

INVENTEC CORPORATION
PARENT COMPANY ONLY FINANCIAL STATEMENTS
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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

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安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

Please refer to Note 4(g), Note 5(a), 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 Company'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 Company's policies.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

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

KPMG

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

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION
BALANCE SHEETS
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2020.12.31		2019.12.31		LIABILITIES AND EQUITY		2020.12.31		2019.12.31			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current Assets :		Current Liabilities :											
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$	5,266,122	3	4,698,660	3	2100	Short-term borrowings (Note (6)(l))	\$	24,193,173	12	21,453,043	12
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))		267,589	-	182,104	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))		182,068	-	108,175	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		1,405,689	1	1,194,430	1	2130	Current contract liabilities (Note (6)(s))		6,236,379	3	5,554,820	3
1170	Accounts receivable, net (Note (4) and (6)(c))		59,166,735	29	46,901,062	27	2170	Accounts payable		42,861,735	21	33,426,844	19
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))		27,718,823	13	27,188,723	15	2180	Accounts payable due to related parites, net (Note (7))		47,377,719	23	43,827,529	25
1200	Other receivables, net (Notes (4), (6)(d) and (7))		54,926,635	27	47,453,959	27	2230	Current tax liabilities		1,295,766	-	1,046,130	1
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))		2,387,945	1	3,878,921	2	2200	Other payables (Note (7))		5,644,166	3	5,332,183	3
1470	Total other current assets (Notes (4) and (6)(k))		2,871,207	1	385,103	-	2280	Current lease liabilities (Note (6)(m))		4,152	-	5,483	-
			154,010,745	75	131,882,962	75	2322	Long-term borrowings, current portion (Note (6)(l))		300,000	-	300,000	-
Non-current assets :							2399	Other current liabilities		7,856,199	4	4,952,526	3
1510	Non-current financial assets at fair value through profit or loss (Notes 4 and 6(b))		821,436	-	-	-				135,951,357	66	116,006,733	66
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		2,215,585	1	2,074,739	1	Non-current Liabilities :						
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))		33,775,936	16	27,383,652	16	2540	Long-term borrowings (Note (6)(l))		8,446,000	4	3,050,000	2
1600	Property, plant and equipment (Notes (4) and (6)(h))		13,535,629	7	13,225,283	7	2580	Non-current lease liabilities (Note (6)(m))		5,024	-	7,557	-
1755	Right-of-use assets (Notes (4) and (6)(h))		9,057	-	13,036	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))		656,171	-	640,401	-
1780	Intangible assets (Notes (4) and (6)(j))		66,262	-	71,210	-	2670	Other non-current liabilities, others (Notes (4) and (6)(p))		3,199,438	2	1,275,391	1
1900	Other non-current assets (Notes (4), (6)(k), (6)(p), (7) and (8))		1,807,999	1	1,600,348	1				12,306,633	6	4,973,349	3
			52,231,904	25	44,368,268	25	Total Liabilities						
							Equity:						
							3110	Ordinary share (Note (6)(q))		35,874,751	17	35,874,751	20
							3200	Capital surplus (Note (6)(q))		2,899,284	1	2,913,461	2
								Retained earnings (Note (6)(q)):					
							3310	Legal reserve		11,345,901	6	10,799,605	6
							3320	Special reserve		1,822,004	1	1,646,357	1
							3350	Unappropriated retained earnings		7,944,644	4	5,858,979	3
							3400	Other equity interest (Note (6)(q))		(1,901,925)	(1)	(1,822,005)	(1)
							Total Equity						
										57,984,659	28	55,271,148	31
TOTAL ASSETS		\$	206,242,649	100	176,251,230	100	TOTAL LIABILITIES AND EQUITY						
									\$	206,242,649	100	176,251,230	100

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020		2019	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(s) and (7))	\$ 407,434,848	100	357,462,052	100
5000	Total operating costs (Notes (4), (6)(e) and (7))	395,650,876	97	344,938,970	96
	Gross profit from operations	11,783,972	3	12,523,082	4
5910	Less: Unrealized profit (loss) from sales (Note (7))	11,807	-	14,174	-
5920	Add: Realized profit (loss) from sales (Note (7))	14,174	-	18,889	-
	Gross profit from operations	11,786,339	3	12,527,797	4
	Operating expenses (Notes (4)(q)):				
6100	Selling expenses	1,760,505	-	1,512,265	-
6200	Administrative expenses	1,895,856	1	1,804,654	1
6300	Research and development expenses	5,826,007	1	5,586,067	2
6450	Expected credit loss (gain)	44,784	-	5,118	-
	Total operating expenses	9,527,152	2	8,908,104	3
	Net operating income	2,259,187	1	3,619,693	1
	Non-operating income and expenses (Notes (4), (6)(f) and (6)(u)):				
7100	Interest income	26,738	-	68,002	-
7010	Other income	62,496	-	95,853	-
7020	Other gains and losses, net	(226,992)	-	488,838	-
7050	Finance costs, net	(712,190)	-	(1,207,015)	-
7775	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	8,184,317	2	2,966,083	1
	Total non-operating income and expenses	7,334,369	2	2,411,761	1
7900	Profit (loss) from continuing operations before tax	9,593,556	3	6,031,454	2
7950	Less: Income tax expenses (Notes (4) and (6)(p))	2,045,571	1	523,494	-
8200	Profit	7,547,985	2	5,507,960	2
	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	(63,130)	-	(50,641)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	352,106	-	830,368	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,050	-	4,377	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(12,626)	-	(10,128)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	305,652	-	794,232	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(65,492)	-	(32,310)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(396,739)	-	(982,574)	-
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	(462,231)	-	(1,014,884)	-
	Other comprehensive income, net	(156,579)	-	(220,652)	-
8500	Total comprehensive income	\$ 7,391,406	2	5,287,308	2
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(r))				
9750	Basic earnings per share (NT dollars)	\$ 2.10		1.54	
9850	Diluted earnings per share (NT dollars)	\$ 2.08		1.53	

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(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

INVENTEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Capital Stock		Retained Earnings			Other Equity Interest		
	Share Capital	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity
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
Net income (loss) for the period	-	-	-	-	5,507,960	-	-	5,507,960
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	(220,652)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	5,287,308
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)
Changes in equity of associates and joint ventures accounted for using equity method	-	572	-	-	-	-	-	572
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,036)	-	20,036	-
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
Net income (loss) for the period	-	-	-	-	7,547,985	-	-	7,547,985
Other comprehensive income (loss) for the period	-	-	-	-	(43,201)	(462,231)	348,853	(156,579)
Total comprehensive income (loss) for the period	-	-	-	-	7,504,784	(462,231)	348,853	7,391,406
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	546,296	-	(546,296)	-	-	-
Special reserve appropriated	-	-	-	175,647	(175,647)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,663,718)	-	-	(4,663,718)
Changes in equity of associates and joint ventures accounted for using equity method	-	679	-	-	-	-	-	679
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-
Changes in ownership interests in subsidiaries	-	(14,856)	-	-	-	-	-	(14,856)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(14,200)	-	14,200	-
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>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Profit before income tax	\$ 9,593,556	6,031,454
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities		
Depreciation expense	561,757	408,792
Amortization expense	578,179	667,744
Expected credit loss	44,784	5,118
Interest expense	712,190	1,207,015
Interest income	(26,738)	(68,002)
Dividend income	(30,069)	(20,301)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(8,184,317)	(2,966,083)
Gain on disposal of property, plant and equipment	(52)	(248)
Gain on disposal of non-current assets held for sale	-	(628,983)
Gain on disposal of investments accounted for using equity method	(20,602)	-
Unrealized foreign exchange loss	647,091	747,858
Total adjustments to reconcile profit	<u>(5,717,777)</u>	<u>(647,090)</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	(277,459)	(113,791)
(Increase) decrease in accounts receivable	(13,264,562)	2,404,374
(Increase) decrease in other receivable	(7,651,920)	4,559,761
Decrease (increase) in inventories	1,490,976	(1,695,046)
Decrease (increase) in other current assets	(2,486,104)	437,151
Total changes in operating assets	<u>(22,189,069)</u>	<u>5,592,449</u>
Changes in operating liabilities:		
Increase in financial liabilities held for trading	73,893	103,217
Increase (decrease) in contract liabilities	681,559	(295,612)
Increase in accounts payable	13,020,360	2,804,027
Increase (decrease) in other payables	372,754	(445,168)
Increase (decrease) in other current liabilities	2,903,673	(553,622)
Decrease in net defined benefit liabilities	(47,360)	(44,055)
Total changes in operating liabilities	<u>17,004,879</u>	<u>1,568,787</u>
Total changes in operating assets and liabilities	<u>(5,184,190)</u>	<u>7,161,236</u>
Total adjustments	<u>(10,901,967)</u>	<u>6,514,146</u>
Cash (outflow) inflow generated from operations	(1,308,411)	12,545,600
Interest received	27,158	67,911
Dividends received	1,367,069	4,026,222
Interest paid	(702,702)	(1,279,274)
Income taxes paid	(94,652)	(423,450)
Net cash flows (used in) from operating activities	<u>(711,538)</u>	<u>14,937,009</u>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,699,658)
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	(214,979)	-
Acquisition of investments accounted for using equity method	(100,000)	(57,954)
Proceeds from disposal of non-current assets held for sale	-	931,655
Acquisition of property, plant and equipment	(1,023,258)	(2,016,289)
Proceeds from disposal of property, plant and equipment	90,301	248
Acquisition of intangible assets	(117,321)	(225,618)
Increase in other non-current assets	(740,559)	(353,905)
Net cash flows used in investing activities	(2,105,816)	(3,365,157)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	2,732,587	(3,602,533)
Proceeds from long-term borrowings	19,343,800	-
Repayments of long-term borrowings	(14,019,800)	(250,000)
Decrease in other non-current liabilities	(2,243)	(8,676)
Cash dividends paid	(4,663,718)	(5,381,213)
Payment of lease liabilities	(5,810)	(4,281)
Net cash flows from (used in) financing activities	3,384,816	(9,246,703)
Net increase in cash and cash equivalents	567,462	2,325,149
Cash and cash equivalents at beginning of period	4,698,660	2,373,511
Cash and cash equivalents at end of period	\$ 5,266,122	4,698,660

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION
NOTES TO THE PARENT COMPANY ONLY 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.

