

INVENTEC CORPORATION
Minutes of 2020 Annual General Shareholders' Meeting
(Translation)

Time : Friday, June 12, 2020. 9:00 a.m.

Place : Ching-Kuo Memorial Hall at Chientan Youth Activity Center,

No.16, Sec. 4, Jhongshan N. Rd., Shilin District, Taipei City

Quorum : 2,961,676,821 shares were represented by shareholders in person and by proxy (including by exercising voting rights electronically : 1,595,872,349 shares), which are mounted to 82.55% of the Company's 3,587,475,066 issued and outstanding shares.

Chairman : Cho, Tom-Hwar

Recorder : Shih, Robert / Qin Amanda

Board Members Present :

Director : Cho, Tom-Hwar / Yeh, Kuo-I / Wen, Shih-Chih / Lee, Tsu-Chin / Huang, Kuo-Chun / Chang, Ching-Sung

Independent Director : Chang, Chang-Pang / Chen, Ruey-Long

Attendance : Li, Nigel N. T, Attorney-at- Law / Lin, Wan-Wan, CPA

A. Call the Meeting to Order

The Chairman announced that the aggregate shareholding of the shareholders present in person or proxy constituted a quorum. The Chairman called the meeting to order.

B. Chairman Remarks: (Omitted)

C. Report Items

1. 2019 Business Report (Please refer to Appendix 1)
2. 2019 Audit Committee's Review Report (Please refer to Appendix 2)
3. The Status of Distribution Remuneration of Employees and Directors of Board in 2019.

Explanation:

- (1) According to the Article 26 of Articles of Incorporation, if the Company has a profit of the year shall distribute not less than 3% of the balance as remuneration to Employees and not more than 3% to Board Directors of the Corporation.
- (2) The Board of Directors and Remuneration Committee resolved to distribute NT\$ 424,704,269 as remuneration to employees in cash and NT\$ 77,753,550 as remuneration to Directors of Board. There is no difference between the amount of distribution and the expense which has been recognized in 2019.

4. The Status of Distribution of Profits in Cash Dividends to Shareholders in 2019

Explanation:

- (1) According to article 27 of Articles of Incorporation, the Company authorize the Board of Directors to distribute dividends and bonuses in cash after resolution, and submitted such distribution to the shareholders' meeting
- (2) The distributable net profit for 2019 is NT\$ 5,137,036,647 and the proposed cash dividend to shareholders is NT\$1.3 per share (NT\$ 4,663,717,586).
- (3) The Board of Directors had resolved this profits distribution proposal and is authorized to set the ex-dividend date, payment date and arrange other related matters. In addition, the Board of directors is authorized to adjust the cash distribution ratio in case of change in the number of outstanding shares of the Company.

D. Ratification Items

Item 1

Proposed by the Board

Proposal: Ratification of the 2019 Business Report and Financial Statements.

Explanation: The Company's 2019 Individual Financial Statements and Consolidated Financial Statements, including the balance sheet, comprehensive income statement, statements of cash flows, and statement of changes in equity, were audited by independent accountants, Lin, Wan-Wan and Yang, Liu-Fong of KPMG Certified Public Accountants. Also Business Report and Financial Statements have been approved by the Board and examined by the Audit Committee of Inventec Corporation. (Please refer to Appendix 1 for Business Report, Appendix 3 for Independent Accountants' Audit Report and Individual Financial Statements, and Appendix 4 for Independent Accountants' Audit Report and Consolidated Financial Statements.)

Resolution: Approved and acknowledged as proposed by voting (a total of 2,961,672,298 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,656,537,220, among which 1,290,885,944 was exercised by electronic transmission, or 89.69% of the total voting rights when votes were cast; the number of votes against is 429,824, among which 429,824 was exercised by electronic transmission; the number of votes abstained is 304,705,254, among which 304,556,581 was exercised by electronic transmission)

Item 2**Proposed by the Board**

Proposal: Adoption of the Proposal for Distribution of 2019 Profits

Explanation: The 2019 Profit distribution table had been resolved by the Board of Directors and reviewed by the Audit Committee , please refer to Appendix 5.

Resolution: Approved and acknowledged as proposed by voting (a total of 2,961,672,298 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,663,374,307, among which 1,297,723,031 was exercised by electronic transmission, or 89.92 % of the total voting rights when votes were cast; the number of votes against is 3,305,052, among which 3,305,052 was exercised by electronic transmission ; the number of votes abstained is 294,992,939, among which 294,844,266 was exercised by electronic transmission)

E. Discussion Items**Item 1****Proposed by the Board**

Proposal: Discussion of Amendments to the “Rules of Procedure for Shareholders Meetings”.

Explanation: Propose to amend Article 2, Article 6, Article 11 and Article 15 of “Rules of Procedure for Shareholders Meetings” according to the Sample Template for “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” amended per January 2, 2020 Letter No. Taiwan-Stock-Governance-10800242211. Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Rules of Procedure for Shareholders Meetings”

Original Version		Amendment Version		Reason
Article 2	<p>The Company’s shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise. (The following content omitted.)</p> <p>The election or discharge of directors, the amendment of this Company’s Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or spin-off the Company, or the</p>	Article 2	<p>The Company’s shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise. (The following content omitted.)</p> <p>The election or discharge of directors, the amendment of this Company’s Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or spin-off</p>	Revise listed to the reason for shareholders’ meeting to be convened

	matters specified in Article 185, paragraph 1 of the Company Law, or <u>Article 26-1</u> or Article 43-6 of the Securities and Exchange Law, or Article 56-1 or Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and the essential contents shall be explained among the reasons for the meeting, and may not be proposed as extraordinary motions.		the Company, or the matters specified in Article 185, paragraph 1 of the Company Law, or Article 43-6 of the Securities and Exchange Law, or Article 56-1 or Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed and the essential contents shall be explained among the reasons for the meeting, and may not be proposed as extraordinary motions.	
Article 6	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. (The following content omitted.)	Article 6	If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, <u>relevant proposals (including extraordinary motions and amendments to the original proposals) shall be voted case-by-case.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. (The following content omitted.)	Revise the wording to cooperate with electronic voting and implement the spirit of passing the resolution on a one agenda by one agenda basis.
Article 11	The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. (The following content omitted.)	Article 11	The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote <u>and arrange adequate polling hours.</u> Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. (The following content omitted.)	Revise the wording of shareholders' polling hours
Article 15	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting pursuant to Article 183 of the Company Act. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by	Article 15	Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting pursuant to Article 183 of the Company Act. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by	Amend required content of meeting minutes to implement the spirit of passing the resolution on a one agenda by one agenda basis.

