

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

Address: No.66, Hougang Street, Shinlin District, Taipei City, Taiwan, R.O.C.
Telephone: 886-2-2881-0721

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1)Overview	9
(2)Financial Statements Authorization Date and Authorization Process	9
(3)New Standards, Amendments and Interpretations not yet Adopted	9~10
(4)Summary of Significant Accounting Policies	11~31
(5)Significant Accounting Judgments, Estimation, Assumptions, and Sources of Estimation Uncertainty	31
(6)Explanation to Significant Accounts	32~75
(7)Related Party Transactions	75~77
(8)Pledged Assets	78
(9)Significant Commitments and Contingencies	78
(10)Losses Due to Major Disasters	78
(11)Subsequent Events	78
(12)Other	79
(13)Other disclosures	
(a) Information on significant transactions	79~88
(b) Information on investment	89~90
(c) Information on investment in Mainland China	91~92
(d) Information on major shareholder	92
(14)Segment Information	93~95

Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Inventec Corporation

Chairman: Tom-Hwar Cho

Date: March 30, 2021



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the consolidated financial statements of Inventec Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory Valuation

Please refer to Note 4(h), Note 5 and Note 6(e) for accounting policies, significant accounting assumptions and judgments, major sources of estimation uncertainty and related disclosure information for inventory, respectively.

Description of the key audit matter:

The Group's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Group's policies.

2. The offsetting agreements of financial assets and liabilities

Please refer to Note 4(g), 6(b) and 6(x) for accounting policy and detailed information on the agreements of financial assets and liabilities offsetting.

Description of the key audit matter:

In order to use fund flexibly, the Group handled multiple kinds of financial instruments which IAS was endorsed by FSC to offset financial assets and liabilities and be reported in the balance sheet. The disclosure of financial instruments which are not expired on the reporting date would influence the judgment of report reader.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included examining whether the amount of the signed contract were within the scope authorized by the Board of Directors; sampling transactions in 2020 to examine whether contracts were signed with banks; review the contracts to check if the regulation of offsetting criteria was met; and assessing whether the disclosure of financial assets and liabilities offsetting is appropriate.

3. Disposal of property, plant and equipment of subsidiary

Please refer to Note 4(l), 4(m), 6(h) and 6(i) for accounting policy and detailed information for disposal of property, plant and equipment of subsidiary.

Description of the key audit matter:

For optimizing idled assets and lowering the Group's operating costs, the Group disposed the idled assets. Due to the significance of amount, the disposal of property, plant and equipment has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that include examining whether the disposal of property, plant and equipment has been approved by the Board of Directors; in accordance with the Company's acquisition and disposal of assets processing procedures to obtain the professional valuation report; verifying the sale documents, confirming and calculating whether the gains and losses on the disposal are appropriate; examining whether depreciation recognition has been terminated at the asset disposal date, and that the cost and accumulated depreciation have been removed from the account.



Other Matter

Inventec Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 30, 2021

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		2020.12.31		2019.12.31				2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
ASSETS											
Current Assets :											
1100	Cash and cash equivalents (Notes (6)(a))	\$	32,951,595	16	18,952,967	10	2100	Short-term borrowings (Note (6)(m))	\$	31,890,755	15
1110	Current financial assets at fair value through profit or loss (Notes (6)(b))		782,284	-	3,958,468	2	2120	Current financial liabilities at fair value through profit or loss (Notes (6)(b))		250,136	-
1120	Current financial assets at fair value through other comprehensive income (Notes (6)(b))		1,405,689	1	1,194,430	1	2130	Current contract liabilities (Note (6)(u))		7,828,232	4
1170	Accounts receivable, net (Notes (6)(c) and (7))		91,811,309	43	88,491,343	46	2170	Accounts payable (Note (7))		74,370,226	35
1200	Other receivables, net (Notes (6)(d) and (7))		844,441	-	754,975	-	2230	Current tax liabilities		2,296,677	1
1310	Inventories, manufacturing business, net (Notes (6)(e))		41,416,323	19	37,345,542	19	2200	Other payables (Note (7))		11,595,245	5
1470	Other current assets (Notes (6)(l))		4,258,311	2	1,469,984	1	2322	Long-term borrowings, current portion (Note (6)(m))		330,744	-
			173,469,952	81	152,167,709	79	2280	Current lease liabilities (Notes (4) and (6)(n))		216,479	-
							2399	Other current liabilities, others		11,765,194	6
										140,543,688	66
Non-current assets :											
1510	Non-current financial assets at fair value through profit or loss (Notes (6)(b))		911,660	-	-	-					
1517	Non-current financial assets at fair value through other comprehensive income (Notes (6)(b))		3,657,808	2	2,243,738	1	2540	Long-term borrowings (Note (6)(m))		8,990,825	4
1550	Investments accounted for using equity method, net (Notes (6)(f))		211,643	-	247,194	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))		656,171	-
1600	Property, plant and equipment (Notes (6)(h))		28,004,583	13	30,729,458	16	2580	Non-current lease liabilities (Notes (4) and (6)(n))		748,035	-
1755	Right-of-use assets (Notes (6)(i))		3,403,891	2	3,546,126	2	2670	Other non-current liabilities, others (Notes (6)(q))		5,331,975	3
1760	Investment property, net (Notes (6)(j))		-	-	693,315	-				15,727,006	7
1780	Intangible assets (Notes (6)(k))		875,801	-	880,774	1				9,075,349	4
1900	Other non-current assets (Notes (4), (6)(l) and (6)(q))		3,626,099	2	2,584,539	1				156,270,694	73
			40,691,485	19	40,925,144	21				136,121,625	70
LIABILITIES AND EQUITY											
Current Liabilities :											
Non-current Liabilities :											
Equity attributable to owners of parent :											
							3110	Ordinary share (Note (6)(r))		35,874,751	17
							3200	Capital surplus (Note (6)(r))		2,899,284	1
							3300	Retained earnings (Note (6)(r))		21,112,549	10
							3400	Other equity interest (Note (6)(r))		(1,901,925)	(1)
										(1,822,005)	(1)
										57,984,659	27
										55,271,148	29
							36XX	Non-controlling interests		(93,916)	-
										1,700,080	1
										57,890,743	27
										56,971,228	30
TOTAL LIABILITIES AND EQUITY											
TOTAL ASSETS		\$	214,161,437	100	193,092,853	100	TOTAL LIABILITIES AND EQUITY		\$	214,161,437	100

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2020		2019	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(u) and (7))	\$ 508,294,198	100	500,952,813	100
5000	Total operating costs (Notes (4) and (7))	487,181,281	96	478,121,718	95
	Gross profit from operations	21,112,917	4	22,831,095	5
	Operating expenses (Notes (6)(c), (6)(d) and (6)(v)):				
6100	Selling expenses	2,795,370	-	2,607,083	1
6200	Administrative expenses	4,190,267	1	4,303,565	1
6300	Research and development expenses	9,715,204	2	9,523,033	2
6450	Expected credit reversal gain	(29,010)	-	(6,081)	-
6400	Total operating expenses	16,671,831	3	16,427,600	4
	Net operating income	4,441,086	1	6,403,495	1
	Non-operating income and expenses:				
7100	Interest income (Note (6)(w))	1,186,629	-	1,347,043	-
7010	Other income (Note (6)(w))	276,301	-	312,249	-
7020	Other gains and losses, net (Note (6)(w))	5,514,251	1	231,833	-
7050	Finance costs, net (Notes (6)(w))	(1,054,244)	-	(1,761,100)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (4) and (6)(f))	(18,318)	-	(24,459)	-
	Total non-operating income and expenses	5,904,619	1	105,566	-
	Profit from continuing operations before tax	10,345,705	2	6,509,061	1
7950	Less: Income tax expenses (Note (6)(q))	3,772,727	1	1,672,064	-
	Profit	6,572,978	1	4,836,997	1
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(53,824)	-	(29,862)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	365,376	-	799,514	-
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	(16,646)	-	(56)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,746)	-	(6,757)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	305,652	-	776,353	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(457,317)	-	(1,026,850)	-
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	(639)	-	(1,597)	-
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	(457,956)	-	(1,028,447)	-
	Other comprehensive income	(152,304)	-	(252,094)	-
8500	Total comprehensive income	\$ 6,420,674	1	4,584,903	1
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 7,547,985	1	5,507,960	1
8620	Profit (loss), attributable to non-controlling interests	(975,007)	-	(670,963)	-
		\$ 6,572,978	1	4,836,997	1
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 7,391,406	1	5,287,308	1
8720	Comprehensive income, attributable to non-controlling interests	(970,732)	-	(702,405)	-
		\$ 6,420,674	1	4,584,903	1
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(f))				
9750	Basic earnings per share (NT dollars)	\$ 2.10		1.54	
9850	Diluted earnings per share (NT dollars)	\$ 2.08		1.53	

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
						Other Equity Interest		Equity attributable to owners of parent	Non - controlling interests	Total Equity
	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			
	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	-	-	-	-	5,507,960	-	-	5,507,960	(670,963)	4,836,997
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	(220,652)	(31,442)	(252,094)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	5,287,308	(702,405)	4,584,903
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	-	-	-	-	(20,036)	-	20,036	-	-	-
Others	-	572	-	-	-	-	-	572	468	1,040
Balance at December 31, 2019	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	-	-	-	-	7,547,985	-	-	7,547,985	(975,007)	6,572,978
Other comprehensive income (loss) for the period	-	-	-	-	(43,201)	(462,231)	348,853	(156,579)	4,275	(152,304)
Total comprehensive income (loss) for the period	-	-	-	-	7,504,784	(462,231)	348,853	7,391,406	(970,732)	6,420,674
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 ownership interests in subsidiaries	-	(14,856)	-	-	-	-	-	(14,856)	-	(14,856)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(823,820)	(823,820)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(14,200)	-	14,200	-	-	-
Others	-	679	-	-	-	-	-	679	556	1,235
Balance at December 31, 2020	<u>\$ 35,874,751</u>	<u>2,899,284</u>	<u>11,345,901</u>	<u>1,822,004</u>	<u>7,944,644</u>	<u>(2,467,365)</u>	<u>565,440</u>	<u>57,984,659</u>	<u>(93,916)</u>	<u>57,890,743</u>