(2) Financial Statements Authorization Date and Authorization Process

The 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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- 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”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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

The Company 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 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 Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”

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- 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”

(4) Significant Accounting Policies

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

The significant accounting policies presented in the 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 financial statements.

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1. Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (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(q).

2. Functional and presentation currency

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

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(c) Foreign currencies

1. Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company 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.

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

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

(d) 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

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

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and 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.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset 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 Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

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4) Impairment of financial assets

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

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

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

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

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

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

The Company 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 Company 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost 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 asset is credit-impaired includes the following observable data:

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- 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.

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

5) Derecognition of financial assets

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

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

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.

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2) Derecognition of financial liabilities

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

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

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 Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) 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 existing 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.

(h) Investment in associates

Associates are those entities in which the Company 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.

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The financial statements include the Company'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 Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company 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 transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its 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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company 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 Company 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 Company 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 Company's ownership interest in an associate is reduced, while it continues to apply the equity method, the Company 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.

When the Company 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 Company's proportionate interest in the net assets of the associate. The Company 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 Company'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.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

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(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 Company has joint control of the arrangement (i.e. joint venturers) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company 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 Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company 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 Company reevaluates whether the classification of the joint arrangement has changed.

(k) 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 Company.

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.

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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.

(l) Leases

(i) Identifying a lease

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

- 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 Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Company has the right to direct the use of the asset throughout the period of use only if either:
 - the Company 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 Company 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 Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

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

(ii) As a lessee

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

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

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

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

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

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

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

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

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

(iii) As a lessor

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

(m) Intangible assets

1. Recognition and measurement

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 Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

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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:

Computer software cost	1 year~ 6 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. 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.

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.

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(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is 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.

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

(p) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

The Company 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 Company 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 Company has a right to an amount of consideration that is unconditional.

2) Consulting services and Management services

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

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

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

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

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

3. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(r) 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;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
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 reverse, using tax rates enacted or substantively enacted at the reporting date.

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

1. the Company 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.

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(s) Business combination

The Company 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 Company 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 Company's expenses when incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests 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 Company's net assets in the event of liquidation. Other non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(t) Earnings per share

The Company 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.

(u) Operating segments

Please refer to the consolidated financial report of Inventec Corporation for the years ended December 31, 2020 and 2019 for operating segments information.

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

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

The management continues to monitor the accounting 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.

The Company does not have any accounting policies which involve significant judgment which have significant influence to the annual financial statements.

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows, 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 Company 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.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash	\$ 1,072	1,021
Demand deposits and checking accounts	4,536,510	3,969,817
Time deposits	<u>728,540</u>	<u>727,822</u>
Cash and cash equivalents in statement of cash flows	<u><u>\$ 5,266,122</u></u>	<u><u>4,698,660</u></u>

Refer to Note 6(v) for the currency risk of the financial assets of the Company.

(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		
Mandatorily measured 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		
Emerging stock	232,340	-
Unquoted financial instruments	589,096	
Unsecured convertible bonds	<u>16,415</u>	<u>56,799</u>
Total	<u><u>\$ 1,089,025</u></u>	<u><u>182,104</u></u>

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	<u>2020.12.31</u>	<u>2019.12.31</u>
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 142,530	108,175
Foreign exchange swap	<u>39,538</u>	<u>-</u>
Total	<u>\$ 182,068</u>	<u>108,175</u>

The Company uses derivative financial instruments to hedge certain foreign exchange and interest risk the Company 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 and held-for-trading financial liabilities on December 31, 2020 and 2019:

1) Financial assets:

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

2) Financial liabilities:

	<u>2020.12.31</u>		
	<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>
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
	<u>2019.12.31</u>		
	<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>
Forward	USD 335,000	USD to TWD	2020.02.18-2020.03.18

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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	1,323,650
Stocks not listed on domestic markets	<u>2,124,983</u>	<u>1,945,519</u>
Total	<u>\$ 3,621,274</u>	<u>3,269,169</u>

1) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company 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 Company was \$14,150, resulting in the Company 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 Company has sold its equity investments at fair value through other comprehensive income of \$29,964 in 2019, resulting in the Company 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(v).

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

(c) Trade receivables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts receivable due from related parties	\$ 27,718,823	27,188,723
Accounts receivables due from non-related parties	59,201,602	46,929,348
Less: Loss allowance	<u>(34,867)</u>	<u>(28,286)</u>
	<u>\$ 86,885,558</u>	<u>74,089,785</u>

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

	2020.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 79,817,018	0.00%~0.50%	33,572
1 to 180 days past due	7,102,984	0.04%~0.50%	872
More than 180 days past due	423	0.04%~100%	423
	\$ 86,920,425		34,867

As of the end of February 28, 2021, the amount that received by the Company is \$48,381,015.

	2019.12.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 67,748,789	0.00%~0.50%	25,885
1 to 180 days past due	6,249,042	0.04%~0.50%	878
More than 180 days past due	120,240	0.04%~100%	1,523
	\$ 74,118,071		28,286

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	\$ 28,286	23,168
Impairment losses	7,567	5,118
Amounts written off	(986)	-
Balance at December 31, 2020 and 2019	\$ 34,867	28,286

The allowance for impairment account is used to record bad debt expenses. If the Company 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 Company.

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

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

2020.12.31						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	\$ <u>15,566,808</u>	USD <u>153,413</u>	USD <u>546,587</u>	-	0.99%~1.05%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
2019.12.31						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	\$ <u>17,620,075</u>	Note	USD <u>585,774</u>	-	2.58%~2.68%	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 receivables — related parties	\$ 54,723,480	47,376,952
Other receivables — non-related parties	237,797	77,007
Less: Loss allowance	<u>(34,642)</u>	<u>-</u>
	<u>\$ 54,926,635</u>	<u>47,453,959</u>

The movement in the allowance for impairment with respect to other receivables was as follows:

	For the years ended December 31, 2020
Impairment losses recognized	\$ 37,217
Written off	<u>(2,575)</u>
Ending balance	<u>\$ 34,642</u>

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(e) Inventories

	2020.12.31	2019.12.31
Raw materials and consumables	\$ 1,182,506	1,661,656
Work in process	675,657	1,250,578
Finished goods	<u>529,782</u>	<u>966,687</u>
	<u>\$ 2,387,945</u>	<u>3,878,921</u>

For the years ended December 31, 2020 and 2019, the write-up of inventories amounted to \$11,198 and \$6,913, respectively, due to obsolescence or out of use, which causes the net realizable value to be lower than the cost. For the years ended December 31, 2020 and 2019, expenses of idle capacity amounted to \$26,306 and \$3,132, 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:

	2020.12.31	2019.12.31
Subsidiaries	\$ 33,565,625	27,138,165
Associates	<u>210,311</u>	<u>245,487</u>
	<u>\$ 33,775,936</u>	<u>27,383,652</u>

1. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2020.

2. Associates

The Company'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 financial statements.

