

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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

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安侯建業聯合會計師事務所

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Independent Auditors' Review Report

To the Board of Directors of Inventec Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Corporation (“Company”) and its subsidiaries (“Group”) as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$64,287,015 thousand and \$70,961,725 thousand, constituting 30% and 36% of the consolidated total assets; and the total liabilities amounting to \$18,068,447 thousand and \$16,280,251 thousand, constituting 11% and 11% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$(8,497) thousand and \$(974,865) thousand, constituting (1)% and (33)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.



Furthermore, as stated in Note (6)(f), the other equity accounted investments of the Group in its investee companies of \$24,264 thousand and \$848 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$(781) thousand and \$(858) thousand respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Wan-Wan Lin and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
May 11, 2021

Notes to Readers

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2021, December 31, 2020, and March 31, 2020
 (Expressed in Thousands of New Taiwan Dollars)

ASSETS		2021.3.31		2020.12.31		2020.3.31		LIABILITIES AND EQUITY		2021.3.31		2020.12.31		2020.3.31			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current Assets :		Current Liabilities :															
1100	Cash and cash equivalents (Notes (6)(a))	\$	36,783,886	17	32,951,595	16	38,140,243	19	2100	Short-term borrowings (Note (6)(m))	\$	36,155,169	17	31,890,755	15	21,289,727	11
1110	Current financial assets at fair value through profit or loss (Notes (6)(b))		1,076,893	-	782,284	-	2,151,308	1	2120	Current financial liabilities at fair value through profit or loss (Notes (6)(b))		426,739	-	250,136	-	118,856	-
1120	Current financial assets at fair value through other comprehensive income (Notes (6)(b))		1,588,510	1	1,405,689	1	1,070,518	1	2130	Current contract liabilities (Note (6)(u))		7,200,829	3	7,828,232	4	6,602,792	3
1170	Accounts receivable, net (Notes (6)(c) and (7))		87,490,422	40	91,811,309	43	57,119,954	29	2170	Accounts payable (Note (7))		77,220,022	36	74,370,226	35	76,339,037	39
1200	Other receivables, net (Notes (6)(d) and (7))		789,867	-	844,441	-	498,969	-	2200	Current tax liabilities		2,102,053	1	2,296,677	1	2,990,198	2
1310	Inventories, manufacturing business, net (Notes (6)(e))		45,410,447	21	41,416,323	19	54,815,470	28	2322	Other payables (Note (6)(r) and (7))		15,874,418	7	11,595,245	5	14,382,592	7
1470	Other current assets (Notes (6)(k))		4,031,427	2	4,258,311	2	3,001,810	2	2280	Long-term borrowings, current portion (Note (6)(m))		330,744	-	330,744	-	331,144	-
			177,171,452	81	173,469,952	81	156,798,272	80	2280	Current lease liabilities (Notes (4) and (6)(n))		204,750	-	216,479	-	195,507	-
									2399	Other current liabilities, others (Note (6)(l))		12,637,723	6	11,765,194	6	10,191,761	5
	Non-current assets :											152,152,447	70	140,543,688	66	132,441,614	67
1510	Non-current financial assets at fair value through profit or loss (Notes (6)(b))		876,612	-	911,660	-	548,349	-		Non-current Liabilities :							
1517	Non-current financial assets at fair value through other comprehensive income (Notes (6)(b))		3,731,380	2	3,657,808	2	2,621,478	1	2540	Long-term borrowings (Note (6)(m))		6,301,029	3	8,990,825	4	3,824,425	2
1550	Investments accounted for using equity method, net (Notes (6)(f))		229,575	-	211,643	-	241,816	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))		643,672	-	656,171	-	628,690	-
1600	Property, plant and equipment (Notes (6)(h))		27,975,741	13	28,004,583	13	29,717,278	15	2580	Non-current lease liabilities (Notes (4) and (6)(n))		697,135	-	748,035	-	828,080	1
1755	Right-of-use assets (Notes (6)(i))		3,301,931	2	3,403,891	2	3,182,264	2	2670	Other non-current liabilities, others (Notes (6)(l) and (6)(q))		5,424,789	3	5,331,975	3	4,300,056	2
1780	Intangible assets (Notes (6)(j))		925,498	-	875,801	-	858,000	1				13,066,625	6	15,727,006	7	9,581,251	5
1900	Other non-current assets (Notes (4), (6)(k) and (6)(q))		3,411,033	2	3,626,099	2	2,488,386	1		Total Liabilities		165,219,072	76	156,270,694	73	142,022,865	72
			40,451,770	19	40,691,485	19	39,657,571	20		Equity attributable to owners of parent :							
									3110	Ordinary share (Note (6)(r))		35,874,751	17	35,874,751	17	35,874,751	18
									3200	Capital surplus (Note (6)(r))		2,899,284	1	2,899,284	1	2,913,461	2
									3300	Retained earnings (Note (6)(r))		15,620,439	7	21,112,549	10	16,653,724	9
									3400	Other equity interest (Note (6)(r))		(1,826,910)	(1)	(1,901,925)	(1)	(1,769,468)	(1)
										Total equity attributable to owners of parent		52,567,564	24	57,984,659	27	53,672,468	28
									36XX	Non-controlling interests		(163,414)	-	(93,916)	-	760,510	-
										Total Equity		52,404,150	24	57,890,743	27	54,432,978	28
TOTAL ASSETS		\$	217,623,222	100	214,161,437	100	196,455,843	100	TOTAL LIABILITIES AND EQUITY		\$	217,623,222	100	214,161,437	100	196,455,843	100

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

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

INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2021		2020	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(u) and (7))	\$ 111,848,189	100	88,679,110	100
5000	Total operating costs (Notes (4) and (7))	106,728,005	95	84,483,360	95
	Gross profit from operations	5,120,184	5	4,195,750	5
	Operating expenses (Notes (6)(c) and (6)(v)):				
6100	Selling expenses	712,712	1	585,323	1
6200	Administrative expenses	959,865	1	1,091,798	1
6300	Research and development expenses	2,470,933	2	2,272,811	3
6450	Expected credit gain	(4,674)	-	(7,489)	-
6400	Total operating expenses	4,138,836	4	3,942,443	5
	Net operating income	981,348	1	253,307	-
	Non-operating income and expenses:				
7100	Interest income (Note (6)(w))	283,829	-	294,972	-
7010	Other income (Note (6)(w))	63,710	-	72,223	-
7020	Other gains and losses, net (Note (6)(w))	248,424	-	4,791,539	6
7050	Finance costs, net (Notes (6)(w))	(166,170)	-	(246,281)	-
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (4) and (6)(f))	(5,912)	-	(528)	-
	Total non-operating income and expenses	423,881	-	4,911,925	6
	Profit from continuing operations before tax	1,405,229	1	5,165,232	6
7950	Less: Income tax expenses (Note (6)(q))	328,082	-	2,230,498	3
	Profit	1,077,147	1	2,934,734	3
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	161,730	-	229,716	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(4,128)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	161,730	-	225,588	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(88,773)	-	(195,456)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	132	-	(722)	-
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	(88,641)	-	(196,178)	-
	Other comprehensive income	73,089	-	29,410	-
8500	Total comprehensive income	\$ 1,150,236	1	2,964,144	3
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 1,144,719	1	3,031,759	3
8620	Profit (loss), attributable to non-controlling interests	(67,572)	-	(97,025)	-
		\$ 1,077,147	1	2,934,734	3
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,219,734	1	3,065,038	3
8720	Comprehensive income, attributable to non-controlling interests	(69,498)	-	(100,894)	-
		\$ 1,150,236	1	2,964,144	3
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(t))				
9750	Basic earnings per share (NT dollars)	\$ 0.32		0.85	
9850	Diluted earnings per share (NT dollars)	\$ 0.32		0.84	

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
						Other Equity Interest		Equity attributable to owners of parent	Non - controlling interests	Total Equity
						Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
	Capital Stock	Retained Earnings								
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2020	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148	1,700,080	56,971,228
Net income (loss) for the period	-	-	-	-	3,031,759	-	-	3,031,759	(97,025)	2,934,734
Other comprehensive income (loss) for the period	-	-	-	-	-	(192,309)	225,588	33,279	(3,869)	29,410
Total comprehensive income (loss) for the period	-	-	-	-	3,031,759	(192,309)	225,588	3,065,038	(100,894)	2,964,144
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(4,663,718)	-	-	(4,663,718)	-	(4,663,718)
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(838,676)	(838,676)
Balance at March 31, 2020	<u>\$ 35,874,751</u>	<u>2,913,461</u>	<u>10,799,605</u>	<u>1,646,357</u>	<u>4,207,762</u>	<u>(2,197,443)</u>	<u>427,975</u>	<u>53,672,468</u>	<u>760,510</u>	<u>54,432,978</u>
Balance at January 1, 2021	\$ 35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659	(93,916)	57,890,743
Net income (loss) for the period	-	-	-	-	1,144,719	-	-	1,144,719	(67,572)	1,077,147
Other comprehensive income (loss) for the period	-	-	-	-	-	(86,715)	161,730	75,015	(1,926)	73,089
Total comprehensive income (loss) for the period	-	-	-	-	1,144,719	(86,715)	161,730	1,219,734	(69,498)	1,150,236
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)	-	(6,636,829)
Balance at March 31, 2021	<u>\$ 35,874,751</u>	<u>2,899,284</u>	<u>11,345,901</u>	<u>1,822,004</u>	<u>2,452,534</u>	<u>(2,554,080)</u>	<u>727,170</u>	<u>52,567,564</u>	<u>(163,414)</u>	<u>52,404,150</u>