	which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.		which resolutions were adopted, and a summary of the deliberations and <u>voting</u> results, <u>(including the statistical tallies of the numbers of votes)</u> . <u>Where there is an election of directors, the statistical tallies of the numbers of votes for each candidate shall be disclosed</u> and shall be retained for the duration of the existence of this Corporation.	
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Resolution: Approved as proposed by voting (a total of 2,961,672,298 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,649,252,050, among which 1,283,600,774 was exercised by electronic transmission, or 89.45% of the total voting rights when votes were cast; the number of votes against is 309,814, among which 309,814 was exercised by electronic transmission; the number of votes abstained is 312,110,434, among which 311,961,761 was exercised by electronic transmission)

Item 2

Proposed by the Board

Proposal: Discussion of Amendments to the “Procedures for Acquisition or Disposal of Assets s”.

Explanation: Propose to amend Article 4 of “Procedures for Acquisition or Disposal of Assets”
Please refer to the comparison chart of amendments below.

Comparison Chart of Amendments to “Procedures for Acquisition or Disposal of Assets”

Original Version		Amendment Version		Reason
Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:</p> <p>1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. (The following content omitted.)</p> <p>(2) Level of authority: Transaction amount reaches 5% or more of the Company’s net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of</p>	Article 4	<p>Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets:</p> <p>1. The case-handling units shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the responsible department for the decision and executed by the asset management department. (The following content omitted.)</p> <p>(2) Level of authority: Transaction amount reaches 5% or more of the Company’s net worth of latest financial report shall be subject to the consent of audit committee and be submitted to board of</p>	Amend authority level of securities

	director for a resolution. (a) Acquisition or disposal of long-term securities shall be evaluated by finance department and be approved by the board of directors. (The following content omitted.)		director for a resolution. (a) Acquisition or disposal of long-term securities, <u>which the cumulative transaction amount of the same security within the preceding year reaches NT\$300 million or more,</u> shall be approved by the board of directors. (The following content omitted.)	
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Resolution: Approved as proposed by voting (a total of 2,961,672,298 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,327,693,756, among which 962,042,480 was exercised by electronic transmission, or 78.59% of the total voting rights when votes were cast; the number of votes against is 308,989,539, among which 308,989,539 was exercised by electronic transmission; the number of votes abstained is 324,989,003, among which 324,840,330 was exercised by electronic transmission)

F. Election Matters

Proposed by the Board

Proposal: Proposes to Elect New Directors.

Explanation: (1) The present directors (15th) of the Company were elected at shareholders' meeting on June 16, 2017 for a term of office of three years and the term of office will expire in June 15, 2020.

(2) According to Article of Incorporation, The Company shall elect new directors at shareholders' meeting of this year. The 16th nine directors (including three independent directors) shall be elected and their three-year term will start from June 12, 2020 and conclude on June 11, 2023. The term of present directors will end until the shareholders' meeting is completed. According to Article of Incorporation, the election adopts the candidate nomination system. The list of nominees had been resolved by the Board of Directors as the list of candidates for directors on March 24, 2020 and the shareholders shall elect the directors from the list. For the "Procedures for Election of Directors" of the Company, please refer to appendix 9 in the Meeting Agenda.

(3) Please refer to relevant information of the list of candidates for directors and independent directors below:

Type	Name of nominee	Educations	Experiences	Current Positions	Concurrent position in another company	Shareholding (shares)
Director	Cho, Tom-Hwar	Electrical Engineering, National Taiwan University	Chairman, Inventec Corporation. Chairman, Inventec Solar Energy Corporation.	Chairman, Inventec Corporation. Chairman, Inventec Investments Co., Ltd. Director, Inventec Corporation (Hong Kong), Ltd. Director, Inventec (Cayman) Corp.	None	1,004,311

			Director, Inventec Appliances Corporation. Director, Simplo Technology Co., Ltd.	Director, IEC (Cayman) Corporation Director, Inventec Holding (North America) Corp. Director, Inventec (USA) Corp. Director, Inventec Manufacturing (North America) Corp. Director, Inventec Configuration (North America) Corp. Director, IEC Technologies, S.de R.L.de C.V. Director, Inventec Development Japan Corporation Director, Inventec Japan Corporation		
Director	Yeh, Kuo-I	Taipei Municipal Shilin High School of Commerce.	Chairman, Inventec Corporation.	Director, Inventec Group Charity Foundation. Director, Inventec Corporation (Hong Kong), Ltd. Director, WK Technology Fund VIII Director, Royal Base Corporation Director, PK Venture Capital Corp., Director, Kuo Hsieh Investment Co. Ltd., Director, Fu Tai Investment Co. Ltd., Director, WK Technology Fund Director, WK Technology Fund IV Director, WK Technology Fund V Director, WK Technology Fund VI Supervisor, WK Technology Fund VII	Director, WK Technology Fund VIII. Director, Royal Base Corporation Director, PK Venture Capital Corp., Director, Kuo Hsieh Investment Co. Ltd., Director, Fu Tai Investment Co. Ltd., Director, WK Technology Fund Director, WK Technology Fund IV Director, WK Technology Fund V Director, WK Technology Fund VI Supervisor, WK Technology Fund VII	226,361,330
Director	Wen, Shih-Chih	Xihu Vocational High School of Industry and Commerce	Chairman, Shyh Shiunn Investment Corp.	Chairman, Shyh Shiunn Investment Corp. Director, Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Chairman, Shyh Shiunn Investment Corp.	35,685,590
Director	Lee, Tsu-Chin	Bachelor of Economics, Tunghai University	Chairman, Inventec Corporation.	Chairman, Inventec Group Charity Foundation. Chairman, Esther Investment Co., Ltd.	Chairman, Esther Investment Co., Ltd.	115,833,835
Director	Chang, Ching-Sung	Master of Electrical Engineering, National Taiwan University	Chairman, Inventec Appliances Corporation.	Chairman, Inventec Appliances Corporation. Chairman, Inventec Appliances (Shanghai) Co. Ltd. Chairman, Inventec Appliances (Pudong) Corp. Chairman, Inventec Appliances (Jiangning) Corp. Chairman, Inventec Appliances (Nanjing) Corp. Chairman, Inventec Appliances (XI'AN) Corporation Chairman, Inventec Appliances (Nanchang) Corporation	Director, Jinlife Biotech Corporation	788,644

