-	(618,489)	-	(301,890)	-
	Other comprehensive income	292,901	-	(298,880)	-	318,437	-	351,492	-
8500	Total comprehensive income	\$ 2,037,218	1	705,832	1	6,516,330	2	3,896,356	1
	Profit (loss), attributable to:								
8610	Profit (loss), attributable to owners of parent	\$ 1,931,429	1	1,063,946	1	6,622,634	2	4,125,379	1
8620	Profit (loss), attributable to non-controlling interests	(187,112)	-	(59,234)	-	(424,741)	-	(580,515)	-
		\$ 1,744,317	1	1,004,712	1	6,197,893	2	3,544,864	1
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	\$ 2,216,884	1	776,609	1	6,944,472	2	4,484,627	1
8720	Comprehensive income, attributable to non-controlling interests	(179,666)	-	(70,777)	-	(428,142)	-	(588,271)	-
		\$ 2,037,218	1	705,832	1	6,516,330	2	3,896,356	1
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(t))								
9750	Basic earnings per share (NT dollars)	\$ 0.54		0.30		1.85		1.15	
9850	Diluted earnings per share (NT dollars)	\$ 0.54		0.30		1.83		1.14	

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other Equity Interest				
	Capital Stock		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to owners of parent	Non - controlling interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2019	\$ 35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	55,364,481	2,357,036	57,721,517
Net income (loss) for the period	-	-	-	-	4,125,379	-	-	4,125,379	(580,515)	3,544,864
Other comprehensive income (loss) for the period	-	-	-	-	-	(294,133)	653,381	359,248	(7,756)	351,492
Total comprehensive income (loss) for the period	-	-	-	-	4,125,379	(294,133)	653,381	4,484,627	(588,271)	3,896,356
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	649,986	-	(649,986)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,538,811	(1,538,811)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,381,213)	-	-	(5,381,213)	-	(5,381,213)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	44,981	44,981
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(626)	-	-	(626)	-	(626)
Balance at September 30, 2019	\$ 35,874,751	2,912,889	10,799,605	1,646,357	4,520,776	(1,284,383)	(2,726)	54,467,269	1,813,746	56,281,015
Balance at January 1, 2020	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148	1,700,080	56,971,228
Net income (loss) for the period	-	-	-	-	6,622,634	-	-	6,622,634	(424,741)	6,197,893
Other comprehensive income (loss) for the period	-	-	-	-	-	(615,088)	936,926	321,838	(3,401)	318,437
Total comprehensive income (loss) for the period	-	-	-	-	6,622,634	(615,088)	936,926	6,944,472	(428,142)	6,516,330
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	546,296	-	(546,296)	-	-	-	-	-
Special reserve appropriated	-	-	-	175,647	(175,647)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(4,663,718)	-	-	(4,663,718)	-	(4,663,718)
Disposal of investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(838,676)	(838,676)
Balance at September 30, 2020	\$ 35,874,751	2,913,461	11,345,901	1,822,004	7,076,694	(2,620,222)	1,139,313	57,551,902	433,262	57,985,164

The accompanying notes are an integral part of the consolidated financial statements.

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 9,531,028	4,852,523
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,233,900	2,374,224
Amortization expense	624,241	784,523
Expected credit loss	62,681	9,543
Interest expense	846,179	1,373,066
Interest income	(857,302)	(1,006,734)
Dividend income	(30,069)	(20,829)
Share of losses of associates and joint ventures accounted for using equity method	14,045	17,462
Gain on disposal of property, plant and equipment	(4,739,995)	(46,387)
Gain on disposal of non-current assets held-for-sale	-	(628,470)
Gain on disposal of investments accounted for using equity method	(24,435)	-
Impairment loss on non-financial assets	103,300	313,612
Unrealized foreign exchange gain	(175,269)	27,692
Others	(1,971)	(15,377)
Total adjustments to reconcile profit	(1,944,695)	3,182,325
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(380,427)	(122,955)
(Increase) decrease in accounts receivable	(20,069,736)	1,526,324
(Increase) decrease in other receivables	(23,133)	1,265,700
Increase in inventories	(10,671,685)	(3,537,091)
Increase in other current assets	(3,031,943)	(345,296)
Total changes in operating assets	(34,176,924)	(1,213,318)
Changes in operating liabilities:		
Increase in financial liabilities held for trading	67,443	7,556
Increase (decrease) in contract liabilities	980,496	(218,879)
Increase in accounts payable	18,103,161	1,676,027
Decrease in other payables	(1,207,647)	(775,181)
Increase (decrease) in other current liabilities	2,292,108	(1,130,071)
Decrease in net defined benefit liabilities, non-current	(35,441)	(32,950)
Total changes in operating liabilities	20,200,120	(473,498)
Total changes in operating assets and liabilities	(13,976,804)	(1,686,816)
Total adjustments	(15,921,499)	1,495,509
Cash (outflow) inflow generated from operations	(6,390,471)	6,348,032
Interest received	827,385	1,021,006
Dividends received	30,069	20,829
Interest paid	(785,147)	(1,564,598)
Income taxes paid	(2,016,777)	(734,110)
Net cash flows (used in) from operating activities	(8,334,941)	5,091,159

The accompanying notes are an integral part of the consolidated financial statements.

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

For the Nine Months Ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(687,008)	(3,245)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,003
Acquisition of financial assets at fair value through profit or loss	(6,607,624)	(10,313,467)
Proceeds from disposal of financial assets at fair value through profit or loss	8,142,261	10,095,577
Proceeds from disposal of non-current assets held for sale	-	967,962
Acquisition of property, plant and equipment	(1,951,513)	(1,786,662)
Proceeds from disposal of property, plant and equipment	5,767,441	57,453
Acquisition of intangible assets	(101,887)	(214,453)
Effect on loss of control over subsidiary's cash	(5,710)	-
Acquisition of investment properties	(345,283)	(2,062)
(Increase) decrease in other financial assets	(1,373,709)	114,991
Increase in other non-current assets	(451,155)	(203,028)
Net cash flows from (used in) investing activities	<u>2,385,813</u>	<u>(1,285,931)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	15,797,482	2,596,732
Proceeds from long-term borrowings	13,157,298	638,805
Repayments of long-term borrowings	(10,231,301)	(453,753)
Increase in other payables due to related parties	50,000	250,000
Payment of lease liabilities	(146,595)	(154,827)
Increase (decrease) in other non-current liabilities	46,372	(29,498)
Cash dividends paid	(4,663,718)	(5,381,213)
Change in non-controlling interests	-	44,981
Net cash flows from financing activities	<u>14,009,538</u>	<u>(2,488,773)</u>
Effect of exchange rate changes on cash and cash equivalents	(306,048)	(48,149)
Net increase in cash and cash equivalents	7,754,362	1,268,306
Cash and cash equivalents at beginning of period	<u>18,952,967</u>	<u>25,062,511</u>
Cash and cash equivalents at end of period	<u><u>\$ 26,707,329</u></u>	<u><u>26,330,817</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

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(1) Overview

Inventec Co., Ltd. (the “Company”) was organized in 1975. The Company engages primarily in the developing, manufacturing, processing and trading of computers and related products. The Company’s registered office address is located at No.66 Hougang Street, Shilin District, Taipei City, Taiwan, R.O.C. The shares of the Company became officially listed and traded on the Taiwan Stock Exchange in November 1996.

The consolidated financial statements of the Company as of and for the year ended September 30, 2020 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the developing, computer hardware and software products, manufacturing, processing and trading of computers and related products, and sale of wired and wireless communication and digital accessory products. Please refer to Note 4(b) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2020.

(5) New Standards, Amendments and Interpretations not yet Adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

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

- (i) Amendments to IFRS 16 “Covid-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability is recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(c).

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The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the three months and the nine months ended September 30, 2020 were 82 thousand and 5,163 thousand, respectively.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”	January 1, 2021

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Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2020.9.30	2019.12.31	2019.9.30	
The Company	Inventec Corporation (Hong Kong) Ltd.	Investing in Mainland China and import and export business	100.00 %	100.00 %	100.00 %	(Note 1)
”	Inventec Holding (North America) Corp.	Investment of holding company in America	100.00 %	100.00 %	100.00 %	(Note 2)
”	Inventec (Cayman) Corp.	Holding Company	100.00 %	100.00 %	100.00 %	
”	IEC (Cayman) Corporation	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)

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Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2020.9.30	2019.12.31	2019.9.30	
The Company	Inventec (Czech), s.r.o.	Computer products assembly operations	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Development Japan Corporation	Developing, designing and selling computer peripherals	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Investments Co., Ltd.	Investment company	100.00 %	100.00 %	100.00 %	(Note 1)
"	AIMobile Co., Ltd.	Developing, production and selling of intelligent mobile devices	55.00 %	55.00 %	55.00 %	(Note 1)
"	Inventec Japan Corporation	Trading and management services	100.00 %	100.00 %	100.00 %	The subsidiary was established on August 29, 2019. (Note 1)
"	Inventec Appliances Corp.	Wireless terminal products	100.00 %	100.00 %	100.00 %	(Note 2)
The Company 、 Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Developing, production and selling of multi-crystalline solar cells	47.65 %	47.65 %	47.65 %	(Note 1)
The Company and Inventec Investments Co., Ltd.	E-TON Solar Tech. Co., Ltd	Manufacturing and selling of solar cells	- %	34.65 %	34.65 %	E-ton decided to dismiss on March 26, 2020. It is currently in liquidation process.
"	Inventec Manufacturing (India) Private Limited	Computer product assembles and warranty services	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00 %	- %	- %	(Note 1)
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Pudong) Technology Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Shanghai) Service Co., Ltd.	"	- %	100.00 %	100.00 %	(Note 1)
"	Inventec Hi-Tech Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Complete of the electronic computer and product and sale of external equipment	100.00 %	100.00 %	100.00 %	The subsidiary resolved to liquidate on July 28, 2020 and is currently in liquidation process.
"	Inventec (Chongqing) Service Co., Ltd	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	100.00 %	(Note 1)
"	TPV-Inventa Holding Ltd.	Holding Company	- %	90.00 %	90.00 %	The cancellation of registration process was completed in March 27, 2020.
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corp.	Assembly and sale of computer products	100.00 %	100.00 %	100.00 %	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Equipment leasing, Storage, technological development and sale of computer	78.00 %	78.00 %	78.00 %	(Note 1)
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management consulting	100.00 %	- %	- %	The subsidiary was established on September 4, 2020, and Inventec (Shanghai) Service Co., Ltd. invested it on April 30, 2020. (Note 1)

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Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2020.9.30	2019.12.31	2019.9.30	
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Computer product assemblies	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Manufacturing (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Configuration (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Distribution (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances Corporation USA, Inc.	Sale of electronics products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Shanghai) Co., Ltd.	Telecommunication research	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Pudong) Corp.	Electronic communication and products manufacturing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Jiangning) Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanjing) Corp.	House leasing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (XI'AN) Corporation	Telecommunication research and service	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanchang) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Malaysia) SDN. BHD.	Manufacture and sale of electronic materials and products	- %	100.00 %	100.00 %	Transferred 100% shares to Inventec Appliances (Pudong) Corp. on July 20, 2020. (Note 1)
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Development and consultation on software and hardware; as well as selling of electronic products	100.00 %	100.00 %	100.00 %	(Note 1)
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business management	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Manufacture of wearable devices and developing, design, manufacture and sale of telecommunications	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Manufacture and sale of electronic materials and products	100.00 %	- %	- %	Acquired 100% shares from Inventec Appliances (Cayman) Holding Corp. on July 20, 2020. (Note 1)

Note 1: The Company is a non-significant subsidiaries, its financial statements have not been reviewed.