	2020.12.31	2019.12.31
Individually insignificant associates	<u>\$ 210,311</u>	<u>245,487</u>
	<u>For the years ended December 31,</u>	<u>2020</u>
	<u>2019</u>	
The Company's share of profit (loss) of the associates		
Loss from continuing operations	\$ (17,891)	(24,518)
Other comprehensive income	<u>(17,285)</u>	<u>(1,653)</u>
Total comprehensive income	<u>\$ (35,176)</u>	<u>(26,171)</u>

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

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

3. Judgment on whether the invested company has substantial control

- 1) For whether the invested company has substantial control, refer to the consolidated financial report for the years ended December 31, 2020.
- 2) Judgment on existence of substantial control over investee

The Company 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 Company does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Company 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 Company 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><u>\$ 1,282,791</u></u>

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company 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	Others	Total
Cost or deemed cost:								
Balance at January 1, 2020	\$ 7,641,024	5,134,289	609,833	25,691	2,089,631	981,709	349,747	16,831,924
Additions	-	-	460,993	107	248,294	139,746	112,984	962,124
Disposals	-	-	(122,054)	-	(91,356)	(8,256)	-	(221,666)
Other	-	-	188,085	-	8,927	142,093	(348,230)	(9,125)
Balance at December 31, 2020	<u><u>\$ 7,641,024</u></u>	<u><u>5,134,289</u></u>	<u><u>1,136,857</u></u>	<u><u>25,798</u></u>	<u><u>2,255,496</u></u>	<u><u>1,255,292</u></u>	<u><u>114,501</u></u>	<u><u>17,563,257</u></u>

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Balance at January 1, 2019	\$ 6,480,044	5,112,450	238,141	26,023	2,049,760	909,543	16,417	14,832,378
Additions	1,160,980	21,839	373,895	2,689	133,695	55,749	349,747	2,098,594
Disposals	-	-	(2,203)	(3,021)	(93,824)	-	-	(99,048)
Other	-	-	-	-	-	16,417	(16,417)	-
Balance at December 31, 2019	<u>\$ 7,641,024</u>	<u>5,134,289</u>	<u>609,833</u>	<u>25,691</u>	<u>2,089,631</u>	<u>981,709</u>	<u>349,747</u>	<u>16,831,924</u>
Depreciation and impairment losses:								
Balance at January 1, 2020	\$ -	832,640	274,525	15,457	1,902,450	581,569	-	3,606,641
Depreciation for the period	-	119,987	148,772	3,260	141,882	141,931	-	555,832
Disposals	-	-	(51,857)	-	(74,731)	(8,257)	-	(134,845)
Balance at December 31, 2020	<u>\$ -</u>	<u>952,627</u>	<u>371,440</u>	<u>18,717</u>	<u>1,969,601</u>	<u>715,243</u>	<u>-</u>	<u>4,027,628</u>
Balance at January 1, 2019	\$ -	717,204	229,856	14,721	1,895,479	443,922	-	3,301,182
Depreciation for the period	-	115,436	46,872	3,757	100,795	137,647	-	404,507
Disposals	-	-	(2,203)	(3,021)	(93,824)	-	-	(99,048)
Balance at December 31, 2019	<u>\$ -</u>	<u>832,640</u>	<u>274,525</u>	<u>15,457</u>	<u>1,902,450</u>	<u>581,569</u>	<u>-</u>	<u>3,606,641</u>
Carrying amounts:								
Balance at December 31, 2020	<u>\$ 7,641,024</u>	<u>4,181,662</u>	<u>765,417</u>	<u>7,081</u>	<u>285,895</u>	<u>540,049</u>	<u>114,501</u>	<u>13,535,629</u>
Balance at December 31, 2019	<u>\$ 7,641,024</u>	<u>4,301,649</u>	<u>335,308</u>	<u>10,234</u>	<u>187,181</u>	<u>400,140</u>	<u>349,747</u>	<u>13,225,283</u>
Balance at January 1, 2019	<u>\$ 6,480,044</u>	<u>4,395,246</u>	<u>8,285</u>	<u>11,302</u>	<u>154,281</u>	<u>465,621</u>	<u>16,417</u>	<u>11,531,196</u>

As of December 31, 2020 and 2019, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(i) Right-of-use assets

The Company leases many assets including land and vehicles. Information about leases for which the Company as a lessee is presented below:

	Land	Vehicles	Total
Cost:			
Original balance as of January 1, 2020	\$ 6,348	10,973	17,321
Additions	-	1,946	1,946
Balance as of December 31, 2020	<u>\$ 6,348</u>	<u>12,919</u>	<u>19,267</u>
Original balance as of January 1, 2019	\$ 6,348	4,248	10,596
Additions	-	6,725	6,725
Balance as of December 31, 2019	<u>\$ 6,348</u>	<u>10,973</u>	<u>17,321</u>

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	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated depreciation and impairment losses:			
Original balance as of January 1, 2020	\$ 1,270	3,015	4,285
Depreciation for the year	<u>1,270</u>	<u>4,655</u>	<u>5,925</u>
Balance as of December 31, 2020	<u><u>\$ 2,540</u></u>	<u><u>7,670</u></u>	<u><u>10,210</u></u>
Original balance as of January 1, 2019	\$ -	-	-
Depreciation for the year	<u>1,270</u>	<u>3,015</u>	<u>4,285</u>
Balance as of December 31, 2019	<u><u>\$ 1,270</u></u>	<u><u>3,015</u></u>	<u><u>4,285</u></u>
Carrying amounts:			
Balance at December 31, 2020	<u><u>\$ 3,808</u></u>	<u><u>5,249</u></u>	<u><u>9,057</u></u>
Balance at December 31, 2019	<u><u>\$ 5,078</u></u>	<u><u>7,958</u></u>	<u><u>13,036</u></u>
Balance at January 1, 2019	<u><u>\$ 6,348</u></u>	<u><u>4,248</u></u>	<u><u>10,596</u></u>

(j) Intangible assets

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

	<u>Software cost</u>
Cost:	
Balance at January 1, 2020	\$ 1,106,016
Additions	117,321
Disposals	<u>(68,586)</u>
Balance at December 31, 2020	<u><u>\$ 1,154,751</u></u>
Balance at January 1, 2019	\$ 999,782
Additions	225,618
Disposals	<u>(119,384)</u>
Balance at December 31, 2019	<u><u>\$ 1,106,016</u></u>
Amortization and impairment losses:	
Balance at January 1, 2020	\$ 1,034,806
Amortization for the period	122,269
Disposals	<u>(68,586)</u>
Balance at December 31, 2020	<u><u>\$ 1,088,489</u></u>

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	<u>Software cost</u>
Balance at January 1, 2019	\$ 925,163
Amortization for the period	229,027
Disposals	<u>(119,384)</u>
Balance at December 31, 2019	<u><u>\$ 1,034,806</u></u>
Carrying amounts:	
Balance at December 31, 2020	<u><u>\$ 66,262</u></u>
Balance at December 31, 2019	<u><u>\$ 71,210</u></u>
Balance at January 1, 2019	<u><u>\$ 74,619</u></u>

The amortization of intangible assets is respectively included in the statement of comprehensive income:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 7,408	107,336
Operating expenses	<u>114,861</u>	<u>121,691</u>
Total	<u><u>\$ 122,269</u></u>	<u><u>229,027</u></u>

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

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

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

	<u>2020.12.31</u>	<u>2019.12.31</u>
Refundable deposits	\$ 28,930	25,855
Asset for recovery	260,999	208,022
Restricted assets	132,954	-
Deferred tax assets	1,172,586	1,234,583
Payment on behalf of others	2,511,971	-
Prepayments for investments	-	15,000
Others	<u>571,766</u>	<u>501,991</u>
	<u><u>\$ 4,679,206</u></u>	<u><u>1,985,451</u></u>

The Company 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 Company 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.

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(l) 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
Unsecured bank loans	0.48%~1.01%	TWD	2021.01.07~2021.03.26	\$ 4,900,000
		USD	2021.01.06~2022.10.14	24,989,173
Secured bank loans	1.19%	TWD	2031.02.26	3,050,000
Total				\$ 32,939,173
Current				\$ 24,493,173
Non-current				8,446,000
Total				\$ 32,939,173
Unused credit line				\$ 32,100,467

2019.12.31				
	Interest Rate	Currency	Maturity Date	Amount
Unsecured bank loans	0.65%~2.56%	TWD	2020.01.03~2020.02.10	\$ 3,590,000
		USD	2020.01.16~2020.06.02	17,863,043
Secured bank loans	1.44%	TWD	2031.02.26	3,350,000
Total				\$ 24,803,043
Current				\$ 21,753,043
Non-current				3,050,000
Total				\$ 24,803,043
Unused credit line				\$ 34,772,437

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

2. Important borrowing restrictions

The Company entered into syndicated credit agreements with a number of financial institutions. Under these agreements, the Company 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 Company was in compliance with the above financial covenants.

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(m) Lease liabilities

The Company lease liabilities were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Current	\$ <u>4,152</u>	<u>5,483</u>
Non-current	\$ <u>5,024</u>	<u>7,557</u>

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

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>123</u>	<u>124</u>	
Expenses relating to short-term leases	\$ <u>1,666</u>	<u>1,203</u>	
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>208</u>	<u>425</u>	

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

	<u>For the years ended December 31,</u>	<u>2019</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>7,807</u>	<u>6,033</u>	

1. Real estate leases

The Company leases land for its office and plants. 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 Company 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 Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

The Company leases vehicles, with lease terms of two to three years. In some cases, the Company has option to guarantees the residual value of the leased assets at the end of the contract term.

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

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(n) Operating Leases

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

	2020.12.31	2019.12.31
Less than one year	\$ 20,116	15,951
One to two years	11,040	4,877
Two to three years	862	3,490
Three to four years	-	142
Total undiscounted lease receivables	\$ 32,018	24,460

The rental revenues incurred by leasing land, offices and plants were \$32,427 and \$75,552 for the years ended December 31, 2020 and 2019, respectively.

(o) Employee benefits

1. Defined benefit plans

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

	2020.12.31	2019.12.31
Present value of the defined benefit obligations	\$ 1,400,254	1,336,939
Fair value of plan assets	(744,083)	(696,538)
Net defined benefit liabilities	\$ 656,171	640,401

The Company 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.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings 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 Company's pension reserve account in Bank of Taiwan amounted to \$740,284 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.