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

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Profit before tax	\$ 10,345,705	6,509,061
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,901,598	3,188,382
Amortization expense	951,942	965,340
Expected credit reversal gain	(29,010)	(6,081)
Interest expense	1,054,244	1,761,100
Interest income	(1,186,629)	(1,347,043)
Dividend income	(30,069)	(20,979)
Share-based payments transactions	1,234	1,040
Share of losses of associates and joint ventures accounted for using equity method	18,318	24,459
Gain on disposal of property, plant and equipment	(4,773,910)	(69,439)
Gain on disposal of non-current assets held-for-sale	-	(628,476)
Gain on disposal of investments accounted for using equity method	(24,435)	-
Impairment loss on non-financial assets	952,222	344,916
Unrealized foreign exchange loss	908,619	30,968
Others	(774)	(46,194)
Total adjustments to reconcile profit	<u>743,350</u>	<u>4,197,993</u>
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	(409,902)	(266,204)
(Increase) decrease in accounts receivable	(3,405,318)	1,763,074
(Increase) decrease in other receivables	(4,664)	1,772,736
(Increase) decrease in inventories	(5,753,543)	4,904,540
(Increase) decrease in other current assets	(2,711,422)	176,779
Total changes in operating assets	<u>(12,284,849)</u>	<u>8,350,925</u>
Changes in operating liabilities:		
Increase in financial liabilities held for trading	144,351	103,217
Increase (decrease) in contract liabilities	1,367,153	(256,236)
Increase (decrease) in accounts payable	4,008,134	(3,043,534)
Decrease in other payables	(54,069)	(434,046)
Increase (decrease) in other current liabilities	2,249,990	(1,076,565)
Decrease in net defined benefit liabilities, non-current	(47,360)	(44,055)
Total changes in operating liabilities	<u>7,668,199</u>	<u>(4,751,219)</u>
Total changes in operating assets and liabilities	<u>(4,616,650)</u>	<u>3,599,706</u>
Total adjustments	<u>(3,873,300)</u>	<u>7,797,699</u>
Cash inflow generated from operations	6,472,405	14,306,760
Interest received	926,665	1,367,420
Dividends received	30,069	20,979
Interest paid	(974,169)	(1,995,909)
Income taxes paid	(2,127,658)	(1,449,100)
Net cash flows from operating activities	<u>4,327,312</u>	<u>12,250,150</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
For the Years Ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,258,524)	(1,852,458)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	29,964
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	26,400
Acquisition of financial assets at fair value through profit or loss	(7,136,355)	(14,206,762)
Proceeds from disposal of financial assets at fair value through profit or loss	10,245,574	12,852,650
Proceeds from disposal of non-current assets held for sale	-	967,538
Acquisition of property, plant and equipment	(2,433,923)	(3,818,085)
Proceeds from disposal of property, plant and equipment	5,821,830	102,894
Acquisition of intangible assets	(118,581)	(226,789)
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	(781,915)	132,325
Increase in other non-current assets	<u>(1,177,205)</u>	<u>(829,098)</u>
Net cash flows from (used in) investing activities	<u>2,809,908</u>	<u>(6,823,483)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	6,830,904	(5,941,567)
Proceeds from long-term borrowings	19,473,486	865,440
Repayments of long-term borrowings	(14,470,076)	(556,670)
Payment of lease liabilities	(199,245)	(196,978)
Increase (decrease) in other non-current liabilities	175,204	(27,383)
Cash dividends paid	(4,663,718)	(5,381,213)
Change in non-controlling interests	<u>-</u>	<u>44,981</u>
Net cash flows from (used in) financing activities	<u>7,146,555</u>	<u>(11,193,390)</u>
Effect of exchange rate changes on cash and cash equivalents	(285,147)	(342,821)
Net increase (decrease) in cash and cash equivalents	13,998,628	(6,109,544)
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>\$ 32,951,595</u>	<u>18,952,967</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

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

(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 December 31, 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(c) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 30, 2021.

(3) 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 details of impact on the Group’s adoption of the new amendments beginning January 1, 2020 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 are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(m).

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 year ended December 31, 2020 was \$6,203 thousand.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(4) Summary of Significant Accounting Policies

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

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for the explanation of Note 3, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(r).

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests as their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

2. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal activity	Shareholding Ratio		Note
			2020.12.31	2019.12.31	
The Company	Inventec Corporation (Hong Kong) Ltd.	Investing in Mainland China and import and export business	100.00 %	100.00 %	
"	Inventec Holding (North America) Corp.	Investment of holding company in America	100.00 %	100.00 %	
"	Inventec (Cayman) Corp.	Holding Company	100.00 %	100.00 %	
"	IEC (Cayman) Corporation	Holding Company	100.00 %	100.00 %	
"	Inventec (Czech), s.r.o.	Computer products assembly operations	100.00 %	100.00 %	
"	Inventec Development Japan Corporation	Developing, designing and selling computer peripherals	100.00 %	100.00 %	
"	Inventec Investments Co., Ltd.	Investment company	100.00 %	100.00 %	
"	AIMobile Co., Ltd.	Developing, production and selling of intelligent mobile devices	73.00 %	55.00 %	
"	Inventec Japan Corporation	Trading and management services	100.00 %	100.00 %	The subsidiary was established on August 29, 2019.
"	Inventec Appliances Corp.	Wireless terminal products	100.00 %	100.00 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Investor	Name of Subsidiary	Principal activity	Shareholding Ratio		Note
			2020.12.31	2019.12.31	
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 %	
The Company and Inventec Investments Co., Ltd.	E-TON Solar Tech. Co., Ltd.	Manufacturing and selling of solar cells	- %	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 %	
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00 %	100.00 %	
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00 %	- %	
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00 %	100.00 %	
"	Inventec (Pudong) Technology Corp.	"	100.00 %	100.00 %	
"	Inventec (Shanghai) Service Co., Ltd.	"	- %	100.00 %	
"	Inventec Hi-Tech Corp.	"	100.00 %	100.00 %	
"	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Complete of the electronic computer and product and sale of external equipment	100.00 %	100.00 %	The cancellation of registration process was completed in January 18, 2021.
"	Inventec (Chongqing) Service Co., Ltd.	Electronic product software and hardware development manufacturing	100.00 %	100.00 %	
"	TPV-Inventa Holding Ltd.	Holding Company	- %	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 %	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Equipment leasing, Storage, technological development and sale of computer	78.00 %	78.00 %	
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management consulting	100.00 %	- %	The subsidiary was established on September 4, 2019, and Inventec (Shanghai) Service Co., Ltd. invested it on April 30, 2020.
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Computer product assembles	100.00 %	100.00 %	
"	Inventec Manufacturing (North America) Corporation	"	100.00 %	100.00 %	
"	Inventec Configuration (North America) Corporation	"	100.00 %	100.00 %	
"	Inventec Distribution (North America) Corporation	"	100.00 %	100.00 %	
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	"	100.00 %	100.00 %	
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00 %	100.00 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Investor	Name of Subsidiary	Principal activity	Shareholding Ratio		Note
			2020.12.31	2019.12.31	
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00 %	100.00 %	
"	Inventec Appliances Corporation USA, Inc.	Sale of electronics products	100.00 %	100.00 %	
"	Inventec Appliances (Shanghai) Co., Ltd.	Telecommunication research	100.00 %	100.00 %	
"	Inventec Appliances (Pudong) Corp.	Electronic communication and products manufacturing	100.00 %	100.00 %	
"	Inventec Appliances (Jiangning) Corp.	"	100.00 %	100.00 %	
"	Inventec Appliances (Nanjing) Corp.	House leasing	100.00 %	100.00 %	
"	Inventec Appliances (XI'AN) Corporation	Telecommunication research and service	100.00 %	100.00 %	
"	Inventec Appliances (Nanchang) Corporation	"	100.00 %	100.00 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	Manufacture and sale of electronic materials and products	- %	100.00 %	Transferred 100% shares to Inventec Appliances (Pudong) Corp. on July 20, 2020.
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 %	
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business management	100.00 %	100.00 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Manufacture of wearable devices and developing, design, manufacture and sale of telecommunications	100.00 %	100.00 %	
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.

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

(d) Foreign currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss except for an investment in equity securities designed as at fair value through other comprehensive income, which is recognized in other comprehensive income.

2. Foreign operations

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

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

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

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

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Financial liabilities

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

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

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

The Group discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate or a joint venture is reduced, while the entity continues to apply the equity method, the Group reclassifies the proportion of the gain or loss, that had previously been recognized in other comprehensive income relating to that reduction in ownership interest, to profit or loss.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid-in capital. If the additional paid-in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types—joint operations and joint ventures, and have the following characteristics: (a) The parties are bound by a contractual arrangement; (b) The contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 “Joint Arrangements” defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless, the Group qualifies for exemption from that Standard. Please refer to 6(f) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

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

Buildings	25years
-----------	---------

(l) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	10 ~ 50years
Machinery	2 ~ 11years
Transportation equipment	3 ~ 6years
Furniture and office facilities	2 ~ 14years
Power equipment	2 ~ 16years
Renovation and leasehold improvements	2 ~ 20years
Miscellaneous equipment	2 ~ 16years

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(m) Leases

1. Identifying a lease

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

- 1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) The Group has the right to direct the use of an asset throughout the period of use only if either:
 - the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - The Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - The Group designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

2. As a lessee

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

- 1) Fixed payments, including in-substance fixed payment;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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

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

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

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

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- 4) 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.

3. As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(n) Intangible assets

1. Recognition and measurement

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

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

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

- | | |
|---------------------------|-----------------|
| 1) Trademark rights | 10 years |
| 2) Computer software cost | 1 year~ 6 years |

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

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

(p) Provisions

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

1. Warranties

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

2. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(q) Revenue from contracts with customers

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

1. Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Consulting services and Management services

The Group provides advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

3. Financing components

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

(r) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

3. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4. Short-term employee benefits

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

(s) Share-based payment

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

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

Grant date of a share-based payment award is the date which the board of directors and the employees have made an agreement on the price and number of the new award.

(t) Income taxes

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

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

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(u) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(v) Earnings per share

The Group disclose the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(w) Operating segments

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash	\$ 7,013	9,416
Demand deposits and checking accounts	27,934,618	16,249,163
Time deposits	<u>5,009,964</u>	<u>2,694,388</u>
Cash and cash equivalents in consolidated statement of cash flows	<u><u>\$ 32,951,595</u></u>	<u><u>18,952,967</u></u>

Refer to Note 6(x) for the sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(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>2020.12.31</u>	<u>2019.12.31</u>
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 13,606	-
Foreign exchange swap	237,568	125,305
Non-derivative financial assets		
Stocks of listed companies	145,460	115,909
Emerging stock	232,340	-
Unquoted financial instruments	1,033,760	3,660,455
Unsecured convertible bonds	<u>31,210</u>	<u>56,799</u>
Total	<u><u>\$ 1,693,944</u></u>	<u><u>3,958,468</u></u>
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 210,598	108,175
Foreign exchange swap	<u>39,538</u>	<u>-</u>
Total	<u><u>\$ 250,136</u></u>	<u><u>108,175</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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:

2020.12.31			
	Contract Amount	Currency	Maturity Period
Foreign exchange swap	USD 715,000	USD to TWD	2021.01.07~2021.06.11
Forward	USD 214,000	USD to TWD	2021.01.06-2021.06.09
2019.12.31			
	Contract Amount	Currency	Maturity Period
Foreign exchange swap	USD 335,000	USD to TWD	2020.02.18-2020.03.18

2) Financial liabilities:

2020.12.31			
	Contract Amount	Currency	Maturity Period
Foreign exchange swap	USD 114,000	USD to TWD	2021.01.06-2021.03.25
Forward	USD 615,000	USD to TWD	2021.01.07~2021.06.11
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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Financial assets at fair value through other comprehensive income

	<u>2020.12.31</u>	<u>2019.12.31</u>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	\$ 1,496,291	1,323,651
Stocks not listed on domestic markets	<u>3,567,206</u>	<u>2,114,517</u>
Total	<u>\$ 5,063,497</u>	<u>3,438,168</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.

Global Strategic Venture Capital Co., Ltd. was liquidated on November 17, 2020. The fair value of the residual property received by the Group was \$14,150, resulting in the Group to realize a loss of \$14,200, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

For strategic purposes, the Group has sold its equity investments at fair value through other comprehensive income of \$29,964 in 2019, resulting in the Group to realize a loss of \$20,036, which was recognized as other comprehensive income, then later on, reclassified to retained earnings.

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

3) As of December 31, 2020, the aforesaid financial assets were not pledged as collateral.