Note 2: The Company is a non-significant subsidiaries, its financial statements have been reviewed.

2.Subsidiaries excluded from the consolidated financial statements: None.

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(c) Leases

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- (i) the rent concessions occurring as a direct consequence of the covid-19 pandemic;
- (ii) the change in lease payments that results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (iii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iv) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant Accounting Judgments, Estimation, Assumptions, and Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

- (a) Judgment on existence of substantial control over investee

The Group holds 37.528% of the outstanding voting shares of Inventec Besta Co., Ltd. (Besta) and obtains only one seat among all six board directors. Therefore, the Group does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Group does not have control over Besta.

(6) Explanation to Significant Accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note (6) of the 2019 annual consolidated financial statements.

- (a) Cash and cash equivalents

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Cash	\$ 7,155	9,416	5,614
Demand deposits and checking accounts	21,519,973	16,249,163	17,890,574
Time deposits	5,180,201	2,694,388	8,434,629
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 26,707,329</u>	<u>18,952,967</u>	<u>26,330,817</u>

- (b) Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income

1. Financial assets and liabilities at fair value through profit or loss

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Financial assets at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 87,506	-	18,151
Foreign exchange swap	232,896	125,305	5,425
Non-derivative financial assets			
Stocks of listed companies	112,511	115,909	88,929
Stocks of unlisted companies	220,441	-	-
Unquoted financial instruments	2,551,863	3,660,455	2,575,058
Unsecured convertible bonds	27,486	56,799	63,686
Total	<u>\$ 3,232,703</u>	<u>3,958,468</u>	<u>2,751,249</u>

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	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward exchange contracts	\$ 174,959	108,175	5,649
Foreign exchange swap	-	-	6,866
Total	<u>\$ 174,959</u>	<u>108,175</u>	<u>12,515</u>

The Group uses derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities.

1) Financial assets:

2020.9.30				
	Contract Amount		Currency	Maturity Period
Foreign exchange swap	USD	685,000	USD to TWD	2020.10.07-2020.12.28
Forward	USD	40,000	USD to TWD	2020.10.07-2020.12.28
Forward	USD	127,000	USD to CNY	2020.10.30-2020.12.31
2019.12.31				
	Contract Amount		Currency	Maturity Period
Foreign exchange swap	USD	335,000	USD to TWD	2020.02.18-2020.03.18
2019.9.30				
	Contract Amount		Currency	Maturity Period
Forward	USD	100,000	USD to TWD	2019.10.21-2019.11.06
Forward	USD	20,000	USD to CNY	2019.10.21
Forward	USD	2,000	USD to JPY	2019.10.21
Foreign exchange swap	USD	40,000	USD to TWD	2019.10.15-2019.10.17

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2) Financial liabilities:

2020.9.30				
	Contract Amount	Currency	Maturity Period	
Forward	USD 645,000	USD to TWD	2020.10.08-2020.12.22	
Forward	USD 15,000	USD to CNY	2020.12.30	
Forward	USD 28,306	USD to CNY	2021.07.05	
2019.12.31				
	Contract Amount	Currency	Maturity Period	
Forward	USD 335,000	USD to TWD	2020.02.18-2020.03.18	
2019.9.30				
	Contract Amount	Currency	Maturity Period	
Forward	USD 60,000	USD to TWD	2019.10.15-2019.10.21	
Foreign exchange swap	USD 80,000	USD to TWD	2019.10.22-2019.11.06	

2. Financial assets at fair value through other comprehensive income

	2020.9.30	2019.12.31	2019.9.30
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ 1,281,969	1,323,651	1,210,793
Stocks not listed on domestic markets	3,792,660	2,114,517	281,799
Total	<u>\$ 5,074,629</u>	<u>3,438,168</u>	<u>1,492,592</u>

1) Equity investments at fair value through other comprehensive income

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

2) For credit risk and market risk, please refer to note 6(x).

3) As of September 30, 2020, the aforesaid financial assets were not pledged as collateral.

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(c) Note and trade receivables

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Accounts receivable- non-related parties	\$ 107,645,904	88,594,198	89,359,434
Accounts receivable- related parties	8,447	-	-
Less: Loss allowance	<u>(128,254)</u>	<u>(102,855)</u>	<u>(129,441)</u>
	<u><u>\$ 107,526,097</u></u>	<u><u>88,491,343</u></u>	<u><u>89,229,993</u></u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income. As of September 30, 2020, December 31, 2019, and September 30, 2019, the amounts of trade receivables measured at fair value through other comprehensive income were \$902,529, \$3,061,165 and \$34,449,633, respectively.

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. The loss allowance provision was determined as follows:

	<u>2020.9.30</u>	
	<u>Gross carrying amount</u>	<u>Weighted-average</u>
Current	\$ 105,488,866	0%~1%
1 to 180 days past due	2,156,712	0.04%~10%
More than 180 days past due	<u>8,773</u>	0.04%~100%
	<u><u>\$ 107,654,351</u></u>	<u><u>128,254</u></u>

As of the end of October 27, 2020, the amount that received by the Group is \$29,164,086.

	<u>2019.12.31</u>	
	<u>Gross carrying amount</u>	<u>Weighted-average</u>
Current	\$ 84,510,859	0%~1%
1 to 180 days past due	3,963,098	0.04%~10%
More than 180 days past due	<u>120,241</u>	0.04%~100%
	<u><u>\$ 88,594,198</u></u>	<u><u>102,855</u></u>

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	2019.9.30		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 86,387,447	0%~1%	110,412
1 to 180 days past due	2,818,043	0.04%~10%	6,549
More than 180 days past due	153,944	0.04%~100%	12,480
	<u>\$ 89,359,434</u>		<u>129,441</u>

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

	For the nine months ended September 30,	
	2020	2019
Balance at January 1, 2020 and 2019	\$ 102,855	120,009
Impairment losses recognized	25,441	9,543
Foreign exchange losses	(42)	(111)
Balance at September 30, 2020 and 2019	<u>\$ 128,254</u>	<u>129,441</u>

The allowance for impairment account is used to record bad debt expenses. If the Group believes that it may not be able to collect the receivables. The accumulated impairment was used to offset the receivables when it is certain they are unrecoverable, after related legal actions were taken by the Group.

As of September 30, 2020, December 31, 2019 and September 30, 2019, none of the receivables above are pledged as collateral for loans and borrowings.

As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group sold its accounts receivable without recourse as follows:

(Unit: Foreign currency/TWD in Thousands)

2020.9.30						
	Amount	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
Purchaser	Derecognized	Unpaid	Paid			
Non-related parties	\$ <u>30,068,684</u>	USD <u>5,730</u>	USD <u>1,033,288</u>	-	1.07%~1.62%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor’s insolvency.
		Note				

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2019.12.31						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>25,959,896</u>	Note	USD <u>863,028</u>	-	2.58%~2.74%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

2019.9.30						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>22,376,574</u>	Note	USD <u>722,524</u>	-	2.89%~3.25%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

Note: The purchaser has the right to make factoring transactions with the company based on the amount allocated by the client under factoring agreement.

(d) Other receivables

	2020.9.30	2019.12.31	2019.9.30
Other accounts receivable—related parties	\$ 2,610	1,305	-
Other accounts receivable—non-related parties	785,340	753,670	893,792
	<u>\$ 787,950</u>	<u>754,975</u>	<u>893,792</u>

(e) Inventories

	2020.9.30	2019.12.31	2019.9.30
Raw materials and consumables	\$ 34,300,250	24,313,559	28,613,736
Work in process	8,414,847	8,709,279	9,741,378
Finished goods	3,926,897	4,288,687	8,158,642
Materials and supplies in transit	35,865	34,017	4,979
	<u>\$ 46,677,859</u>	<u>37,345,542</u>	<u>46,518,735</u>

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For the three months and nine months ended September 30, 2020 and 2019, the (write-up) write-down of inventories amounted to \$197,644, \$(241,201), \$132,046 and \$(391,932), respectively. When the factor causing the net realizable value to be lower than the cost is disappeared due to obsolescence or disposal, the increase of the net realizable value is recognized in deduction of operating cost. In addition, loss on inventory valuation and obsolescence is due to obsolescence or out of use, which causes the net realizable value to be lower than the cost. Loss on inventory valuation and obsolescence is due to obsolescence or out of use, which causes the net realizable value to be lower than the cost. Loss on inventory valuation and obsolescence is recognized in operating cost. For the three months and nine months ended September 30, 2020 and 2019, expenses of idle capacity amounted to \$96,636, \$48,179, \$195,543, and \$182,781, respectively.

As of September 30, 2020, December 31, 2019 and September 30, 2019, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

The investment using equity method was as follows:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Associate	\$ <u>220,218</u>	<u>247,194</u>	<u>256,758</u>

As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group's investments under equity method has not been pledged as collaterals.

Except for Inventec Besta Co., Ltd., investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Loss control of subsidiaries

The meeting of shareholders of E-Ton decided to dismiss their respective companies in 2020. It is currently in liquidation process. As a result, The Group lose control of these subsidiaries.

The details of assets and liabilities of the aforesaid subsidiaries were as follows:

Cash and cash equivalents	\$ 5,710
Property, plant and equipment	302,951
Investment property	1,026,336
Other receivables	40
Other current assets	27,253
Other assets	239,358
Accounts payable	(395)
Other payables	(19,369)
Long-term payable	(190,000)
Other liabilities	(109,093)
Carrying amount of net asset of the former subsidiary	<u>\$ 1,282,791</u>