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2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31,	
	2020	2019
Defined benefit obligation at January 1	\$ 1,336,939	1,289,116
Current service costs and interest	20,948	25,096
Remeasurement on the net defined benefit liability		
— Experience adjustments arising on the actuarial gain or loss	50,016	18,913
— Actuarial loss (gain) arising from changes in financial assumptions	35,562	53,137
Benefits paid by the plan assets	(43,211)	(49,323)
Defined benefit obligation at December 31	<u><u>\$ 1,400,254</u></u>	<u><u>1,336,939</u></u>

3) Movements of defined benefit plan assets

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

	For the years ended December 31,	
	2020	2019
Fair value of plan assets at January 1	\$ 696,538	655,301
Interest income	5,460	7,711
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	22,448	21,409
Contributions made	62,848	61,440
Benefits paid by the plan assets	(43,211)	(49,323)
Fair value of plan assets at December 31	<u><u>\$ 744,083</u></u>	<u><u>696,538</u></u>

4) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2020	2019
Current service costs	\$ 10,921	10,602
Net interest of net liabilities for defined benefit obligations	4,567	6,783
	<u><u>\$ 15,488</u></u>	<u><u>17,385</u></u>

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	For the years ended December 31,	
	2020	2019
Operating cost	\$ 1,712	1,831
Selling expenses	1,711	1,903
Administration expenses	3,605	4,151
Research and development expenses	8,460	9,500
	\$ 15,488	17,385

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

Present Value of defined benefit obligations:

	For the years ended December 31,	
	2020	2019
Discount rate	0.500%	0.750%
Future salary increases rate	1.625%	1.625%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was \$64,113.

The weighted-average duration of the defined benefit obligation is 10.5 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:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	\$ (35,562)	36,934
December 31, 2019		
Discount rate	(35,766)	37,185

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.

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2. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company 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 \$213,407 and \$194,780 for the years ended December 31, 2020 and 2019, respectively. Except for the accounts payable of \$57,639 and \$54,044 respectively, the Company have been contributed to the Bureau of Labor Insurance.

(p) Income taxes

1. The components of income tax expense (gain) in the years 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Current tax expense		
Current period	\$ 423,773	514,786
Adjustment for prior periods	(79,484)	41,017
	<u>344,289</u>	<u>555,803</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>1,701,282</u>	<u>(32,309)</u>
Income tax expense from continuing operations	<u>\$ 2,045,571</u>	<u>523,494</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>\$ 12,626</u>	<u>10,128</u>

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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	\$ 9,593,556	6,031,454
Income tax using the statutory tax rate	1,918,711	1,206,291
Permanent differences	(97,100)	(308,822)
Tax credits	(86,797)	(73,685)
Change in unrecognized temporary differences	178,946	(105,032)
(Over) under provision of temporary differences	207,430	(236,275)
Other	(79,484)	41,017
Undistributed earnings additional tax	3,865	-
Income tax expense	\$ 2,045,571	523,494

Under provision in prior periods is estimation of the difference between approved amounts by Tax Authority and the declared amounts.

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	\$ 928,929	749,983

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	\$ 1,239,155	-	1,239,155
Recognized in profit or loss	1,626,659	-	1,626,659
Balance at December 31, 2020	\$ 2,865,814		2,865,814
Balance at January 1, 2019	\$ 1,210,634	48,225	1,258,859
Recognized in profit or loss	28,521	(48,225)	(19,704)
Balance at December 31, 2019	\$ 1,239,155	-	1,239,155

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	<u>Deferred Income</u>	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2020	\$ 770,799	71,736	392,048	1,234,583
Recognized in profit or loss	37,318	(9,472)	(102,469)	(74,623)
Recognized in other comprehensive income	-	12,626	-	12,626
Balance at December 31, 2020	<u>\$ 808,117</u>	<u>74,890</u>	<u>289,579</u>	<u>1,172,586</u>
Balance at January 1, 2019	\$ 853,028	70,419	288,403	1,211,850
Recognized in profit or loss	(82,229)	(8,811)	103,645	12,605
Recognized in other comprehensive income	-	10,128	-	10,128
Balance at December 31, 2019	<u>\$ 770,799</u>	<u>71,736</u>	<u>392,048</u>	<u>1,234,583</u>

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

(q) 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	7,325	21,502
	<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.

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

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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 6 April 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 and Directors resolved to distribute the 2019 earnings. On June 14, 2019, the shareholder's meetings resolve 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>4,663,718</u>	1.50	<u>5,381,213</u>

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

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>6,636,829</u>

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3. Other equity (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	\$ (2,005,134)	183,129
Exchange differences on foreign operations	(65,492)	-
Exchange differences on associates accounted for using equity method	(396,739)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	352,106
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(3,253)
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
Balance at December 31, 2020	<u>\$ (2,467,365)</u>	<u>565,440</u>
Balance at January 1, 2019	\$ (990,250)	(656,107)
Exchange differences on foreign operations	(32,310)	-
Exchange differences on associates accounted for using equity method	(982,574)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	830,368
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(11,168)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	20,036
Balance at December 31, 2019	<u>\$ (2,005,134)</u>	<u>183,129</u>

(r) Earnings per share

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

	For the years ended December 31,	
	2020	2019
Basic earnings per share:		
Profit attributable to ordinary shareholders	<u>\$ 7,547,985</u>	<u>5,507,960</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>\$ 2.10</u>	<u>1.54</u>

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	For the years ended December 31,	
	2020	2019
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	\$ 7,547,985	5,507,960
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	32,907	23,150
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	3,620,382	3,610,625
Diluted earnings per share (NT dollars)	\$ 2.08	1.53

(s) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31,	
	2020	2019
Primary geographical markets		
Taiwan	\$ 31,704,545	6,364,849
USA	321,088,197	289,742,413
Japan	5,970,995	11,423,674
Hong Kong, Macao and Mainland China	8,317,851	9,869,620
Other countries	40,353,260	40,061,496
	\$ 407,434,848	357,462,052
Major products		
Computer product	\$ 407,113,297	357,056,883
Rendering of services	321,551	405,169
	\$ 407,434,848	357,462,052

2. Contract balances

	2020.12.31	2019.12.31	2019.1.1
Contract liabilities	\$ 6,236,379	5,554,820	5,850,432

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

The amount of revenue recognized for the year ended December 31, 2020 and 2019 were \$1,683,970 and \$2,064,774, 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.

(t) 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.

(u) 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>\$ 26,738</u>	<u>68,002</u>

2. Other income

The details of other income were as follows:

	For the years ended December 31,	
	2020	2019
Rent income	\$ 32,427	75,552
Dividend income	30,069	20,301
	<u>\$ 62,496</u>	<u>95,853</u>

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3. Other income and losses

The details of other income and losses were as follows:

	For the years ended December 31,	
	2020	2019
Gains on disposal of investments	\$ 20,602	-
Gains on disposal of assets held-for-sell	-	628,983
Foreign exchange (losses) gains	(1,490,122)	(520,088)
Net gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	715,969	130,758
Other income and losses	526,559	249,185
Net other income and losses	<u><u>\$ (226,992)</u></u>	<u><u>488,838</u></u>

4. Finance costs

The details of finance expenses were as follows:

	For the years ended December 31,	
	2020	2019
Interest expenses		
Bank borrowings	\$ 460,522	688,460
Others	251,668	518,555
	<u><u>\$ 712,190</u></u>	<u><u>1,207,015</u></u>

(v) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets represented the maximum credit risk exposure of the Company.

2) Condition of credit risk concentration

Implicit credit risk of the Company 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 Company 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.

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Besides, the 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 Company's credit risk to be limited.

As of December 31, 2020 and 2019, 68% and 72% 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 Company, 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							
Unsecured bank loans	\$ 29,889,173	30,010,610	24,240,024	29,234	5,741,352	-	-
Secured bank loans	3,050,000	3,236,011	167,775	166,883	331,089	971,846	1,598,418
Accounts payable	90,239,454	90,239,454	90,239,454	-	-	-	-
Other payables	5,644,166	5,644,166	5,644,166	-	-	-	-
Lease liabilities	9,176	9,285	2,765	1,465	3,375	1,680	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	142,530	(17,205,665)	(17,205,665)	-	-	-	-
Inflow	-	17,063,135	17,063,135	-	-	-	-
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>\$ 129,014,037</u>	<u>128,957,458</u>	<u>120,112,116</u>	<u>197,582</u>	<u>6,075,816</u>	<u>973,526</u>	<u>1,598,418</u>
December 31, 2019							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 21,453,043	21,532,539	21,532,539	-	-	-	-
Secured bank loans	3,350,000	3,621,350	173,670	172,590	341,940	999,900	1,933,250
Accounts payable	77,254,373	77,254,373	77,254,373	-	-	-	-
Other payables	2,522,391	2,522,391	2,522,391	-	-	-	-
Lease liabilities	13,040	13,236	3,596	2,000	3,597	4,043	-
Foreign exchange contracts not used for hedging:							
Outflow	108,175	(10,119,285)	(10,119,285)	-	-	-	-
Inflow	-	10,011,110	10,011,110	-	-	-	-
	<u>\$ 104,701,022</u>	<u>104,835,714</u>	<u>101,378,394</u>	<u>174,590</u>	<u>345,537</u>	<u>1,003,943</u>	<u>1,933,250</u>

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

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3.Currency risks

1) Exposure to currency risks

The Company'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
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 5,103,055	USD : TWD	28.48	145,335,006
<u>Non-monetary items</u>				
USD	57,844	USD : TWD	28.48	1,647,427
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	4,092,120	USD : TWD	28.48	116,543,578
2019.12.31				
	Foreign currency (In thousand)		Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 4,158,034	USD : TWD	30.08	125,073,663
<u>Non-monetary items</u>				
USD	54,667	USD : TWD	30.08	1,644,385
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	3,194,435	USD : TWD	30.08	96,088,605

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, 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 \$115,155 and \$115,940, respectively. The analysis is performed on the same basis for both periods.