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 1,405,229	5,165,232
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	594,837	775,489
Amortization expenses	243,526	211,232
Expected credit gains	(4,674)	(7,489)
Interest expenses	166,170	246,281
Interest income	(283,829)	(294,972)
Shares of losses of associates and joint ventures accounted for using equity method	5,912	528
Losses (gains) on disposal of property, plant and equipment	25,997	(4,891,005)
Losses (gains) on disposal of investments accounted for using equity method	22,242	(24,435)
Impairment losses on non-financial assets	4,043	-
Unrealized foreign exchange gains	(11,218)	(521,300)
Total adjustments to reconcile profit	<u>763,006</u>	<u>(4,505,671)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	(332,625)	27,038
Decrease in accounts receivable	4,829,452	31,274,741
Decrease in other receivables	246,737	245,998
Increase in inventories	(4,005,527)	(17,594,061)
Decrease (increase) in other current assets	<u>583,602</u>	<u>(147,893)</u>
Total changes in operating assets	<u>1,321,639</u>	<u>13,805,823</u>
Changes in operating liabilities:		
Increase in financial liabilities held for trading	176,457	10,681
(Decrease) increase in contract liabilities	(624,785)	157,315
Increase in accounts payable	2,719,592	5,839,189
Decrease in other payables	(2,442,735)	(1,769,343)
Increase in other current liabilities	671,649	649,845
Decrease in net defined benefit liabilities, non-current	<u>(12,499)</u>	<u>(11,711)</u>
Total changes in operating liabilities	<u>487,679</u>	<u>4,875,976</u>
Total changes in operating assets and liabilities	<u>1,809,318</u>	<u>18,681,799</u>
Total adjustments	<u>2,572,324</u>	<u>14,176,128</u>
Cash inflow generated from operations	3,977,553	19,341,360
Interest received	385,734	337,068
Interest paid	(144,666)	(279,950)
Income taxes paid	<u>(414,799)</u>	<u>(927,428)</u>
Net cash flows from operating activities	<u>3,803,822</u>	<u>18,471,050</u>

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2021	2020
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(27,950)	(24,056)
Acquisition of financial assets at fair value through profit or loss	-	(1,810,024)
Proceeds from disposal of financial assets at fair value through profit or loss	-	3,502,431
Acquisition of investments accounted for using equity method	(23,712)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,838	-
Acquisition of property, plant and equipment	(584,698)	(560,410)
Proceeds from disposal of property, plant and equipment	21,711	5,635,246
Acquisition of intangible assets	(85,272)	(9,987)
Effect on loss of control over subsidiary's cash	-	(5,710)
Acquisition of investment properties	-	(345,283)
Increase in other financial assets	-	(1,346,226)
Increase in other non-current assets	(329,626)	(182,727)
Net cash flows (used in) from investing activities	<u>(1,024,709)</u>	<u>4,853,254</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	3,907,164	(3,956,747)
Proceeds from long-term borrowings	231,335	25,294
Repayments of long-term borrowings	(2,945,000)	(102,918)
Payment of lease liabilities	(48,329)	(41,338)
(Decrease) increase in other non-current liabilities	(59,900)	65
Net cash flows from (used in) financing activities	<u>1,085,270</u>	<u>(4,075,644)</u>
Effect of exchange rate changes on cash and cash equivalents	(32,092)	(61,384)
Net increase in cash and cash equivalents	3,832,291	19,187,276
Cash and cash equivalents at beginning of period	<u>32,951,595</u>	<u>18,952,967</u>
Cash and cash equivalents at end of period	<u><u>\$ 36,783,886</u></u>	<u><u>38,140,243</u></u>

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021 and 2020

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

(1) Overview

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

The consolidated financial statements of the Company as of and for the year ended March 31, 2021 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the production and sales of computer products and intelligent devices. Please refer to Note 4(b) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- 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”

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

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

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

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

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

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- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2021.3.31	2020.12.31	2020.3.31	
The Company	Inventec Corporation (Hong Kong) Ltd.	Trading	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Holding (North America) Corp.	Holding Company	100.00 %	100.00 %	100.00 %	(Note 2)
"	Inventec (Cayman) Corp.	Holding Company	100.00 %	100.00 %	100.00 %	
"	IEC (Cayman) Corporation	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Czech), s.r.o.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Development Japan Corporation	Trading	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Investments Co., Ltd.	Investment company	100.00 %	100.00 %	100.00 %	(Note 1)
"	AIMobile Co., Ltd.	Developing, production and sales of intelligent mobile devices	73.00 %	73.00 %	55.00 %	(Note 1)
"	Inventec Japan Corporation	Trading and management services	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances Corp.	Intelligent device products	100.00 %	100.00 %	100.00 %	(Note 2)
The Company, Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Sales of solar cells and medical equipment	47.65 %	47.65 %	47.65 %	(Note 1)

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Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2021.3.31	2020.12.31	2020.3.31	
The Company and Inventec Investments Co., Ltd.	Inventec Manufacturing (India) Private Limited	Trading	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00 %	100.00 %	- %	(Note 1)
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Pudong) Technology Corp.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec (Shanghai) Service Co., Ltd.	Sales of computer products	- %	- %	100.00 %	(Note 1)
"	Inventec Hi-Tech Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	"	- %	100.00 %	100.00 %	The cancellation of registration process was completed in January 18, 2021.
"	Inventec (Chongqing) Service Co., Ltd.	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corp.	Production and sales of computer products	100.00 %	100.00 %	100.00 %	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Leasing	78.00 %	78.00 %	78.00 %	(Note 1)
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management	100.00 %	100.00 %	- %	Inventec (Shanghai) Service Co., Ltd. invested it on April 30, 2020. (Note 1)
Inventec (Pudong) Technology Corp.	SQ Technology (Sanghai) Corporation	Production and sales of computer products	100.00 %	- %	- %	Inventec (Pudong) Technology Corp. invested it on January 6, 2021. (Note 1)
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Services of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Manufacturing (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Configuration (North America) Corporation	Production and sales of computer products	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Distribution (North America) Corporation	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	"	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances Corporation USA, Inc.	Sales service	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Jiangning) Corp.	"	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanjing) Corp.	House leasing	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (XI'AN) Corporation	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)

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Investor	Name of Subsidiary	Principal activity	Shareholding Ratio			Note
			2021.3.31	2020.12.31	2020.3.31	
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (Nanchang) Corporation	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Malaysia) SDN. BHD.	Production and sales of intelligent devices	- %	- %	100.00 %	Transferred 100% shares to Inventec Appliances (Pudong) Corp. on July 20, 2020.
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Development of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business management	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	100.00 %	100.00 %	100.00 %	(Note 1)
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	"	100.00 %	100.00 %	- %	Acquired 100% shares from Inventec Appliances (Cayman) Holding Corp. on July 20, 2020. (Note 1)

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

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

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

(c) Income taxes

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

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

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

(d) Employee benefits

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

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

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

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The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation to Significant Accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between, the interim consolidated financial statements for the current period and the 2020 consolidated financial statements. Please refer to Note (6) of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Cash	\$ 6,381	7,013	8,548
Demand deposits and checking accounts	27,759,841	27,934,618	32,858,371
Time deposits	9,017,664	5,009,964	5,273,324
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 36,783,886</u>	<u>32,951,595</u>	<u>38,140,243</u>

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

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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Financial assets at fair value through profit or loss			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 606,810	13,606	102,740
Foreign exchange swap	14,098	237,568	16,152
Non-derivative financial assets			
Stocks of listed companies	72,295	145,460	80,747
Emerging stock	194,035	232,340	-
Unquoted financial instruments	1,035,028	1,033,760	2,452,662
Unsecured convertible bonds	31,239	31,210	47,356
Total	<u>\$ 1,953,505</u>	<u>1,693,944</u>	<u>2,699,657</u>

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	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Financial liabilities at fair value through profit or loss			
Held-for-trading financial liabilities			
Forward exchange contracts	\$ 110,528	210,598	41,973
Foreign exchange swap	<u>316,211</u>	<u>39,538</u>	<u>76,883</u>
Total	<u>\$ 426,739</u>	<u>250,136</u>	<u>118,856</u>

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

1) Financial assets:

<u>2021.3.31</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>	
Foreign exchange swap	USD 110,000	USD to TWD	2021.04.20~2021.06.29	
Forward	USD 759,000	USD to TWD	2021.04.09~2021.09.27	
<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	2021.01.07~2021.06.11	
Forward	USD 214,000	USD to TWD	2021.01.06~2021.06.09	
<u>2020.3.31</u>				
	<u>Contract Amount</u>	<u>Currency</u>	<u>Maturity Period</u>	
Foreign exchange swap	USD 170,000	USD to TWD	2020.05.22~2020.06.29	
Forward	USD 425,000	USD to TWD	2020.04.08~2020.06.29	
Forward	USD 30,000	USD to CNY	2020.05.13~2020.06.23	

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2) Financial liabilities:

2021.3.31				
	Contract Amount	Currency	Maturity Period	
Foreign exchange swap	USD 719,000	USD to TWD	2021.04.09~2021.09.27	
Forward	USD 70,000	USD to TWD	2021.06.28~2021.09.24	
Forward	USD 148,306	USD to CNY	2021.04.29~2021.07.05	
2020.12.31				
	Contract Amount	Currency	Maturity Period	
Foreign exchange swap	USD 114,000	USD to TWD	2021.01.06~2021.03.25	
Forward	USD 615,000	USD to TWD	2021.01.07~2021.06.11	
Forward	USD 28,306	USD to CNY	2021.07.05	
2020.3.31				
	Contract Amount	Currency	Maturity Period	
Foreign exchange swap	USD 425,000	USD to TWD	2020.04.08~2020.06.18	
Forward	USD 170,000	USD to TWD	2020.05.22~2020.06.22	
Forward	USD 30,000	USD to CNY	2020.04.09~2020.04.29	

2. Financial assets at fair value through other comprehensive income

	2021.3.31	2020.12.31	2020.3.31
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ 1,722,140	1,496,291	1,147,670
Stocks not listed on domestic markets	3,597,750	3,567,206	2,544,326
Total	<u>\$ 5,319,890</u>	<u>5,063,497</u>	<u>3,691,996</u>

1) Equity investments at fair value through other comprehensive income

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

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

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

3) As of March 31, 2021, the aforesaid financial assets were not pledged as collateral.