(c) Note and trade receivables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts receivable- non-related parties	\$ 91,807,993	88,594,198
Accounts receivable- related parties	75,749	-
Less: Loss allowance	<u>(72,433)</u>	<u>(102,855)</u>
	<u>\$ 91,811,309</u>	<u>88,491,343</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 December 31, 2020 and 2019, the amounts of trade receivables measured at fair value through other comprehensive income were \$2,035,693 and \$3,061,165, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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:

	2020.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 90,849,182	0%~0.5%	57,719
1 to 180 days past due	1,031,417	0.04%~10%	11,802
More than 180 days past due	3,143	0.04%~100%	2,912
	\$ 91,883,742		72,433

As of the end of February 28, 2021, the amount that received by the Group is \$59,848,686.

	2019.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 84,510,859	0%~1%	89,828
1 to 180 days past due	3,963,098	0.04%~10%	11,504
More than 180 days past due	120,241	0.04%~100%	1,523
	\$ 88,594,198		102,855

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

	For the years ended December 31,	
	2020	2019
Balance at January 1, 2020 and 2019	\$ 102,855	120,009
Gains on reversal of impairment losses	(29,537)	(6,081)
Amounts written off	(986)	(10,903)
Foreign exchange gains (losses)	101	(170)
Balance at December 31, 2020 and 2019	\$ 72,433	102,855

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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

(Unit: Foreign currency/TWD in Thousands)

2020.12.31						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	<u>\$ 26,692,929</u>	<u>USD 153,413</u>	<u>USD 937,252</u>	-	0.99%~1.45%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				
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	<u>USD 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.

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

	2020.12.31	2019.12.31
Other accounts receivable—related parties	\$ 66	1,305
Other accounts receivable—non-related parties	<u>844,375</u>	<u>753,670</u>
	<u>\$ 844,441</u>	<u>754,975</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(e) Inventories

	<u>2020.12.31</u>	<u>2019.12.31</u>
Raw materials and consumables	\$ 28,128,939	24,313,559
Work in process	6,541,004	8,709,279
Finished goods	5,518,187	4,288,687
Materials and supplies in transit	<u>1,228,193</u>	<u>34,017</u>
	<u>\$ 41,416,323</u>	<u>37,345,542</u>

For the years ended December 31, 2020 and 2019, the write-up of inventories amounted to \$204,495 and \$170,081, 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. For the years ended December 31, 2020 and 2019, expenses of idle capacity amounted to \$177,928, and \$189,385, respectively.

As of December 31, 2020 and 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>2020.12.31</u>	<u>2019.12.31</u>
Associate	<u>\$ 211,643</u>	<u>247,194</u>

1. Associate

The Group's financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	<u>2020.12.31</u>	<u>2019.12.31</u>
Individually insignificant associates	<u>\$ 211,643</u>	<u>247,194</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	For the years ended December 31,	
	2020	2019
The Group's share of profit (loss) of the associates		
Loss from continuing operations	\$ (18,318)	(24,459)
Other comprehensive income	(17,285)	(1,653)
Total comprehensive income	<u>\$ (35,603)</u>	<u>(26,112)</u>

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

2. 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.

(g) Loss control of subsidiaries

The meeting of shareholders of E-Ton Solar Tech. Co., Ltd ("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
Notes 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>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
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	-	3,730	928,886	261	379,645	201,185	11,323	1,019,096	2,544,126
Disposals	-	(1,934,553)	(2,728,309)	(535)	(427,344)	(1,941,375)	(2,372)	-	(7,034,488)
Other	(99,541)	(1,413,577)	(2,147,735)	-	3,293	107,073	(268,277)	(734,064)	(4,552,828)
Effect of movements in exchange rate	-	(111,783)	(252,331)	(304)	(101,365)	(80,994)	(10,119)	23,961	(532,935)
Balance at December 31, 2020	<u>\$ 7,784,757</u>	<u>17,344,433</u>	<u>20,575,199</u>	<u>103,254</u>	<u>5,179,868</u>	<u>8,803,802</u>	<u>396,393</u>	<u>2,160,724</u>	<u>62,348,430</u>
Balance at January 1, 2019	\$ 6,723,319	21,223,870	26,824,081	107,596	5,301,457	10,607,750	1,448,410	895,869	73,132,352
Additions	1,160,979	26,287	1,038,500	6,197	362,160	188,424	43,989	1,060,361	3,886,897
Disposals	-	-	(2,832,173)	(7,676)	(268,183)	(102,842)	(818,744)	-	(4,029,618)
Other	-	945	125,735	-	8,440	48,304	-	(81,929)	101,495
Effect of movements in exchange rate	-	(450,486)	(381,455)	(2,285)	(78,235)	(223,723)	(7,817)	(22,570)	(1,166,571)
Balance at December 31, 2019	<u>\$ 7,884,298</u>	<u>20,800,616</u>	<u>24,774,688</u>	<u>103,832</u>	<u>5,325,639</u>	<u>10,517,913</u>	<u>665,838</u>	<u>1,851,731</u>	<u>71,924,555</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	-	390,371	1,248,589	11,787	379,979	527,463	46,496	-	2,604,685
Disposals	-	(1,357,351)	(2,426,248)	(535)	(455,805)	(1,902,176)	(2,043)	-	(6,144,158)
Impairment loss	-	-	800,125	-	-	149,690	-	-	949,815
Other	(10,231)	(1,199,936)	(2,338,422)	-	(16,142)	(13,414)	(6,996)	-	(3,585,141)
Effect of movements in exchange rate	-	(26,203)	(200,414)	(130)	(82,070)	(76,162)	(291,472)	-	(676,451)
Balance at December 31, 2020	<u>\$ -</u>	<u>4,460,648</u>	<u>17,798,027</u>	<u>83,005</u>	<u>4,509,777</u>	<u>7,226,057</u>	<u>266,333</u>	<u>-</u>	<u>34,343,847</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	-	447,101	1,405,856	13,709	371,935	574,099	36,795	-	2,849,495
Disposals	-	-	(2,811,683)	(7,495)	(256,028)	(101,929)	(818,710)	-	(3,995,845)
Impairment loss	1,048	945	285,487	-	109	5,978	292	-	293,859
Effect of movements in exchange rate	-	(153,084)	(322,770)	(1,660)	(64,701)	(213,623)	(4,410)	-	(760,248)
Balance at December 31, 2019	<u>\$ 10,231</u>	<u>6,653,767</u>	<u>20,714,397</u>	<u>71,883</u>	<u>4,683,815</u>	<u>8,540,656</u>	<u>520,348</u>	<u>-</u>	<u>41,195,097</u>
Carrying amounts:									
Balance at December 31, 2020	<u>\$ 7,784,757</u>	<u>12,883,785</u>	<u>2,777,172</u>	<u>20,249</u>	<u>670,091</u>	<u>1,577,745</u>	<u>130,060</u>	<u>2,160,724</u>	<u>28,004,583</u>
Balance at January 1, 2019	<u>\$ 6,714,136</u>	<u>14,865,065</u>	<u>4,666,574</u>	<u>40,267</u>	<u>668,957</u>	<u>2,331,619</u>	<u>142,029</u>	<u>895,869</u>	<u>30,324,516</u>
Balance at December 31, 2019	<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>

As of December 31, 2020 and 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 for the years ended December 31, 2020 and 2019 were 11.40% 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 the years ended December 31, 2020 and 2019, the impairment losses were \$949,815 and \$30,256, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 on impairment loss of related assets for the ended December 31, 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	96,228	3,193	-	103,848
Termination before the expiration	(188,602)	(17,578)	(181)	(4,432)	(210,793)
Others	76,078	103,651	(2,914)	-	176,815
Effect of changes in foreign exchange rates	15,100	(9,360)	(115)	(35)	5,590
Balance as of December 31, 2020	<u>\$ 2,501,251</u>	<u>1,372,877</u>	<u>15,351</u>	<u>620</u>	<u>3,890,099</u>
Balance as of January 1, 2019	\$ 2,834,870	739,876	8,232	6,126	3,589,104
Additions	2,433	489,540	7,168	-	499,141
Termination before the expiration	(142,852)	(1,407)	-	(1,030)	(145,289)
Effect of changes in foreign exchange rates	(100,203)	(28,073)	(32)	(9)	(128,317)
Balance as of December 31, 2019	<u>\$ 2,594,248</u>	<u>1,199,936</u>	<u>15,368</u>	<u>5,087</u>	<u>3,814,639</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	70,875	207,032	5,682	1,062	284,651
Termination before the expiration	(32,698)	(16,597)	(181)	(1,862)	(51,338)
Others	(10,768)	-	(1,053)	-	(11,821)
Effect of changes in foreign exchange rates	826	(4,529)	(64)	(30)	(3,797)
Balance as of December 31, 2020	<u>\$ 115,716</u>	<u>360,840</u>	<u>9,042</u>	<u>610</u>	<u>486,208</u>
Balance as of January 1, 2019	\$ -	-	-	-	-
Depreciation for the year	103,985	179,681	4,679	1,624	289,969
Termination before the expiration	-	-	-	(174)	(174)
Effect of changes in foreign exchange rates	(16,504)	(4,747)	(21)	(10)	(21,282)
Balance as of December 31, 2019	<u>\$ 87,481</u>	<u>174,934</u>	<u>4,658</u>	<u>1,440</u>	<u>268,513</u>
Carrying amount:					
Balance at December 31, 2020	<u>\$ 2,385,535</u>	<u>1,012,037</u>	<u>6,309</u>	<u>10</u>	<u>3,403,891</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 December 31, 2019	<u>\$ 2,506,767</u>	<u>1,025,002</u>	<u>10,710</u>	<u>3,647</u>	<u>3,546,126</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(j) Investment property

	<u>Building and construction</u>
Cost or deemed cost:	
Balance at January 1, 2020	\$ 1,569,906
Others	<u>(1,569,906)</u>
Balance at December 31, 2020	<u><u>\$ -</u></u>
Balance at January 1, 2019	\$ 1,567,942
Reclassification	<u>1,964</u>
Balance at December 31, 2019	<u><u>\$ 1,569,906</u></u>
Depreciation and impairment losses:	
Balance at January 1, 2020	\$ 876,591
Depreciation for the period	12,262
Others	<u>(888,853)</u>
Balance at December 31, 2020	<u><u>\$ -</u></u>
Balance at January 1, 2019	\$ 827,673
Depreciation for the period	<u>48,918</u>
Balance at December 31, 2019	<u><u>\$ 876,591</u></u>
Carrying amounts:	
Balance at December 31, 2020	<u><u>\$ -</u></u>
Balance at January 1, 2019	<u><u>\$ 740,269</u></u>
Balance at December 31, 2019	<u><u>\$ 693,315</u></u>
Fair value:	
Balance at December 31, 2020	<u><u>\$ -</u></u>
Balance at December 31, 2019	<u><u>\$ 1,121,740</u></u>

Based on the purposes of earning rental income or for capital appreciation income or both, the Group reclassified buildings to investment property.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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.