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3) Gains or losses on foreign exchange

For the years ended December 31, 2020 and 2019, the foreign exchange loss, including realized and unrealized, amounted to \$1,490,122 and \$520,088, respectively. As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange cannot be fully disclosed by its materiality.

4. Interest rate analysis

The Company'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.

If the interest rate increases or decreases by 0.5%, the Company's profit will decrease or increase by \$12,200 and \$13,400 for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate in borrowings.

5. Fair value of financial instruments

1) Fair value hierarchy

The Company 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 lease liabilities 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
Current financial assets at fair value through profit or loss, mandatorily measured at fair value	837,851	232,340	-	605,511	837,851
Subtotal	1,089,025	232,340	251,174	605,511	1,089,025

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		2020.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
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 measured at fair value	2,200,805	-	75,822	2,124,983	2,200,805
Subtotal	3,621,274	1,420,469	75,822	2,124,983	3,621,274
Financial assets at amortized cost					
Cash and cash equivalents	5,266,122	-	-	-	-
Accounts receivable and other receivables	141,812,193	-	-	-	-
Refundable deposits	28,930	-	-	-	-
Subtotal	147,107,245	-	-	-	-
Total	<u>\$ 151,817,544</u>	<u>1,652,809</u>	<u>326,996</u>	<u>2,730,494</u>	<u>4,710,299</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 182,068	-	182,068	-	182,068
Financial liabilities at amortized cost					
Bank loans	32,939,173	-	-	-	-
Notes payable and accounts payable	90,239,454	-	-	-	-
Other payables	5,644,166	-	-	-	-
Lease liabilities	9,176	-	-	-	-
Subtotal	128,831,969	-	-	-	-
Total	<u>\$ 129,014,037</u>	<u>-</u>	<u>182,068</u>	<u>-</u>	<u>182,068</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	56,799	-	-	56,799	56,799
Subtotal	182,104	-	125,305	56,799	182,104
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 measured at fair value	2,074,739	-	129,220	1,945,519	2,074,739
Subtotal	3,269,169	1,194,430	129,220	1,945,519	3,269,169

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	2019.12.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at amortized cost					
Cash and cash equivalents	4,698,660	-	-	-	-
Accounts receivable and other receivables	121,543,744	-	-	-	-
Refundable deposit	25,855	-	-	-	-
Subtotal	126,268,259	-	-	-	-
Total	<u>\$ 129,719,532</u>	<u>1,194,430</u>	<u>254,525</u>	<u>2,002,318</u>	<u>3,451,273</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 108,175	-	108,175	-	108,175
Financial liabilities at amortized cost					
Bank loans	24,803,043	-	-	-	-
Notes payable and accounts payable	77,254,373	-	-	-	-
Other payables	5,332,183	-	-	-	-
Lease liabilities	13,040	-	-	-	-
Subtotal	107,402,639	-	-	-	-
Total	<u>\$ 107,510,814</u>	<u>-</u>	<u>108,175</u>	<u>-</u>	<u>108,175</u>

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

The fair value of financial assets and liabilities were 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 instruments were 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.

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- 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	\$ 56,799	1,945,519
Total gains and losses recognized in		
Profit or loss	(5,770)	-
Other comprehensive income	-	193,614
Purchase	629,462	-
Disposals	-	(14,150)
Effect of movements in exchange rate	(74,980)	-
Balance as of December 31, 2020	\$ 605,511	2,124,983
Balance as of January 1, 2019	\$ 64,553	217,935
Total gains and losses recognized in		
Profit or loss	(4,509)	-
Other comprehensive income	-	47,835
Purchase	1,748	1,706,149
Disposals	(4,993)	-
Proceeds from capital reduction	-	(26,400)
Balance as of December 31, 2019	\$ 56,799	1,945,519

The amount reclassified under IFRS 9 has been included in the balance as of January 1, 2018.

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 including “other gains and losses”	\$ (5,770)	(4,509)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”)	193,614	47,835

- 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.

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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets at fair value through profit or loss—financial instruments 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 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 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	· No 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:

			Impact on Fair Value Change on		Impact on Fair Value Change on	
			Net income or loss		Other Comprehensive income or loss	
	Input	Variation	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%	\$ 2,945	(2,945)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	10,625	(10,625)
December 31, 2019						
Financial assets at fair value through other comprehensive income			\$			
Equity instruments without an active market	Market Multiple	0.5%	-	-	32,693	(32,693)

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

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6. Offsetting financial assets and financial liabilities

The Company 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 Company also performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Company 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)	
				Financial instruments (Note)	Cash collateral received
					Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 72,194	-	72,194	-	72,194
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)	
				Financial instruments (Note)	Cash collateral received
					Net amount (e)=(c)-(d)
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)	
				Financial instruments (Note)	Cash collateral received
					Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 33,069	-	33,069	-	33,069

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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) Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 108,175	-	108,175	-	-	108,175

Note: Master netting arrangements are included.

(w) Financial risk management

1. Overview

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

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

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

2. Risk management framework

The Company 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 Company's financial performance, the Company 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 Company'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(v) for the analysis of credit risk of cash, cash equivalent and accounts receivable.

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4. Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company use actual cost to estimate the cost of its products and services to better assist the Company's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2020, the capital and working funds of the Company 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 Company's unused credit line were amounted to \$32,100,467 and \$34,772,437, respectively.

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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Company 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 Company.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company primarily the New Taiwan Dollars (TWD). The currencies used in these transactions are denominated in TWD and USD.

The Company 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 Company. 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 Company 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.

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2) Interest rate risk

The Company'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 Company periodically evaluates bank and currency borrowing rate to hedge the cash flow risk caused by the market interest rate fluctuation.

(x) 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 of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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

	2020.12.31	2019.12.31
Total Liabilities	\$ 148,257,990	120,980,082
Less: cash and cash equivalents	<u>(5,266,122)</u>	<u>(4,698,660)</u>
Net debt	<u>142,991,868</u>	<u>116,281,422</u>
Total Equity	<u>\$ 57,984,659</u>	<u>55,271,148</u>
Debt to equity ratio	<u>246.60 %</u>	<u>210.38 %</u>

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

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

The Company has no investing and financing activities which did not affect the current cash flow for the year ended December 31, 2020.

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

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

	January 1, 2020	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	December 31, 2020
Long-term borrowings	\$ 3,050,000	5,624,000	(300,000)	72,000	8,446,000
Short-term borrowings(including current portion of long-term borrowings)	21,753,043	2,432,588	300,000	7,542	24,493,173
Lease liabilities (note)	13,040	(5,810)	1,946	-	9,176
Total liabilities from financing activities	<u>\$ 24,816,083</u>	<u>8,050,778</u>	<u>1,946</u>	<u>79,542</u>	<u>32,948,349</u>

	January 1, 2019	Cash flows	Non-cash changes Reclassification	Foreign exchange movement	December 31, 2019
Long-term borrowings	\$ 3,350,000	-	(300,000)	-	3,050,000
Short-term borrowings(including current portion of long-term borrowings)	25,494,660	(3,852,533)	300,000	(189,084)	21,753,043
	10,596	(4,281)	6,725	-	13,040
Total liabilities from financing activities	<u>\$ 28,855,256</u>	<u>(3,856,814)</u>	<u>6,725</u>	<u>(189,084)</u>	<u>24,816,083</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 parent company only financial statements.

Name of related party	Relationship with the Company
Inventec Besta Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Corporation (Hong Kong) Ltd.	Subsidiary
Inventec Holding (North America) Corp.	Subsidiary
Inventec (Czech), s.r.o	Subsidiary
Inventec Development Japan Corporation	Subsidiary
Inventec Japan Corporation	Subsidiary
Inventec Investment Co., Ltd.	Subsidiary
AIMobile Co., Ltd.	Subsidiary
Inventec Solar Energy Corporation	Subsidiary
Inventec Appliances Corp.	Subsidiary
Inventec Manufacturing (India) Private Limited	Subsidiary
Inventec Appliances (Jiangning) Corp.	Indirect holding subsidiary

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(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
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 71,105,867	59,284,144
Inventec (Czech), s.r.o	26,100,876	28,950,547
Other subsidiaries	265,992	97,127
Associates	1,027	1,720
	\$ 97,473,762	88,333,538

After the Company receives the orders from all regions, the production and marketing department arranges to sell semi-finished products to the subsidiaries. The price is determined in accordance with mutual agreements. Since the subsidiaries are the overseas offices providing after-sales and assembling service, there is no other comparable objects, and the average collection terms are 90~105 days for sales.