				Chairman, Inventec Appliances (Shanghai) Enterprise Co., Ltd. Chairman, APEX Business Management & Consulting (Shanghai) Co., Ltd. Director, Inventec Appliances (Cayman) Holding Corp. Director, Inventec Appliances (USA) Distribution Corp. Director, Inventec Appliances USA Inc. Director, Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd. Director, Jinlife Biotech Corporation Representative, Inventec Appliances (Malaysia) SDN. BHD.		
Director	Yeh, Li-Cheng	Master of Information Engineering, Pace University	Chairman, Fu Tai. Investment Co. Ltd., Chairman, Kuo Hsieh Investment Co. Ltd., Chairman, Quan Cheng Asset Management Co., Ltd. Vice Chairman, Royal Base Corporation. Director, Win Semiconductors Corp. Director, AIMobile Co. Ltd., Director, Inventec Appliances Corporation. Director, Inventec Solar Energy Corporation. Director, Inventec Group Charity Foundation. Supervisor, Inventec Besta Co., Ltd.	Chairman, Fu Tai. Investment Co. Ltd., Chairman, Kuo Hsieh Investment Co. Ltd., Chairman, Quan Cheng Asset Management Co., Ltd. Vice Chairman, Royal Base Corporation. Director, Win Semiconductors Corp. Director, AIMobile Co. Ltd., Director, Inventec Solar Energy Corporation. Supervisor, Inventec Besta Co., Ltd.	Chairman, Fu Tai. Investment Co. Ltd., Chairman, Kuo Hsieh Investment Co. Ltd., Chairman, Quan Cheng Asset Management Co., Ltd. Vice Chairman, Royal Base Corporation. Director, Win Semiconductors Corp. Director, AIMobile Co. Ltd., Director, Inventec Solar Energy Corporation. Supervisor, Inventec Besta Co., Ltd.	67,412,472
Independent Director	Chen, Ruey-Long	Bachelor of Economics, National Chung-Hsing University	Chairman, Sinocon Industrial Standards Foundation. Chairman, China Petrochemical Development Corporation. Chairman, Powerchip Technology Corporation. Independent Director, Formosa Chemicals & Fibre Corporation. Independent Director, Walsin Lihwa Corporation. Director, HannStar Board Corporation. Director, Asia Cement Corporation Director, Teknowledge Development Corp. Director, Powerchip Semiconductor Manufacturing Corporation.	Chairman, Sinocon Industrial Standards Foundation. Chairman, China Petrochemical Development Corporation. Chairman, Powerchip Technology Corporation. Independent Director, Formosa Chemicals & Fibre Corporation. Independent Director, Walsin Lihwa Corporation. Director, HannStar Board Corporation. Director, Asia Cement Corporation Director, Teknowledge Development Corp. Director, Powerchip Semiconductor Manufacturing Corporation.	Chairman, China Petrochemical Development Corporation. Chairman, Powerchip Technology Corporation. Independent Director, Formosa Chemicals & Fibre Corporation. Independent Director, Walsin Lihwa Corporation. Director, HannStar Board Corporation. Director, Asia Cement Corporation Director, Teknowledge Development Corp.	0

				Director, Inventec Group Charity Foundation.	Director, Powerchip Semiconductor Manufacturing Corporation.	
Independent Director	Chang, Chang-Pang	Master of Laws, National Cheng-Chi University Bachelor of Law, Fu Jen Catholic University	Chief Executive Officer, Lien Chan Foundation for Peace and Development. Chairman, Fuhwa Financial Holding Co., LTD. Deputy Minister, Ministry of Economic Affairs. Deputy Secretary-General, Executive Yuan. Administrative Deputy Minister, Ministry of Finance. Chairperson, Securities and Futures Commission, Ministry of Finance	Chief Executive Officer, Lien Chan Foundation for Peace and Development Independent Director, Formosa Petrochemical Corp. Independent Director, Silitech Technology Corporation. Independent Director, Powerchip Technology Corporation. Director, Maxigen Biotech Inc. Director, Inventec Group Charity Foundation.	Independent Director, Formosa Petrochemical Corp. Independent Director, Silitech Technology Corporation. Independent Director, Powerchip Technology Corporation. Director, Maxigen Biotech Inc.	0
Independent Director	Wea, Chi-Lin	Doctor of Economics, University of Paris.	Chairman, Land Bank of Taiwan. Secretary-General, Executive Yuan Administrative Deputy. Chairperson, International Business, National Taiwan University.	Adjunct Professor, Business Administration, National Taiwan University. Chairman, IBF Financial Holdings Co., Ltd. Chairman, International Bills Finance Corporation. Chairman, Chi Ding Venture Capital Co., Ltd. Chairman, Hua Ding International Venture Capital Co., Ltd. Chairman, Yuan Ding Venture Capital Co., Ltd. Independent Director, Formosa Plastics Corporation. Independent Director, SINBON Electronics Co., Ltd. Independent Director, Inventec Besta Co., Ltd. Director, Taiwan Secom Co., Ltd. Director, He Ding Venture Capital Co., Ltd. Director, Fu Ding Venture Capital Co., Ltd. Director, AcBel Polytech Inc.	Chairman, IBF Financial Holdings Co., Ltd. Chairman, International Bills Finance Corporation. Chairman, Chi Ding Venture Capital Co., Ltd. Chairman, Hua Ding International Venture Capital Co., Ltd. Chairman, Yuan Ding Venture Capital Co., Ltd. Independent Director, Formosa Plastics Corporation. Independent Director, SINBON Electronics Co., Ltd. Independent Director, Inventec Besta Co., Ltd. Director, Taiwan Secom Co., Ltd. Director, He Ding Venture Capital Co., Ltd.	0

				Director, Nuvoton Technology Corp. Director, Elan Microelectronics Corp. Supervisor, ACES Electronics Co., Ltd. Supervisor, Breeze Comprehensive Development.	Director, Fu Ding Venture Capital Co., Ltd. Director, AcBel Polytech Inc. Director, Nuvoton Technology Corp. Director, Elan Microelectronics Corp. Supervisor, ACES Electronics Co., Ltd. Supervisor, Breeze Comprehensive Development.	
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Election Results:

Director	Cho, Tom-Hwar	2,615,696,450
Director	Yeh, Kuo-I	2,519,084,778
Director	Wen, Shih-Chih	2,465,286,268
Director	Lee, Tsu-Chin	2,401,423,466
Director	Chang, Ching-Sung	2,339,144,887
Director	Yeh, Li-Cheng	2,274,326,233
Independent Director	Chang, Chang-Pang	2,243,170,136
Independent Director	Chen, Ruey-Long	2,212,672,561
Independent Director	Wea, Chi-Lin	2,179,825,324

G. Other Proposals

Proposed by the Board

Proposal: Proposal for Release the Prohibition on New Directors and Their Representatives from Participation in Competitive Business.