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

(k) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the years ended December 31, 2020 and 2019 were as follows:

	Goodwill	Patent and trademark right	Software cost	Total
Cost:				
Balance at January 1, 2020	\$ 980,719	456	1,122,935	2,104,110
Additions	-	-	118,581	118,581
Disposals	-	-	(68,586)	(68,586)
Reclassification	-	(456)	-	(456)
Effect of movements in exchange rate	-	-	84	84
Balance at December 31, 2020	<u>\$ 980,719</u>	<u>-</u>	<u>1,173,014</u>	<u>2,153,733</u>
Balance at January 1, 2019	\$ 980,719	456	1,017,473	1,998,648
Additions	-	-	226,789	226,789
Disposals	-	-	(121,112)	(121,112)
Effect of movements in exchange rate	-	-	(215)	(215)
Balance at December 31, 2019	<u>\$ 980,719</u>	<u>456</u>	<u>1,122,935</u>	<u>2,104,110</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	<u>Goodwill</u>	<u>Patent and trademark right</u>	<u>Software cost</u>	<u>Total</u>
Amortization and impairment losses:				
Balance at January 1, 2020	\$ 172,299	456	1,050,581	1,223,336
Amortization for the period	-	-	123,559	123,559
Disposals	-	-	(68,586)	(68,586)
Reclassification	-	(456)	-	(456)
Effect of movements in exchange rate	-	-	79	79
Balance at December 31, 2020	<u>\$ 172,299</u>	<u>-</u>	<u>1,105,633</u>	<u>1,277,932</u>
Balance at January 1, 2019	\$ 172,299	456	940,586	1,113,341
Amortization for the period	-	-	231,299	231,299
Disposals	-	-	(121,112)	(121,112)
Effect of movements in exchange rate	-	-	(192)	(192)
Balance at December 31, 2019	<u>\$ 172,299</u>	<u>456</u>	<u>1,050,581</u>	<u>1,223,336</u>
Carrying amounts:				
Balance at December 31, 2020	<u>\$ 808,420</u>	<u>-</u>	<u>67,381</u>	<u>875,801</u>
Balance at January 1, 2019	<u>\$ 808,420</u>	<u>-</u>	<u>76,887</u>	<u>885,307</u>
Balance at December 31, 2019	<u>\$ 808,420</u>	<u>-</u>	<u>72,354</u>	<u>880,774</u>

The amortization of intangible assets and impairment losses are respectively included in the statement of comprehensive income:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 7,466	107,840
Operating expenses	116,093	123,459
Total	<u>\$ 123,559</u>	<u>231,299</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(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:

	2020.12.31	2019.12.31
Refundable deposits	\$ 69,662	173,802
Prepayments to suppliers	21,581	6,724
Restricted assets	1,127,892	64,081
Payment on behalf of others	2,511,971	-
Deferred Tax assets	1,767,526	1,653,148
Others	2,385,778	2,156,768
	\$ 7,884,410	4,054,523

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 December 31, 2020 and 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:

2020.12.31				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 3,050,000
		CNY	2024.02.14	544,825
Unsecured bank loans	0.48%~2.90%	TWD	2021.01.06~2021.05.31	9,320,106
		USD	2021.01.06~2022.10.14	28,293,818
		EUR	2021.05.31	3,575
Total				\$ 41,212,324
Current				\$ 32,221,499
Non-current				8,990,825
Total				\$ 41,212,324
Unused credit line				\$ 70,541,804

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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				<u>3,883,134</u>
Total				<u><u>\$ 29,408,713</u></u>
Unused credit line				<u><u>\$ 75,851,186</u></u>

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

2. Important borrowing restrictions

The Group entered into syndicated credit agreements with a number of financial institutions. Under these agreements, the Group shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the annual report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2020 and 2019, the Group was in compliance with the above financial covenants.

3. 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.

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%.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(n) Lease liabilities

The Group lease liabilities were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Current	\$ <u>216,479</u>	<u>200,289</u>
Non-current	\$ <u>748,035</u>	<u>976,791</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>29,006</u>	<u>33,318</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>44,532</u>	<u>138,426</u>
Expenses relating to short-term leases	\$ <u>29,999</u>	<u>77,005</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>52,154</u>	<u>8,969</u>
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	\$ <u>6,203</u>	<u>-</u>

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

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>354,936</u>	<u>454,696</u>

1. Real estate leases

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Other leases

The Group leases vehicles and other 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

A maturity analysis of lease receivables, showing the undiscounted lease receivables to be received after the reporting date are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Less than one year	\$ 296,860	178,121
One to two years	211,283	137,669
Two to three years	137,976	99,733
Three to four years	59,269	69,278
Four to five years	55,332	34,846
More than five years	<u>13,965</u>	<u>41,354</u>
Total undiscounted lease receivables	<u>\$ 774,685</u>	<u>561,001</u>

The rental revenues incurred by leasing plants were \$246,232 and \$291,270 for the years ended December 31, 2020 and 2019, respectively.

(p) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Present value of the defined benefit obligations	\$ 1,768,018	1,736,857
Fair value of plan assets	<u>(1,192,773)</u>	<u>(1,155,255)</u>
Net defined benefit liabilities	<u>\$ 575,245</u>	<u>581,602</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement. As of December 31, 2020 and 2019, the defined benefit plans amounted to \$80,926 and \$58,799, respectively, which were accounted as other current assets.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued two-year time deposits with interest rates offered by local banks.

The Group's pension reserve account in Bank of Taiwan amounted to \$1,186,634 at the end of December 31, 2020. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group on 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Defined benefit obligation at January 1	\$ 1,736,857	1,698,756
Current service costs and interest	26,212	31,862
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demography assumption	-	157
— Experience adjustments arising on the actuarial gain or loss	47,255	6,237
— Actuarial loss (gain) arising from changes in financial assumptions	43,393	62,157
Benefits paid by the plan assets	(85,189)	(62,312)
Settlement	(510)	-
Defined benefit obligation at December 31	<u>\$ 1,768,018</u>	<u>1,736,857</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group on 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Fair value of plan assets at January 1	\$ 1,155,255	1,083,799
Interest income	8,910	12,136
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	36,920	36,268
Contributions made	85,974	85,364
Benefits paid by the plan assets	(85,189)	(62,312)
Settlement	(9,097)	-
Fair value of plan assets at December 31	\$ 1,192,773	1,155,255

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group on 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Current service costs	\$ 13,202	13,268
Net interest of net liabilities for defined benefit obligations	4,100	6,458
	\$ 17,302	19,726
Operating cost	\$ 1,757	1,877
Selling expenses	1,907	2,172
Administration expenses	4,367	5,096
Research and development expenses	9,271	10,581
	\$ 17,302	19,726

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

Present Value of defined benefit obligations:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Discount rate	0.50%	0.75%~0.80%
Future salary increases rate	1.63%~2.00%	1.63%~2.50%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date was \$86,982.

The weighted-average duration of the defined benefit obligation is 8.7~12.5 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2020 and 2019 shall be as follows:

	<u>Influences of defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2020		
Discount rate	(43,393)	45,029
Future salary increasing rate	43,681	(42,320)
December 31, 2019		
Discount rate	(44,775)	46,506
Future salary increasing rate	45,239	(43,785)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group contribute an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance.

The pension costs incurred from the contributions to the to the Bureau of Labor Insurance amounted to \$256,097 and \$252,488 for the years ended December 31, 2020 and 2019, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$756,918 and \$1,606,987 for the years ended December 31, 2020 and 2019, respectively.

(q) Income taxes

1. The components of income tax expense (gain) for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Current tax expense		
Current period	\$ 1,588,272	1,421,969
Other	816,680	41,017
Adjustment for prior periods	(114,742)	(10,265)
	<u>2,290,210</u>	<u>1,452,721</u>
Deferred tax expense		
Origination and reversal of temporary differences	1,303,593	219,343
Change in unrecognized deductible temporary differences	178,946	-
Recognition of previously unrecognized tax losses	(22)	-
	<u>1,482,517</u>	<u>219,343</u>
Income tax expense from continuing operations	<u><u>\$ 3,772,727</u></u>	<u><u>1,672,064</u></u>

The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	For the years ended December 31,	
	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u><u>\$ 10,746</u></u>	<u><u>6,757</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2020	2019
Income before tax	\$ 10,345,705	6,509,061
Income tax using the Company's domestic tax rate	3,592,046	2,323,999
Permanent differences	(202,801)	(664,387)
Tax-exempt income	(7,272)	(8,067)
Tax credits and use of tax losses	(86,797)	(54,072)
Recognition of previously recognized tax losses	-	27,846
Current-year losses for which no deferred tax asset was recognized	(1,076,571)	254,967
Change in unrecognized temporary differences	1,149,848	(171,871)
(Over) under provision in prior periods	(114,742)	(10,265)
Over provision of temporary differences	334,433	(245,188)
Undistributed earnings additional tax	3,865	26
Other	180,718	219,076
Income tax expense	\$ 3,772,727	1,672,064

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	2020.12.31	2019.12.31
Tax effect of deductible temporary differences	\$ 1,117,423	2,307,990
The carryforward of unused tax losses	774,311	3,059,605
	\$ 1,891,734	5,367,595

The carryforward of unused tax credits was determined in accordance with the rules established by each taxation authorities, and can be applied to offset against profit and income tax in the future respectively. The deferred tax assets have not been recognized in respect of the aforementioned items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

The Subsidiaries located in China, where the income tax rate is 25%, in accordance with the rules for the implementation of the Income Tax Law of the People's Republic of China for enterprises with Foreign Investment and Foreign Enterprises, was entitled to the preferential treatment for advanced technology industries with respect to reduction of or exemption from income tax. Under such tax law, commencing with the first profit-making year is exempted from income tax in the first and second profitable year and is entitled to a 50% reduction from the third to fifth year.

The Group invested in the companies which were incorporated in the Cayman Islands. The earnings of these entities are not taxable by the local government in their respective jurisdictions. Other foreign subsidiaries are taxed in accordance with the Income Tax Law of their respective jurisdiction.

As of December 31, 2020 and 2019, the Group estimated that the part of the temporary differences does not have more than 50% possibility to realize in the visible future, so they were not recognized as deferred tax assets.

Each company is taxed in accordance with the income tax law of their respective jurisdiction. Unused operating loss carry-forwards can be applied to offset against profit in the future after being examined by the Tax Authority. As of December 31, 2020, the company that have loss carry forwards which can be used to offset profit were as follow. Among the taxable losses, \$0 were recognized as deferred tax assets.

As of December 31, 2020, the Group did not recognize its prior years' loss carry-forwards as deferred tax assets, whose expiry years were as follows:

	Unused loss	Expiry year
The carryforward of unused losses	<u><u>\$ 3,972,301</u></u>	<u>2021~2029</u>

Due to the unstable economic environment recovery, the realizability of tax assets of the tax losses, which amounted to \$3,972,301, is doubtful. Therefore, the Group has recognized the partial tax losses as deferred tax assets. If the sales grow continuously, the Group would recognize the aforementioned tax losses in the future and generate the additional tax benefits.