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

Unrealized profit (loss) from sales to the subsidiaries of the Company for the years ended December 31, 2020 and 2019 were \$11,807 and \$14,174, respectively.

2. Purchase

The amounts of significant purchase transactions between the Company and related parties were as follows:

	For the years ended December 31,	
	2020	2019
Subsidiaries		
Inventec Corporation (Hong Kong) Ltd.	299,231,642	264,957,998
Other subsidiaries	1,909,549	1,554,271
Associates	4,227	-
	\$ 301,145,418	266,512,269

For the Company's purchase of materials used for after-sales service from subsidiaries, the price and terms were determined in accordance with mutual agreements with payment terms of 60~105 days.

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3. Accounts receivable from related parties

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

Financial Statement Account	Related Party Categories	2020.12.31	2019.12.31
Accounts receivable	Subsidiaries		
	Inventec Holding (North America) Corp.	\$ 16,589,292	15,937,407
	Inventec (Czech), s.r.o	10,953,538	11,231,269
	Other subsidiaries	175,993	20,047
Other receivables	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	54,544,416	47,244,779
	Other subsidiaries	144,356	130,868
	Associates	<u>66</u>	<u>1,305</u>
		<u>\$ 82,407,661</u>	<u>74,565,675</u>

Note: Other receivables from subsidiaries are mainly generated from purchasing material for subsidiaries.

4. Accounts payable to Related Parties

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

Financial Statement Account	Related Party Categories	2020.12.31	2019.12.31
Accounts payable	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	\$ 47,083,769	43,413,344
	Other subsidiaries	293,272	414,185
Accounts payable	Associates	678	-
Other payables	Subsidiary	68,559	143,278
	Associates	<u>994</u>	<u>340</u>
		<u>\$ 47,447,272</u>	<u>43,971,147</u>

Note: Other payables are mainly the payments of computer software, toolings, payment on behalf of others and software development.

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5. Property transactions

1) Acquisition of property, plant, equipment

For the years ended December 31, 2020 and 2019, the Company purchased property, plant, equipment from subsidiaries, and associates and paid the amount \$9,976 and \$52,919, respectively.

2) Disposal of property, plant and equipment

For the year ended December 31, 2020, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were \$90,104 and \$3,427, respectively.

3) For the year ended December 31, 2019, the Company purchased software for products from Inventec Corporation (Hong Kong) Ltd., amounted to \$103,995. The price and term were determined in accordance with mutual agreements with payment term within three months.

4) In 2000, the Company paid property, deferred assets, assets stated under expense to investment Inventec Appliances Corp. resulting in gain on disposal of \$103,713 and other revenue of \$31,693. In addition, selling of property, plant and equipment, deferred assets and assets stated under expense has generated gain on disposal of \$5,829 and other revenue of \$6,427. As of December 31, 2020 and 2019, the unrealized gain on property disposal were \$18,886 and \$19,649, respectively.

5) In 1999, the Company 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. After-sale service, product processing and support services

The payments of after-sale service, product processing and support services to related parties were as follows:

	For the years ended December 31,	
	2020	2019
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 311,221	432,424
Inventec Corporation (Hong Kong) Ltd.	322,021	346,668
Other subsidiaries	559,735	129,588
	<u>\$ 1,192,977</u>	<u>908,680</u>

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7. Acquired investments accounted by the equity method

The Board of directors resolved to establish Inventec Japan Corporation on July 23, 2019. The Company invested 200 shares amounting to JPY10,000 thousand.

In March, 2016, the company reinvested \$165,000 in AIMobile Co., Ltd., with a shareholding ratio of 55%. In addition, AIMobile Co., Ltd. was approved by the Board of Directors to handle cash capital on August 24, 2018. Taking 25 January, 2018 as the base date for capital increase, the company's investment amounted to 5,500 thousands of shares, totaling \$55,000.

AIMobile Co., Ltd., through a resolution of the Board of Directors, made a cash capital increase on 2 December, 2020. With December 31, 2020 as the base date for capital increase, the Company invested 10,000 shares, \$100,000, the shareholding ratio increased to 73%.

8. Others

1) Rental and building management fee collected from and related parties were as follows:

	For the years ended December 31,	
	2020	2019
Subsidiaries	\$ 9,517	58,876
Associates	5,336	7,099
	\$ 14,853	65,975

2) For the years ended December 31, 2020 and 2019, the amount of donation for other related parties were \$10,000 and \$10,000, respectively.

(c) Key management personnel compensation

Key management personnel compensation includes:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$ 383,258	347,602
Post-employment benefit	4,524	2,038
	\$ 387,782	349,640

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(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2020.12.31	2019.12.31
Refundable deposits (Other non-current assets)	Customs duty guarantee and membership card	\$ 28,930	25,855
Restricted assets (Other non-current assets)	The fund remitted back to special-purpose account	132,954	-
Land, buildings, structures, machinery and equipment, net (Property, plant and equipment)	Long-term borrowings	5,840,331	5,893,692
Total		<u><u>\$ 6,002,215</u></u>	<u><u>5,919,547</u></u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

- 1.Unused standby letters of credit were as follows: None.
- 2.Promissory notes issued for the bank credit and MOEA TDP performance guarantee were as follows:

	2020.12.31	2019.12.31
TWD	\$ 15,898,550	15,890,600
USD	1,643,000	1,356,000

(b) Contingencies: None.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

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(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	1,072,516	4,758,618	5,831,134	715,810	4,368,055	5,083,865
Labor and health insurance	98,114	331,473	429,587	57,625	317,725	375,350
Pension	34,265	194,630	228,895	25,265	186,900	212,165
Remuneration of directors	-	133,554	133,554	-	87,414	87,414
Others	48,350	146,321	194,671	31,621	164,352	195,973
Depreciation	247,106	314,651	561,757	100,248	308,544	408,792
Amortization	71,623	506,556	578,179	176,000	491,744	667,744

The Company For the years ended December 31, 2020 and 2019 employees and employee benefits expenses were as follows:

	<u>2020</u>	<u>2019</u>
Number of employees	<u>5,635</u>	<u>4,704</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,187</u>	<u>1,248</u>
The average salaries and wages	<u>\$ 1,036</u>	<u>1,082</u>
Average adjustment of employee salaries and wages	<u>(4.25)%</u>	
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) is as follows:

The Company's salary and remuneration policy is committed to link with performance and to implement a performance-oriented remuneration system.

The remuneration system considers the Company's operating objectives along with financial status and comprehensively evaluates various categories such as performance and makes differentiated assessments based on individual contributions.

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- 1.Regardless operating profit or loss of the Company' s business, the Company shall pay remuneration regularity to all directors. The remuneration is determined by the participation to the Company's operating performance of directors, the value of directors' contribution to the Company's operations, and peer salary levels, then are reviewed by the remuneration committee and are submitted to the board of directors for further decision.
- 2.The individual salary and remuneration of directors and managers shall refer to the general salary level of peers. It should also consider personal duties contributions, performance, and conjunct with the company' s operating goals and performance. Policies should be reviewed by the remuneration committee and sent to the Board of Directors for further decision.
- 3.The employee's remuneration includes monthly salary based on job grades, bonuses in accordance to performance, and remuneration measured on the level of Company's profitability.

Note: The Company's Articles of Association specify that no less than 3% of profit shall be allocated for employees' remuneration and no more than 3% of profit shall be allocated for directors' remuneration.

(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 Company 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 (XI'AN) 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

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
5	Inventec (Pudong) Corp. (Note 4)	Inventec 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 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	N

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 directly holds more than 50 percent of its voting shares.

3.An investee in which the Company and subsidiary holds more than 50 percent of its voting shares.

Note 2: The total amount of guarantees and endorsements cannot exceed 50 percent of the Company's net asset value for the current year; the amount of each guarantee and endorsement cannot exceed 50 percent of the Company's net asset value for the current year.

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

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3. Securities held as balance sheet date (excluding investment subsidiaries, associates and joint ventures) :

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
The Company	WK Technology Fund IV Corp.	-	Non-current financial assets at fair value through other comprehensive income	645	5,084	1.52 %	5,084	
"	Amphastar Pharmaceuticals Inc.	-	"	26	14,780	0.05 %	14,780	
"	Arima Communications Corp.	-	"	21,114	75,822	10.15 %	75,822	
"	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,405,689	0.96 %	1,405,689	
"	Tomorrow Studio Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	29	166	0.20 %	166	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	12,197	16.00 %	12,197	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	41,755	3.72 %	41,755	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	-	2.95 %	-	
"	QEEXO, Co. preferred stock	-	"	568	15,923	3.09 %	15,923	
"	Rescale, Inc. preferred stock	-	"	355	26,544	1.37 %	26,544	
"	Sensel, Inc. preferred stock	-	"	532	12,370	3.38 %	12,370	
"	ZT Group Int'l, Inc.	-	"	70	2,010,944	10.00 %	2,010,944	
"	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	
"	Entire Technology Co., Ltd.	-	"	3,260	232,340	4.50 %	232,340	
"	E-TON Solar Tech. Co., Ltd	-	"	94,889	452,619	29.70 %	452,619	
"	Imedtae Co., Ltd.	-	"	1,000	59,350	10.19 %	59,350	
"	TMY Technology Inc.	-	"	2,857	57,943	8.00 %	57,943	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
Inventec (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	
Saint Investment Consulting Corporation	Testron Technology (JiangSu) Co., Ltd.	-	"	2,778	68,964	10.00 %	68,964	
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	
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	
Inventec Investments Co., Ltd.	EPISTAR Corporation	-	Current financial assets at fair value through profit or loss	1,761	72,911	0.16 %	72,911	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	9,653	5.00 %	9,653	
"	Sagacity Tech. Co., Ltd.	-	"	79	-	15.00 %	-	
"	Living Pattern Technology Inc.	-	"	4	626	13.70 %	626	
"	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	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Current financial assets at fair value through profit or loss	32,000	72,549	4.16 %	72,549	
"	Rong Cheng Tech. Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,950	-	9.38 %	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	11.76 %	1,000	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd.	-	"	939	-	4.80 %	-	
"	3GTMobile Corporation	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximiant, Inc.)	-	"	594	-	5.30 %	-	
"	Molekule, Inc.	-	"	1,603	152,800	1.57 %	152,800	
"	XMEMS LABS INC	-	"	1,778	24,057	3.05 %	24,057	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
Inventec Appliances Corp.	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 %	-	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36 %	-	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	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 in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

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.