Explanation: (1) According to provisions of Company Act Article 209, a director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) Propose to the shareholders' meeting to approve that the prohibition of business strife on current re-elected directors were lifted from the onboard date. For the scope of the new directors to lift the competitive behavior restrictions, please refer to the concurrent position in another company of the list of candidates for directors and independent directors of the meeting agenda.

Resolution: Approved as proposed by voting (deducted 447,086,182 shares due to the conflict of interest, a total of 2,514,590,639 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,119,614,354, among which 1,201,049,260 was exercised by electronic transmission, or 84.29% of the total voting rights when votes were cast; the number of votes against is 4,371,420 among which 4,371,420 was exercised by electronic transmission; the number of votes abstained is 390,604,865, among which 390,451,669 was exercised by electronic transmission)

H . Extraordinary Motions : None

I. Adjournment

Meeting adjourned: 9:34 am.

**In case of any discrepancy between the English version and the Chinese version of the minute of 2020 Annual General Shareholders' Meeting of Inventec Corporation, the Chinese version shall prevail.

Business Report

Honorable ladies and gentlemen, welcome to the Shareholders' Meeting of Inventec Corporation. Due to the impacts of the current trade protectionism, the ongoing trade war between China and the United States, and the stalled decision of Brexit, the global economy experienced a synchronized slowdown in 2019. Facing the challenge of diversified customer orders, Inventec persists in professional thinking of business innovation and strategic production planning to strive for the company's competitive advantages in the long term. Thanks to the efforts of all our employees, we achieved a TWD 500 billion turnover for two consecutive years. The business performance of 2019 and the business plan/outlook of 2020 are described as follows:

Business performance report for 2019:

The consolidated revenue reached more than TWD 500.9 billion, a slight 1.17% lower than in 2018 (consolidated revenue of TWD 506.8 billion). The consolidated pre-tax operating profit was TWD 6.5 billion, which was mainly affected by a change in product combination and non-operating income and expenses, indicating a decline of 19.97% as compared with 2018. The after-tax net profit attributable to the parent company's shareholders was more than TWD 5.5 billion, a decrease of 15.26% as compared with the previous year. The consolidated after-tax earnings per share was TWD 1.54.

Overall, the revenue of the notebook computers was about TWD 246.7 billion, increased by 6.3%, as compared with the same period last year, benefited by the adjustment of the portfolios of the high-end models and aggressive market demand to correspond with the tariff trade war. Meanwhile, the revenue of server products was about TWD 166.8 billion, decreased by 7.85%, as compared with the same period last year due to the successive generations of the product layout and the effects of global production line adjustment. As for the smart device products, the revenue contributed TWD 83.2 billion, decreased by 2.81% as compared with the same period last year due to the capacity adjustment and change of customer demands. The solar energy company of the group responded to reduce the scale of operation composition due to the industry-wide downturn. Solar-related revenue was TWD 4.1 billion.

Corporate governance and corporate social responsibility

Integrity and sustainability are always the prime directives of Inventec Corporation. Through the effective operation of functional committees under the board of directors and corporate governance organization, Inventec Corporation is able to perfect the corporate governance and improve both quality and competitiveness of business operation. With its high regard for corporate governance and various forms of implementation, Inventec was ranked among the top 5% of the most excellent corporate-governance companies for five consecutive years through Corporate Governance Assessment. We will continuously collaborate closely with "Inventec Group Charity Foundation" to fulfill our corporate social responsibility in the spirit of implementing the concept of social welfare and environmental sustainability.

Impact of external competition, the regulatory environment, and the overall operating environment and countermeasures

2019 was a year full of changes and opportunities. Although the demand side was initially prosperous by the effect of order transfer due to the US-China trade war and the knock-on effect of prompting a massive wave of Taiwanese firms to leave China and bring their manufacturing home. The consuming ability in the US seems promising at the beginning, however, the global economy was heavily affected by the outbreak of COVID-19. Furthermore, the supply chain faces such adverse factors as a shortage of key components, strategic material preparation, and fluctuation of exchange rate, and the profitability was thus affected by cross effects. By appropriately adjusting operational strategies, accelerating global capacity arrangement, and reducing uncertain non-operating interferences, we expect to satisfy the need of end customers via innovative products and content of services.

Business plan and future prospects for 2020

Such international institutions as IMF and OECD have lowered the 2020 global economic growth forecast. Inventec conducts group resource integration with the goal of providing comprehensive product design and resolutions, incorporated with global operational services and supply chain management, creating a win-win situation among customers, suppliers, and Inventec. The specific implementation policy is divided into the following aspects:

- (1) Product business: With a global industrial chain affected by COVID-19, the notebook and server businesses are still the main product focus while their demands are relatively stable because the majority of clients are enterprises customers. The subsequent COVID-19 effects on consumer smart devices need to be observed, and the view of demand is of more conservative estimate. Inventec will make quick operational adjustments along with the development of the COVID-19 pandemic and market changes in order to carefully and conscientiously correspond with the change of the market.
- (2) Product technology: AI research, 5G communications technology and industry 4.0 software designs are still our major technological orientation. Through mutual cooperation and support, Inventec will focus on such new trends, technologies, and applications as 5G mobile communications, AI, and edge computing in the future.
- (3) Establishment of global smart manufacturing factory: The benefits of a smart factory integrating industry 4.0 and 5G application experiments will be gradually emerged starting in 2020, and a higher production efficiency will be generated in the future.
- (4) Diversification of group strategy: Seek the next operational momentum and aim to the target of high-niche and high-margin products such as automotive electronics and smart medical devices under continuous development of cross-product integration.