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(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2020 and 2019 were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other facilities</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:									
Balance at January 1, 2020	\$ 7,884,298	20,800,616	24,774,688	103,832	5,325,639	10,517,913	665,838	1,851,731	71,924,555
Additions	-	3,713	800,463	136	326,174	145,964	4,771	692,970	1,974,191
Disposals	-	(1,925,498)	(2,133,592)	-	(368,147)	(1,918,575)	(2,372)	-	(6,348,184)
Other	(99,541)	(1,413,577)	(2,137,126)	-	(10,232)	116,065	(291,473)	(632,788)	(4,468,672)
Effect of movements in exchange rate	-	(223,407)	(267,668)	(1,057)	(79,444)	(118,571)	(14,738)	(14,152)	(719,037)
Balance at September 30, 2020	<u>\$ 7,784,757</u>	<u>17,241,847</u>	<u>21,036,765</u>	<u>102,911</u>	<u>5,193,990</u>	<u>8,742,796</u>	<u>362,026</u>	<u>1,897,761</u>	<u>62,362,853</u>
Balance at January 1, 2019	\$ 6,723,319	21,223,870	26,824,079	107,596	5,301,457	10,607,750	1,448,410	895,871	73,132,352
Additions	-	4,447	895,995	4,976	280,013	100,699	25,165	489,281	1,800,576
Disposals	-	-	(2,100,260)	(5,806)	(185,746)	(65,483)	(1,946)	-	(2,359,241)
Other	-	945	69,064	-	-	45,511	193	(40,304)	75,409
Effect of movements in exchange rate	-	(179,576)	(86,922)	(915)	(1,951)	(88,692)	(4,660)	973	(361,743)
Balance at September 30, 2019	<u>\$ 6,723,319</u>	<u>21,049,686</u>	<u>25,601,956</u>	<u>105,851</u>	<u>5,393,773</u>	<u>10,599,785</u>	<u>1,467,162</u>	<u>1,345,821</u>	<u>72,287,353</u>
Depreciation and impairment losses:									
Balance at January 1, 2020	\$ 10,231	6,653,767	20,714,397	71,883	4,683,815	8,540,656	520,348	-	41,195,097
Depreciation for the period	-	296,325	927,168	8,977	286,280	450,345	35,056	-	2,004,151
Disposals	-	(1,350,997)	(1,800,387)	-	(399,513)	(1,923,442)	(2,043)	-	(5,476,382)
Impairment loss	-	-	103,164	-	-	136	-	-	103,300
Other	(10,231)	(1,199,936)	(2,338,422)	-	(16,142)	(13,414)	(291,473)	-	(3,869,618)
Effect of movements in exchange rate	-	(67,610)	(220,847)	(754)	(64,272)	(112,232)	(9,106)	-	(474,821)
Balance at September 30, 2020	<u>\$ -</u>	<u>4,331,549</u>	<u>17,385,073</u>	<u>80,106</u>	<u>4,490,168</u>	<u>6,942,049</u>	<u>252,782</u>	<u>-</u>	<u>33,481,727</u>
Balance at January 1, 2019	\$ 9,183	6,358,805	22,157,507	67,329	4,632,500	8,276,131	1,306,381	-	42,807,836
Depreciation for the period	-	337,381	1,061,639	10,515	279,888	443,404	25,521	-	2,158,348
Disposals	-	-	(2,100,360)	(5,624)	(175,122)	(65,120)	(1,912)	-	(2,348,138)
Impairment loss	-	945	255,340	-	-	5,978	292	-	262,555
Effect of movements in exchange rate	-	(71,571)	(76,946)	(730)	(2,679)	(86,341)	(2,258)	-	(240,525)
Balance at September 30, 2019	<u>\$ 9,183</u>	<u>6,625,560</u>	<u>21,297,180</u>	<u>71,490</u>	<u>4,734,587</u>	<u>8,574,052</u>	<u>1,328,024</u>	<u>-</u>	<u>42,640,076</u>
Carrying amounts:									
Balance at January 1, 2020	<u>\$ 7,874,067</u>	<u>14,146,849</u>	<u>4,060,291</u>	<u>31,949</u>	<u>641,824</u>	<u>1,977,257</u>	<u>145,490</u>	<u>1,851,731</u>	<u>30,729,458</u>
Balance at September 30, 2020	<u>\$ 7,784,757</u>	<u>12,910,298</u>	<u>3,651,692</u>	<u>22,805</u>	<u>703,822</u>	<u>1,800,747</u>	<u>109,244</u>	<u>1,897,761</u>	<u>28,881,126</u>
Balance at January 1, 2019	<u>\$ 6,714,136</u>	<u>14,865,065</u>	<u>4,666,572</u>	<u>40,267</u>	<u>668,957</u>	<u>2,331,619</u>	<u>142,029</u>	<u>895,871</u>	<u>30,324,516</u>
Balance at September 30, 2019	<u>\$ 6,714,136</u>	<u>14,424,126</u>	<u>4,304,776</u>	<u>34,361</u>	<u>659,186</u>	<u>2,025,733</u>	<u>139,138</u>	<u>1,345,821</u>	<u>29,647,277</u>

As of September 30, 2020, December 31, 2019, and September 30, 2019, the property, plant and equipment were pledged as collateral, please refer to Note 8. The Group performed an impairment test on its property, plant and equipment, based on the experience of the past and actual operating result, the discontinued rate used in September 30, 2020 and December 31, 2019 were 10.89% and 10.50%. Thus, the Group adopted the value in use as its recoverable amount, and recognized the impairment losses based on the differences between the book values and the recoverable amounts of the property, plant and equipment. For September 30, 2020 and December 31, 2019, the impairment losses were \$103,300 and \$30,256 respectively.

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The meeting of shareholders of E-Ton decided to discontinue its business of solar cell manufacturing and dispose of related assets on June 21, 2019. Besides, E-Ton reassessed the impairment and additionally recognized \$263,603 and \$262,555 on impairment loss of related assets for the ended December 31, 2019 and nine months ended September 30, 2019.

Inventec (Pudong) Co., Ltd. disposed its plant and property on January 16, 2020, please refer to Note 13 for related information.

(i) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and other equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other</u>	<u>Total</u>
Cost:					
Original balance as of January 1, 2020	\$ 2,594,248	1,199,936	15,368	5,087	3,814,639
Additions	4,427	51,643	3,205	-	59,275
Termination before the expiration	(187,845)	(1,016)	(182)	-	(189,043)
Others	75,434	103,304	(2,914)	-	175,824
Effect of changes in foreign exchange rates	(32,036)	(9,866)	(72)	(22)	(41,996)
Balance as of September 30, 2020	<u>\$ 2,454,228</u>	<u>1,344,001</u>	<u>15,405</u>	<u>5,065</u>	<u>3,818,699</u>
Balance as of January 1, 2019	\$ 2,834,870	739,876	8,232	6,126	3,589,104
Additions	2,433	143,334	5,440	-	151,207
Termination before the expiration	-	(1,413)	-	(687)	(2,100)
Effect of changes in foreign exchange rates	(51,788)	(14,368)	10	6	(66,140)
Balance as of September 30, 2019	<u>\$ 2,785,515</u>	<u>867,429</u>	<u>13,682</u>	<u>5,445</u>	<u>3,672,071</u>
Accumulated depreciation and impairment losses:					
Original balance as of January 1, 2020	\$ 87,481	174,934	4,658	1,440	268,513
Depreciation for the year	53,648	158,639	4,188	1,014	217,489
Termination before the expiration	(32,671)	-	(182)	-	(32,853)
Others	(10,768)	-	(1,053)	-	(11,821)
Effect of changes in foreign exchange rates	(6,204)	(7,822)	(36)	(18)	(14,080)
Balance as of September 30, 2020	<u>\$ 91,486</u>	<u>325,751</u>	<u>7,575</u>	<u>2,436</u>	<u>427,248</u>
Balance as of January 1, 2019	\$ -	-	-	-	-
Depreciation for the year	78,495	126,512	3,173	1,266	209,446
Termination before the expiration	-	-	-	(67)	(67)
Effect of changes in foreign exchange rates	(8,280)	(2,134)	-	-	(10,414)
Balance as of September 30, 2019	<u>\$ 70,215</u>	<u>124,378</u>	<u>3,173</u>	<u>1,199</u>	<u>198,965</u>
Carrying amount:					
Balance at January 1, 2020	<u>\$ 2,506,767</u>	<u>1,025,002</u>	<u>10,710</u>	<u>3,647</u>	<u>3,546,126</u>
Balance at September 30, 2020	<u>\$ 2,362,742</u>	<u>1,018,250</u>	<u>7,830</u>	<u>2,629</u>	<u>3,391,451</u>
Balance at January 1, 2019	<u>\$ 2,834,870</u>	<u>739,876</u>	<u>8,232</u>	<u>6,126</u>	<u>3,589,104</u>
Balance at September 30, 2019	<u>\$ 2,715,300</u>	<u>743,051</u>	<u>10,509</u>	<u>4,246</u>	<u>3,473,106</u>

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(j) Investment property

	<u>Building and construction</u>
Carrying amounts:	
Balance at January 1, 2020	\$ <u><u>693,315</u></u>
Balance at September 30, 2020	\$ <u><u>-</u></u>
Balance at January 1, 2019	\$ <u><u>740,269</u></u>
Balance at September 30, 2019	\$ <u><u>705,577</u></u>

In order to facilitate the future sale of the factory and owned buildings in Annan District, 2nd Rd. through deducting the land price by the rent paid, E-ton resolved to apply for the purchase of land No. 455 and 455-1 in the Science and Technology Section of Annan District. E-ton obtained the approval letter from the Industrial Development Bureau on January 3, 2020, at a price of \$687,108, resulting in the payable to be \$327,587 after deducting the rent paid and security deposit. E-ton entered into an agreement with its related party on January 31, 2020 and borrowed the amount of \$190,000 for land purchase on February 4, 2020. The Group has loss control over E-ton on March 26, 2020, therefore all investment properties are eliminated.

There were no significant purchase, disposal, impairment loss or reversal gain on investment property for the nine months ended September 30, 2019. Please refer to Note 12(a) for the details of depreciation on investment property, and to Note 6(i) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

Please refer to Note 8 for the information of the Group's investment property pledged as collateral as of December 31, 2019, and September 30, 2019.

(k) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the nine months ended September 30, 2020 and 2019 were as follows:

	<u>Goodwill</u>	<u>Software cost</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2020	\$ <u><u>808,420</u></u>	<u><u>72,354</u></u>	<u><u>880,774</u></u>
Balance at September 30, 2020	\$ <u><u>808,420</u></u>	<u><u>81,432</u></u>	<u><u>889,852</u></u>
Balance at January 1, 2019	\$ <u><u>808,420</u></u>	<u><u>76,887</u></u>	<u><u>885,307</u></u>
Balance at September 30, 2019	\$ <u><u>808,420</u></u>	<u><u>95,186</u></u>	<u><u>903,606</u></u>

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For the nine months ended September 30, 2020 and 2019, there were no significant additions, disposal, recognition or reversal of impairment loss on intangible assets. Please refer to Note 12(a) for the details of amortization of intangible assets, and to Note 6(j) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

As of September 30, 2020, December 31, 2019, and September 30, 2019, the aforesaid intangible assets were not pledged as collateral.

(l) Other current assets and other non-current assets

The other current assets-others and other non-current assets of the Group were as follows:

	2020.9.30	2019.12.31	2019.9.30
Refundable deposits	\$ 64,103	173,802	180,574
Prepayments to suppliers	30,623	6,724	16,355
Restricted assets	1,469,562	64,081	24,105
Deferred Tax assets	1,755,579	1,653,148	1,617,077
Payments for other	2,282,862	-	-
Others	2,617,030	2,156,768	1,938,487
	\$ 8,219,759	4,054,523	3,776,598

The Group determines the substance of the transaction in terms of sales and production, as well as production of the same target, to complete its sales contract. The Group has the nature of an agent, and so the transaction is reflected as the net amount after the purchases and sales are written off. The unused inventory of purchases is listed as payments from others.

As of September 30, 2020, December 31, 2019, and September 30, 2019, the details of other non-current assets were pledged as collateral, please refer to Note 8.