(c) Note and trade receivables

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Accounts receivable- non-related parties	\$ 87,493,540	91,807,993	57,214,928
Accounts receivable- related parties	63,466	75,749	342
Less: Loss allowance	<u>(66,584)</u>	<u>(72,433)</u>	<u>(95,316)</u>
	<u><u>\$ 87,490,422</u></u>	<u><u>91,811,309</u></u>	<u><u>57,119,954</u></u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income. As of March 31, 2021, December 31, 2020, and March 31, 2020, the amounts of trade receivables measured at fair value through other comprehensive income were \$1,187,761, \$2,035,693 and \$935,491, respectively.

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

	<u>2021.3.31</u>	
	<u>Gross carrying amount</u>	<u>Weighted-average</u>
Current	\$ 83,404,035	0%~0.5%
1 to 180 days past due	4,021,535	0.04%~10%
More than 180 days past due	<u>131,436</u>	<u>0.04%~100%</u>
	<u><u>\$ 87,557,006</u></u>	<u><u>66,584</u></u>

As of the end of April 23, 2021, the amount that received by the Group is \$23,720,732.

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

	2020.3.31		
	Gross carrying amount	Weighted-average	Loss allowance provision
Current	\$ 54,708,799	0%~1%	83,653
1 to 180 days past due	2,335,894	0.04%~10%	9,006
More than 180 days past due	170,577	0.04%~100%	2,657
	\$ 57,215,270		95,316

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

	For the three months ended March 31,	
	2021	2020
Balance at January 1, 2021 and 2020	\$ 72,433	102,855
Gains on reversal of impairment losses	(4,651)	(7,489)
Amounts written off	(423)	-
Foreign exchange losses	(775)	(50)
Balance at March 31, 2021 and 2020	\$ 66,584	95,316

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

As of March 31, 2021, December 31, 2020 and March 31, 2020, none of the receivables above are pledged as collateral for loans and borrowings.

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As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group sold its accounts receivable without recourse as follows:

(Unit: Foreign currency/TWD in Thousands)

2021.3.31						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>22,480,432</u>	USD <u>164,562</u>	USD <u>787,958</u>	-	0.87%~1.36%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				
2020.12.31						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>26,692,929</u>	USD <u>153,413</u>	USD <u>937,252</u>	-	0.99%~1.45%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				
2020.3.31						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>21,779,807</u>	Note	USD <u>720,470</u>	-	1.51%~2.62%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

Note: The amount advanced unpaid of subsidiaries which means that the purchaser has the right to make factoring transactions with the Group based on the amount allocated by the client under factoring agreement.

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(d) Other receivables

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Other accounts receivable—related parties	\$ 1,311	66	1,303
Other accounts receivable—non-related parties	788,556	844,375	497,666
	<u>\$ 789,867</u>	<u>844,441</u>	<u>498,969</u>

(e) Inventories

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Raw materials and consumables	\$ 33,843,179	28,128,939	40,552,118
Work in process	7,395,625	6,541,004	7,835,012
Finished goods	4,117,844	5,518,187	6,411,051
Materials and supplies in transit	53,799	1,228,193	17,289
	<u>\$ 45,410,447</u>	<u>41,416,323</u>	<u>54,815,470</u>

For the three months ended March 31, 2021 and 2020, the (write-up) write-down of inventories amounted to \$(101,355) and \$50,796, respectively. Loss on inventory valuation and obsolescence is due to obsolescence or out of use, which causes the net realizable value to be lower than the cost. Loss on inventory valuation and obsolescence is recognized in operating cost. In addition, when the factor causing the net realizable value to be lower than the cost is disappeared due to obsolescence or disposal, the increase of the net realizable value is recognized in deduction of operating cost. For the three months ended March 31, 2021 and 2020, expenses of idle capacity amounted to \$48,090, and \$77,136, respectively.

As of March 31, 2021, December 31, 2020 and March 31, 2020, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

The investment using equity method was as follows:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Associate	\$ <u>229,575</u>	<u>211,643</u>	<u>241,816</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group's investments under equity method has not been pledged as collaterals.

1. Judgment on existence of substantial control over investee

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

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(g) Loss of control over subsidiaries

The meeting of shareholders of E-Ton Solar Tech. Co., Ltd ("E-ton") decided to dismiss their respective companies in 2020. It is currently in liquidation process. As a result, The Group lose control of these subsidiaries.

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

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2021 and 2020 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Cost or deemed cost:									
Balance at January 1, 2021	\$ 7,784,757	17,344,433	20,575,199	103,254	5,179,868	8,803,802	396,393	2,160,724	62,348,430
Additions	-	-	72,690	1,019	80,315	155,433	8,990	380,249	698,696
Disposals	-	-	(1,390,611)	(562)	(142,409)	(1,535)	-	-	(1,535,117)
Other	-	-	47,469	-	10,638	11	-	(111,572)	(53,454)
Effect of movements in exchange rate	-	(39,161)	(28,407)	(292)	(7,517)	(16,033)	(7,886)	(12,904)	(112,206)
Balance at March 31, 2021	<u>\$ 7,784,757</u>	<u>17,305,272</u>	<u>19,276,340</u>	<u>103,419</u>	<u>5,120,895</u>	<u>8,941,678</u>	<u>397,497</u>	<u>2,416,497</u>	<u>61,346,355</u>
Balance at January 1, 2020	\$ 7,884,298	20,800,616	24,774,688	103,832	5,325,639	10,517,913	665,838	1,851,731	71,924,555
Additions	-	-	132,124	107	137,383	60,791	1,896	300,048	632,349
Disposals	-	(1,954,020)	(256,163)	-	(75,856)	(1,885,404)	-	-	(4,171,443)
Other	(99,541)	(1,413,577)	(2,151,019)	-	(11,652)	2,636	(291,473)	(204,201)	(4,168,827)
Effect of movements in exchange rate	-	(67,624)	(43,172)	(524)	(1,253)	(4,365)	(11,470)	(28,628)	(157,036)
Balance at March 31, 2020	<u>\$ 7,784,757</u>	<u>17,365,395</u>	<u>22,456,458</u>	<u>103,415</u>	<u>5,374,261</u>	<u>8,691,571</u>	<u>364,791</u>	<u>1,918,950</u>	<u>64,059,598</u>
Depreciation and impairment losses:									
Balance at January 1, 2021	\$ -	4,460,648	17,798,027	83,005	4,509,777	7,226,057	266,333	-	34,343,847
Depreciation for the period	-	93,829	221,269	2,654	91,840	102,909	12,024	-	524,525
Disposals	-	-	(1,341,677)	(300)	(140,409)	(1,269)	-	-	(1,483,655)
Other	-	-	42,352	-	2,044	11	-	-	44,407
Effect of movements in exchange rate	-	(12,002)	(25,818)	(220)	(3,632)	(13,758)	(3,080)	-	(58,510)
Balance at March 31, 2021	<u>\$ -</u>	<u>4,542,475</u>	<u>16,694,153</u>	<u>85,139</u>	<u>4,459,620</u>	<u>7,313,950</u>	<u>275,277</u>	<u>-</u>	<u>33,370,614</u>

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Balance at January 1, 2020	\$ 10,231	6,653,767	20,714,397	71,883	4,683,815	8,540,656	520,348	-	41,195,097
Depreciation for the period	-	109,431	335,245	3,099	94,251	132,741	11,985	-	686,752
Disposals	-	(1,371,009)	(254,243)	-	(73,990)	(1,885,373)	-	-	(3,584,615)
Other	(10,231)	(1,199,936)	(2,338,422)	-	(16,142)	(13,415)	(291,473)	-	(3,869,619)
Effect of movements in exchange rate	-	(19,637)	(37,382)	(371)	(446)	(21,200)	(6,259)	-	(85,295)
Balance at March 31, 2020	\$ -	4,172,616	18,419,595	74,611	4,687,488	6,753,409	234,601	-	34,342,320

Carrying amounts:

Balance at January 1, 2021	\$ 7,784,757	12,883,785	2,777,172	20,249	670,091	1,577,745	130,060	2,160,724	28,004,583
Balance at March 31, 2021	\$ 7,784,757	12,762,797	2,582,187	18,280	661,275	1,627,728	122,220	2,416,497	27,975,741
Balance at January 1, 2020	\$ 7,874,067	14,146,849	4,060,291	31,949	641,824	1,977,257	145,490	1,851,731	30,729,458
Balance at March 31, 2020	\$ 7,784,757	13,192,779	4,036,863	28,804	686,773	1,938,162	130,190	1,918,950	29,717,278

As of March 31, 2021, December 31, 2020, and March 31, 2020, the property, plant and equipment were pledged as collateral, please refer to Note 8. The Group performed an impairment test on its property, plant and equipment, based on the experience of the past and actual operating result, the discontinued rate used in for the year ended December 31, 2020 was 11.40%. Thus, the Group adopted the value in use as its recoverable amount, and recognized the impairment losses based on the differences between the book values and the recoverable amounts of the property, plant and equipment. For the year ended December 31, 2020, the impairment losses was \$949,815.