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Gain (loss) on investment	Other	Total
Deferred Tax Liabilities:			
Balance at January 1, 2020	\$ 3,320,241	8,375	3,328,616
Recognized in profit or loss	<u>1,566,594</u>	<u>21,488</u>	<u>1,588,082</u>
Balance at December 31, 2020	<u><u>\$ 4,886,835</u></u>	<u><u>29,863</u></u>	<u><u>4,916,698</u></u>
Balance at January 1, 2019	\$ 3,014,371	50,824	3,065,195
Recognized in profit or loss	<u>305,870</u>	<u>(42,449)</u>	<u>263,421</u>
Balance at December 31, 2019	<u><u>\$ 3,320,241</u></u>	<u><u>8,375</u></u>	<u><u>3,328,616</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	Warranty expense	Defined Benefit Plans	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2020	\$ 846,426	73,545	733,177	1,653,148
Recognized in profit or loss	50,088	(9,472)	64,949	105,565
Recognized in other comprehensive income	-	10,746	-	10,746
Effect of movements in exchange rate	-	-	(1,933)	(1,933)
Balance at December 31, 2020	<u>\$ 896,514</u>	<u>74,819</u>	<u>796,193</u>	<u>1,767,526</u>
Balance at January 1, 2019	\$ 935,721	79,899	595,406	1,611,026
Recognized in profit or loss	(89,295)	(13,111)	146,484	44,078
Recognized in other comprehensive income	-	6,757	-	6,757
Effect of movements in exchange rate	-	-	(8,713)	(8,713)
Balance at December 31, 2019	<u>\$ 846,426</u>	<u>73,545</u>	<u>733,177</u>	<u>1,653,148</u>

3. Income Tax approval

The Company's income tax returns through 2018 have been examined and approved by the Tax Authority.

4. Business income tax administrative remedies

The Group adopted the transfer pricing method on income tax declaration from year 2013 to 2014. As the calculation had a conflict with the opinion of the tax authority, the Group applied for administrative relief after paying the approved additional tax. The administrative appeal and litigation procedures are in progress.

(r) Capital and reserves

As of December 31, 2020 and 2019, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The components of the capital surplus were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Share capital	\$ 2,891,959	2,891,959
Other	<u>7,325</u>	<u>21,502</u>
	<u>\$ 2,899,284</u>	<u>2,913,461</u>

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. 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 ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; then such distribution shall be submitted to the shareholder's meeting.

1) Legal reserve

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:

	2019		2018	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 1.30	<u><u>4,663,718</u></u>	1.50	<u><u>5,381,213</u></u>

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System on the internet.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

On March 30, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings respectively, as follows:

	2020	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 1.85	<u><u>6,636,829</u></u>

3. Other equity (net of taxes) and non-controlling interests

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests
Balance, January 1, 2020	\$ (2,005,134)	183,129	1,700,080
Exchange differences on foreign operations	(461,592)	-	4,275
Exchange differences on subsidiaries accounted for using equity method	(639)	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	365,376	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(16,523)	-
Disposal of investments accounted for using equity method	-	19,258	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	14,200	-
Profit attributable to non-controlling interest	-	-	(975,007)
Others (Note)	-	-	(823,264)
Balance, December 31, 2020	<u><u>\$ (2,467,365)</u></u>	<u><u>565,440</u></u>	<u><u>(93,916)</u></u>
Balance, January 1, 2019	(990,250)	(656,107)	2,357,036
Exchange differences on foreign operations	(1,013,287)	-	(13,563)
Exchange differences on subsidiaries accounted for using equity method	(1,597)	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	818,376	(18,862)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	824	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	20,036	-
Profit attributable to non-controlling interest	-	-	(670,963)
Actuarial gains and losses	-	-	983
Others	-	-	45,449
Balance, December 31, 2019	<u><u>\$ (2,005,134)</u></u>	<u><u>183,129</u></u>	<u><u>1,700,080</u></u>

Note: Due to losing control over the subsidiary, the impact amounted to \$838,676.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(s) Share-Based payments

1. AIMobile Co. Ltd

As of December 31, 2020, share-based payments of AIMobile Co. Ltd are as follows:

	Equity transaction
	Employee Stock
	Option Plan
Grant date	March 25, 2019
Number of shares granted	1,605 thousand units
Contractual life	5 year
Grant target	Employees of AIMobile Co. Ltd
Vesting period	Subsequent 2~4 years service

1) Determining the fair value of equity instruments granted

AIMobile Co. Ltd adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	2020
	Employee Stock
	Option Plan
Fair value at grant date	2.28 / 2.77 / 3.29
Share price at grant date	10.4
Exercise price	10
Expected volatility(%)	30.971% / 34.193% / 36.901%
Expected life of the option (year)	2.60 / 3.30 / 4.15
Expected dividend yield rate	-%
Risk free interest rate (%)	0.574% / 0.597% / 0.621%

AIMobile Co. Ltd use the historical volatility as base to estimate the expected volatility; the duration of stock options is in accordance with the regulations. The expected dividends were set at 0, and the risk-free rate was set considering the rate of the short-term government bonds. The definition of fair value did not cover the service fee of the trade or the non-market achievement conditions.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2) Expenses and liabilities resulted from share-based payments

As of December 31, 2020 and 2019, expense and liability resulted from share-based payments are accounted as follow:

	<u>2020</u>	<u>2019</u>
Expenses and liabilities	\$ <u><u>1,234</u></u>	<u><u>1,040</u></u>

(t) Earnings per share

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

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders	\$ <u><u>7,547,985</u></u>	<u><u>5,507,960</u></u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	\$ <u><u>2.10</u></u>	<u><u>1.54</u></u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u><u>7,547,985</u></u>	<u><u>5,507,960</u></u>
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares) profit sharing to employees	<u>32,907</u>	<u>23,150</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,620,382</u>	<u>3,610,625</u>
Diluted earnings per share (NT dollars)	\$ <u><u>2.08</u></u>	<u><u>1.53</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(u) Revenue from contracts with customers

1. Disaggregation of revenue

		For the years ended December 31, 2020		
		Core	Others	Total
Primary geographical markets				
Taiwan	\$	32,249,613	767,482	33,017,095
USA		345,570,121	104,146	345,674,267
Japan		7,723,625	-	7,723,625
Hong Kong, Macao and Mainland China		68,334,265	212,354	68,546,619
Other countries		<u>53,236,397</u>	<u>96,195</u>	<u>53,332,592</u>
	\$	<u>507,114,021</u>	<u>1,180,177</u>	<u>508,294,198</u>
Major products				
Computer product	\$	506,413,658	-	506,413,658
Service		700,363	-	700,363
Others		<u>-</u>	<u>1,180,177</u>	<u>1,180,177</u>
	\$	<u>507,114,021</u>	<u>1,180,177</u>	<u>508,294,198</u>
		For the years ended December 31, 2019		
		Core	Others	Total
Primary geographical markets				
Taiwan	\$	6,882,698	2,663,130	9,545,828
USA		341,349,096	350,212	341,699,308
Japan		13,200,986	-	13,200,986
Hong Kong, Macao and Mainland China		66,912,430	1,009,619	67,922,049
Other countries		<u>68,492,986</u>	<u>91,656</u>	<u>68,584,642</u>
	\$	<u>496,838,196</u>	<u>4,114,617</u>	<u>500,952,813</u>
Major products				
Computer product	\$	495,945,745	-	495,945,745
Service		892,451	-	892,451
Others		<u>-</u>	<u>4,114,617</u>	<u>4,114,617</u>
	\$	<u>496,838,196</u>	<u>4,114,617</u>	<u>500,952,813</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Contract balances

	<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2019.1.1</u>
Notes and Accounts receivable (included related parties)	\$ 91,883,742	88,594,198	92,354,729
Less: Loss allowance	<u>(72,433)</u>	<u>(102,855)</u>	<u>(120,009)</u>
Total	<u>\$ 91,811,309</u>	<u>88,491,343</u>	<u>92,234,720</u>
 Contract liabilities	 <u>\$ 7,828,232</u>	 <u>6,449,213</u>	 <u>6,717,641</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 years ended December 31, 2020 and 2019 were \$7,431,819 and \$9,863,711, 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 \$675,529 and \$424,704 and the remuneration of directors amounted to \$123,674 and \$77,754 for the years ended December 31, 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 were expensed under operating cost or expenses in 2020 and 2019. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2020 and 2019 and the amounts stated in the individual reports.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the years ended December 31,	
	2020	2019
Interest income from bank deposits	<u>\$ 1,186,629</u>	<u>1,347,043</u>

2. Other income

The details of other income were as follows:

	For the years ended December 31,	
	2020	2019
Rent income	\$ 246,232	291,270
Dividend income	30,069	20,979
	<u>\$ 276,301</u>	<u>312,249</u>

3. Other income and losses

The details of other income and losses were as follows:

	For the years ended December 31,	
	2020	2019
Foreign exchange losses	\$ (461,964)	(999,798)
Gains on disposal of investments	24,435	-
Net gains on financial assets (liabilities) measured at fair value through profit or loss	1,114,261	240,750
Gains on disposal of property, plant and equipment	4,773,910	69,439
Gains on non-current assets held-for-sell	-	628,476
Impairment loss on property, plant and equipment	(949,815)	(293,859)
Other impairment loss	(2,407)	(51,057)
Other	1,015,831	637,882
	<u>\$ 5,514,251</u>	<u>231,833</u>

4. Finance costs

The details of finance expenses were as follows:

	For the years ended December 31,	
	2020	2019
Interest expenses		
Bank borrowings	\$ 609,087	936,338
Others	445,157	824,762
	<u>\$ 1,054,244</u>	<u>1,761,100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(x) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

2) Condition of credit risk concentration

Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Group are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting trade receivables.

Besides, the Consolidated Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the executives evaluate the Group's credit risk to be limited.

As of December 31, 2020 and 2019, 63% and 65% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2. 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
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,594,825	3,871,406	182,167	181,354	447,247	1,462,220	1,598,418
Unsecured bank loans	37,617,499	39,026,892	33,256,306	29,234	5,741,352	-	-
Accounts payable	74,370,226	74,370,226	74,370,226	-	-	-	-
Other payables	11,595,245	11,595,245	11,595,245	-	-	-	-
Lease liabilities	964,514	1,100,855	115,403	134,958	171,981	394,867	283,646
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	210,598	(18,092,129)	(18,092,129)	-	-	-	-
Inflow	-	17,881,531	17,881,531	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	39,538	(3,209,668)	(3,209,668)	-	-	-	-
Inflow	-	3,170,130	3,170,130	-	-	-	-
	<u>\$ 128,392,445</u>	<u>129,714,488</u>	<u>119,269,211</u>	<u>345,546</u>	<u>6,360,580</u>	<u>1,857,087</u>	<u>1,882,064</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	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
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 payables	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>

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

3.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:

		2020.12.31	
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
<u>Monetary items</u>			
USD	\$ 5,480,099	USD : TWD 28.48	156,073,220
	433,993	USD : CNY 6.52	12,360,121
	317,555	USD : CZK 21.38	9,043,960
CNY	3,553,701	CNY : USD 0.15	15,511,194
JPY	7,167	JPY : TWD 0.27	1,935
<u>Non-monetary items</u>			
USD	57,844	USD : TWD 28.48	1,647,427
Financial Liabilities			
<u>Monetary items</u>			
USD	4,480,491	USD : TWD 28.48	127,604,384
	242,494	USD : CNY 6.52	6,906,229
	396,525	USD : CZK 21.38	11,293,032
CNY	345,548	CNY : USD 0.15	1,508,248

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

		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
<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

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 December 31, 2020 and 2019 would have increased or decreased the net profit after tax by \$179,933 and \$158,427, respectively. The analysis is performed on the same basis for both periods.

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 years ended December 31, 2020 and 2019, the foreign exchange loss, including realized and unrealized, amounted to \$(461,964) and \$(999,798), respectively.

4. Interest rate analysis

The Group's financial assets and financial liabilities with interest rate exposure risk were noted in the liquidity risk section.

The following sensitivity analysis in interest rates is based on the risk exposure to interest rates on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

If the interest rate increases or decreases by 0.5%, the Group's profit will decrease or increase by \$12,200 and \$14,290 for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate in borrowings and time deposits.