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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	2020.01.06	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 RMB1,364,810	None

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

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 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	26,100,876	92.80 %	90-105 days	-	No general trading partner can be compared.	(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 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	36,587,835	39.92 %	90-105 days	-	"	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 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	Associates	Purchases	3,466,765	100.00 %	1-2 months	-	No general trading partner can be compared.	(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 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	658,785	98.89 %	1-2 months	-	"	153,221	98.48 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	679,313	98.65 %	1-2 months	-	"	(374,674)	99.67 %	
AlMobile 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.

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	-
"	AlMobile 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	-		-	-

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Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec (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	-
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.

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

(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			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	(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	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	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	679,517	679,517	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	21,100,327	7,722,888	7,722,888	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			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	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,178,105	273,585	273,585	Subsidiary
"	Inventec (Czech), S.R.O.	Czech	Computer products assembly operations	85,921	85,921	-	100.00 %	114,544	78,541	78,541	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	124,923	(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)	(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	(1,036)	(1,036)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,181	414	414	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and selling of intelligent mobile device	182,500	220,000	18,250	73.00 %	122,282	(81,693)	(44,924)	"
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	281,691	281,691	55,994	99.99 %	10,738	34,347	35,455	"
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)	(1,695,966)	-	Associate Company
"	Inventec Manufacturing (India) Private Limited	India	Computer products assembly operations	28	28	6	0.01 %	1	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	(300,331)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90 %	1,332	(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)	(1,695,966)	-	Associate Company

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			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 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	1,127	-	Associate Company
"	Inventec Appliances Corporation USA, Inc.	USA	Selling services	1,424	1,424	10	100.00 %	13,003	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	(19,102)	-	"

Note 1: 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 2: According to the regulations, the Company are not required to disclose the share of income / loss of investees..

(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	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Multimedia computer and system parts assembling	188,679	(2)	56,960	-	-	56,960	(971)	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 %	(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 %	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 %	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 %	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 %	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 %	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 %	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 %	(57,017)	1,138,394	-

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
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 %	(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 %	(17,432)	1,374,393	-
Saint Investment consulting corporation	Business management consulting	87,296	(3)	-	-	-	-	33	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 %	(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 %	(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 %	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 %	12,695	382,786	85,353
Inventec Appliances (XI'AN) Corporation	Electronic communication and products assemble	113,920	(2)	113,920	-	-	113,920	10,358	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 %	(50,163)	81,258	-
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business Management	2,190	(3)	-	-	-	-	25,252	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 %	(2,026)	25,385	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Electronic communication and products assemble	261,889	(3)	-	-	-	-	(81,203)	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

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

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2020 and 2019

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

Note 2: The base of recognition of investment income (loss) is the financial statement audited by CPA 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 were 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 Company 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) Major shareholders: No shareholders hold more than 5% shares.

(14) Segment Information

Please refer to consolidated financial report of Inventec Corporation for the year ended December 31, 2020.

INVENTEC CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ 450
	Foriegn cash	<u>622</u>
	Subtotal	<u>1,072</u>
Cash in bank	Checking accounts	1,384
	Demand deposits	90,112
	Foriegn deposits USD 156,034	4,445,014
	JPY 3,822	
	CNY 17	
	EUR 1	
	Time deposits	<u>728,540</u>
	Subtotal	<u>5,265,050</u>
		<u><u>\$ 5,266,122</u></u>

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at Fair Value
through Other Comprehensive Income - Current

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Share or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total amount	
WIN Semiconductors Corp.	Stock	4,063	\$ 40,630	<u><u>1,405,689</u></u>	- %	<u><u>113,690</u></u>	<u><u>-</u></u>	346.00	<u><u>1,405,689</u></u>	

INVENTEC CORPORATION
Statement of Trade Receivables
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Non-related parties:</u>			
HP		\$ 42,557,810	
ASUSTEK		8,522,803	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>8,120,989</u>	
Subtotal		59,201,602	
Less: Allowance for impairment		<u>(34,867)</u>	
Net amount		<u>59,166,735</u>	
<u>Related parties:</u>			
Inventec Holding (North America) Corp.		16,589,292	
Inventec (Czech), S.R.O.		10,953,538	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>175,993</u>	
Subtotal		<u>27,718,823</u>	
Less: Allowance for impairment		-	
Net amount		<u>27,718,823</u>	
Total		<u><u>\$ 86,885,558</u></u>	

INVENTEC CORPORATION**Statement of Other Receivables****December 31, 2020****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Non-related parties	Payment on behalf of others	\$ 236,116	
Related parties	Payment of materials on behalf of others	54,688,838	
Earned revenue receivable	Interest receivable from bank	1,681	
Total		<u><u>\$ 54,926,635</u></u>	

Statement of Inventory

Item	Amount		Note
	Cost	Net realized value	
Raw materials	\$ 1,225,291	1,171,277	
Work in process	691,631	683,313	
Finished goods	536,647	526,593	
Subtotal	2,453,569	<u><u>2,381,183</u></u>	
Less: Allowance for inventory market decline and obsolescence	(65,624)		
Total	<u><u>\$ 2,387,945</u></u>		

INVENTEC CORPORATION
Statement of Other Current Assets
December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments	Premium	\$ 863	
	Other	<u>74,913</u>	
	Subtotal	75,776	
Payment on behalf of others	Other	2,511,971	
Asset for recovery		260,999	
Other	Other	<u>22,461</u>	
		<u><u>\$ 2,871,207</u></u>	

Inventec Corporation

**Statement of Non-current financial assets at fair value through
profit or loss**

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Ending balance</u>		<u>Collateral</u>	<u>Note</u>
	<u>Shares/(in thousand)</u>	<u>Fair value</u>	<u>Shares/(in thousand)</u>	<u>Amount</u>	<u>Shares/(in thousand)</u>	<u>Amount</u>	<u>Shares/(in thousand)</u>	<u>Fair value</u>		
<u>Common Stock</u>										
Empass Technology Inc	-	\$ -	450	19,184	-	-	450	19,184	None	
Entire Technology Co., Ltd.	-	-	3,260	232,340	-	-	3,260	232,340	"	
E-Ton Solar Tech Co., LTD	-	-	94,889	452,619	-	-	94,889	452,619	"	
Imedtac Co., Ltd.	-	-	1,000	59,350	-	-	1,000	59,350	"	
Tmy Technology Inc.	-	-	2,857	57,943	-	-	2,857	57,943	"	
Total		<u>\$ -</u>		<u>821,436</u>		<u>-</u>		<u>821,436</u>		

INVENTEC CORPORATION

Statement of Changes in Financial Assets Measured at fair Value through Other Comprehensive Income—Non-current

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares (in thousand)	Fair value	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Fair value		
<u>Common Stock</u>										
WK Technology Fund IV Corp.	645	\$ 5,632	-	-	-	548	645	5,084	None	
Global Strategy Venture Capital Corporation	2,835	14,940	-	-	2,835	14,940	-	-	"	
Arima Communications Corp.	21,114	129,221	-	-	-	53,399	21,114	75,822	"	
Tomorrow Studio Co., Ltd.	29	176	-	-	-	10	29	166	"	
Tai Yi Precision Corporation	2,540	-	-	-	-	-	2,540	-	"	
New E Materials Co., Ltd.	1,760	14,555	-	-	-	2,358	1,760	12,197	"	
ZT Group Int'l, Inc.	70	1,699,658	-	311,286	-	-	70	2,010,944	"	
Amphastar Pharmaceuticals Inc.	-	-	26	14,780	-	-	26	14,780	"	
Subtotal		<u>1,864,182</u>		<u>326,066</u>		<u>71,255</u>		<u>2,118,993</u>		
<u>Preferred Stock</u>										
CloudMosa Technologies, Inc.	235	11,150	-	-	-	11,150	235	-	"	
Rasilient Systems, Inc.	3,632	-	-	-	-	-	3,632	-	"	
SKSpruce Holding Limited	3,746	138,701	-	-	-	96,946	3,746	41,755	"	
QEEXO Co.	568	27,703	-	-	-	11,780	568	15,923	"	
Rescale Inc.	355	26,637	-	-	-	93	355	26,544	"	
Sensel Inc.	532	<u>6,366</u>	-	<u>6,004</u>	-	<u>-</u>	532	<u>12,370</u>	"	
Subtotal		<u>210,557</u>		<u>6,004</u>		<u>119,969</u>		<u>96,592</u>		
Total		<u>\$ 2,074,739</u>		<u>332,070</u>		<u>191,224</u>		<u>2,215,585</u>		