"Innovation, quality, open mind, and execution" are the core concepts of Inventec's operation. During the era of industrial transformation, the rise of new technological applications, and rapid changes in international politics and economics, Inventec will use our competitive advantages to continue value innovation, potential talent training, and cutting-edge decision-making to promote our core competitiveness. It is hoped that all shareholders and employees will give recognition and support on our efforts and share the splendid results of our successful businesses.

Best wishes to all of you!

Chairman: Cho, Tom-Hwar

President: Wu, Yung-Tsai

Accounting Officer: Yu, Chin-Pao

Audit Committee's Review Report

Date: Mar.24, 2020

The Board of Directors has prepared and submitted to us the Company's 2019 Business Report, Financial Statements and proposal for profit distribution. The Financial Statements have been audited, certified and issued an audit report by Wan-Wan Lin and Liu-Fong Yang of KPMG Certified Public Accountants. The Business Report, Financial Statements and profit distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Inventec Corporation

Convener of the Audit Committee: Chang, Chang-Pang

Appendix 3-Independent Auditors' Report and Individual Financial Statements for Year 2018
Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the financial statements of Inventec Corporation(“the Company”), which comprise the balance sheet as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 24, 2020

Notes to Readers

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

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

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

INVENTEC CORPORATION

BALANCE SHEETS

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2019.12.31		2018.12.31		LIABILITIES AND EQUITY		2019.12.31		2018.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 4,698,660	3	2,373,511	1	2100	Short-term borrowings (Note (6)(k))	\$ 21,453,043	12	25,244,660	14
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	182,104	-	71,557	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	108,175	-	4,958	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	1,194,430	1	479,397	-	2130	Current contract liabilities (Note (6)(r))	5,554,820	3	5,850,432	3
1170	Accounts receivable, net (Note (4) and (6)(c))	46,901,062	27	48,804,422	27	2170	Accounts payable	33,426,844	19	32,507,121	18
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	27,188,723	15	28,667,039	16	2180	Accounts payable due to related parites net (Note (7))	43,827,529	25	42,944,150	24
1200	Other receivables, net (Notes (4), (6)(d) and (7))	47,453,959	27	52,978,971	30	2230	Current tax liabilities	1,046,130	1	954,793	1
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))	3,878,921	2	2,183,875	1	2200	Other payables (Note (7))	5,332,183	3	5,767,304	3
1479	Other current assets, others (Notes (4) and (6)(j))	385,103	-	1,166,284	1	2280	Current lease liabilities (Note (6)(l))	5,483	-	-	-
		131,882,962	75	136,725,056	76	2322	Long-term borrowings, current portion (Note (6)(k))	300,000	-	250,000	-
Non-current assets :						2399	Other current liabilities	4,952,526	3	5,506,148	3
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	2,074,739	1	312,865	-			116,006,733	66	119,029,566	66
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))	27,383,652	16	29,375,472	16	Non-current Liabilities :					
1600	Property, plant and equipment (Notes (4) and (6)(g))	13,225,283	7	11,531,196	7	2540	Long-term borrowings (Note (6)(k))	3,050,000	2	3,350,000	2
1755	Right-of-use assets (Notes (4) and (6)(h))	13,036	-	-	-	2580	Non-current lease liabilities (Note (6)(l))	7,557	-	-	-
1780	Intangible assets (Notes (4) and (6)(i))	71,210	-	74,619	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(n))	640,401	-	633,815	-
1900	Other non-current assets (Notes (4), (6)(j), (6)(o), (7) and (8))	1,600,348	1	1,662,425	1	2670	Other non-current liabilities, others (Notes (4) and (6)(o))	1,275,391	1	1,303,771	1
		44,368,268	25	42,956,577	24			4,973,349	3	5,287,586	3
						Total Liabilities		120,980,082	69	124,317,152	69
						Equity:					
						3110	Ordinary share (Note (6)(p))	35,874,751	20	35,874,751	20
						3200	Capital surplus (Note (6)(p))	2,913,461	2	2,912,889	2
							Retained earnings (Note (6)(p)):				
						3310	Legal reserve	10,799,605	6	10,149,619	6
						3320	Special reserve	1,646,357	1	107,546	-
						3350	Unappropriated retained earnings	5,858,979	3	7,966,033	4
						3400	Other equity interest (Note (6)(p))	(1,822,005)	(1)	(1,646,357)	(1)
						Total Equity		55,271,148	31	55,364,481	31
TOTAL ASSETS		\$ 176,251,230	100	179,681,633	100	TOTAL LIABILITIES AND EQUITY		\$ 176,251,230	100	179,681,633	100

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

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019		2018	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(r) and (7))	\$ 357,462,052	100	348,798,356	100
5000	Total operating costs (Notes (4), (6)(e) and (7))	344,938,970	96	334,753,253	96
	Gross profit from operations	12,523,082	4	14,045,103	4
5910	Less: Unrealized profit (loss) from sales (Note (7))	14,174	-	18,889	-
5920	Add: Realized profit (loss) from sales (Note (7))	18,889	-	13,751	-
	Gross profit from operations	12,527,797	4	14,039,965	4
	Operating expenses (Notes (4)(q)):				
6100	Selling expenses	1,512,265	-	1,595,103	-
6200	Administrative expenses	1,804,654	1	1,794,062	1
6300	Research and development expenses	5,586,067	2	5,036,707	1
6450	Expected credit loss (gain)	5,118	-	6,267	-
	Total operating expenses	8,908,104	3	8,432,139	2
	Net operating income	3,619,693	1	5,607,826	2
	Non-operating income and expenses (Notes (4), (6)(f) and (6)(t)):				
7010	Other income	68,002	-	63,464	-
7020	Other gains and losses, net	584,691	-	1,093,732	-
7050	Finance costs, net	(1,207,015)	-	(1,151,655)	-
7775	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	2,966,083	1	1,978,533	-
	Total non-operating income and expenses	2,411,761	1	1,984,074	-
7900	Profit (loss) from continuing operations before tax	6,031,454	2	7,591,900	2
7950	Less: Income tax expenses (Notes (4) and (6)(o))	523,494	-	1,092,044	-
8200	Profit	5,507,960	2	6,499,856	2
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(50,641)	-	(15,243)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	830,368	-	(844,849)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,377	-	(25,100)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,128)	-	(3,049)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	794,232	-	(882,143)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(32,310)	-	47,215	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(982,574)	-	(65,106)	-
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	(1,014,884)	-	(17,891)	-
	Other comprehensive income, net	(220,652)	-	(900,034)	-
8500	Total comprehensive income	\$ 5,287,308	2	5,599,822	2
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(q))				
9750	Basic earnings per share (NT dollars)	\$ 1.54		1.81	
9850	Diluted earnings per share (NT dollars)	\$ 1.53		1.80	