The Group has loss control over E-ton on March 26, 2020, therefore, all property, plant and equipment were eliminated.

Inventec (Pudong) Co., Ltd. disposed its plant and property on January 16, 2020. For related information, please refer to Note 13 of the consolidated financial statement for the year ended December 31, 2020.

(i) Right-of-use assets

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

	Land	Buildings	Vehicles	Other	Total
Cost:					
Original balance as of January 1, 2021	\$ 2,501,251	1,372,877	15,351	620	3,890,099
Additions	160	3,590	5,010	410	9,170
Termination before the expiration	-	(33)	(3,325)	-	(3,358)
Effect of changes in foreign exchange rates	(17,773)	(29,431)	4	6	(47,194)
Balance as of March 31, 2021	\$ 2,483,638	1,347,003	17,040	1,036	3,848,717
Balance as of January 1, 2020	\$ 2,594,248	1,199,936	15,368	5,087	3,814,639
Additions	4,427	-	756	-	5,183
Termination before the expiration	(190,228)	(4)	-	-	(190,232)
Others	(116,416)	-	(2,914)	-	(119,330)
Effect of changes in foreign exchange rates	(23,299)	(11,651)	12	2	(34,936)
Balance as of March 31, 2020	\$ 2,268,732	1,188,281	13,222	5,089	3,475,324

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	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Original balance as of January 1, 2021	\$ 115,716	360,840	9,042	610	486,208
Depreciation for the year	17,236	51,581	1,470	25	70,312
Termination before the expiration	-	-	(3,325)	-	(3,325)
Effect of changes in foreign exchange rates	(2,092)	(4,322)	4	1	(6,409)
Balance as of March 31, 2021	<u>\$ 130,860</u>	<u>408,099</u>	<u>7,191</u>	<u>636</u>	<u>546,786</u>
Balance as of January 1, 2020	\$ 87,481	174,934	4,658	1,440	268,513
Depreciation for the year	21,254	53,426	1,476	318	76,474
Termination before the expiration	(32,755)	-	-	-	(32,755)
Others	(10,768)	-	(1,053)	-	(11,821)
Effect of changes in foreign exchange rates	(3,279)	(4,078)	5	1	(7,351)
Balance as of March 31, 2020	<u>\$ 61,933</u>	<u>224,282</u>	<u>5,086</u>	<u>1,759</u>	<u>293,060</u>
Carrying amount:					
Balance at January 1, 2021	<u>\$ 2,385,535</u>	<u>1,012,037</u>	<u>6,309</u>	<u>10</u>	<u>3,403,891</u>
Balance at March 31, 2021	<u>\$ 2,352,778</u>	<u>938,904</u>	<u>9,849</u>	<u>400</u>	<u>3,301,931</u>
Balance at January 1, 2020	<u>\$ 2,506,767</u>	<u>1,025,002</u>	<u>10,710</u>	<u>3,647</u>	<u>3,546,126</u>
Balance at March 31, 2020	<u>\$ 2,206,799</u>	<u>963,999</u>	<u>8,136</u>	<u>3,330</u>	<u>3,182,264</u>

(j) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the three months ended March 31, 2021 and 2020 were as follows:

	<u>Goodwill</u>	<u>Software cost</u>	<u>Total</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 808,420</u>	<u>67,381</u>	<u>875,801</u>
Balance at March 31, 2021	<u>\$ 808,420</u>	<u>117,078</u>	<u>925,498</u>
Balance at January 1, 2020	<u>\$ 808,420</u>	<u>72,354</u>	<u>880,774</u>
Balance at March 31, 2020	<u>\$ 808,420</u>	<u>49,580</u>	<u>858,000</u>

For the three months ended March 31, 2021 and 2020, there were no significant additions, disposal, recognition or reversal of impairment loss on intangible assets. Please refer to Note 12(a) for the details of amortization of intangible assets, and to Note 6(k) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

As of March 31, 2021, December 31, 2020, and March 31, 2020, the aforesaid intangible assets were not pledged as collateral.

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

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

	2021.3.31	2020.12.31	2020.3.31
Refundable deposits	\$ 82,630	69,662	32,598
Prepayments to suppliers	302,307	21,581	6,065
Restricted assets	1,088,719	1,127,892	1,418,850
Payment on behalf of others	1,774,867	2,511,971	-
Deferred tax assets	1,819,935	1,767,526	1,720,925
Others	<u>2,374,002</u>	<u>2,385,778</u>	<u>2,311,758</u>
	<u>\$ 7,442,460</u>	<u>7,884,410</u>	<u>5,490,196</u>

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

As of March 31, 2021, December 31, 2020, and March 31, 2020, the details of other non-current assets were pledged as collateral, please refer to Note 8.

(1) Other current liabilities and other non-current liabilities

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

	2021.3.31	2020.12.31	2020.3.31
Provisions - Current	\$ 3,932,919	3,255,201	2,117,101
Temporary credits	5,763,964	5,452,614	4,222,389
Receipts under custody	2,886,489	3,027,071	3,727,461
Deferred tax liabilities	5,180,303	4,916,698	4,053,744
Others	<u>298,837</u>	<u>445,585</u>	<u>371,122</u>
	<u>\$ 18,062,512</u>	<u>17,097,169</u>	<u>14,491,817</u>

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(m) Long-term and short-term borrowings

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

2021.3.31				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 2,975,000
		CNY	2024.02.14	773,029
Unsecured bank loans (Note)	0.45%~4.35%	TWD	2021.04.01~2021.06.30	8,697,426
		USD	2021.04.01~2022.10.14	27,192,378
		EUR	2021.05.31	3,413
		CNY	2021.04.01~2021.08.24	3,145,696
Total				\$ 42,786,942
Current				\$ 36,485,913
Non-current				6,301,029
Total				\$ 42,786,942
Unused credit line				\$ 67,546,050

Note: Among the unsecured bank loans, \$590,814 were pledged by machine as secondary collateral.

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

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2020.3.31				
	Interest Rate	Currency	Maturity Date	Amount
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 3,275,000
		CNY	2024.02.14	849,425
Unsecured bank loans	0.64%~3.49%	TWD	2020.04.01~2020.11.17	4,573,739
		USD	2020.04.03~2020.09.22	16,746,537
		EUR	2020.09.18	595
Total				\$ 25,445,296
Current				\$ 21,620,871
Non-current				3,824,425
Total				\$ 25,445,296
Unused credit line				\$ 80,859,063

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

2. Important borrowing restrictions

The Group entered into synolicated credit agreement with a number of financial institutions. Under these agreements, the Group shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the annual report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group was in compliance with the above financial covenants.

3. Contract of bank loans

Inventec Solar Energy Corporation has applied to the Industrial Development Bureau for claims and liabilities negotiation on April 7, 2020, based on the “Key points for the Ministry of Economic Affairs to Assist Enterprises in Bank Credit and Debt Negotiations”. With the approval of more than half of the total creditor banks, the long-term and short-term borrowings shall be extended for one more year from the maturity date. The extension period is due on May 31, 2021. In 2021, Inventec Solar Energy Corporation has applied again for claims and liabilities negotiation, but no results until the financial report issued.

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

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

(n) Lease liabilities

The Group lease liabilities were as follows:

	2021.3.31	2020.12.31	2020.3.31
Current	\$ <u><u>204,750</u></u>	<u><u>216,479</u></u>	<u><u>195,507</u></u>
Non-current	\$ <u><u>697,135</u></u>	<u><u>748,035</u></u>	<u><u>828,080</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2021	2020
Interest on lease liabilities	\$ <u><u>7,056</u></u>	<u><u>5,758</u></u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u><u>9,060</u></u>	<u><u>22,322</u></u>
Expenses relating to short-term leases	\$ <u><u>3,186</u></u>	<u><u>10,925</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>10,121</u></u>	<u><u>3,125</u></u>

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

	For the three months ended March 31,	
	2021	2020
Total cash outflow for leases	\$ <u><u>77,752</u></u>	<u><u>83,468</u></u>

1. Real estate leases

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

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

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2. Other leases

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

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

(o) Operating Leases

For the three months ended March 31, 2021, there were no significant changes on lease contracts. Please refer to Note 6(o) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

(p) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

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

	For the three months ended March 31,	
	2021	2020
Operating cost	\$ 370	455
Selling expenses	436	454
Administration expenses	944	1,082
Research and development expenses	2,006	2,333
	\$ 3,756	4,324

2. Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$64,553 and \$63,934 for the three months ended March 31, 2021 and 2020, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$189,432 and \$226,930 for the three months ended March 31, 2021 and 2020, respectively.

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(q) Income taxes

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

1.The components of income tax expense (gain) for the three months ended March 31, 2021 and 2020 were as follows:

	For the three months ended March 31,	
	2021	2020
Current tax expense		
Current period	\$ 328,082	2,230,498

For the three months ended March 31, 2021 and 2020, there were no income tax recognized in equity and other comprehensive income.

2.Income Tax approval

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

3.Business income tax administrative remedies

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

(r) Capital and reserves

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2021 and 2020. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

1.Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In

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accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bounsos 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 diretors; then such distribution shall be submitted to the shareholder's meeting.