INVENTEC CORPORATION
Statement of Changes in Investments Accounted for Using the
Equity Method

For the Year Ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending balance			Market Value or Net Assets Value		Collateral	Note
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount		
Inventec Besta Co., Ltd.	23,405	\$ 245,487	-	-	-	35,176	23,405	37.53 %	210,311	9.83	230,071	None	Note
Inventec Corporation (Hong Kong) Ltd.	2,500	354,041	-	11,573	-	-	2,500	100.00 %	365,614	-	365,614	"	"
Inventec Holding (North America) Corp.	5,000	1,290,344	-	-	-	8,531	5,000	100.00 %	1,281,813	-	1,281,813	"	"
Inventec Appliances Corp.	536,857	9,714,377	-	-	-	467,956	536,857	100.00 %	9,246,421	-	9,246,421	"	"
Inventec (Cayman) Corp.	301,768	13,887,270	-	7,213,057	-	-	301,768	100.00 %	21,100,327	-	21,100,327	"	"
IEC (Cayman) Corporation	25,000	958,568	-	219,537	-	-	25,000	100.00 %	1,178,105	-	1,178,105	"	"
Inventec (Czech), S.R.O.	-	32,250	-	82,294	-	-	-	100.00 %	114,544	-	114,544	"	"
Inventec Development Japan Corporation	45	17,630	-	47	-	-	45	100.00 %	17,677	-	17,677	"	"
Inventec Japan Cororation	-	2,774	-	407	-	-	-	100.00 %	3,181	-	3,181	"	"
Inventec Investment Co., Ltd.	108,800	178,323	-	-	-	53,400	108,800	100.00 %	124,923	-	124,923	"	"
E-Ton Solar Tech. Co., Ltd.	94,889	396,783	-	-	94,889	396,783	-	- %	-	-	-	"	"
Manufacturing (India) Private Limited	55,994	(25,580)	-	36,318	-	-	55,994	99.99 %	10,738	-	10,738	"	"
AI Mobile Co., Ltd.	22,000	81,383	10,000	40,899	13,750	-	18,250	73.00 %	122,282	-	122,282	"	"
		<u>\$ 27,133,650</u>		<u>7,604,132</u>		<u>961,846</u>			<u>33,775,936</u>		<u>33,795,696</u>		
Inventec Solar Energy Corporation	108,150	\$ <u>250,002</u>	-	<u>-</u>	-	<u>546,206</u>	108,150	33.45 %	<u>(296,204)</u>	-	<u>(296,204)</u>	"	Note 1

Note : The value of listed company is market value, and the value of private entity is net equity.

Note1: Other non-current liabilities, others.

INVENTEC CORPORATION
Statement of Other Non-current Assets
December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred expense	Toolings	\$ 2,776,909	
Less: Accumulated, depreciation		(2,337,485)	
Deferred tax assets		1,172,586	
Restricted assets		132,954	
Refundable deposits	Membership card and customs duty guarantee	28,930	
Other assets		34,105	
		<u>\$ 1,807,999</u>	

INVENTEC CORPORATION
Statement of Short-term Borrowings
December 31, 2020
(In Thousands of New Taiwan Dollars)

Type	Description	Ending balance	Contract Period	Range of interest rate	Loan commitment		Collateral	Note
Short-term borrowings	Citi Bank	\$ 5,919,969	2020.11.05-2021.03.10	0.48%-0.61%	USD	223,000	None	
	DBS Bank	5,259,907	2020.10.08-2021.03.26	0.74%-0.85%	USD	250,000	"	
	Bank of Taiwan	4,260,116	2020.11.11-2021.01.15	0.50%-0.51%	USD	150,000	"	
	Hua Nan Bank	2,191,639	2020.10.29-2021.01.27	0.63%	TWD	2,325,000	"	
	Mega Bank	1,708,206	2020.12.03-2021.06.01	0.70%	USD	80,000	"	
	Taishin Bank	1,704,372	2020.11.04-2021.01.13	0.67%	USD	80,000	"	
	Land Bank	1,448,964	2020.12.17-2021.03.17	0.73%	TWD	1,800,000	"	
	Mizuho Bank	1,000,000	2020.11.27-2021.02.26	0.80%	USD	60,000	"	
	Sumito Mitsui Bank	400,000	2020.10.07-2021.01.07	0.68%	USD	80,000	"	
	OCBC Bank	300,000	2020.11.13-2021.01.13	0.85%	USD	30,000	"	
		<u>\$ 24,193,173</u>						

INVENTEC CORPORATION**Statement of Accounts Payable****December 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor name	Description	Amount	Note
Non-related parties:			
HP International Pte. Ltd.		\$ 15,992,173	
Asustek Computer Incorporation		6,795,321	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>20,074,241</u>	
Subtotal		<u>42,861,735</u>	
Related parties:			
Inventec Corporation (Hong Kong) Ltd.		47,083,769	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>293,950</u>	
Subtotal		<u>47,377,719</u>	
Total		<u>\$ 90,239,454</u>	

INVENTEC CORPORATION

Statement of Other Payables

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for salary and bonus	\$ 2,700,935
	Payables for purchasing softwares	22,439
	Inventory processing fee	563,559
	Other	<u>2,357,233</u>
Total		<u><u>\$ 5,644,166</u></u>

Statement of Other Current Liabilities

Item	Description	Amount	Note
Other current liabilities	Advance receipts	\$ 746	
	Receipts under custody	56,604	
	Temporary credits	4,557,593	
	Other	<u>3,241,256</u>	
		<u><u>\$ 7,856,199</u></u>	

INVENTEC CORPORATION
Statement of Long-term Borrowings
December 31, 2020
(In Thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Term of contract</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>Note</u>
Syndicated agreement with Hua Nan Bank and other 13 participating banks	-	\$ 5,696,000	2020.10.14-2022.10.14	1.01 %	None	With financial covenant
Hua Nan Bank	Secured borrowings	2,033,333	2016.02.26-2031.02.26	1.19 %	Land and building	No financial covenant
Bank of Taiwan	"	1,016,667	2016.02.26-2031.02.26	1.19 %	"	"
Less: Long-term Borrowings, current portion		(300,000)				
Total		<u>\$ 8,446,000</u>				

INVENTEC CORPORATION
Statement of Other Non-current Liabilities
December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other non-current liabilities	Deferred tax liabilities	\$ 2,865,814	
	Deferred credits	36,859	
	Gaurantee deposits received	561	
	Credit balance of investments accounted for using equity method	296,204	
		<u>\$ 3,199,438</u>	

INVENTEC CORPORATION
Statement of Operating Costs
For the year ended December 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from manufacturing	\$	29,147,821
Direct material	13,592,903	
Add: Raw material, January 1	1,706,188	
Purchase	14,139,890	
Gain on physical inventory	35,119	
Less: Raw material, December 31	(1,225,291)	
Transferred to expense	(89,335)	
Sale	(932,473)	
Loss on physical inventory	(41,195)	
Direct labor	748,072	
Manufacturing expenses	1,796,817	
Cost of manufacturing	16,137,792	
Add: Work in process, January 1	1,255,327	
Purchase	12,570,148	
Gain on physical inventory	386	
Less: Work in process, December 31	(691,631)	
Transferred to expense	(167,077)	
Loss on physical inventory	(687)	
Transferred to warranty	(159)	
Cost of finished goods	29,104,099	
Add: Finished goods, January 1	971,832	
Gain on physical inventory	3,484	
Less: Finished goods, December 31	(536,647)	
Loss on inventory	(4,054)	
Transferred to expense	(382,894)	
Transferred to warranty	(7,999)	
Cost of material sold		932,473
Cost of merchandise sold (triangle trade)		364,989,767
Loss of inventory valuation		11,198
Cost of warranty		589,340
Expense of idle capacity		26,306
Loss on physical inventory		6,947
Cost of provision of sales return		(52,976)
Total operating costs	\$	<u><u>395,650,876</u></u>

INVENTEC CORPORATION

Statement of Selling Expenses

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 486,323	
Amortization expense		390,190	
Freight		474,956	
Miscellaneous expense		104,666	
Other expense		304,370	
		<u>\$ 1,760,505</u>	

Statement of Administrative Expenses

Item	Description	Amount	Note
Salary and wages expense		\$ 941,120	
Miscellaneous expense		255,266	
Depreciation expense		140,401	
Repair expense		118,094	
Professional service fees		103,152	
Other expense		337,823	
		<u>\$ 1,895,856</u>	

INVENTEC CORPORATION

Statement of Research and Development Expenses

December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 3,649,479	
Supplies		661,063	
Examination expense		315,530	
Other expense		<u>1,199,935</u>	
		<u>\$ 5,826,007</u>	