(m) Long-term and short-term borrowings

The significant terms and conditions of long-term and short-term borrowings were as follows:

2020.9.30				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	0.80%~5.23%	TWD	2031.02.26	\$ 3,125,000
		CNY	2024.02.14	520,731
		USD	2020.10.22~2020.10.30	582,000
Unsecured bank loans	0.56%~2.90%	TWD	2020.10.07~2021.05.31	9,840,107
		USD	2020.10.06~2021.06.04	33,731,621
		EUR	2021.05.31	3,484
Total				\$ 47,802,943
Current				\$ 44,457,212
Non-current				3,345,731
Total				\$ 47,802,943
Unused credit line				\$ 59,725,865

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2019.12.31				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.44%~5.23%	TWD	2031.02.26	\$ 3,350,000
		CNY	2024.02.14	833,134
Unsecured bank loans	0.65%~3.79%	TWD	2020.01.03~2020.07.25	5,847,701
		USD	2020.01.03~2020.11.17	19,377,878
Total				<u><u>\$ 29,408,713</u></u>
Current				\$ 25,525,579
Non-current				3,883,134
Total				<u><u>\$ 29,408,713</u></u>
Unused credit line				<u><u>\$ 75,851,186</u></u>

2019.9.30				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.44%~5.23%	TWD	2031.02.26	\$ 3,425,000
		CNY	2024.02.14	617,195
Unsecured bank loans	0.63%~4.08%	TWD	2019.10.02~2020.07.25	6,652,589
		USD	2019.10.01~2020.08.11	27,216,356
Total				<u><u>\$ 37,911,140</u></u>
Current				\$ 34,168,945
Non-current				3,742,195
Total				<u><u>\$ 37,911,140</u></u>
Unused credit line				<u><u>\$ 64,153,401</u></u>

1. Please refer to Note 8 for details of the related assets pledged as collateral.

2. Contract of bank loans

According to the “Key points for the Ministry of Economic Affairs to Assist Enterprises in Bank Credit and Debt Negotiations”, Inventec Solar Energy Corporation applied to the Industrial Development Bureau for Claims and liability negotiation on April 7, 2020, requesting a one year extension of repayment period for its long and short-term loans. The approval of more than half of the total creditor bank claims on June 10, 2020 was based on the bank meetings held on April 30, and May 18, 2020.

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During the extension period due on May 31, 2021, the financial restraints will not be calculated. On the other hand, the interest rate for borrowing in Taiwan dollars is calculated at the rate of 1.50% (but not lower than the interest on advances from major shareholders), and the interest rate for borrowing in US dollars is calculated at the rate of 2.20%.

(n) Lease liabilities

The Group lease liabilities were as follows:

	2020.9.30	2019.12.31	2019.9.30
Current	\$ <u><u>193,301</u></u>	<u><u>200,289</u></u>	<u><u>188,384</u></u>
Non-current	\$ <u><u>783,001</u></u>	<u><u>976,791</u></u>	<u><u>868,165</u></u>

For the maturities analysis, please refer to Note 6(x).

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest on lease liabilities	\$ <u><u>8,246</u></u>	<u><u>8,808</u></u>	<u><u>22,007</u></u>	<u><u>24,210</u></u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u><u>8,902</u></u>	<u><u>19,822</u></u>	<u><u>36,944</u></u>	<u><u>60,911</u></u>
Expenses relating to short-term leases	\$ <u><u>4,641</u></u>	<u><u>22,776</u></u>	<u><u>24,402</u></u>	<u><u>52,809</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>21,601</u></u>	<u><u>2,273</u></u>	<u><u>36,208</u></u>	<u><u>5,710</u></u>
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	\$ <u><u>82</u></u>	<u><u>-</u></u>	<u><u>5,163</u></u>	<u><u>-</u></u>

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

	For the nine months ended	
	September 30,	
	2020	2019
Total cash outflow for leases	\$ 266,156	298,467

1. Real estate leases

As of September 30, 2020, the Group leases land and buildings for its office space and plants. The leases of office space typically run for 2 to 13 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

The Group leases vehicles and equipment, with lease terms of two to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases dormitory, vehicles and other equipment with contract terms of one to two years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Operating Leases

For the nine months ended September 30, 2020, there were no significant changes on lease contracts. Please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

(p) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2019 and 2018.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Operating cost	\$ 428	448	1,325	1,351
Selling expenses	486	545	1,400	1,643
Administration expenses	1,120	1,308	3,284	3,928
Research and development expenses	2,291	2,651	6,967	7,936
	<u>\$ 4,325</u>	<u>4,952</u>	<u>12,976</u>	<u>14,858</u>

2. Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$63,756, \$63,290, \$191,965 and \$188,644 for the three months and nine months ended September 30, 2020 and 2019, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$207,040, \$396,272, \$542,854 and \$1,230,615 for the three months and nine months ended September 30, 2020 and 2019, respectively.

(q) Income taxes

Income tax expense for the year is estimated by multiplying the pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management.

1. The components of income tax expense (gain) for the three months and nine months ended September 30, 2020 and 2019 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Current tax expense				
Current period	<u>\$ 549,598</u>	<u>496,973</u>	<u>3,333,135</u>	<u>1,307,659</u>

For the nine months ended September 30, 2020 and 2019, there were no income tax recognized in equity and other comprehensive income.

2. Income Tax approval

The Company's income tax returns through 2016 have been examined and approved by the Tax Authority.

(r) Capital and reserves

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2020 and 2019. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2019.

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1. Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the Company act, the Company authorizes the Board of Directors, with more than two thirds of attendance and over half of those attendees, to resolve the distribution of dividends and bonuses, or one or both of the legal reserves and additional paid-in capital specified by the Company act, Article 241, in the form of cash; thereafter, to be reported during the shareholders' meeting.

1) Legal reserve

In accordance with the ROC Company Act, 10 percent of net income should be set aside as legal reserve, until it is equal to share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with Permit No.1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from the current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

On March 24, 2020, the Company's board of directors resolved to distribute the 2019 earnings. On June 14, 2019, the shareholder's meetings resolved to distribute the 2018 earnings. These earnings were appropriated for distribution as follows:

	<u>2019</u>	<u>2018</u>
	<u>Amount</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u>4,663,718</u>	<u>5,381,213</u>

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(s) Share-Based payments

There were no significant changes on share-based payment for the nine months ended September 30, 2020. Please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

(t) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Basic earnings per share:				
Profit attributable to ordinary shareholders	\$ <u>1,931,429</u>	<u>1,063,946</u>	<u>6,622,634</u>	<u>4,125,379</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	\$ <u>0.54</u>	<u>0.30</u>	<u>1.85</u>	<u>1.15</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u>1,931,429</u>	<u>1,063,946</u>	<u>6,622,634</u>	<u>4,125,379</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>	<u>3,587,475</u>
Effect of dilutive potential common shares (thousand shares)				
profit sharing to employees	<u>7,211</u>	<u>3,217</u>	<u>31,560</u>	<u>20,276</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,594,686</u>	<u>3,590,692</u>	<u>3,619,035</u>	<u>3,607,751</u>
Diluted earnings per share (NT dollars)	\$ <u>0.54</u>	<u>0.30</u>	<u>1.83</u>	<u>1.14</u>

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(u) Revenue from contracts with customers

1. Disaggregation of revenue

For the three months ended September 30, 2020			
	Core	Solar Energy	Total
Primary geographical markets			
Taiwan	\$ 13,499,759	187,933	13,687,692
USA	93,249,909	41,955	93,291,864
Japan	967,015	-	967,015
Hong Kong, Macao and Mainland China	22,852,950	(17,791)	22,835,159
Other countries	14,598,645	-	14,598,645
	\$ 145,168,278	212,097	145,380,375
Major products			
Computer product	\$ 144,933,120	-	144,933,120
Solar energy	-	212,097	212,097
Service	235,158	-	235,158
	\$ 145,168,278	212,097	145,380,375
For the three months ended September 30, 2019			
	Core	Solar Energy	Total
Primary geographical markets			
Taiwan	\$ 1,701,470	760,228	2,461,698
USA	86,655,291	91,279	86,746,570
Japan	3,522,506	-	3,522,506
Hong Kong, Macao and Mainland China	17,855,813	247,926	18,103,739
Other countries	17,873,338	-	17,873,338
	\$ 127,608,418	1,099,433	128,707,851
Major products			
Computer product	\$ 127,336,213	-	127,336,213
Solar energy	-	1,099,433	1,099,433
Service	272,205	-	272,205
	\$ 127,608,418	1,099,433	128,707,851

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For the nine months ended September 30, 2020			
	Core	Solar Energy	Total
Primary geographical markets			
Taiwan	\$ 22,061,519	786,454	22,847,973
USA	258,830,264	116,360	258,946,624
Japan	6,773,421	-	6,773,421
Hong Kong, Macao and Mainland China	52,684,697	212,354	52,897,051
Other countries	41,352,213	-	41,352,213
	\$ 381,702,114	1,115,168	382,817,282
Major products			
Computer product	\$ 381,200,701	-	381,200,701
Solar energy	-	1,115,168	1,115,168
Service	501,413	-	501,413
	\$ 381,702,114	1,115,168	382,817,282
For the nine months ended September 30, 2019			
	Core	Solar Energy	Total
Primary geographical markets			
Taiwan	\$ 4,778,165	2,033,070	6,811,235
USA	247,383,712	235,559	247,619,271
Japan	11,059,814	-	11,059,814
Hong Kong, Macao and Mainland China	52,375,974	668,712	53,044,686
Other countries	52,748,112	91,657	52,839,769
	\$ 368,345,777	3,028,998	371,374,775
Major products			
Computer product	\$ 367,701,074	-	367,701,074
Solar energy	-	3,028,998	3,028,998
Service	644,703	-	644,703
	\$ 368,345,777	3,028,998	371,374,775

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2. Contract balances

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Notes and Accounts receivable (included related parties)	\$ 107,654,351	88,594,198	89,359,434
Less: Loss allowance	(128,254)	(102,855)	(129,441)
Total	<u>\$ 107,526,097</u>	<u>88,491,343</u>	<u>89,229,993</u>
 Contract liabilities	 <u>\$ 7,428,251</u>	 <u>6,449,213</u>	 <u>6,489,783</u>

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

The amount of revenue recognized for the three months and nine months ended September 30, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$2,228,783, \$2,269,467, \$5,832,682 and \$7,870,897, respectively.

The contract liabilities primarily relate to deferred recognition of warranty revenue, for which revenue is recognized when the warranties are redeemed or when they expire.

(v) Remuneration of employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration.

If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the board of directors.