1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

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

3) Earnings Distribution

On March 30, 2021, and on March 24, 2020, the Company's Board of Directors resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated for distribution as follows:

	<u>2020</u>	<u>2019</u>
	<u>Amount</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u>6,636,829</u>	<u>4,663,718</u>

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

(s) Share-Based payments

There were no significant changes on share-based payment for the three months ended March 31, 2021. Please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

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(t) Earnings per share

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

	For the three months ended March 31,	
	2021	2020
Basic earnings per share:		
Profit attributable to ordinary shareholders	\$ <u>1,144,719</u>	<u>3,031,759</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>0.32</u>	<u>0.85</u>
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u>1,144,719</u>	<u>3,031,759</u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Effect of dilutive potential common shares (thousand shares) profit sharing to employees	<u>27,750</u>	<u>30,469</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,615,225</u>	<u>3,617,944</u>
Diluted earnings per share (NT dollars)	\$ <u>0.32</u>	<u>0.84</u>

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	For the three months ended March 31, 2021		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 9,840,908	297	9,841,205
USA	74,846,757	11,115	74,857,872
Japan	1,434,515	-	1,434,515
Hong Kong, Macao and Mainland China	15,494,123	-	15,494,123
Other countries	<u>10,220,474</u>	<u>-</u>	<u>10,220,474</u>
	\$ <u>111,836,777</u>	<u>11,412</u>	<u>111,848,189</u>

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	For the three months ended March 31, 2021		
	Core	Others	Total
Major products			
Computer product	\$ 111,523,297	-	111,523,297
Service	313,480	-	313,480
Others	-	11,412	11,412
	<u>\$ 111,836,777</u>	<u>11,412</u>	<u>111,848,189</u>

	For the three months ended March 31, 2020		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 1,308,342	419,203	1,727,545
USA	61,059,956	54,637	61,114,593
Japan	2,512,967	-	2,512,967
Hong Kong, Macao and Mainland China	10,782,099	168,521	10,950,620
Other countries	12,373,385	-	12,373,385
	<u>\$ 88,036,749</u>	<u>642,361</u>	<u>88,679,110</u>

Major products			
Computer product	\$ 87,906,085	-	87,906,085
Service	130,664	-	130,664
Others	-	642,361	642,361
	<u>\$ 88,036,749</u>	<u>642,361</u>	<u>88,679,110</u>

2. Contract balances

	2021.3.31	2020.12.31	2020.3.31
Notes and Accounts receivable (included related parties)	\$ 87,557,006	91,883,742	57,215,270
Less: Loss allowance	(66,584)	(72,433)	(95,316)
Total	<u>\$ 87,490,422</u>	<u>91,811,309</u>	<u>57,119,954</u>
Contract liabilities	<u>\$ 7,200,829</u>	<u>7,828,232</u>	<u>6,602,792</u>

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

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The amount of revenue recognized for the three months ended March 31, 2021 and 2020 were \$728,088 and \$487,376, respectively.

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

(v) Remuneration of employees and directors

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

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

The remuneration of employees amounted to \$94,809 and \$254,708 and the remuneration of directors amounted to \$17,357 and \$46,631 for the three months ended March 31, 2021 and 2020, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations are expensed under operating cost or expenses in March 31, 2021 and 2020. The difference between the actual amounts of employee remuneration and estimation of employee remuneration, if any, will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

In the financial statements for the years 2020 and 2019, the Company accrued the employee remuneration of \$675,529 and \$424,704, and the board of directors' remuneration of \$123,674 and \$77,754, respectively. There were no differences between the amounts to be distributed as remuneration to employees and directors and those of the estimation made by the Company. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the three months ended March 31,	
	2021	2020
Interest income from bank deposits	<u>\$ 283,829</u>	<u>294,972</u>

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2. Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2021	2020
Rent income	\$ <u>63,710</u>	<u>72,223</u>

3. Other income and losses

The details of other income and losses were as follows:

	For the three months ended March 31,	
	2021	2020
Foreign exchange losses	\$ (254,078)	(263,086)
Losses (gains) on disposal of investments	(22,242)	24,435
Net gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	439,690	(12,438)
Losses (gains) on disposal of property, plant and equipment	(25,997)	4,891,005
Other impairment losses	(4,043)	-
Other	<u>115,094</u>	<u>151,623</u>
	\$ <u>248,424</u>	<u>4,791,539</u>

4. Finance costs

The details of finance expenses were as follows:

	For the three months ended March 31,	
	2021	2020
Interest expenses		
Bank borrowings	\$ 105,874	141,212
Others	<u>60,296</u>	<u>105,069</u>
	\$ <u>166,170</u>	<u>246,281</u>

(x) Financial instruments

There were no significant differences in the Group's exposure to credit risk on financial instruments, except for the following. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2020 for other related information.

1. Liquidity risks

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

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
March 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,748,029	4,043,605	187,974	186,744	457,980	1,692,026	1,518,881
Unsecured bank loans	39,038,913	39,125,629	36,215,766	42,097	2,867,766	-	-
Accounts payable	77,220,022	77,220,022	77,220,022	-	-	-	-
Other payables	15,874,418	15,874,418	15,874,418	-	-	-	-
Lease liabilities	901,885	989,649	114,523	114,504	140,389	369,775	250,458
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	110,528	(6,266,224)	(6,266,224)	-	-	-	-
Inflow	-	6,155,696	6,155,696	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	316,211	(20,171,369)	(20,171,369)	-	-	-	-
Inflow	-	19,855,158	19,855,158	-	-	-	-
	<u>\$ 137,210,006</u>	<u>136,826,584</u>	<u>129,185,964</u>	<u>343,345</u>	<u>3,466,135</u>	<u>2,061,801</u>	<u>1,769,339</u>
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,594,825	3,871,406	182,167	181,354	447,247	1,462,220	1,598,418
Unsecured bank loans	37,617,499	39,026,892	33,256,306	29,234	5,741,352	-	-
Accounts payable	74,370,226	74,370,226	74,370,226	-	-	-	-
Other payable	11,595,245	11,595,245	11,595,245	-	-	-	-
Lease liabilities	964,514	1,100,855	115,403	134,958	171,981	394,867	283,646
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	210,598	(18,092,129)	(18,092,129)	-	-	-	-
Inflow	-	17,881,531	17,881,531	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	39,538	(3,209,668)	(3,209,668)	-	-	-	-
Inflow	-	3,170,130	3,170,130	-	-	-	-
	<u>\$ 128,392,445</u>	<u>129,714,488</u>	<u>119,269,211</u>	<u>345,546</u>	<u>6,360,580</u>	<u>1,857,087</u>	<u>1,882,064</u>

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	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
March 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,124,425	4,505,932	191,786	190,536	378,765	1,906,478	1,838,367
Unsecured bank loans	21,320,871	22,376,189	22,373,894	2,295	-	-	-
Accounts payable	76,339,037	76,339,037	76,339,037	-	-	-	-
Other payables	10,144,770	10,144,770	10,144,770	-	-	-	-
Lease liabilities	1,023,587	1,141,408	118,205	107,889	149,528	425,446	340,340
Derivative financial liabilities							
Forward exchange contracts not used for hedging :							
Outflow	41,973	(6,012,340)	(6,012,340)	-	-	-	-
Inflow	-	5,970,367	5,970,367	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	76,883	(12,737,045)	(12,737,045)	-	-	-	-
Inflow	-	12,660,162	12,660,162	-	-	-	-
	<u>\$ 113,071,546</u>	<u>114,388,480</u>	<u>109,048,836</u>	<u>300,720</u>	<u>528,293</u>	<u>2,331,924</u>	<u>2,178,707</u>

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

2.Currency risks

1) Exposure to currency risks

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

2021.3.31			
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
<u>Monetary items</u>			
USD	\$ 4,942,443	USD : TWD 28.53	141,007,899
	348,407	USD : CNY 6.57	9,940,052
	292,339	USD : CZK 22.29	8,340,432
CNY	3,498,432	CNY : USD 0.15	15,188,792
JPY	4,236	JPY : TWD 0.26	1,083
<u>Non-monetary items</u>			
USD	58,040	USD : TWD 28.53	1,655,873

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2021.3.31			
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	3,938,869	USD : TWD 28.53	112,375,933
	193,608	USD : CNY 6.57	5,523,636
	387,973	USD : CZK 22.29	11,068,870
CNY	1,018,806	CNY : USD 0.15	4,423,248
2020.12.31			
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 5,480,099	USD : TWD 28.48	156,073,220
	433,993	USD : CNY 6.52	12,360,121
	317,555	USD : CZK 21.38	9,043,960
CNY	3,553,701	CNY : USD 0.15	15,511,194
JPY	7,167	JPY : TWD 0.27	1,935
<u>Non-monetary items</u>			
USD	57,844	USD : TWD 28.48	1,647,427
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	4,480,491	USD : TWD 28.48	127,604,384
	242,494	USD : CNY 6.52	6,906,229
	396,525	USD : CZK 21.38	11,293,032
CNY	345,548	CNY : USD 0.15	1,508,248

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		2020.3.31		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	4,188,866	USD : TWD 30.23	126,629,419
		465,282	USD : CNY 7.09	14,065,475
		273,846	USD : CZK 24.94	8,278,365
CNY		3,405,534	CNY : USD 0.14	14,530,392
JPY		4,558	JPY : TWD 0.28	1,262
<u>Non-monetary items</u>				
USD		55,547	USD : TWD 30.23	1,679,173
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		3,442,127	USD : TWD 30.23	104,055,499
		348,031	USD : CNY 7.09	10,520,977
		372,243	USD : CZK 24.94	11,252,906
CNY		291,267	CNY : USD 0.14	1,242,749

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of March 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$158,635 and \$142,140, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

As Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2021 and 2020, the foreign exchange loss, including realized and unrealized, amounted to \$(254,078) and \$(263,086), respectively.