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

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

INVENTEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>Capital Stock</u>		<u>Retained Earnings</u>			<u>Exchange Differences on Translation of Foreign Financial Statements</u>	<u>Other Equity Interest</u>		<u>Total Equity</u>
	<u>Share Capital</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Special reserve</u>	<u>Unappropriated Retained Earnings</u>		<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Unrealized Gains (Losses) on Available for Sale Financial Assets</u>	
Balance at January 1, 2018	\$ 35,874,751	2,913,096	9,474,128	-	7,528,408	(972,359)	-	864,813	55,682,837
Effects of retrospective application	-	-	-	-	647,702	-	218,474	(864,813)	1,363
Equity at beginning of period after adjustments	35,874,751	2,913,096	9,474,128	-	8,176,110	(972,359)	218,474	-	55,684,200
Net income (loss) for the period	-	-	-	-	6,499,856	-	-	-	6,499,856
Other comprehensive income (loss) for the period	-	-	-	-	(7,562)	(17,891)	(874,581)	-	(900,034)
Total comprehensive income (loss) for the period	-	-	-	-	6,492,294	(17,891)	(874,581)	-	5,599,822
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	675,491	-	(675,491)	-	-	-	-
Special reserve appropriated	-	-	-	107,546	(107,546)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,919,334)	-	-	-	(5,919,334)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	(207)	-	-	-	-	-	-	(207)
Balance at December 31, 2018	35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	-	55,364,481
Net income (loss) for the period	-	-	-	-	5,507,960	-	-	-	5,507,960
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	-	(220,652)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	-	5,287,308
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	649,986	-	(649,986)	-	-	-	-
Special reserve appropriated	-	-	-	1,538,811	(1,538,811)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,381,213)	-	-	-	(5,381,213)
Other changes in capital surplus:									
Changes in equity of associates and joint ventures accounted for using equity method	-	572	-	-	-	-	-	-	572
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,036)	-	20,036	-	-
Balance at December 31, 2019	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	-	55,271,148

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Profit before income tax	\$ 6,031,454	7,591,900
Adjustments:		
Adjustments to reconcile profit before income tax to net cash provided by operating activities		
Depreciation expense	408,792	347,395
Amortization expense	667,744	542,980
Expected credit loss	5,118	6,267
Interest expense	1,207,015	1,151,655
Interest income	(68,002)	(63,464)
Dividend income	(20,301)	(28,866)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,966,083)	(1,978,533)
(Gain) loss on disposal of property, plant and equipment	(248)	7,218
Loss (gain) on disposal of non-current assets held for sale	(628,983)	-
Gain on disposal of investments	-	(64)
Unrealized foreign exchange loss (gain)	747,858	(253,809)
Total adjustments to reconcile profit	(647,090)	(269,221)
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	(113,791)	40,555
Decrease (increase) in accounts receivable	2,404,374	(9,178,676)
Decrease (increase) in other receivable	4,559,761	(24,117,175)
(Increase) decrease in inventories	(1,695,046)	153,267
Decrease (increase) in other current assets	437,151	(60,079)
Total changes in operating assets	5,592,449	(33,162,108)
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	103,217	(16,711)
(Decrease) increase in contract liabilities	(295,612)	547,683
Increase in accounts payable	2,804,027	14,829,831
(Decrease) increase in other payables	(445,168)	444,183
Decrease in other current liabilities	(553,622)	(1,619,093)
Decrease in net defined benefit liabilities	(44,055)	(39,212)
Total changes in operating liabilities	1,568,787	14,146,681
Total changes in operating assets and liabilities	7,161,236	(19,015,427)
Total adjustments	6,514,146	(19,284,648)
Cash inflow (outflow) generated from operations	12,545,600	(11,692,748)
Interest received	67,911	63,445
Dividends received	4,026,222	5,849,682
Interest paid	(1,279,274)	(1,068,934)
Income taxes paid	(423,450)	(207,354)
Net cash flows from (used in) operating activities	14,937,009	(7,055,909)

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

INVENTEC CORPORATION**STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,699,658)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	29,964	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	26,400	2,765
Acquisition of investments accounted for using equity method	(57,954)	-
Proceeds from disposal of investments accounted for using equity method	-	64
Proceeds from liquidation of investments accounted for using equity method	-	13,660
Proceeds from disposal of non-current assets held for sale	931,655	-
Acquisition of property, plant and equipment	(2,016,289)	(241,683)
Proceeds from disposal of property, plant and equipment	248	2,554
Acquisition of intangible assets	(225,618)	(252,421)
Proceeds from disposal of intangible assets	-	127
Increase in other non-current assets	(353,905)	(619,095)
Net cash flows used in investing activities	(3,365,157)	(1,094,029)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(3,602,533)	11,233,940
Proceeds from long-term borrowings	-	12,145,000
Repayments of long-term borrowings	(250,000)	(12,145,000)
Increase in other non-current liabilities	-	3,742
Decrease in other non-current liabilities	(8,676)	-
Cash dividends paid	(5,381,213)	(5,919,334)
Payment of lease liabilities	(4,281)	-
Net cash flows (used in) from financing activities	(9,246,703)	5,318,348
Net increase (decrease) in cash and cash equivalents	2,325,149	(2,831,590)
Cash and cash equivalents at beginning of period	2,373,511	5,205,101
Cash and cash equivalents at end of period	\$ 4,698,660	2,373,511

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

Appendix 4-Independent Auditors' Report and Consolidated Financial Statements for Year 2019

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the consolidated financial statements of Inventec Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Inventory Valuation

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

Description of the key audit matter:

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

identified as a key audit matter.

How the matter was addressed in our audit:

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

2. The offsetting agreements of financial assets and liabilities

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included examining whether the amount of the signed contract were within the scope authorized by the Board of Directors; sampling transactions in 2019 to examine whether contracts were signed with banks; review the contracts to check if the regulation of offsetting criteria was met; and assessing whether the disclosure of financial assets and liabilities offsetting is appropriate.