The remuneration of employees amounted to \$161,885, \$68,836, \$559,086 and \$296,518 and the remuneration of directors amounted to \$29,638, \$13,652, \$102,356 and \$58,809 for the three months and nine months ended September 30, 2020 and 2019, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations are expensed under operating cost or expenses in September 30, 2020 and 2019. The difference between the actual amounts of employee remuneration and estimation of employee remuneration, if any, will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

In the financial statements for the years 2019 and 2018, the Company accrued the employee remuneration of \$424,704 and \$490,803, and the board of directors' remuneration of \$77,754 and \$97,342, respectively. There were no differences between the amounts to be distributed as remuneration to employees and directors and those of the estimation made by the Company. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

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(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest income from bank deposits	\$ 271,630	385,923	857,302	1,006,734

2. Other income

The details of other income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Rent income	\$ 56,008	104,472	186,480	222,331
Dividend income	30,069	20,829	30,069	20,829
	\$ 86,077	125,301	216,549	243,160

3. Other income and losses

The details of other income and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Foreign exchange losses	\$ (43,211)	(615,486)	(683,871)	(439,990)
Gain on disposal of investments	-	-	24,435	-
Net gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	336,813	60,007	649,007	138,835
Gain on disposal of property, plant and equipment	(63)	30,903	4,739,995	46,387
Gain on non-current assets held-for-sell	-	17	-	628,470
Impairment loss on property, plant and equipment	(47,927)	-	(103,300)	(262,555)
Other impairment loss	-	-	-	(51,057)
Other	433,518	140,549	878,953	512,891
	\$ 679,130	(384,010)	5,505,219	572,981

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4. Finance costs

The details of finance expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest expenses				
Bank borrowings	\$ 156,756	230,294	505,159	690,254
Others	112,085	268,120	341,020	682,812
	<u>\$ 268,841</u>	<u>498,414</u>	<u>846,179</u>	<u>1,373,066</u>

(x) Financial instruments

There were no significant differences in the Group's exposure to credit risk on financial instruments, except for the following. Please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2019 for other related information.

1. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimation of interest, but excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
September 30, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,227,731	4,516,703	764,205	181,236	402,298	1,490,786	1,678,178
Unsecured bank loans	43,575,212	43,662,682	40,324,409	3,338,273	-	-	-
Accounts payable	87,216,175	87,216,175	87,216,175	-	-	-	-
Other payables	10,449,750	10,449,750	10,449,750	-	-	-	-
Lease liabilities	976,302	1,080,463	111,076	109,456	156,428	402,688	300,815
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	174,959	(20,065,385)	(20,065,385)	-	-	-	-
Inflow	-	19,890,426	19,890,426	-	-	-	-
	<u>\$ 146,620,129</u>	<u>146,750,814</u>	<u>138,690,656</u>	<u>3,628,965</u>	<u>558,726</u>	<u>1,893,474</u>	<u>1,978,993</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
December 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,183,134	4,628,036	189,281	192,619	382,057	1,930,829	1,933,250
Unsecured bank loans	25,225,579	26,354,636	26,339,684	14,952	-	-	-
Accounts payable	71,342,557	71,342,557	71,342,557	-	-	-	-
Other payable	6,169,489	6,169,489	6,169,489	-	-	-	-
Lease liabilities	1,177,080	1,308,241	112,656	119,727	181,668	456,376	437,814
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	108,175	(10,119,285)	(10,119,285)	-	-	-	-
Inflow	-	10,011,110	10,011,110	-	-	-	-
	<u>\$ 108,206,014</u>	<u>109,694,784</u>	<u>104,045,492</u>	<u>327,298</u>	<u>563,725</u>	<u>2,387,205</u>	<u>2,371,064</u>
September 30, 2019							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,042,195	4,460,974	190,480	189,613	375,716	1,690,075	2,015,090
Unsecured bank loans	33,868,945	33,948,125	33,904,303	43,822	-	-	-
Accounts payable	77,007,687	77,007,687	77,007,687	-	-	-	-
Other payables	6,189,606	6,189,606	6,189,606	-	-	-	-
Lease liabilities	1,056,549	1,168,974	105,494	113,486	220,006	441,684	288,304
Derivative financial liabilities							
Forward exchange contracts not used for hedging :							
Outflow	5,649	(1,863,520)	(1,863,520)	-	-	-	-
Inflow	-	1,857,871	1,857,871	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	6,866	(2,472,700)	(2,472,700)	-	-	-	-
Inflow	-	2,465,834	2,465,834	-	-	-	-
	<u>\$ 122,177,497</u>	<u>122,762,851</u>	<u>117,385,055</u>	<u>346,921</u>	<u>595,722</u>	<u>2,131,759</u>	<u>2,303,394</u>

The Group are not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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2.Currency risks

1) Exposure to currency risks

The Group's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

2020.9.30				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 6,429,645	USD : TWD	29.10	187,102,670
	465,530	USD : CNY	6.81	13,546,923
	293,137	USD : CZK	23.24	8,530,287
CNY	5,606,295	CNY : USD	0.15	23,956,259
JPY	6,221	JPY : TWD	0.27	1,680
<u>Non-monetary items</u>				
USD	56,303	USD : TWD	29.10	1,624,460
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	5,432,080	USD : TWD	29.10	158,073,528
	263,977	USD : CNY	6.81	7,681,731
	363,790	USD : CZK	23.24	10,586,289
CNY	313,240	CNY : USD	0.15	1,338,506
2019.12.31				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,595,867	USD : TWD	30.08	138,243,679
	633,654	USD : CNY	6.98	19,060,312
	293,178	USD : CZK	22.62	8,818,794
CNY	3,593,671	CNY : USD	0.14	15,495,191
JPY	6,563	JPY : TWD	0.28	1,838
<u>Non-monetary items</u>				
USD	59,255	USD : TWD	30.08~32.19	1,785,737

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2019.12.31				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	3,743,732	USD : TWD	30.08	112,611,459
	522,687	USD : CNY	6.98	15,722,425
	379,553	USD : CZK	22.62	11,416,954
CNY	309,273	CNY : USD	0.14	1,333,523
2019.9.30				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,839,919	USD : TWD	30.97	149,892,291
	718,271	USD : CNY	7.07	22,244,853
	291,203	USD : CZK	23.71	9,018,557
CNY	5,020,608	CNY : USD	0.14	21,990,263
JPY	4,995	JPY : TWD	0.29	1,449
<u>Non-monetary items</u>				
USD	57,886	USD : TWD	30.44~32.19	1,791,993
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	3,795,820	USD : TWD	30.97	117,556,545
	680,653	USD : CNY	7.07	21,079,823
	359,973	USD : CZK	23.71	11,148,364
CNY	278,469	CNY : USD	0.14	1,219,694

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, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of September 30, 2020 and 2019 would have increased or decreased the net profit after tax by \$212,627 and \$181,665, respectively. The analysis is performed on the same basis for both periods.

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3) Gains or losses on foreign exchange

As Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the nine months ended September 30, 2020 and 2019, the foreign exchange loss, including realized and unrealized, amounted to \$(683,871) and \$(439,990), respectively.

3. Fair value of financial instruments

1) Fair value hierarchy

The Group uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified 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).

Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. However, for financial instruments not measured at fair value whose carrying amount is estimated reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, the disclosure of their fair value information is not required :

	2020.9.30				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 320,402	-	320,402	-	320,402
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,912,301	332,952	-	2,579,349	2,912,301
Subtotal	3,232,703	332,952	320,402	2,579,349	3,232,703
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,163,960	1,163,960	-	-	1,163,960
Unquoted equity instruments	3,910,669	-	118,009	3,792,660	3,910,669
Subtotal	5,074,629	1,163,960	118,009	3,792,660	5,074,629

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		2020.9.30			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	26,707,329	-	-	-	-
Accounts receivable and other receivables	108,314,047	-	-	-	-
Other financial assets and refundable deposit	1,533,665	-	-	-	-
Subtotal	136,555,041	-	-	-	-
Total	<u>\$ 144,862,373</u>	<u>1,496,912</u>	<u>438,411</u>	<u>6,372,009</u>	<u>8,307,332</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 174,959	-	174,959	-	174,959
Financial liabilities at amortized cost					
Bank loans	47,802,943	-	-	-	-
Accounts payable	87,216,175	-	-	-	-
Other payables	10,449,750	-	-	-	-
Lease liabilities	976,302	-	-	-	-
Subtotal	146,445,170	-	-	-	-
Total	<u>\$ 146,620,129</u>	<u>-</u>	<u>174,959</u>	<u>-</u>	<u>174,959</u>
		2019.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 125,305	-	125,305	-	125,305
Non-derivative financial assets mandatorily measured at fair value through profit or loss	3,833,163	115,909	-	3,717,254	3,833,163
Subtotal	3,958,468	115,909	125,305	3,717,254	3,958,468
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,194,430	1,194,430	-	-	1,194,430
Unquoted equity instruments	2,243,738	-	129,221	2,114,517	2,243,738
Subtotal	3,438,168	1,194,430	129,221	2,114,517	3,438,168

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		2019.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	18,952,967	-	-	-	-
Accounts receivable and other receivables	89,246,318	-	-	-	-
Other financial assets and refundable deposit	237,884	-	-	-	-
Subtotal	108,437,169	-	-	-	-
Total	<u>\$ 115,833,805</u>	<u>1,310,339</u>	<u>254,526</u>	<u>5,831,771</u>	<u>7,396,636</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 108,175	-	108,175	-	108,175
Financial liabilities at amortized cost					
Bank loans	29,408,713	-	-	-	-
Accounts payable	71,342,557	-	-	-	-
Other payables	11,571,105	-	-	-	-
Lease liabilities	1,177,080	-	-	-	-
Subtotal	113,499,455	-	-	-	-
Total	<u>\$ 113,607,630</u>	<u>-</u>	<u>108,175</u>	<u>-</u>	<u>108,175</u>
		2019.9.30			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 23,576	-	23,576	-	23,576
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,727,673	88,929	-	2,638,744	2,727,673
Subtotal	2,751,249	88,929	23,576	2,638,744	2,751,249
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,160,625	1,160,625	-	-	1,160,625
Unquoted equity instruments	331,967	-	50,168	281,799	331,967
Subtotal	1,492,592	1,160,625	50,168	281,799	1,492,592

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	2019.9.30				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost					
Cash and cash equivalents	26,330,817	-	-	-	-
Accounts receivable and other receivables	90,123,785	-	-	-	-
Other financial assets and refundable deposit	204,679	-	-	-	-
Subtotal	116,659,281	-	-	-	-
Total	<u>\$ 120,903,122</u>	<u>1,249,554</u>	<u>73,744</u>	<u>2,920,543</u>	<u>4,243,841</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 12,515	-	12,515	-	12,515
Financial liabilities at amortized cost					
Bank loans	37,911,140	-	-	-	-
Account payable	77,007,687	-	-	-	-
Other payable	11,355,758	-	-	-	-
Lease liabilities	1,056,549	-	-	-	-
Subtotal	127,331,134	-	-	-	-
Total	<u>\$ 127,343,649</u>	<u>-</u>	<u>12,515</u>	<u>-</u>	<u>12,515</u>

2) Valuation techniques and assumption for financial instruments measured at fair value:

The fair value of financial assets and liabilities was decided in accordance with the solutions as follows:

(2.1) Non-derivative financial instruments

- A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.
- B. The fair value of private equity is based on standard terms and quoted market prices.
- C. The fair value of unquoted equity instruments was estimated using the market comparable price or net asset value method. The assumption of market comparable price method was based on a comparison between the market prices of each listed company, multiplied by using the estimated price. The discount effect is adjusted due to lack of market liquidity in equity securities.
- D. The fair value of unquoted instruments was estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the consolidated subsidiaries on the measurement day.

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(2.2) Derivative financial instruments

Foreign exchange swap and forward exchange were usually evaluated in the latest forward rate.

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the nine months ended September 30, 2020 and 2019.