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3. Fair value of financial instruments

1) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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

	2021.3.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 620,908	-	620,908	-	620,908
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,332,597	266,330	-	1,066,267	1,332,597
Subtotal	1,953,505	266,330	620,908	1,066,267	1,953,505
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,674,548	1,661,330	-	-	1,661,330
Unquoted equity instruments	3,645,342	-	60,810	3,597,750	3,658,560
Subtotal	5,319,890	1,661,330	60,810	3,597,750	5,319,890
Financial assets at amortized cost					
Cash and cash equivalents	36,783,886	-	-	-	-
Accounts receivable and other receivables	88,280,289	-	-	-	-
Subtotal	125,064,175	-	-	-	-
Total	\$ 132,337,570	1,927,660	681,718	4,664,017	7,273,395

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		2021.3.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 426,739	-	426,739	-	426,739
Financial liabilities at amortized cost					
Bank loans	42,786,942	-	-	-	-
Accounts payable	77,220,022	-	-	-	-
Other payables	15,874,418	-	-	-	-
Lease liabilities	901,885	-	-	-	-
Subtotal	136,783,267	-	-	-	-
Total	\$ 137,210,006	-	426,739	-	426,739
		2020.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 251,174	-	251,174	-	251,174
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,442,770	377,800	-	1,064,970	1,442,770
Subtotal	1,693,944	377,800	251,174	1,064,970	1,693,944
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	3,643,028	-	75,822	3,567,206	3,643,028
Subtotal	5,063,497	1,420,469	75,822	3,567,206	5,063,497
Financial assets at amortized cost					
Cash and cash equivalents	32,951,595	-	-	-	-
Accounts receivable and other receivables	92,655,750	-	-	-	-
Subtotal	125,607,345	-	-	-	-
Total	\$ 132,364,786	1,798,269	326,996	4,632,176	6,757,441

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		2020.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 250,136	-	250,136	-	250,136
Financial liabilities at amortized cost					
Bank loans	41,212,324	-	-	-	-
Accounts payable	74,370,226	-	-	-	-
Other payables	11,595,245	-	-	-	-
Lease liabilities	964,514	-	-	-	-
Subtotal	128,142,309	-	-	-	-
Total	<u>\$ 128,392,445</u>	<u>-</u>	<u>250,136</u>	<u>-</u>	<u>250,136</u>
		2020.3.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 118,892	-	118,892	-	118,892
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,580,765	80,747	-	2,500,018	2,580,765
Subtotal	2,699,657	80,747	118,892	2,500,018	2,699,657
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,070,518	1,070,518	-	-	1,070,518
Unquoted equity instruments	2,621,478	-	77,152	2,544,326	2,621,478
Subtotal	3,691,996	1,070,518	77,152	2,544,326	3,691,996
Financial assets at amortized cost					
Cash and cash equivalents	38,140,243	-	-	-	-
Accounts receivable and other receivables	57,618,923	-	-	-	-
Other financial assets and refundable deposit	1,451,448	-	-	-	-
Subtotal	97,210,614	-	-	-	-
Total	<u>\$ 103,602,267</u>	<u>1,151,265</u>	<u>196,044</u>	<u>5,044,344</u>	<u>6,391,653</u>

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	2020.3.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 118,856	-	118,856	-	118,856
Financial liabilities at amortized cost					
Bank loans	25,445,296	-	-	-	-
Account payable	76,339,037	-	-	-	-
Other payable	14,382,592	-	-	-	-
Lease liabilities	1,023,587	-	-	-	-
Subtotal	117,190,512	-	-	-	-
Total	\$ 117,309,368	-	118,856	-	118,856

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

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

(2.1) Non-derivative financial instruments

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

(2.2) Derivative financial instruments

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

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the three months ended March 31, 2021 and 2020.

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

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	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2021	\$ 1,064,970	3,567,207
Total gains and losses recognized in		
Profit or loss	3,286	-
Other comprehensive income	-	8,431
Purchase	-	27,950
Proceeds from capital reduction	-	(4,838)
Effect of movements in exchange rate	(1,989)	(1,000)
Balance as of March 31, 2021	\$ 1,066,267	3,597,750
Balance as of January 1, 2020	\$ 3,717,254	2,114,517
Total gains and losses recognized in		
Profit or loss	14,536	-
Other comprehensive income	-	405,696
Purchase	2,224,506	24,056
Disposals	(3,475,093)	-
Effect of movements in exchange rate	18,815	57
Balance as of March 31, 2020	\$ 2,500,018	2,544,326

For the three months ended March 31, 2021 and 2020, 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 three months ended March 31, 2021	2020
Total gains and losses recognized in:		
In profit or loss, and included “other gains and losses”	\$ 3,286	(15,048)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	8,431	405,696

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

The Group uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets. Quantified information of significant unobservable inputs was as follows:

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<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	Discounted Cash Flow Method	· Discounted Rate (3.20% on March 31, 2021 3.20% on December 31, 2020 3.28%~3.60% on March 31, 2020)	· The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	· Discount due to Lack of Market liquidity (30%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (0.85~1.92) · Discount due to Lack of Market liquidity (20%~35%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable

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

The Group'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:

	<u>Input</u>	<u>Variation</u>	<u>Impact on Fair Value Change on Net income or loss</u>		<u>Impact on Fair Value Change on Other Comprehensive income or loss</u>		
			<u>Favorable Change</u>	<u>Unfavorable Change</u>	<u>Favorable Change</u>	<u>Unfavorable Change</u>	
			March 31, 2021				
Financial assets at fair value through profit or loss							
Financial instruments without an active market	Discount Rate	0.5%	\$	4,435	(4,435)	-	-
Financial assets at fair value through other comprehensive income							
Equity instruments without an active market	Market Multiple	0.5%	-	-	18,527	(18,527)	

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	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2020						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 13,709	(13,709)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	17,790	(17,790)
March 31, 2020						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 1,576	(1,576)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	12,681	(12,681)

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.

4. Offsetting financial assets and financial liabilities

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

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

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

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2021.3.31						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 439,055,450	438,543,617	511,833	-	-	511,833
Derivative financial instruments	609,025	-	609,025	-	-	609,025
Total	<u>\$ 439,664,475</u>	<u>438,543,617</u>	<u>1,120,858</u>	<u>-</u>	<u>-</u>	<u>1,120,858</u>

2021.3.31						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	<u>\$ 188,676</u>	-	<u>188,676</u>	-	-	<u>188,676</u>

2020.12.31						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 390,039,674	389,593,639	446,035	-	-	446,035
Derivative financial instruments	72,194	-	72,194	-	-	72,194
Total	<u>\$ 390,111,868</u>	<u>389,593,639</u>	<u>518,229</u>	<u>-</u>	<u>-</u>	<u>518,229</u>

2020.12.31						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	<u>\$ 182,068</u>	-	<u>182,068</u>	-	-	<u>182,068</u>

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2020.3.31						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 379,551,528	379,185,329	366,199	-	-	366,199
Derivative financial instruments	105,012	-	105,012	-	-	105,012
Total	<u>\$ 379,656,540</u>	<u>379,185,329</u>	<u>471,211</u>	<u>-</u>	<u>-</u>	<u>471,211</u>

2020.3.31						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	<u>\$ 85,676</u>	-	<u>85,676</u>	-	-	<u>85,676</u>

Note: Master netting arrangements are included.

(y) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note (6)(y) of the consolidated financial statements for the year ended December 31, 2020.

(z) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in Note (6)(z) for the year ended December 31, 2020.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2021 and 2020, were as follows:

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 were as follows:

	January 1, 2021	Cash flows	Non-cash changes		March 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,990,825	(2,638,665)	(75,000)	23,869	6,301,029
Short-term borrowings (including current portion of long-term borrowings)	32,221,499	3,832,164	75,000	357,250	36,485,913
Lease liabilities (Note)	964,514	(48,329)	9,170	(23,470)	901,885
Total liabilities from financing activities	<u>\$ 42,176,838</u>	<u>1,145,170</u>	<u>9,170</u>	<u>357,649</u>	<u>43,688,827</u>

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 3,883,134	25,294	(75,000)	(9,003)	3,824,425
Short-term borrowings (including current portion of long-term borrowings)	25,525,579	(4,059,665)	75,000	79,957	21,620,871
Lease liabilities (Note)	1,177,080	(41,338)	(103,368)	(8,787)	1,023,587
Total liabilities from financing activities	<u>\$ 30,585,793</u>	<u>(4,075,709)</u>	<u>(103,368)</u>	<u>62,167</u>	<u>26,468,883</u>

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

(7) Related Party Transactions

(a) Names and relationship with related parties

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

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

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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 three months ended March 31,	
	2021	2020
Associates	\$ 28,073	356
Other related parties	19	99
	\$ 28,092	455

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

2. Purchase

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

	For the three months ended March 31,	
	2021	2020
Associates	\$ 548	1,027

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

3. Accounts receivable from related parties

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

Financial Statement Account	Related Party Categories	2021.3.31	2020.12.31	2020.3.31
Accounts receivable	Associates	\$ 63,466	75,749	342
Other receivables	Associates	1,311	66	1,303
		\$ 64,777	75,815	1,645

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4. Accounts payable to Related Parties

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

Financial Statement Account	Related Party Categories	2021.3.31	2020.12.31	2020.3.31
Accounts payable	Associates	\$ 558	678	1,628
Other payables	Associates	352	1,046	839
"	Other related parties	300,000	300,000	300,000
		<u><u>\$ 300,910</u></u>	<u><u>301,724</u></u>	<u><u>302,467</u></u>

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group borrowed the amount of \$300,000 from shareholders, which were accounted as other payables. The borrowing interest rate were 1.50%, 1.50% and 2.13%, respectively.