Other Matter

Inventec Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 24, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2019.12.31		2018.12.31		LIABILITIES AND EQUITY		2019.12.31		2018.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 18,952,967	10	25,062,511	12	2100	Short-term borrowings (Note (6)(l))	\$ 25,166,518	13	31,301,280	15
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	3,958,468	2	2,467,479	1	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	108,175	-	4,958	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	1,194,430	1	479,397	-	2130	Current contract liabilities (Note (4) and (6)(t))	6,449,213	4	6,717,641	4
1170	Accounts receivable, net (Notes (4) and (6)(c))	88,491,343	46	92,234,720	45	2170	Accounts payable	71,342,557	37	76,453,829	37
1200	Other receivables, net (Notes (4), (6)(d) and (7))	754,975	-	2,534,539	2	2230	Current tax liabilities	2,319,023	1	2,389,874	1
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))	37,345,542	19	42,938,996	21	2200	Other payables (Note (7))	11,571,105	6	12,638,279	6
1479	Other current assets, others (Notes (6)(k))	1,469,984	1	2,186,792	1	2322	Long-term borrowings, current portion (Note (6)(l))	359,061	-	556,670	-
		152,167,709	79	167,904,434	82	2280	Current lease liabilities (Notes (4) and (6)(m))	200,289	-	-	-
Non-current assets :						2399	Other current liabilities, others	9,530,335	5	10,629,884	5
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	2,243,738	1	359,816	-			127,046,276	66	140,692,415	68
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))	247,194	-	273,356	-	Non-current Liabilities :					
1600	Property, plant and equipment (Notes (4) and (6)(g))	30,729,458	16	30,324,516	15	2540	Long-term borrowings (Note (6)(l))	3,883,134	2	3,409,061	2
1755	Right-of-use assets (Notes (4) and (6)(h))	3,546,126	2	-	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))	640,401	-	633,815	-
1760	Investment property, net (Notes (4) and (6)(i))	693,315	-	740,269	-	2580	Non-current lease liabilities (Notes (4) and (6)(m))	976,791	-	-	-
1780	Intangible assets (Notes (4) and (6)(j))	880,774	1	885,307	-	2670	Other non-current liabilities, others (Notes (4) and (6)(p))	3,575,023	2	3,347,114	2
1900	Other non-current assets (Notes (4), (6)(k) and (6)(p))	2,584,539	1	5,316,224	3			9,075,349	4	7,389,990	4
		40,925,144	21	37,899,488	18		Total Liabilities	136,121,625	70	148,082,405	72
						Equity attributable to owners of parent :					
						3110	Ordinary share (Note (6)(q))	35,874,751	19	35,874,751	18
						3200	Capital surplus (Note (6)(q))	2,913,461	2	2,912,889	1
						3300	Retained earnings (Note (6)(q))	18,304,941	9	18,223,198	9
						3400	Other equity interest (Note (6)(q))	(1,822,005)	(1)	(1,646,357)	(1)
							Total equity attributable to owners of parent	55,271,148	29	55,364,481	27
						36XX	Non-controlling interests	1,700,080	1	2,357,036	1
							Total Equity	56,971,228	30	57,721,517	28
TOTAL ASSETS		<u>\$ 193,092,853</u>	<u>100</u>	<u>205,803,922</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 193,092,853</u>	<u>100</u>	<u>205,803,922</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31,			
		2019		2018	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(t) and (7))	\$ 500,952,813	100	506,884,018	100
5000	Total operating costs (Notes (4) and (7))	478,121,718	95	483,002,434	95
	Gross profit from operations	22,831,095	5	23,881,584	5
	Operating expenses (Notes (6)(c), (6)(d) and (6)(u)):				
6100	Selling expenses	2,607,083	1	2,712,807	-
6200	Administrative expenses	4,303,565	1	4,887,598	1
6300	Research and development expenses	9,523,033	2	8,805,994	2
6450	Expected credit loss (gain)	(6,081)	-	(15,530)	-
6400	Total operating expenses	16,427,600	4	16,390,869	3
	Net operating income	6,403,495	1	7,490,715	2
	Non-operating income and expenses:				
7010	Other income (Note (6)(v))	1,347,043	-	1,161,902	-
7020	Other gains and losses, net (Note (6)(v))	544,082	-	1,259,503	-
7050	Finance costs, net (Note (6)(v))	(1,761,100)	-	(1,768,283)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Notes (4) and (6)(f))	(24,459)	-	(10,575)	-
	Total non-operating income and expenses	105,566	-	642,547	-
	Profit (loss) from continuing operations before tax	6,509,061	1	8,133,262	2
7950	Less: Income tax expenses	1,672,064	-	2,814,266	1
	Profit	4,836,997	1	5,318,996	1
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(29,862)	-	(10,279)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	799,514	-	(847,613)	-
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	(56)	-	(30,865)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(6,757)	-	(3,804)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	776,353	-	(884,953)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(1,026,850)	-	(30,094)	-
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	(1,597)	-	270	-
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	(1,028,447)	-	(29,824)	-
	Other comprehensive income	(252,094)	-	(914,777)	-
8500	Total comprehensive income	<u>\$ 4,584,903</u>	<u>1</u>	<u>4,404,219</u>	<u>1</u>
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 5,507,960	1	6,499,856	1
8620	Profit (loss), attributable to non-controlling interests	(670,963)	-	(1,180,860)	-
		<u>\$ 4,836,997</u>	<u>1</u>	<u>5,318,996</u>	<u>1</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 5,287,308	1	5,599,822	1
8720	Comprehensive income, attributable to non-controlling interests	(702,405)	-	(1,195,603)	-
		<u>\$ 4,584,903</u>	<u>1</u>	<u>4,404,219</u>	<u>1</u>
	Earning per share attributable to stockholders of parent (Notes (4) and (6)(s))				
9750	Basic earnings per share (NT dollars)	<u>\$ 1.54</u>		<u>1.81</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 1.53</u>		<u>1.80</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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other Equity Interest			Equity attributable to owners of parent	Non - controlling interests	Total Equity
	Capital Stock	Retained Earnings			Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized Gains (Losses) on Available for Sale Financial Assets			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve							
Balance at January 1, 2018	\$ 35,874,751	2,913,096	9,474,128	-	7,528,408	(972,359)	-	864,813	55,682,837	3,247,777	58,930,614
Effects of retrospective application	-	-	-	-	647,702	-	218,474	(864,813)	1,363	-	1,363
Balance at January 1, 2018 after adjustments	35,874,751	2,913,096	9,474,128	-	8,176,110	(972,359)	218,474	-	55,684,200	3,247,777	58,931,977
Net income (loss) for the period	-	-	-	-	6,499,856	-	-	-	6,499,856	(1,180,860)	5,318,996
Other comprehensive income (loss) for the period	-	-	-	-	(7,562)	(17,891)	(874,581)	-	(900,034)	(14,743)	(914,777)
Total comprehensive income (loss) for the period	-	-	-	-	6,492,294	(17,891)	(874,581)	-	5,599,822	(1,195,603)	4,404,219
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	675,491	-	(675,491)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	107,546	(107,546)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,919,334)	-	-	-	(5,919,334)	-	(5,919,334)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	304,655	304,655
Others	-	(207)	-	-	-	-	-	-	(207)	207	-
Balance at December 31, 2018	35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	-	55,364,481	2,357,036	57,721,517
Net income (loss) for the period	-	-	-	-	5,507,960	-	-	-	5,507,960	(670,963)	4,836,997
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	-	(220,652)	(31,442)	(252,094)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	-	5,287,308	(702,405)	4,584,903
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	649,986	-	(649,986)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	1,538,811	(1,538,811)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,381,213)	-	-	-	(5,381,213)	-	(5,381,213)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	44,981	44,981
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,036)	-	20,036	-	-	-	-
Others	-	572	-	-	-	-	-	-	572	468	1,040
Balance at December 31, 2019	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	-	55,271,148	1,700,080	56,971,228