4) The following table shows the movements in fair value measurements under level 3 of the fair value hierarchy:

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2020	\$ 3,717,254	2,114,517
Total gains and losses recognized in		
Profit or loss	24,578	-
Other comprehensive income	-	990,853
Purchase	7,073,679	687,008
Disposals	(8,066,475)	-
Transfers out of Level 3	(74,980)	-
Effect of movements in exchange rate	(94,707)	282
Balance as of September 30, 2020	\$ 2,579,349	3,792,660
Balance as of January 1, 2019	\$ 2,402,590	264,886
Total gains and losses recognized in		
Profit or loss	75,339	-
Other comprehensive income	-	13,212
Purchase	10,313,467	3,245
Disposals	(10,035,667)	-
Effect of movements in exchange rate	(116,985)	456
Balance as of September 30, 2019	\$ 2,638,744	281,799

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For the nine months ended September 30, 2020 and 2019, total gains and losses included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the nine months ended September 30,	
	2020	2019
Total gains and losses recognized in:		
In profit or loss, and included “other gains and losses”	\$ (41,634)	10,575
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	990,853	13,212

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Company uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> · Market Multiple (0.85~1.92) · Discount due to Lack of Market liquidity (20%~30%) 	<ul style="list-style-type: none"> · The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through profit or loss—financial instruments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> · Discounted Rate (2.50%~3.43% on September 30, 2020 3.20%~4.00% and December 31, 2019 3.05%~3.95% on September 30, 2019) 	<ul style="list-style-type: none"> · The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> · Net Asset Value 	<ul style="list-style-type: none"> · Not applicable
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> · Net Asset Value 	<ul style="list-style-type: none"> · Not applicable

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6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

			Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
	Input	Variation	Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
September 30, 2020						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 4,369	(4,369)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	18,923	(18,923)
December 31, 2019						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 2,187	(2,187)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	33,497	(33,497)
September 30, 2019						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 1,338	(1,338)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	617	(617)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

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4. Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The Group also performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Group has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

2020.9.30						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 408,697,789	408,291,938	405,851	-	-	405,851
Derivative financial instruments	184,307	-	184,307	-	-	184,307
Total	\$ 408,882,096	408,291,938	590,158	-	-	590,158

2020.9.30						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 145,923	-	145,923	-	-	145,923

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2019.12.31						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 413,711,801	413,317,202	394,599	-	-	394,599
Derivative financial instruments	33,069	-	33,069	-	-	33,069
Total	<u>\$ 413,744,870</u>	<u>413,317,202</u>	<u>427,668</u>	<u>-</u>	<u>-</u>	<u>427,668</u>

2019.12.31						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	<u>\$ 108,175</u>	-	<u>108,175</u>	-	-	<u>108,175</u>

2019.9.30						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 413,835,503	413,461,603	373,900	-	-	373,900
Derivative financial instruments	15,292	-	15,292	-	-	15,292
Total	<u>\$ 413,850,795</u>	<u>413,461,603</u>	<u>389,192</u>	<u>-</u>	<u>-</u>	<u>389,192</u>

2019.9.30						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	<u>\$ 5,649</u>	-	<u>5,649</u>	-	-	<u>5,649</u>

Note: Master netting arrangements are included.

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(y) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note (6)(x) of the consolidated financial statements for the year ended December 31, 2019.

(z) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in Note (6)(y) for the year ended December 31, 2019.

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

The Group has no investing and financing activities which did not affect the current cash flow for the nine months ended September 30, 2020.

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2020	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	September 30, 2020
Long-term borrowings	\$ 3,883,134	3,179,314	(3,717,000)	283	3,345,731
Short-term borrowings (including current portion of long-term borrowings)	25,525,579	15,544,165	3,717,000	(329,532)	44,457,212
Lease liabilities (Note)	1,177,080	(146,595)	(108,547)	54,364	976,302
Total liabilities from financing activities	<u>\$ 30,585,793</u>	<u>18,576,884</u>	<u>(108,547)</u>	<u>(274,885)</u>	<u>48,779,245</u>

	January 1, 2019	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	September 30, 2019
Long-term borrowings	\$ 3,409,061	638,805	(284,061)	(21,610)	3,742,195
Short-term borrowings (including current portion of long-term borrowings)	31,857,950	2,142,979	284,061	(116,045)	34,168,945
Lease liabilities (Note)	1,074,436	(154,827)	148,773	(11,833)	1,056,549
Total liabilities from financing activities	<u>\$ 36,341,447</u>	<u>2,626,957</u>	<u>148,773</u>	<u>(149,488)</u>	<u>38,967,689</u>

Note: Reclassification is due to additional and early terminated lease liability during this period.

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(7) Related Party Transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Inventec Besta Co., Ltd.	Associates
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of associates
Gainia Intellectual Asset Services, Inc.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Welfare Committee	The same chairman of the Group
Kou-I Yeh	Director of the board of the Company
Ching-Sung Chang	Director of the board of the Company

(b) Significant transactions with related parties

1. Sale revenue

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Associates	\$ 8,447	1,720	9,693	1,720
Other related parties	35	-	310	-
	<u>\$ 8,482</u>	<u>1,720</u>	<u>10,003</u>	<u>1,720</u>

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of OA 30~90 days for sales. Receivables from related parties were not secured with collaterals, and did not require provisions for impairment.

2. Purchase

The amounts of significant purchase transactions between the Group and associates were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Associates	\$ 551	-	6,002	-

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There is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling price agreed by both sides. The payment term is 30~75 days °

3.Accounts receivable from related parties

The amounts of accounts receivable between the Group and related parties were as follows:

Financial Statement Account	Related Party Categories	2020.9.30	2019.12.31	2019.9.30
Accounts receivable	Associates	\$ 8,417	-	-
	Other related parties	30	-	-
Other receivables	Associates	2,610	1,305	-
		<u>\$ 11,057</u>	<u>1,305</u>	<u>-</u>

4.Accounts payable to Related Parties

The amounts of accounts payables between the Group and related parties were as follows:

Financial Statement Account	Related Party Categories	2020.9.30	2019.12.31	2019.9.30
Accounts payable	Associates	\$ 365	-	-
Other payables	Associates	1,850	2,477	14,552
"	Other related parties	300,000	250,000	250,000
		<u>\$ 302,215</u>	<u>252,477</u>	<u>264,552</u>

As of September 30, 2020, December 31, 2019, and September 30, 2019, the Group borrowed the amount of \$300,000, \$250,000 and \$250,000 from shareholders, respectively, which were accounted as other payables. The borrowing interest rate was 1.50%, 2.13% and 2.13%.

5.Property transactions

1) Acquisition of property, plant, equipment, intangible assets and other assets

For the three months and nine months ended September 30, 2020 and 2019, the Group purchased equipment, intangible assets and other assets from Inventec Besta Co., Ltd. and paid the amount \$4,980, \$13,362, \$9,196 and \$28,059, respectively.

6.Others

1) Rental and other revenue collected from related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Associates	<u>\$ 3,134</u>	<u>659</u>	<u>5,674</u>	<u>4,872</u>

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2) Donations for other related parties were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Other related parties \$	-	-	10,000	10,000

3) Payments for system development expenses, maintenance expenses and service expenses to associates were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Associates \$	1,763	2,085	3,560	6,668

(c) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Short-term employee benefits \$	119,375	144,576	373,583	438,559
Post-employment benefit	919	939	2,787	2,817
\$	120,294	145,515	376,370	441,376

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2020.9.30	2019.12.31	2019.9.30
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 64,103	173,802	180,574
Restricted cash in banks (Other current assets and Other non-current assets)	Borrowings	1,469,562	64,081	24,105
Land, buildings, structures, machinery and equipment, net (Property, plant and equipment, investment property and right-of-use assets)	Current portion long-term borrowings, as well as long-term borrowings and credit line	8,397,183	8,395,434	9,215,965
Total		\$ 9,930,848	8,633,317	9,420,644

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(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
EUR	\$ 306	67	67
USD	1,619	3,795	3,180
TWD	25,345	13,461	8,608

2.Promissory notes issued for bank credit, forward contracts, secured deposits for executing technology agreements with the government and property deposits were as follows:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
TWD	\$ 21,913,676	22,379,023	22,537,808
USD	1,692,400	1,464,400	1,471,400

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By function By item	For the three months ended September 30, 2020			For the three months ended September 30, 2019		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,950,235	2,178,565	4,128,800	3,497,352	2,113,742	5,611,094
Labor and health insurance	211,130	177,265	388,395	340,483	182,287	522,770
Pension	162,072	113,049	275,121	343,220	121,294	464,514
Others	164,087	61,319	225,406	174,266	72,993	247,259
Depreciation	501,022	222,439	723,461	492,897	277,543	770,440
Amortization	50,414	153,355	203,769	75,115	136,763	211,878

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By function By item	For the nine months ended September 30, 2020			For the nine months ended September 30, 2019		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	6,758,708	6,529,365	13,288,073	9,737,508	6,354,376	16,091,884
Labor and health insurance	594,073	512,072	1,106,145	911,847	551,045	1,462,892
Pension	445,265	302,530	747,795	1,059,106	375,011	1,434,117
Others	389,544	179,650	569,194	489,699	218,075	707,774
Depreciation	1,494,499	739,401	2,233,900	1,564,214	810,010	2,374,224
Amortization	161,468	462,773	624,241	333,367	451,156	784,523

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine month ended September 30, 2020:

1. 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	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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec (Chongqing) Corp.(Note 2)	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Other receivables	Y	523,800	-	-	-	2	-	Working Capital	-	None	-	3,026,261	3,026,261
2	Inventec Appliances (Nanjing) Corp.(Note 3)	Inventec Appliances (XIFAN) Corporation	"	Y	100,395	81,187	59,822	3.045%	2	-	"	-	"	-	326,835	326,835
3	Inventec Appliances (Shanghai) Co., Ltd.(Note 3)	Inventec Appliances (Shanghai) Interprise	"	Y	30,555	-	-	-	2	-	"	-	"	-	1,785,604	1,785,604
3	"	Inventec Appliances (Nanchang) Intelligent manufacturing Co., Ltd.	"	Y	130,950	128,190	128,190	3.045%	2	-	"	-	"	-	1,785,604	1,785,604
4	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	"	Y	800,000	800,000	331,550	1.95%	2	-	"	-	"	-	8,944,922	8,944,922

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	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	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
5	Inventec (Pudong) Corp.(Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	1,375,680	1,367,360	1,079,221	5.225%	2	-	Working Capital	-	None	-	1,521,678	1,521,678
5	"	Inventec Hi-Tech Corp.	"	Y	85,980	85,460	-	-	2	-	"	-	"	-	3,804,195	3,804,195

Note 1: (1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note 2: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 3: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 4: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 100 percent of the permitted aggregate amount of loans of the company. Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 5: The transactions with the Group were eliminated in the consolidated financial statements.