5. Property transactions

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

For the three months ended March 31, 2021 and 2020, the Group purchased equipment, intangible assets and other assets from Inventec Besta Co., Ltd. and paid the amount of \$0 and \$476, respectively.

6. Others

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

	For the three months ended March 31,	
	2021	2020
Associates	<u><u>\$ 3,022</u></u>	<u><u>1,774</u></u>

2) Donations for other related parties were as follows:

	For the three months ended March 31,	
	2021	2020
Other related parties	<u><u>\$ 10,000</u></u>	<u><u>10,000</u></u>

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

	For the three months ended March 31,	
	2021	2020
Associates	<u><u>\$ 621</u></u>	<u><u>1,359</u></u>

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(c) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended March 31,	
	2021	2020
Short-term employee benefits	\$ 106,237	138,061
Post-employment benefit	940	947
	\$ 107,177	139,008

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2021.3.31	2020.12.31	2020.3.31
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 82,630	69,662	32,598
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	1,088,719	1,127,892	1,418,850
Land, buildings, structures, machinery and equipment, net (Property, plant and equipment and right-of-use assets)	Current portion long-term borrowings, as well as long-term borrowings and credit line	8,584,092	8,438,458	8,355,925
Total		\$ 9,755,441	9,636,012	9,807,373

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Unused standby letters of credit were as follows:

	2021.3.31	2020.12.31	2020.3.31
EUR	\$ 224	360	94
USD	56	56	9,253
TWD	25,345	25,345	56,605

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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
TWD	\$ 21,827,759	21,940,262	22,241,273
USD	1,801,400	1,776,400	1,510,400

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

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

By function By item	For the three months ended March 31, 2021			For the three months ended March 31, 2020		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,877,991	2,158,779	4,036,770	2,655,356	2,229,511	4,884,867
Labor and health insurance	184,431	211,864	396,295	228,667	189,748	418,415
Pension	137,749	119,992	257,741	189,463	105,725	295,188
Others	114,208	65,742	179,950	129,160	53,423	182,583
Depreciation	382,465	212,372	594,837	500,188	275,301	775,489
Amortization	49,967	193,559	243,526	58,766	152,466	211,232

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three month ended March 31, 2021:

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1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

					Highest balance of financing to other parties during the		Actual usage amount during the	Range of interest rates during the	Purposes of fund financing for the	Transaction amount for business between two	Reasons for short-term	Allowance	Collateral		Individual funding loan	Maximum limit of fund
Number	Name of lender	Name of borrower	Account name	Related party	period	ending balance	period	period	borrower	parties	financing	for bad debt	Item	Value	limits	financing
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XTAN) Corporation	Other receivables	Y	83,353	60,788	47,762	3.045%	2	-	Working Capital	-	None	-	343,822	343,822
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Y	131,610	130,260	130,260	3.045%	2	-	"	-	"	-	1,771,832	1,771,832
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	"	Y	800,000	800,000	328,978	1.95%	2	-	"	-	"	-	1,532,322	3,064,643
4	Inventec (Pudong) Corp.(Note 4)	Inventec Hi-Tech Corp.	"	Y	87,740	86,840	-	-	2	-	"	-	"	-	4,126,672	4,126,672
4	"	Inventec Asset-Management (Shanghai) Corporation	"	Y	1,403,840	1,389,440	1,187,830	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: 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 3: 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 50 percent of the permitted aggregate amount of loans of the company.

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

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

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

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	Inventec Appliances Corp.	Inventec Appliances (Jiangning) Corp.	2	3,830,804	1,164,141	1,164,141	-	-	15.19 %	3,830,804	N	N	N

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

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				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	161	242	1.52 %	242	
"	Amphastar Pharmaceuticals Inc.	-	"	26	13,488	0.05 %	13,488	
"	Arima Communications Corp.	-	"	21,114	60,810	10.15 %	60,810	
"	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,588,510	0.96 %	1,588,510	
"	Tomorrow Studio Co., Ltd	-	Non-current financial assets at fair value through other comprehensive income	29	141	0.20 %	141	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67 %	-	
"	New E Materials Co., Ltd.	-	"	1,760	11,299	16.00 %	11,299	
"	Rasiliant Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	41,829	3.72 %	41,829	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	-	2.95 %	-	
"	QEXXO, Co. preferred stock	-	"	568	15,950	3.09 %	15,950	
"	Rescale, Inc. preferred stock	-	"	355	26,591	1.37 %	26,591	
"	Sensel, Inc. preferred stock	-	"	532	6,064	3.38 %	6,064	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
The Company	ASOCS LTD. preferred stock	-	Non-current financial assets at fair value through other comprehensive income	360	27,950	1.44 %	27,950	
"	ZT Group Int'l, Inc.	-	"	70	2,077,298	10.00 %	2,077,298	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	16,444	- %	16,444	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	450	20,210	6.80 %	20,210	
"	Entire Technology Co., Ltd.	-	"	3,260	194,035	4.50 %	194,035	
"	E-TON Solar Tech. Co., Ltd	-	"	94,889	452,619	29.70 %	452,619	
"	Imedtac Co., Ltd.	-	"	1,200	63,924	9.42 %	63,924	
"	TMY Technology Inc.	-	"	2,857	55,600	8.00 %	55,600	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	20,000	1,124,000	12.10 %	1,124,000	
Saint Investment Consulting Corporation	Testron Technology (JiangSu) Co., Ltd.	-	"	2,778	68,598	10.00 %	68,598	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,948	206,607	2.96 %	206,607	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Pension CNY Financial products	-	"	-	52,099	- %	52,099	
Inventec Electronics (Tianjin) Co., Ltd.	Icbe Wealth Management Corporation Tian Libao No. 2 Net Worth Management Product	-	"	-	108,540	- %	108,540	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	8,559	16.00 %	8,559	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	72,295	0.13 %	72,295	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	10,747	5.00 %	10,747	
"	Sagacity Tech. Co., Ltd.	-	"	79	150	15.00 %	150	
"	Living Pattern Technology Inc.	-	"	4	476	13.70 %	476	
"	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	

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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.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	32,000	59,332	4.16 %	59,332	
"	Rong Cheng Tech. Co., Ltd.	-	"	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. preferred stock	-	"	93	-	0.12 %	-	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80 %	-	
"	3GTMobile Corporation preferred stock	-	"	314	-	2.88 %	-	
"	Linc Global Inc. (Proximant, Inc.) preferred stock	-	"	594	-	5.30 %	-	
"	Molekule, Inc. preferred stock	-	"	1,603	152,800	1.57 %	152,800	
"	XMEMS LABS INC preferred stock	-	"	1,778	24,056	3.05 %	24,056	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	14,795	- %	14,795	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03 %	-	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36 %	-	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08 %	-	

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

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

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

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
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: None.

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7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	13,784,895	15.21 %	90-105 days	-	No general trading partner can be compared.	18,819,307	22.00 %	
"	Inventec (Czech), s.r.o.	"	Sales	6,072,282	6.70 %	90-105 days	-	"	10,816,308	12.64 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	69,704,781	77.34 %	90-105 days	-	"	(36,965,840)	46.21 %	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	101,171	0.38 %	90-105 days	-	"	(102,261)	0.13 %	
"	Inventec (Czech), s.r.o.	"	Purchases	109,022	0.12 %	90 days	-	"	(40,816)	0.05 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	13,784,895	89.82 %	90-105 days	-	"	(18,819,307)	96.92 %	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	260,689	1.58 %	90-105 days	-	"	265,276	2.88 %	
"	Inventec (Czech), s.r.o.	"	Sales	128,405	0.78 %	90-105 days	-	"	136,912	1.48 %	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	6,072,282	94.29 %	90-105 days	-	"	(10,816,308)	97.32 %	
"	The Company	"	Sales	109,022	1.69 %	90-105 days	-	"	40,816	0.50 %	
"	Inventec Holding (North America) Corp.	Associates	Purchases	128,405	2.06 %	90-105 days	-	"	(136,912)	1.23 %	
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	69,704,781	100.00 %	90-105 days	-	"	36,965,840	46.61 %	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	7,393,676	10.61 %	90-105 days	-	"	(11,424,035)	14.40 %	
"	Inventec (Chongqing) Corp.	"	Purchases	62,311,106	89.39 %	90-105 days	-	"	(25,541,805)	32.20 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	7,393,676	40.03 %	90 days	-	"	11,424,035	51.12 %	
"	Inventec (Shanghai) Corp.	"	Sales	8,614,315	46.64 %	90-105 days	-	"	8,736,582	39.10 %	
"	SQ Technology (Shanghai) Corporation	"	Sales	1,776,175	9.62 %	90-105 days	-	"	1,764,313	7.90 %	
"	Inventec Holding (North America) Corp.	"	Purchases	260,689	1.31 %	90 days	-	"	(265,276)	0.95 %	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	8,614,315	100.00 %	90-105 days	-	"	(8,736,582)	100.00 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	62,311,106	99.31 %	90-105 days	-	"	25,541,805	97.74 %	

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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)	
SQ Technology (Shanghai) Corporation	Inventec (Pudong) Technology Corp.	Associates	Purchases	1,776,175	100.00 %	90 days	-	No general trading partner can be compared.	(1,764,313)	100.00 %	
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	"	Sales	192,043	3.49 %	90 days	-	"	61,874	1.39 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	4,193,916	70.95 %	1-2 months	-	"	(6,432,972)	83.31 %	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	312,277	5.35 %	1-2 months	-	"	(185,814)	2.41 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	133,481	2.29 %	1-2 months	-	"	(43,485)	0.56 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	192,043	100.00 %	1-2 months	-	"	(61,874)	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	4,193,916	97.30 %	1-2 months	-	"	6,432,972	96.10 %	
Inventec Appliances (Jiangning) Corp.	The Company	Parent	Sales	101,171	10.22 %	1-2 months	-	"	102,261	14.65 %	
"	Inventec Appliances Corp.	Associates	Sales	312,277	31.29 %	90 days	-	"	185,814	26.62 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	"	Sales	133,481	98.25 %	1-2 months	-	"	43,485	96.18 %	

Note 1: Based on the negotiated price while trading.