5. 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 :

	2020.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 251,174	-	251,174	-	251,174
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,442,770</u>	<u>377,800</u>	<u>-</u>	<u>1,064,970</u>	<u>1,442,770</u>
Subtotal	<u>1,693,944</u>	<u>377,800</u>	<u>251,174</u>	<u>1,064,970</u>	<u>1,693,944</u>
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,420,469	1,420,469	-	-	1,420,469
Unquoted equity instruments	<u>3,643,028</u>	<u>-</u>	<u>75,822</u>	<u>3,567,206</u>	<u>3,643,028</u>
Subtotal	<u>5,063,497</u>	<u>1,420,469</u>	<u>75,822</u>	<u>3,567,206</u>	<u>5,063,497</u>
Financial assets at amortized cost					
Cash and cash equivalents	32,951,595	-	-	-	-
Accounts receivable and other receivables	<u>92,655,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>125,607,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 132,364,786</u>	<u>1,798,269</u>	<u>326,996</u>	<u>4,632,176</u>	<u>6,757,441</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

		2020.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 250,136	-	250,136	-	250,136
Financial liabilities at amortized cost					
Bank loans	41,212,324	-	-	-	-
Accounts payable	74,370,226	-	-	-	-
Other payables	11,595,245	-	-	-	-
Lease liabilities	964,514	-	-	-	-
Subtotal	128,142,309	-	-	-	-
Total	<u>\$ 128,392,445</u>	<u>-</u>	<u>250,136</u>	<u>-</u>	<u>250,136</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
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>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	2019.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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	\$ 113,607,630	-	108,175	-	108,175

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.

(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 years ended December 31, 2020 and 2019.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

- 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	78,434	-
Other comprehensive income	-	206,885
Purchase	7,617,410	1,258,524
Disposals	(10,159,972)	(14,150)
Transfers out of Level 3	(74,980)	-
Effect of movements in exchange rate	(113,176)	1,431
Balance as of December 31, 2020	\$ 1,064,970	3,567,207
Balance as of January 1, 2019	\$ 2,402,590	264,886
Total gains and losses recognized in		
Profit or loss	89,880	-
Other comprehensive income	-	16,981
Purchase	14,208,509	1,858,948
Disposals	(12,770,353)	-
Proceeds from capital reduction	-	(26,400)
Effect of movements in exchange rate	(213,372)	102
Balance as of December 31, 2019	\$ 3,717,254	2,114,517

For the years ended December 31, 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 years ended December 31, 2020	2019
Total gains and losses recognized in:		
In profit or loss, and included “other gains and losses”	\$ (5,737)	4,752
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	206,885	16,981

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 profit or loss—financial instruments without an active market	Discounted Cash Flow Method	· Discounted Rate (3.20% on December 31, 2020 and 3.20%~4.00% on December 31, 2019)	· 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	· Net Asset Value	· Not applicable
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	· Discount due to Lack of Market liquidity (30%)	· 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 other comprehensive income—equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (0.85~1.92) · Discount due to Lack of Market liquidity (20%~30%)	· 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 other comprehensive income—equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable

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:

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2020						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 13,709	(13,709)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	17,790	(17,790)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

			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
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)

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.

6. 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.

2020.12.31						
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	\$ 390,039,674	389,593,639	446,035	-	-	446,035
Derivative financial instruments	72,194	-	72,194	-	-	72,194
Total	<u>\$ 390,111,868</u>	<u>389,593,639</u>	<u>518,229</u>	<u>-</u>	<u>-</u>	<u>518,229</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2020.12.31						
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	\$ 182,068	-	182,068	-	-	182,068
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	\$ 413,744,870	413,317,202	427,668	-	-	427,668
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	\$ 108,175	-	108,175	-	-	108,175

Note: Master netting arrangements are included.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(y) Financial risk management

1. Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The group are exposed to credit risk, market risk, operating risk and liquidity risk due to its operating activities. To lower the latent unfavorable effects of changing market to the Group's financial performance, the Group have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The financial units follow the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3. Credit risk

Please refer to Note 6(x) for the analysis of credit risk of cash, cash equivalent and accounts receivable.

4. Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group use actual cost to estimate the cost of its products and services to better assist the Group's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2020, the capital and working funds of the Group are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2020 and 2019, the Group's unused credit line were amounted to \$70,541,804 and \$75,851,186, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD), Czech Koruna (CZK), Japanese Yen (JPY) and China Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, JPY and CNY.

The Group often uses the principle of natural hedging as its basis, and proceed supplemented by derivative instruments for hedging exchange rate risk.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group's interest rate risk arises from long-term borrowings bearing floating interest rates. The fluctuation of the market interest rate changes the floating interest rates of the long-term borrowings, and thus affect the future cash flow. In order to decrease the effect of the market interest rate fluctuation on to the future cash flow, the Group periodically evaluates bank and currency borrowing rate to hedge the cash flow risk caused by the market interest rate fluctuation.

(z) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, additional paid-in capital, retained earnings, other equity interest and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

The group's objective for managing capitals is to maintain investor, creditor and market confidence, and to sustain future development of the business by making debts and capital the most suitable capital structure and optimizing the best of it based on industrial scales, future growth development, and capital expenditures needed for plants and equipment. Thus, the Group calculates the operating funds based on the life cycle of the products, plans for the development in the long run, and then decides the most suitable capital structure considering the business cycle.

The Group ensures the financial resources and the operating plan are sufficient to support the future needs of operating funds, capital expenditures, debt refunding and dividend distribution.

The Group's debt to equity ratio at the reporting date was as follows:

	2020.12.31	2019.12.31
Total Liabilities	\$ 156,270,694	136,121,625
Less: cash and cash equivalents	<u>(32,951,595)</u>	<u>(18,952,967)</u>
Net debt	<u>\$ 123,319,099</u>	<u>117,168,658</u>
Total Equity	\$ 57,890,743	56,971,228
Adjusted Capital	<u>\$ 57,890,743</u>	<u>56,971,228</u>
Debt to capital ratio	<u>213.02 %</u>	<u>205.66 %</u>

According to the Company's management, there were no changes in the Group's approach to capital management as of December 31, 2020.

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

The Group investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

1. For right-of-use assets under leases, please refer to Note 6(i).

2. Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2020
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 3,883,134	5,331,728	(300,000)	75,963	8,990,825
Short-term borrowings (including current portion of long-term borrowings)	25,525,579	6,502,586	300,000	(106,666)	32,221,499
Lease liabilities (Note)	1,177,080	(199,245)	(6,985)	(6,336)	964,514
Total liabilities from financing activities	<u>\$ 30,585,793</u>	<u>11,635,069</u>	<u>(6,985)</u>	<u>(37,039)</u>	<u>42,176,838</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

	January 1, 2019	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	December 31, 2019
Long-term borrowings	\$ 3,409,061	865,440	(359,061)	(32,306)	3,883,134
Short-term borrowings (including current portion of long-term borrowings)	31,857,950	(6,498,237)	359,061	(193,195)	25,525,579
Lease liabilities (Note)	1,074,436	(196,978)	199,374	100,248	1,177,080
Total liabilities from financing activities	<u>\$ 36,341,447</u>	<u>(5,829,775)</u>	<u>199,374</u>	<u>(125,253)</u>	<u>30,585,793</u>

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

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
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
Li-Cheng Yeh	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:

	For the years ended December 31, 2020	2019
Associates	\$ 88,274	1,805
Other related parties	310	-
	<u>\$ 88,584</u>	<u>1,805</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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

2. Purchase

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

	For the years ended December 31,	
	2020	2019
Associates	\$ <u>6,672</u>	<u>-</u>

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	2020.12.31	2019.12.31
Accounts receivables	Associates	\$ 75,749	-
Other receivables	Associates	66	1,305
		<u>\$ 75,815</u>	<u>1,305</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	2020.12.31	2019.12.31
Accounts payable	Associates	\$ 678	-
Other payables	Associates	1,046	2,477
"	Other related parties	300,000	250,000
		<u>\$ 301,724</u>	<u>252,477</u>

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

5. Property transactions

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

For the years ended December 31, 2020 and 2019, the Group purchased equipment, intangible assets and other assets from Inventec Besta Co., Ltd. and paid the amount of \$12,620 and \$29,479, respectively.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

- 2) In 1999, the Group sold property, deferred assets, assets stated under expense, and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2020 and 2019, the unrealized other revenues are both \$1,211.

6. Others

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

	For the years ended December 31,	
	2020	2019
Associates	<u>\$ 6,206</u>	<u>8,009</u>

- 2) Donations for other related parties were as follows:

	For the years ended December 31,	
	2020	2019
Other related parties	<u>\$ 10,000</u>	<u>10,000</u>

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

	For the years ended December 31,	
	2020	2019
Associates	<u>\$ 3,935</u>	<u>7,281</u>

(c) Key management personnel compensation

Key management personnel compensation includes:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$ 494,902	530,154
Post-employment benefit	6,192	4,361
	<u>\$ 501,094</u>	<u>534,515</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(8) Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 69,662	173,802
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	1,127,892	64,081
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	8,438,458	8,395,434
Total		<u>\$ 9,636,012</u>	<u>8,633,317</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
EUR	\$ 360	67
USD	56	3,795
TWD	25,345	13,461

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>2020.12.31</u>	<u>2019.12.31</u>
TWD	\$ 21,940,262	22,379,023
USD	1,776,400	1,464,400

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(12) Other

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

By function By item	For the years ended December 31, 2020			For the years ended December 31, 2019		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	8,860,268	8,666,824	17,527,092	13,153,184	8,531,621	21,684,805
Labor and health insurance	778,575	696,797	1,475,372	1,219,787	728,830	1,948,617
Pension	608,446	421,871	1,030,317	1,385,171	494,030	1,879,201
Others	506,400	268,056	774,456	652,059	327,926	979,985
Depreciation	1,894,677	1,006,921	2,901,598	2,062,583	1,125,799	3,188,382
Amortization	220,322	731,620	951,942	388,711	576,629	965,340

(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 year ended December 31, 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 Asset-Management (Shanghai) Corporation	Other receivables	Y	523,800	-	-	-	2	-	Working Capital	-	None	-	3,184,453	3,184,453
2	Inventec Appliances (Nanjing) Corp.(Note 3)	Inventec Appliances (XFAN) Corporation	"	Y	100,395	82,935	56,745	3.045%	2	-	"	-	"	-	343,822	343,822
3	Inventec Appliances (Shanghai) Co., Ltd.(Note 3)	Inventec Appliances (Shanghai) Enterprise	"	Y	30,555	-	-	-	2	-	"	-	"	-	1,771,832	1,771,832
3	"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Y	131,400	130,950	130,950	3.045%	2	-	"	-	"	-	1,771,832	1,771,832
4	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	"	Y	800,000	800,000	328,409	1.95%	2	-	"	-	"	-	8,476,966	8,476,966

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 Hi-Tech Corp.	Other receivables	Y	87,600	87,300	-	-	2	-	Working Capital	-	None	-	4,126,672	4,126,672
5	"	Inventec Asset-Management (Shanghai) Corporation	"	Y	1,401,600	1,396,800	1,163,567	5.225%	2	-	"	-	"	-	1,650,669	1,650,669

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.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	Inventec Appliances Corp.	Inventec Appliances (Jiangning) Corp.	2	4,238,483	1,163,146	1,163,146	-	-	13.72 %	4,238,483	N	N	Y

Note 1: The relationship between the entity for which the endorsement/guarantee is made and the Company:

- 1.The Company has business relationship.
- 2.Subsidiaries in which the Company holds more than 50 percent of its voting power.
- 3.An investee in which the Company and subsidiary holds more than 50 percent of its voting shares.
- 4.Subsidiaries in which the Company holds more than 90 percent of its voting power.
- 5.Companies in accordance with contractual provisions established by mutual applicants or in need of project.
- 6.Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
- 7.The performance of pre-sale house sales contract between intra-industry companies in accordance with the Consumer Protection Law requires joint guarantees.