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

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Profit before tax	\$ 6,509,061	8,133,262
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	3,188,382	3,474,042
Amortization expense	965,340	1,006,415
Expected credit gain	(6,081)	(15,530)
Interest expense	1,761,100	1,768,283
Interest income	(1,347,043)	(1,161,902)
Dividend income	(20,979)	(30,675)
Share-based payments transactions	1,040	-
Share of losses of associates and joint ventures accounted for using equity method	24,459	10,575
Gain on disposal of property, plant and equipment	(69,439)	(57,338)
Gain on disposal of non-current assets held-for-sale	(628,476)	-
Gain on disposal of investments	-	(37,428)
Impairment loss on non-financial assets	344,916	155,168
Unrealized foreign exchange loss (gain)	30,968	(59,944)
Others	(46,194)	11,045
Total adjustments to reconcile profit	<u>4,197,993</u>	<u>5,062,711</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(266,204)	(404,343)
Decrease (increase) in accounts receivable	1,763,074	(15,075,146)
Decrease (increase) in other receivables	1,772,736	(1,740,079)
Decrease (increase) in inventories	4,904,540	(2,642,456)
Decrease in other current assets	176,779	525,278
Total changes in operating assets	<u>8,350,925</u>	<u>(19,336,746)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	103,217	(16,710)
(Decrease) increase in contract liabilities	(256,236)	479,640
(Decrease) increase in accounts payable	(3,043,534)	3,728,140
Decrease in other payables	(434,046)	(292,519)
Decrease in other current liabilities	(1,076,565)	(1,512,461)
Decrease in net defined benefit liabilities, non-current	(44,055)	(47,958)
Total changes in operating liabilities	<u>(4,751,219)</u>	<u>2,338,132</u>
Total changes in operating assets and liabilities	<u>3,599,706</u>	<u>(16,998,614)</u>
Total adjustments	<u>7,797,699</u>	<u>(11,935,903)</u>
Cash inflow (outflow) generated from operations	14,306,760	(3,802,641)
Interest received	1,367,420	1,490,071
Dividends received	20,979	30,675
Interest paid	(1,995,909)	(1,804,736)
Income taxes paid	(1,449,100)	(1,448,917)
Net cash flows from (used in) operating activities	<u>12,250,150</u>	<u>(5,535,548)</u>

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

INVENTEC CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2019 and 2018****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,852,458)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	29,964	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	26,400	2,765
Acquisition of financial assets at fair value through profit or loss	(14,206,762)	(11,108,576)
Proceeds from disposal of financial assets at fair value through profit or loss	12,852,650	17,379,361
Proceeds from liquidation of investments accounted for using equity method	-	30,822
Proceeds from disposal of non-current assets held for sale	967,538	-
Acquisition of property, plant and equipment	(3,818,085)	(1,916,305)
Proceeds from disposal of property, plant and equipment	102,894	69,311
Acquisition of intangible assets	(226,789)	(255,741)
Acquisition of investment properties	(2,062)	-
Decrease in other financial assets	132,325	11,192,526
Increase in other non-current assets	(829,098)	(1,264,816)
Net cash flows (used in) from investing activities	<u>(6,823,483)</u>	<u>14,129,347</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(5,941,567)	(4,567,702)
Proceeds from long-term borrowings	865,440	12,145,000
Repayments of long-term borrowings	(556,670)	(12,532,609)
Payment of lease liabilities	(196,978)	-
(Decrease) increase in other non-current liabilities	(27,383)	51,139
Cash dividends paid	(5,381,213)	(5,919,334)
Change in non-controlling interests	44,981	288,072
Net cash flows used in financing activities	<u>(11,193,390)</u>	<u>(10,535,434)</u>
Effect of exchange rate changes on cash and cash equivalents	(342,821)	54,966
Net decrease in cash and cash equivalents	(6,109,544)	(1,886,669)
Cash and cash equivalents at beginning of period	<u>25,062,511</u>	<u>26,949,180</u>
Cash and cash equivalents at end of period	<u>\$ 18,952,967</u>	<u>25,062,511</u>

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

Appendix 5

Inventec Corporation
Profit Distribution Table
Year 2019

Unit: NTD \$

Items:	Total amount
Beginning retained earnings	396,024,357
Less: Defined benefit plans remeasurement	(24,968,877)
Less: Disposal of non-current financial assets at fair value through other comprehensive income	(20,035,938)
Add: Net profit after tax	5,507,960,098
Less: Legal reserve	(546,295,528)
Less: Special Reserve	(175,647,465)
Distributable net profit	5,137,036,647
Less: Distributable items:	
Cash Dividend to shareholders (NT\$1.3 per share)	(4,663,717,586)
Unappropriated retained earnings	473,319,061