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

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

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	18,819,307	3.11	2,939,896	Received in the subsequent period	1,434,060	-
"	Inventec (Czech), s.r.o.	Subsidiary	10,816,308	2.23	3,077,096	Received in the subsequent period	355,974	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	42,338,616	-	6,714,369	Received in the subsequent period	14,677,430	-
Inventec Holding (North America) Corp.	Inventec (Czech), s.r.o.	Associates	136,912	2.71	-		-	-

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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 Holding (North America) Corp.	Inventec (Pudong) Technology Corp.	Associates	265,276	5.52	1,161		-	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	36,965,840	6.63	1,583,864	Received in the subsequent period	1,426,500	-
"	Inventec (Pudong) Technology Corp. (Note)	Associates	20,917,029	-	6,712,084	Intensive follow-up on collection	-	-
"	Inventec (Chongqing) Corp. (Note)	Associates	21,421,587	-	2,285	Received in the subsequent period	14,677,430	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	11,424,035	2.99	1,583,864	Intensive follow-up on collection	-	-
"	Inventec (Shanghai) Corp.	Associates	8,736,582	3.51	34,561	Received in the subsequent period	4,385,016	-
"	SQ Technology (Shanghai) Corporation	Associates	1,764,313	8.05	-		-	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	25,541,805	7.75	-		1,426,500	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	6,432,972	2.17	-		406,158	-
Inventec Appliances (Jiangning) Corp.	The Company	Parent	102,261	4.16	-		47,472	-
"	Inventec Appliances Corp.	Associates	185,814	5.65	-		84,521	-

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

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

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

10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	13,784,895	Negotiated price	12 %
	"	"	1	Accounts Receivable	18,819,307	90-105 days	9 %
	"	Inventec (Czech), s.r.o.	1	Sales	6,072,282	Negotiated price	5 %
	"	"	1	Accounts Receivable	10,816,308	90-105 days	5 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	69,704,781	Negotiated price	62 %
	"	"	1	Other Receivables	42,338,616	90-105 days	19 %
	"	"	1	Accounts Payable	36,965,840	90-105 days	17 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	7,393,676	Negotiated price	7 %
	"	"	3	Accounts Payable	11,424,035	90-105 days	5 %
	"	"	3	Accounts Receivable	20,917,029	"	10 %
	"	Inventec (Chongqing) Corp.	3	Purchases	62,311,106	Negotiated price	56 %
	"	"	3	Accounts Payable	25,541,805	90 days	12 %
	"	"	3	Accounts Receivable	21,421,587	"	10 %

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No.	Name of company	Name of counter party	Existing relationship with the counter-party	Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
2	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	4,193,916	Negotiated price	4 %
	"	"	3	Accounts Payable	6,432,972	1-2 months	3 %

Note 1: The labeling method is as follows:

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

Note 2: Relationship is classified into three types:

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

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

(b) Information on investment:

The following is the information on investees for the three months ended March 31, 2021 (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 March 31, 2021			Net income (loss) of the investee	Share of profits/losses of investee	Note
				March 31, 2021	March 31, 2020	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 %	205,311	(13,673)	(5,131)	Associate under equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	360,520	(3,591)	(3,591)	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	159,003	159,003	5,000	100.00 %	1,295,353	11,143	11,143	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00 %	8,431,063	(38,034)	(38,034)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	21,587,719	526,253	526,253	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,236,047	55,342	55,342	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00 %	114,646	4,638	4,638	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	120,088	(5,928)	(5,928)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(332,177)	(113,164)	(35,973)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	16,176	(295)	(295)	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (loss) of the investee	Share of profits/losses of investee	Note
				March 31, 2021	March 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,135	179	179	Subsidiary
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	182,500	182,500	18,250	73.00 %	112,005	(14,078)	(10,277)	"
"	Inventec Manufacturing (India) Private Limited	India	Trading	281,691	281,691	55,994	99.99 %	11,227	59	337	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(49,789)	(113,164)	-	Associate Company
Inventec Investment Co., Ltd.	Inventec Manufacturing (India) Private Limited	India	Trading	28	28	6	0.01 %	1	59	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	5,693,864	5,693,864	199,575	100.00 %	16,218,452	(228,968)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90 %	552	(2,007)	-	Associate under equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	23,712	9,120	30.00 %	23,712	(869)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(102,665)	(113,164)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	22,824	22,824	400	100.00 %	93,390	533	-	"
"	Inventec Appliances Corporation USA, Inc.	USA	Sales services	1,427	1,427	10	100.00 %	13,318	289	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	487,813	487,813	71,000	100.00 %	450,969	(18,094)	-	"

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

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

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

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(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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 8)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	187,676	(2)	57,060	-	-	57,060	(165)	100.00 %	(165)	122,386	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	28,530	(2)	28,530	-	-	28,530	115	100.00 %	115	39,945	-
Inventec (Pudong) Co., Ltd.	Sales of computer products	1,426,500	(2)	1,426,500	-	-	1,426,500	13,068	100.00 %	13,068	4,117,781	-
Inventec (Shanghai) Co., Ltd.	Sales of computer products	2,076,033	(2)	841,635	-	-	841,635	20,065	100.00 %	20,065	1,869,275	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,139,750	(2)	2,139,750	-	-	2,139,750	497,850	100.00 %	497,850	7,845,500	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,671,622	(2)	1,426,500	-	-	1,426,500	155,815	100.00 %	156,969	6,779,074	321,599
Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	142,650	(2)	121,253	-	-	121,253	1,103	100.00 %	1,103	230,443	149,517
Inventec (Beijing) Electronics Technology Co., Ltd.	Electronic product software development	41,369	(2)	41,369	-	-	41,369	(6,824)	100.00 %	(6,824)	70,129	-
Inventec Hi-Tech Corporation	Sales of computer products	1,426,500	(2)	1,426,500	-	-	1,426,500	(10,536)	100.00 %	(10,536)	1,121,815	-
Inventec Asset-Management (Shanghai) Corporation	Leasing	1,859,095	(3)	-	-	-	-	(5,152)	78.00 %	(4,018)	1,363,070	-
Saint Investment consulting corporation	Business Management	86,832	(3)	-	-	-	-	45	100.00 %	45	86,910	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	180,723	(3)	-	-	-	-	2,156	100.00 %	2,156	182,878	-
Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	1,472,148	(2)	1,372,807	-	-	1,372,807	(46,013)	100.00 %	(46,013)	1,716,443	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,196,810	(2)	2,196,810	-	-	2,196,810	(126,821)	100.00 %	(219,687)	8,577,014	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	1,940,040	(2)	1,198,260	-	-	1,198,260	43,093	100.00 %	43,944	5,307,198	1,636,736
Inventec Appliances (Nanjing) Corp.	House leasing	142,650	(2)	256,242	-	-	256,242	2,430	100.00 %	2,430	383,385	85,353
Inventec Appliances (XI'AN) Corporation	Development of intelligent devices	114,120	(2)	114,120	-	-	114,120	3,762	100.00 %	3,762	54,246	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	59,913	(2)	59,913	-	-	59,913	(12,927)	100.00 %	(12,927)	67,912	-

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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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 8)
					Out-flow	Inflow						
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business Management	2,179	(3)	-	-	-	-	3,753	100.00 %	3,753	87,338	-
Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Development of intelligent devices	34,733	(3)	-	-	-	-	(226)	100.00 %	(226)	25,024	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	260,496	(3)	-	-	-	-	(35,856)	100.00 %	(35,856)	69,312	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	7,569,009	7,569,009	-
Inventec Appliances Corp.	5,261,731	5,261,731	4,596,965

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

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland china through a subsidiary in a third place.
- (3) Others

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

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

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

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

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

Note 7: After the accumulated investment in Mainland China as of March 31, 2021, deducted the accumulated remittance of earnings in current period, the difference of Inventec Appliance Corp. was still under the upper limit on investment.

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2021, are disclosed in "Information on significant transactions".

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

(14) Segment Information

(a) General information

The Group reportable segments: core department and other department. The core department manufactures computer products and intelligent device products and sells them to customers. The other department is engaged in environmental energy and emerging technology business.

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

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

	For the three months ended March 31, 2021			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 111,836,777	11,412	-	111,848,189
Total revenue	<u>\$ 111,836,777</u>	<u>11,412</u>	<u>-</u>	<u>111,848,189</u>
Reportable segment net operating income (loss)	<u>\$ 1,518,392</u>	<u>(113,163)</u>	<u>-</u>	<u>1,405,229</u>

	For the three months ended March 31, 2020			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 88,036,749	642,361	-	88,679,110
Total revenue	<u>\$ 88,036,749</u>	<u>642,361</u>	<u>-</u>	<u>88,679,110</u>
Reportable segment net operating income (loss)	<u>\$ 5,313,770</u>	<u>(148,538)</u>	<u>-</u>	<u>5,165,232</u>

Reportable segment net operating assets				
March 31, 2021	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

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