Note 2: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 3: The transactions with the Group were eliminated in the consolidated financial statements.

Note 4: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

3. 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				Highest percentage of ownership (%) during the year	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	5,084	1.52 %	5,084	1.52 %	
"	Amphastar Pharmaceuticals Inc.	-	"	26	14,780	0.05 %	14,780	0.05 %	
"	Arima Communications Corp.	-	"	21,114	75,822	10.15 %	75,822	10.15 %	
"	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,405,689	0.96 %	1,405,689	0.96 %	
"	Tomorrow Studio Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	29	166	0.20 %	166	0.20 %	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	6.67 %	
"	New E Materials Co., Ltd.	-	"	1,760	12,197	16.00 %	12,197	16.00 %	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	6.20 %	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	41,755	3.72 %	41,755	3.72 %	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	-	2.95 %	-	2.95 %	
"	QEEEXO, Co. preferred stock	-	"	568	15,923	3.09 %	15,923	3.09 %	
"	Rescale, Inc. preferred stock	-	"	355	26,544	1.37 %	26,544	1.37 %	
"	Sensel, Inc. preferred stock	-	"	532	12,370	3.38 %	12,370	3.38 %	
"	ZT Group Int'l, Inc.	-	"	70	2,010,944	10.00 %	2,010,944	10.00 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)		
The Company	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	16,415	- %	16,415	- %	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	450	19,184	6.80 %	19,184	6.80 %	
"	Entire Technology Co., Ltd.	-	"	3,260	232,340	4.50 %	232,340	4.50 %	
"	E-TON Solar Tech. Co., Ltd.	-	"	94,889	452,619	29.70 %	452,619	29.70 %	
"	Imedtac Co., Ltd.	-	"	1,000	59,350	10.19 %	59,350	10.19 %	
"	TMY Technology Inc.	-	"	2,857	57,943	8.00 %	57,943	8.00 %	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	20,000	1,175,931	12.10 %	1,175,931	12.10 %	
Saint Investment Consulting Corporation	Testron Technology (Jiangsu) Co., Ltd.	-	"	2,778	68,964	10.00 %	68,964	10.00 %	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,948	207,736	2.96 %	207,736	2.96 %	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Pension CNY Financial products	-	"	-	52,379	- %	52,379	- %	
Inventec Electronics (Tianjin) Co., Ltd.	ICBC Wealth Management Corporation Tian Libao No. 2 Net Worth Management Product	-	"	-	109,120	- %	109,120	- %	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	9,192	16.00 %	9,192	16.00 %	
Inventec Investments Co., Ltd.	EPISTAR Corporation	-	Current financial assets at fair value through profit or loss	1,761	72,911	0.16 %	72,911	0.16 %	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	9,653	5.00 %	9,653	0.05 %	
"	Sagacity Tech. Co., Ltd.	-	"	79	-	15.00 %	-	15.00 %	
"	Living Pattern Technology Inc.	-	"	4	626	13.70 %	626	13.70 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	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	75,429	4.95 %	75,429	4.95 %	
"	SCOPE INDUSTRIES BERHAD	-	Current financial assets at fair value through profit or loss	32,000	72,549	4.16 %	72,549	4.16 %	
"	Rong Cheng Tech. Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,950	-	9.38 %	-	9.38 %	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	1.67 %	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	0.15 %	
Inventec Appliances Corp.	All People Health Social Enterprise Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	1,000	11.76 %	1,000	11.76 %	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	0.12 %	
"	Pandigital Worldwide, Ltd.	-	"	939	-	4.80 %	-	4.80 %	
"	3GTMobile Corporation	-	"	314	-	2.88 %	-	2.88 %	
"	Line Global Inc. (Proximiant, Inc.)	-	"	594	-	5.30 %	-	5.30 %	
"	Molekule, Inc.	-	"	1,603	152,800	1.57 %	152,800	1.75 %	
"	XMEMS LABS INC	-	"	1,778	24,056	3.05 %	24,057	3.49 %	
"	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.	-	"	99	-	0.03 %	-	0.03 %	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36 %	-	2.36 %	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08 %	-	2.08 %	

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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	Non-current financial assets at fair value through other comprehensive income	Cash Capital Increase	Non-related parties	-	-	20,000	1,175,931	-	-	-	-	20,000	1,175,931
Inventec (Chongqing) Corp.	CMBC Wealth Management Services	Current financial assets at fair value through profit or loss	CMBC	-	-	862,093	-	-	-	870,449	862,093	8,356	-	-
Inventec Appliances (Shanghai) Corp.	SCSB Winners CNY Financial Product	"	Bank of Shanghai	-	-	325,959	-	955,947	-	1,292,301	1,281,906	10,395	-	-
"	Bank of China	"	Bank of China	-	-	301,853	-	296,370	-	605,403	598,223	7,180	-	-
Inventec Appliances (Nanjing) Co. Ltd.	SCSB Winners CNY Financial Product	"	Bank of Shanghai	-	-	152,006	-	198,382	-	355,752	350,388	5,364	-	-
Inventec Appliances (Jiangning) Corp.	"	"	"	-	-	1,893,146	-	4,781,313	-	6,723,267	6,674,459	48,808	-	-

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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	71,105,867	17.45 %	90-105 days	-	No general trading partner can be compared.	16,589,292	19.09 %	
"	Inventec (Czech), s.r.o.	"	Sales	26,100,876	6.41 %	90-105 days	-	"	10,953,538	12.61 %	
"	AIMobile Co., Ltd.	"	Sales	190,326	0.05 %	60 days	-	"	108,031	0.12 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	299,231,642	76.45 %	90-105 days	-	"	(47,083,769)	52.18 %	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	344,879	0.09 %	90 days	-	"	(92,431)	0.10 %	
"	Inventec Holding (North America) Corp.	"	Purchases	800,083	0.20 %	90-105 days	-	"	(62,178)	0.07 %	
"	Inventec (Czech), s.r.o.	"	Purchases	764,846	0.20 %	90-105 days	-	"	(138,655)	0.15 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	71,105,867	89.75 %	90-105 days	-	"	(16,589,292)	93.30 %	
"	The Company	"	Sales	800,083	1.05 %	90-105 days	-	"	62,178	0.97 %	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	647,061	0.85 %	90-105 days	-	"	112,290	1.75 %	
"	Inventec (Czech), s.r.o.	"	Sales	1,125,297	1.48 %	90-105 days	-	"	242,702	3.77 %	
"	Inventec (Czech), s.r.o.	"	Purchases	289,861	0.37 %	90-105 days	-	"	(31,241)	0.18 %	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	26,100,876	92.80 %	90-105 days	-	"	(10,953,538)	96.76 %	
"	The Company	"	Sales	764,846	2.61 %	90-105 days	-	"	138,655	1.65 %	
"	Inventec Holding (North America) Corp.	Associates	Purchases	1,125,297	4.28 %	90-105 days	-	"	(242,702)	2.14 %	
"	Inventec Holding (North America) Corp.	"	Sales	289,861	0.99 %	90-105 days	-	"	31,241	0.37 %	
"	Inventec (Pudong) Technology Corp.	"	Sales	131,200	0.45 %	90-105 days	-	"	18,675	0.22 %	
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	299,231,642	100.00 %	90-105 days	-	"	47,083,769	46.27 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	36,587,835	12.23 %	90-105 days	-	"	(8,339,964)	8.20 %	
"	Inventec (Chongqing) Corp.	"	Purchases	262,643,807	87.77 %	90 days	-	"	(38,743,806)	38.07 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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	36,587,835	39.92 %	90-105 days	-	No general trading partner can be compared.	8,339,964	42.29 %	
"	Inventec (Shanghai) Corp.	"	Sales	50,835,082	55.46 %	90-105 days	-	"	10,882,010	55.18 %	
"	Inventec Holding (North America) Corp.	"	Purchases	647,061	0.68 %	90-105 days	-	"	(112,290)	0.35 %	
"	Inventec (Czech), s.r.o.	"	Purchases	131,200	0.14 %	90-105 days	-	"	(18,675)	0.06 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	50,835,082	100.00 %	90-105 days	-	"	(10,882,010)	100.00 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	262,643,807	97.94 %	90 days	-	"	38,743,806	98.81 %	
"	Inventec Appliances (Pudong) Corp.	"	Sales	3,461,826	1.29 %	60 days	-	"	-	- %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	3,680,438	1.38 %	60 days	-	"	-	- %	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	"	Purchases	30,918,894	89.13 %	1-2 months	-	"	(9,058,738)	89.80 %	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	1,046,079	3.02 %	1-2 months	-	"	(256,111)	2.54 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	658,785	1.90 %	1-2 months	-	"	(153,221)	1.52 %	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	3,466,765	9.65 %	1-2 months	-	"	76,546	1.34 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	3,466,765	100.00 %	1-2 months	-	"	(76,546)	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	30,918,894	87.33 %	1-2 months	-	"	9,058,738	96.10 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	679,313	1.70 %	1-2 months	-	"	374,674	3.90 %	
"	Inventec (Chongqing) Corp.	"	Sales	3,680,438	10.40 %	60 days	-	"	-	- %	
"	Inventec (Chongqing) Corp.	"	Purchases	3,461,826	12.72 %	60 days	-	"	-	- %	
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	"	Sales	1,046,079	22.07 %	1-2 months	-	"	256,111	23.67 %	
"	The Company	Parent	Sales	344,879	7.31 %	90 days	-	"	92,431	8.54 %	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	658,785	98.89 %	1-2 months	-	No general trading partner can be compared.	153,221	98.48 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	679,313	98.65 %	1-2 months	-	"	(374,674)	99.67 %	
AIMobile Co., Ltd.	The Company	Parent	Purchases	190,326	87.80 %	60 days	-	"	(108,031)	(94.17)%	

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	16,589,292	4.37	2,693,480	Received in the subsequent period	7,473,792	-
"	AIMobile Co., Ltd.	Subsidiary	108,031	2.97	30,878	Received in the subsequent period	63,923	-
"	Inventec (Czech), s.r.o.	Subsidiary	10,953,538	2.35	3,978,775	Received in the subsequent period	5,083,626	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	54,544,416	-	11,228,394	Received in the subsequent period	37,115,539	-
Inventec Holding (North America) Corp.	Inventec (Czech), s.r.o.	Associates	242,702	4.53	-		-	-
"	Inventec (Pudong) Technology Corp.	Associates	112,290	9.03	-		-	-
Inventec (Czech), s.r.o.	The Company	Parent	138,655	7.60	-		138,655	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	47,083,769	6.61	-	Received in the subsequent period	37,733,251	-
"	Inventec (Pudong) Technology Corp. (Note)	Associates	23,828,947	-	11,205,570	Received in the subsequent period	6,402,488	-
"	Inventec (Chongqing) Corp. (Note)	Associates	30,715,470	-	22,824	Received in the subsequent period	30,713,051	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	8,339,964	2.82	-		1,565,414	-
"	Inventec (Shanghai) Corp.	Associates	10,882,010	5.29	32,561	Received in the subsequent period	5,171,927	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	38,743,806	8.15	-		36,167,837	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	9,058,738	2.61	-		3,853,102	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	374,674	3.63	-		30,551	-