Note 6: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

- Guarantees and endorsements for other parties: None.
- Securities held as of balance sheet date (excluding investment subsidiaries, associates and joint ventures) :

(In Thousands of New Taiwan Dollars)

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 (Note1)	
The Company	WK Technology Fund IV Corp.	-	Non-current financial assets at fair value through other comprehensive income	645	5,296	1.52 %	5,296	
"	Global Strategy Venture Capital Corporation	-	"	2,835	14,118	6.45 %	14,118	
"	Arima Communications Corp.	-	"	21,114	118,009	10.15 %	118,009	
"	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,163,960	0.96 %	1,163,960	
"	Tomorrow Studio Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	29	86	0.30 %	86	

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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 (Note1)	
The Company	Tai Yi Precision Corporation	-	Non-current financial assets at fair value through other comprehensive income	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	11,053	16.00 %	11,053	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	32,283	3.72 %	32,283	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	12,466	2.95 %	12,466	
"	QEEXO, Co. preferred stock	-	"	568	23,320	3.10 %	23,320	
"	Rescale, Inc. preferred stock	-	"	355	28,981	1.37 %	28,981	
"	Sensel, Inc. preferred stock	-	"	532	16,710	3.38 %	16,710	
"	ZT Group Int'l, Inc. preferred stock	-	"	70	2,756,893	10.00 %	2,756,893	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	12,691	- %	12,691	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	450	15,377	6.80 %	15,377	
"	Entire Technology Co., Ltd.	-	"	3,260	220,441	4.50 %	220,441	
"	E-TON Solar Tech. Co., Ltd	-	"	94,889	399,482	29.70 %	399,482	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	10,000	630,716	7.88 %	630,716	
Saint Investment Consulting Corporation	Testron Technology (JiangSu) Co., Ltd.	-	"	-	67,514	10.00 %	67,514	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Pension CNY Financial products	-	Current financial assets at fair value through profit or loss	-	51,278	- %	51,278	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	8,062	14.30 %	8,062	
Inventec Investments Co., Ltd.	EPISTAR Corporation	-	Current financial assets at fair value through profit or loss	1,761	62,256	0.16 %	62,256	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	7,866	5.00 %	7,866	
"	Sagacity Tech. Co., Ltd.	-	"	79	-	15.00 %	-	
"	Living Pattern Technology Inc.	-	"	4	440	13.70 %	440	

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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 (Note1)	
Inventec Investments Co., Ltd.	E-TON Solar Tech. Co., Ltd	-	Non-current financial assets at fair value through profit or loss	15,813	66,573	4.95 %	66,573	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Current financial assets at fair value through profit or loss	32,000	50,255	4.58 %	50,255	
"	Rong Cheng Tech. Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,950	-	9.38 %	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd.	-	"	939	-	4.80 %	-	
"	3GTMobile Corporation	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximiant, Inc.)	-	"	594	-	5.30 %	-	
"	Molekule, Inc.	-	"	1,603	152,800	1.57 %	152,800	
"	XMEMS LABS INC	-	"	1,778	24,056	3.05 %	24,056	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	14,795	- %	14,795	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03 %	-	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36 %	-	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08 %	-	
Inventec Appliances (Shanghai) Co., Ltd.	BOC Guaranteed CNY On Schedule Financial Product	-	Current financial assets at fair value through profit or loss	-	300,713	- %	300,713	
"	SCSB Winners CNY Financial Product	-	"	-	321,906	- %	321,906	
Inventec Appliances (Nanjing) Co. Ltd.	"	-	"	-	125,863	- %	125,863	
Inventec Appliances (Jiangning) Corp.	"	-	"	-	1,193,300	- %	1,193,300	
Inventec Appliances (Nanchang) Corporation	"	-	"	-	77,371	- %	77,371	

Note 1: The value of publicly traded company is market value, and the value of private entity is net asset value. The net asset value was calculated based on audited financial statements or non audited financial statements.

Note 2: The transactions with the Group were eliminated in the consolidated financial statements.

Note 3: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

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4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Category and name of security (Note 1)	Account name (Note 1)	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. common shares	Current financial assets at fair value through other comprehensive income	Cash Capital Increase	Non-related parties	-	-	10,000	630,716	-	-	-	-	10,000	630,716
Inventec (Chongqing) Corp.	CMBC Wealth Management Services	Current financial assets at fair value through profit or loss	CMBC	-	-	862,093	-	-	-	870,410	862,093	8,317	-	-
Inventec Appliances (Shanghai) Corp.	SCSB Winners CNY Financial Product	"	Bank of Shanghai	-	-	325,959	-	952,873	-	965,046	956,926	8,120	-	321,906
"	Bank of China	"	Bank of China	-	-	301,853	-	296,571	-	302,288	297,711	4,577	-	300,713
Inventec Appliances (Jiangning) Corp.	SCSB Winners CNY Financial Product	"	Bank of Shanghai	-	-	1,893,146	-	4,761,016	-	5,500,242	5,460,862	39,380	-	1,193,300

Note 1: The amounts above are valued at exchange rate.

Note 2: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Types of property	Transaction Date	Original Acquisition Date	Book value	Transaction amount	Receipt Terms	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Price reference	Other terms
Inventec (Pudong) Co., Ltd.	Land and Building	2020.01.16	2003.06.27~2007.12.31	740,483	5,912,920	100%	4,890,869	Shanghai Jingshuo Data Science & Technology Co., Ltd.	Non-related parties	Optimize assets	Negotiated based on the valuation report with the amounts of RMB1,340,170 and RMB 1,364,810	None

Note 1: The price has been included tax, and the transfer has been completed.

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7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 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/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	56,740,490	18.43 %	90 days	-	No general trading partner can be compared.	23,166,124	23.69 %	
"	Inventec (Czech), s.r.o.	Subsidiary	Sales	19,551,283	6.35 %	90 days	-	"	10,329,440	10.56 %	
"	Inventec Corporation (Hong Kong) Ltd.	Subsidiary	Purchases	222,117,186	74.96 %	90 days	-	"	(67,470,364)	56.49 %	
"	Inventec Appliances (Jiangning) Corp.	Subsidiary	Purchases	251,145	0.08 %	90 days	-	"	(99,903)	0.08 %	
"	Inventec Holding (North America) Corp.	Subsidiary	Purchases	666,300	0.22 %	90 days	-	"	(587,492)	0.49 %	
"	Inventec (Czech), s.r.o.	Subsidiary	Purchases	611,401	0.21 %	90 days	-	"	(159,092)	0.13 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	56,740,490	90.86 %	90 days	-	"	(23,166,124)	94.64 %	
"	The Company	Parent	Sales	666,300	1.17 %	90 days	-	"	587,492	5.40 %	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	521,920	0.92 %	90 days	-	"	191,420	1.76 %	
"	Inventec (Czech), s.r.o.	Associates	Sales	733,764	1.29 %	90 days	-	"	204,427	1.88 %	
"	Inventec (Czech), s.r.o.	Associates	Purchases	228,457	0.36 %	90 days	-	"	(81,301)	0.33 %	
Inventec (Czech), s.r.o.	The Company	Associates	Purchases	19,551,283	93.46 %	90 days	-	"	(10,329,440)	97.22 %	
"	The Company	Associates	Sales	611,401	2.78 %	90 days	-	"	159,092	1.92 %	
"	Inventec Holding (North America) Corp.	Associates	Purchases	733,764	3.77 %	90 days	-	"	(204,427)	1.92 %	
"	Inventec Holding (North America) Corp.	Associates	Sales	228,457	1.04 %	90 days	-	"	81,301	0.98 %	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	103,748	0.47 %	90 days	-	"	16,387	0.20 %	
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	222,117,186	100.00 %	90 days	-	"	67,470,364	47.30 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	27,434,177	12.35 %	90 days	-	"	(5,352,368)	3.69 %	
"	Inventec (Chongqing) Corp.	Associates	Purchases	194,683,009	87.65 %	90 days	-	"	(62,117,996)	42.77 %	

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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/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	27,434,177	39.58 %	90 days	-	No general trading partner can be compared.	5,352,368	21.67 %	
"	Inventec (Shanghai) Corp.	Associates	Sales	38,387,036	55.39 %	90 days	-	"	18,997,827	76.91 %	
"	Inventec Holding (North America) Corp.	Associates	Purchases	521,920	0.72 %	90 days	-	"	(191,420)	0.60 %	
"	Inventec (Czech), s.r.o.	Associates	Purchases	103,748	0.14 %	90 days	-	"	(16,387)	0.05 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	Associates	Purchases	38,387,036	100.00 %	90 days	-	"	(18,997,827)	100.00 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	194,683,009	97.38 %	90 days	-	"	62,117,996	99.53 %	
"	Inventec Appliances (Pudong) Corp.	Associates	Sales	3,494,739	1.75 %	60 days	-	"	157	0.00 %	
"	Inventec Appliances (Pudong) Corp.	Associates	Purchases	3,663,201	1.82 %	60 days	-	"	(1,095)	0.00 %	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Associates	Purchases	25,068,531	90.77 %	1-2 months	-	"	(10,853,789)	90.13 %	
"	Inventec Appliances (Jiangning) Corp.	Associates	Purchases	709,751	2.57 %	1-2 months	-	"	(166,689)	1.57 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	Purchases	457,790	1.66 %	1-2 months	-	"	(220,950)	2.09 %	
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Associates	Sales	3,286,899	11.72 %	1-2 months	-	"	274,536	3.88 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	Associates	Purchases	3,286,899	100.00 %	1-2 months	-	"	(274,536)	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Parent	Sales	25,068,531	85.45 %	1-2 months	-	"	10,853,789	96.06 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	Sales	496,135	1.70 %	1-2 months	-	"	395,934	3.91 %	
"	Inventec (Chongqing) Corp.	Associates	Sales	3,663,201	12.56 %	60 days	-	"	1,095	- %	
"	Inventec (Chongqing) Corp.	Associates	Purchases	3,540,543	15.51 %	60 days	-	"	(154)	- %	

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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/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	Associates	Sales	709,751	21.08 %	1-2 months	-	No general trading partner can be compared.	166,689	19.27 %	
"	Inventec Corp.	Parent	Sales	251,145	7.61 %	90 days	-	"	99,903	11.55 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Parent	Sales	457,790	98.82 %	1-2 months	-	"	220,950	99.33 %	
"	Inventec Appliances (Pudong) Corp.	Associates	Purchases	496,135	100.00 %	1-2 months	-	"	(395,934)	99.67 %	

Note 1: Based on the negotiated price while trading.

Note 2: The transactions with the Group were eliminated in the consolidated financial statement.

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	23,166,124	8.71	7,903,047	Received in the subsequent period	4,131,714	-
"	Inventec (Czech), s.r.o.	Subsidiary	10,329,440	5.44	3,969,854	Received in the subsequent period	1,958,194	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	74,985,523	-	9,238,758	Received in the subsequent period	9,614,529	-
Inventec Holding (North America) Corp.	The Company	Parent	587,492	4.75	31,708		17,888	-
"	Inventec (Pudong) Technology Corp.	Associates	191,420	14.08	-		-	-
"	Inventec (Czech), s.r.o.	Associates	204,427	9.60	-		-	-
Inventec (Czech), s.r.o.	The Company	Parent	159,092	16.55	-		158,840	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	67,470,364	12.02	-		15,703,990	-
"	Inventec (Pudong) Technology Corp. (Note)	Associates	22,696,923	-	9,219,984	Received in the subsequent period	4,376,528	-
"	Inventec (Chongqing) Corp. (Note)	Associates	52,288,600	-	253	Received in the subsequent period	5,238,001	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	5,352,368	7.17	-		4,900,556	-
"	Inventec (Shanghai) Corp.	Associates	18,997,827	8.43	1,245,370	Received in the subsequent period	4,698,038	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	62,117,996	13.30	-		10,803,414	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Subsidiary	274,536	3.56	-		182,141	-

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Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Parent	10,853,789	2.64	-		1,362,248	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	395,934	3.34	-		21,168	-
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	Parent	166,689	8.16	-		88,782	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Parent	220,950	8.29	-		21,168	-

Note 1: The receivables were not yielded by sales or purchases; therefore, there is no turnover rate.