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 (Jiangning) Corp.	Inventec Appliances Corp.	Associates	256,111	4.78	-		256,111	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	153,221	8.60	-		153,221	-

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	71,105,867	Negotiated price	14 %
	"	"	1	Account Receivable	16,589,292	90-105 days	8 %
	"	Inventec (Czech), s.r.o.	1	Sales	26,100,876	Negotiated price	5 %
	"	"	1	Account Receivable	10,953,538	90-105 days	5 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	299,231,642	Negotiated price	59 %
	"	"	1	Other Receivable	54,544,416	90-105 days	25 %
	"	"	1	Account Payable	47,083,769	"	22 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	36,587,835	Negotiated price	7 %
	"	"	3	Account Payable	8,339,964	90-105 days	4 %
	"	"	3	Account Receivable	23,828,947	"	11 %
	"	Inventec (Chongqing) Corp.	3	Purchases	262,643,807	Negotiated price	52 %
	"	"	3	Account Payable	38,743,806	90 days	18 %
	"	"	3	Account Receivable	30,715,470	"	14 %
2	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	30,918,894	Negotiated price	6 %
	"	"	3	Account Payable	9,058,738	1-2 months	4 %

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(b) Information on investment:

The following is the information on investees for the year ended December 31, 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 December 31, 2020			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 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 %	210,311	37.53 %	(47,675)	(17,892)	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 %	365,614	100.00 %	10,896	10,896	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Investment of holding company in America	159,003	159,003	5,000	100.00 %	1,281,813	100.00 %	62,310	62,310	"
"	Inventec Appliances Corp.	New Taipei City	Wireless terminal products	9,656,877	9,656,877	536,857	100.00 %	9,246,421	100.00 %	679,517	679,517	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	21,100,327	100.00 %	7,722,888	7,722,888	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,178,105	100.00 %	273,585	273,585	"
"	Inventec (Czech), S.R.O.	Czech	Computer products assembly operations	85,921	85,921	-	100.00 %	114,544	100.00 %	78,541	78,541	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	124,923	100.00 %	(52,959)	(52,959)	"
"	Inventec Solar Energy Corporation	Taoyuan	Developing, production and selling of multicrystalline solar cells	1,087,800	1,087,800	108,150	33.45 %	(296,204)	33.45 %	(1,695,966)	(546,206)	"
"	Inventec Development Japan Corporation	Japan	Developing, designing and selling computer peripherals	630,845	630,845	45	100.00 %	17,677	100.00 %	(1,036)	(1,036)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,181	100.00 %	414	414	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and selling of intelligent mobile device	182,500	220,000	18,250	73.00 %	122,282	73.00 %	(81,693)	(44,924)	"
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	281,691	281,691	55,994	99.99 %	10,738	99.99 %	34,347	35,455	"

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
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 %	(44,540)	4.64 %	(1,695,966)	-	Associate Company
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	28	28	6	0.01 %	1	0.01 %	34,347	-	"
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	5,683,886	5,683,886	199,575	100.00 %	16,545,017	100.00 %	(300,331)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90 %	1,332	38.90 %	(1,096)	-	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 %	(91,841)	9.57 %	(1,695,966)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Selling of MP3 Player, PDA and science plotter	22,784	22,784	400	100.00 %	92,687	100.00 %	1,127	-	"
"	Inventec Appliances Corporation USA, Inc.	USA	Selling services	1,424	1,424	10	100.00 %	13,003	100.00 %	885	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Manufacture and sale of electronic materials and products	501,784	-	71,000	100.00 %	482,340	100.00 %	(19,102)	-	"

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.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(c) Information on investment in Mainland China:

1. 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 December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	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	188,679	(2)	56,960	-	-	56,960	(971)	100.00 %	100.00 %	(971)	123,206	30,234
Inventec (ChongQing) Service Co., Ltd	Multimedia computer and system parts assembling	28,480	(2)	28,480	-	-	28,480	(1,330)	100.00 %	100.00 %	(1,330)	40,042	-
Inventec (Pudong) Co., Ltd.	Multimedia computer and system parts assembling	1,424,000	(2)	1,424,000	-	-	1,424,000	3,550,998	100.00 %	100.00 %	3,550,998	4,126,672	-
Inventec (Shanghai) Co., Ltd.	Multimedia computer and system parts assembling	2,087,127	(2)	840,160	-	-	840,160	93,305	100.00 %	100.00 %	93,305	1,859,116	-
Inventec (ChongQing) Corporation	Multimedia computer and system parts assembling	2,136,000	(2)	2,136,000	-	-	2,136,000	2,365,436	100.00 %	100.00 %	2,365,436	7,961,132	2,242,107
Inventec (Pudong) Technology Corp.	Multimedia computer and system parts assembling	1,668,692	(2)	1,424,000	-	-	1,424,000	2,274,369	100.00 %	100.00 %	2,273,877	6,615,064	321,599
Inventec Electronics (Tianjin) Co., Ltd.	Software production	142,400	(2)	121,040	-	-	121,040	2,345	100.00 %	100.00 %	2,345	230,567	149,517
Inventec (Beijing) Electronics Technology Co., Ltd.	Software production	41,296	(2)	41,296	-	-	41,296	1,516	100.00 %	100.00 %	1,516	77,358	-
Inventec Hi-Tech Corporation	Multimedia computer and system parts assembling	1,424,000	(2)	1,424,000	-	-	1,424,000	(57,017)	100.00 %	100.00 %	(57,017)	1,138,394	-
Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Complete of the electronic computer and product and sale of external equipment	817,376	(2)	822,474	-	-	822,474	(2,120)	100.00 %	100.00 %	(2,120)	3,837	-
Inventec Asset-Management (Shanghai) Corporation	Equipment leasing, storage, technological development and sale of computer	1,869,030	(3)	-	-	-	-	(22,349)	78.00 %	78.00 %	(17,432)	1,374,393	-
Saint Investment consulting corporation	Business management consulting	87,296	(3)	-	-	-	-	33	100.00 %	100.00 %	33	87,330	-
Inventec Appliances (Shanghai) Co., Ltd.	Electronic communication and products assemble	1,469,568	(2)	1,370,401	-	-	1,370,401	(34,975)	100.00 %	100.00 %	(34,975)	1,771,832	1,535,981
Inventec Appliances (Pudong) Corp.	Electronic communication and products assemble	2,192,960	(2)	2,192,960	-	-	2,192,960	(569,471)	100.00 %	100.00 %	(545,196)	8,854,398	2,297,117
Inventec Appliances (Jiangning) Corp.	Electronic communication and products assemble	1,936,640	(2)	1,196,160	-	-	1,196,160	308,573	100.00 %	100.00 %	306,693	5,291,450	1,636,736
Inventec Appliances (Nanjing) Corp.	House leasing	142,400	(2)	255,793	-	-	255,793	12,695	100.00 %	100.00 %	12,695	382,786	85,353

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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 December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 8)
					Out-flow	Inflow							
Inventec Appliances (XFAN) Corporation	Electronic communication and products assemble	113,920	(2)	113,920	-	-	113,920	10,358	100.00 %	100.00 %	10,358	50,757	-
Inventec Appliances (Nanchang) Corp.	Electronic communication and products assemble	59,808	(2)	59,808	-	-	59,808	(50,163)	100.00 %	100.00 %	(50,163)	81,258	-
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business Management	2,190	(3)	-	-	-	-	25,252	100.00 %	100.00 %	25,252	84,036	-
Inventec Appliances (Shanghai) Enterprise	Development and consultation on software and hardware; as well as selling of electronic products	34,919	(3)	-	-	-	-	(2,026)	100.00 %	100.00 %	(2,026)	25,385	-
Inventec Appliances (Nan chang) Intelligent Manufacturing Co., Ltd.	Manufacture of wearable devices and developing, design, manufacture and sale of telecommunications	261,889	(3)	-	-	-	-	(81,203)	100.00 %	100.00 %	(81,203)	105,694	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,378,214	8,378,214	-
Inventec Appliances Corp.	5,252,510	5,252,510	5,086,180

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 December 31, 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 year ended December 31, 2020, are disclosed in "Information on significant transactions".

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

(14) Segment Information

(a) General information

The Group reportable segments: core department and other department. The core department manufactures computer products and sells them to customers. The other 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 year ended December 31, 2020			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 507,114,021	1,180,177	-	508,294,198
Intersegment revenues	-	-	-	-
Total revenue	\$ 507,114,021	1,180,177	-	508,294,198
Interest expenses	\$ 1,006,066	48,178	-	1,054,244
Depreciation and amortization	3,383,282	470,258	-	3,853,540
Other material non-cash item				
Asset Impairment	-	952,222	-	952,222
Reportable segment net operating income (loss)	\$ 12,065,474	(1,719,769)	-	10,345,705
Reportable segment assets	\$ -	-	-	-
	For the year ended December 31, 2019			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 496,838,196	4,114,617	-	500,952,813
Intersegment revenues	-	-	-	-
Total revenue	\$ 496,838,196	4,114,617	-	500,952,813
Interest expenses	\$ 1,685,343	75,757	-	1,761,100
Depreciation and amortization	3,474,967	678,755	-	4,153,722
Other material non-cash item				
Asset Impairment	-	344,916	-	344,916
Reportable segment net operating income (loss)	\$ 7,506,185	(997,124)	-	6,509,061
Reportable segment assets	\$ -	-	-	-

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

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.

Segment information was disclosed in consolidated financial statement; therefore it was not disclosed in individual financial statement.

(c) Product and service information

Revenue from the external customers of the Group was as follows:

<u>Products and Services</u>	For the years ended December 31,	
	2020	2019
Computer product	\$ 506,413,658	495,945,745
Rendering of services	700,363	892,451
Others	1,180,177	4,114,617
Total	<u><u>\$ 508,294,198</u></u>	<u><u>500,952,813</u></u>

(d) Geographical information

In presenting information on the basis of geography, the revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

<u>By region</u>	For the years ended December 31,	
	2020	2019
Revenue from external customers:		
Taiwan	\$ 33,017,095	9,545,828
USA	345,674,267	341,699,308
Japan	7,723,625	13,200,986
Hong Kong, Macao and Mainland China	68,546,619	67,922,049
Other countries	53,332,592	68,584,642
Total	<u><u>\$ 508,294,198</u></u>	<u><u>500,952,813</u></u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

<u>By region</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
Non-current assets		
Taiwan	\$ 15,677,635	17,738,485
Mainland China	16,105,546	17,056,370
USA	364,272	393,666
Other countries	<u>1,036,387</u>	<u>610,850</u>
Total	<u><u>\$ 33,183,840</u></u>	<u><u>35,799,371</u></u>

Non-current assets include property, plant and equipment, investment property, intangible assets and other assets, not including financial instruments, deferred tax assets, pension fund assets and rights arising from an insurance contract (non-current).

(e) Major customers: Revenue

	<u>For the years ended December 31,</u>
	<u>2020</u> <u>2019</u>
A	<u><u>\$ 333,461,728</u></u> <u><u>325,666,020</u></u>