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

9. Trading in derivative instruments: Please refer to notes (6)(b) and (6)(x).

10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	56,740,490	Negotiated price	15 %
	"	"	1	Account Receivable	23,166,124	90 days	10 %
	"	Inventec (Czech), s.r.o.	1	Sales	19,551,283	Negotiated price	5 %
	"	"	1	Account Receivable	10,329,440	90 days	4 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	222,117,186	Negotiated price	58 %
	"	"	1	Other Receivable	74,985,523	90 days	32 %
	"	"	1	Account Payable	67,470,364	"	29 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	27,434,177	Negotiated price	7 %
	"	"	3	Account Payable	5,352,368	90 days	2 %
	"	"	3	Account Receivable	22,696,923	"	10 %
	"	Inventec (Chongqing) Corp.	3	Purchases	194,683,009	Negotiated price	51 %
	"	"	3	Account Payable	62,117,996	90 days	27 %
	"	"	3	Account Receivable	52,288,600	"	23 %
2	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	25,068,531	Negotiated price	7 %
	"	"	3	Account Payable	10,853,789	1-2 months	5 %

Note 1: The labeling method is as follows:

1. Parent company labeled 0.
2. Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

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(b) Information on investment:

The following is the information on investees for the nine months ended September 30, 2020 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2020			Net income (loss) of the investee	Share of profits/losses of investee	Note
				September 30, 2020	September 30, 2019	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53 %	219,090	(35,883)	(13,466)	Associate under equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Investing in Mainland China and import and export business	167,162	167,162	2,500	100.00 %	357,494	8,064	8,064	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Investment of holding company in America	159,003	159,003	5,000	100.00 %	1,266,966	19,084	19,084	"
"	Inventec Appliances Corp.	New Taipei City	Wireless terminal products	9,656,877	9,656,877	536,857	100.00 %	8,688,038	464,752	464,752	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	18,902,309	5,355,796	5,355,796	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,082,526	156,142	156,142	"
"	Inventec (Czech), S.R.O.	Czech	Computer products assembly operations	85,921	85,921	-	100.00 %	65,229	35,400	35,400	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	150,914	(24,994)	(24,994)	"
"	Inventec Solar Energy Corporation	Taoyuan	Developing, production and selling of multicrystalline solar cells	1,087,800	1,087,800	108,150	33.45 %	41,675	(676,098)	(208,327)	"
"	Inventec Development Japan Corporation	Japan	Developing, designing and selling computer peripherals	630,845	630,845	45	100.00 %	16,730	(832)	(832)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,456	703	703	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and selling of intelligent mobile device	220,000	220,000	22,000	55.00 %	50,967	(55,314)	(30,416)	"
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	281,691	281,691	55,994	99.99 %	(25,315)	(1,991)	(1,157)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Developing, production and selling of multicrystalline solar cells	150,000	150,000	15,000	4.64 %	2,771	(676,098)	-	Associate Company
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	28	28	6	0.01 %	(3)	(1,991)	-	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2020			Net income (loss) of the investee	Share of profits/losses of investee	Note
				September 30, 2020	September 30, 2019	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	5,807,622	5,807,622	199,575	100.00 %	16,592,232	82,930	-	Associate Company
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90 %	1,128	(1,487)	-	Associate under equity method
"	Inventec Solar Energy Corporation	Taoyuan	Developing, production and selling of multicrystalline solar cells	311,160	311,160	30,930	9.57 %	5,713	(676,098)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Selling of MP3 Player, PDA and science plotter	23,280	23,280	400	100.00 %	94,311	735	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Selling services	1,455	1,455	10	100.00 %	13,059	662	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Manufacture and sale of electronic materials and products	497,438	7,006	71,000	100.00 %	488,848	(8,421)	-	"

Note 1: The transactions with the Group were eliminated in the consolidated financial statements.

Note 2: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 3: According to the regulations, investment companies other than the Company are not required to disclose the share of income / loss of investees.

(c) Information on investment in Mainland China:

- 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 paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 8)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Multimedia computer and system parts assembling	184,715	(2)	58,200	-	-	58,200	(748)	100.00 %	(748)	120,835	30,234
Inventec (ChongQing) Service Co., Ltd	Multimedia computer and system parts assembling	29,100	(2)	29,100	-	-	29,100	(683)	100.00 %	(683)	39,844	-
Inventec (Pudong) Co., Ltd.	Multimedia computer and system parts assembling	1,455,000	(2)	1,455,000	-	-	1,455,000	3,306,722	100.00 %	3,306,722	3,811,195	-
Inventec (Shanghai) Co., Ltd.	Multimedia computer and system parts assembling	2,043,278	(2)	858,450	-	-	858,450	77,622	100.00 %	77,622	1,804,718	-
Inventec (ChongQing) Corporation	Multimedia computer and system parts assembling	2,182,500	(2)	2,182,500	-	-	2,182,500	1,407,995	100.00 %	1,407,995	7,176,268	2,242,107

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 8)
					Out-flow	Inflow						
Inventec (Pudong) Technology Corp.	Multimedia computer and system parts assembling	1,705,019	(2)	1,455,000	-	-	1,455,000	964,128	100.00 %	961,037	5,414,852	321,599
Inventec Electronics (Tianjin) Co., Ltd.	Software production	145,500	(2)	123,675	-	-	123,675	5,382	100.00 %	5,382	228,784	149,517
Inventec (Beijing) Electronics Technology Co., Ltd.	Software production	42,195	(2)	42,195	-	-	42,195	(4,739)	100.00 %	(4,739)	69,454	-
Inventec Hi-Tech Corporation	Multimedia computer and system parts assembling	1,455,000	(2)	1,455,000	-	-	1,455,000	(37,022)	100.00 %	(37,022)	1,134,285	-
Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Complete of the electronic computer and product and sale of external equipment	835,170	(2)	840,379	-	-	840,379	(1,350)	100.00 %	(1,350)	4,520	-
Inventec Asset-Management (Shanghai) Corporation	Equipment leasing, storage, technological development and sale of computer	1,829,763	(3)	-	-	-	-	(16,722)	78.00 %	(13,043)	1,349,830	-
Saint Investment consulting corporation	Business management consulting	85,462	(3)	-	-	-	-	20	100.00 %	20	85,481	-
Inventec Appliances (Shanghai) Co., Ltd.	Electronic communication and products assemble	1,501,560	(2)	1,400,235	-	-	1,400,235	(18,214)	100.00 %	(18,214)	1,751,262	1,535,981
Inventec Appliances (Pudong) Corp.	Electronic communication and products assemble	2,240,700	(2)	2,240,700	-	-	2,240,700	(96,322)	100.00 %	(105,687)	9,113,260	2,297,117
Inventec Appliances (Jiangning) Corp.	Electronic communication and products assemble	1,978,800	(2)	1,222,200	-	-	1,222,200	217,653	100.00 %	214,504	5,088,996	1,636,736
Inventec Appliances (Nanjing) Corp.	House leasing	145,500	(2)	261,361	-	-	261,361	10,074	100.00 %	10,074	372,985	85,353
Inventec Appliances (XI'AN) Corporation	Electronic communication and products assemble	116,400	(2)	116,400	-	-	116,400	7,165	100.00 %	7,165	46,532	-
Inventec Appliances (Nanchang) Corp.	Electronic communication and products assemble	61,110	(2)	61,110	-	-	61,110	(37,217)	100.00 %	(37,217)	92,320	-
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business Management	2,144	(3)	-	-	-	-	17,346	100.00 %	17,346	74,447	-
Inventec Appliances (Shanghai) Enterprise	Development and consultation on software and hardware; as well as selling of electronic products	34,185	(3)	-	-	-	-	(1,353)	100.00 %	(1,353)	25,518	-
Inventec Appliances (Nan chang) Intelligent Manufacturing Co., Ltd.	Manufacture of wearable devices and developing, design, manufacture and sale of telecommunications	256,384	(3)	-	-	-	-	(57,807)	100.00 %	(57,807)	126,597	-

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2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,560,605	8,560,605	-
Inventec Appliances Corp.	5,366,855	5,366,855	4,751,150

Note 1: There are three ways of investments as following:

- (a) Direct investment in Mainland China.
- (b) Indirect investment in Mainland china through a subsidiary in a third place.
- (c) Others

Note 2: The base of recognition of investment income (loss) is the financial statement reviewed by CPA or book value of the investee company.

Note 3: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

Note 4: The upper limit on investment of Inventec Appliances Corp. is the higher of 60% of net value or 60% of consolidated net value.

Note 5: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 6: The amount of foreign currencies was exchanged to New Taiwan Dollars in historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of September 30, 2020, deducted the accumulated remittance of earnings in current period, the difference of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: The inter-company transactions with the Group were eliminated in the consolidated financial statements

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine months ended September 30, 2020, are disclosed in "Information on significant transactions".

(d) Information on major shareholder: No shareholders hold more than 5% shares.

(14) Segment Information

(a) General information

The Group reportable segments: core department and solar energy department. The core department manufactures computer products and sells them to customers. The solar energy department develops and manufactures emerging environmental energy.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

	For the three months ended September 30, 2020			
	Core	Solar energy	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 145,168,278	212,097	-	145,380,375
Intersegment revenues	-	-	-	-
Total revenue	\$ 145,168,278	212,097	-	145,380,375
Reportable segment net operating income (loss)	\$ 2,632,926	(339,011)	-	2,293,915

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For the three months ended September 30, 2019				
	Core	Solar energy	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 127,608,418	1,099,433	-	128,707,851
Intersegment revenues	-	-	-	-
Total revenue	\$ 127,608,418	1,099,433	-	128,707,851
Reportable segment net operating income (loss)	\$ 1,577,095	(75,410)	-	1,501,685
For the nine months ended September 30, 2020				
	Core	Solar energy	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 381,702,114	1,115,168	-	382,817,282
Intersegment revenues	-	-	-	-
Total revenue	\$ 381,702,114	1,115,168	-	382,817,282
Reportable segment net operating income (loss)	\$ 10,261,909	(730,881)	-	9,531,028
For the nine months ended September 30, 2019				
	Core	Solar energy	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 368,345,777	3,028,998	-	371,374,775
Intersegment revenues	-	-	-	-
Total revenue	\$ 368,345,777	3,028,998	-	371,374,775
Reportable segment net operating income (loss)	\$ 5,707,311	(854,788)	-	4,852,523
Reportable segment net operating assets				
September 30, 2020	\$ -	-	-	-
December 31, 2019	\$ -	-	-	-
September 30, 2019	\$ -	-	-	-

Taxation or extraordinary activity is not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is the same as the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note (2) "Significant accounting policies". Reportable segment profit or loss is based on operating profit or loss before taxation, and as the base of performance evaluation.

Since the evaluated amount of the Group's asset was not provided to the chief operating decision maker, the evaluated amount of the assets which should be disclosed was 0.