

Stock Code: 2356

# Inventec Corporation

## Inventec

### 2021 Annual General Shareholders' Meeting

#### Meeting Agenda

Time: Friday, June 18, 2021. 9:00 a.m.

Place: No.16, Sec. 4, Jhongshan N. Rd., Shilin District, Taipei City.  
Chientan Youth Activity Center's Ching-Kuo Memorial Hall.

*This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.*

創新

Innovation

品質

Quality

虛心

Open Mind

力行

Execution

## **Table of Contents**

A. Meeting Agenda.....	01
B. Report Items.....	02
C. Ratification Items.....	03
D. Discussion Items.....	04
E. Extraordinary Motions.....	11

## **Appendix**

1. 2020 Business Report.....	12
2. 2020 Audit Committee's Review Report.....	15
3. Independent Auditors' report and Individual Financial Statements for Year 2020.....	16
4. Independent Auditors' report and Consolidated Financial Statements for Year 2020.....	24
5. Profit Distribution Table for Year 2020.....	33
6. Procedure for Election of Directors (Before Amendments).....	34
7. Rules of Procedures for Shareholders Meetings (Before Amendments).....	38
8. Articles of Incorporation.....	45
9. Shareholdings of Directors .....	54

## **A. Meeting Agenda**

Time: Friday, June 18, 2021. 9:00 a.m.

Place: No.16, Sec. 4, Jhongshan N. Rd., Shilin District, Taipei City.  
Chientan Youth Activity Center's Ching-Kuo Memorial Hall.

A. Call the Meeting to Order

B. Chairman Remarks

C. Report Items:

- (1) 2020 Business Report
- (2) 2020 Audit Committee's Review Report
- (3) The Status of Distribution Remuneration of Employees and Directors in 2020
- (4) The Status of Distribution of Profits in Cash Dividends to Shareholders in 2020

D. Ratification Items

- (1) Ratification of the 2020 Business Report and Financial Statements
- (2) Adoption of the Proposal for Distribution of 2020 Profits

E. Discussion Items:

- (1) Amendment to the "Procedures for Election of Directors"
- (2) Amendment to the "Rules of Procedure for Shareholders Meetings"
- (3) Proposal for release the prohibition on Director Yeh, Li-Cheng from participation in competitive business

F. Extraordinary Motions

G. Adjournment

## **B. Report Items**

1. 2020 Business Report (Please refer to Appendix 1)

2. 2020 Audit Committee's Review Report (Please refer to Appendix 2)

3. The Status of Distribution Remuneration of Employees and Directors in 2020

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 Directors of the Corporation.

(2) The board of directors and remuneration committee resolved to distribute NT \$ 675,529,321 to remuneration of employees in cash and NT\$ 123,673,830 to remuneration of directors. There is no difference between the amount of distribution and the expense which is recognized in 2020.

4. The Status of Distribution of Profits in Cash Dividends to Shareholders in 2020

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 2020 is NT\$ 7,117,591,735 and the proposed cash dividend to shareholders is NT\$ 1.85 per share (NT\$ 6,636,828,872).

(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.

## **C. Ratification Items**

### **Item 1**

**Proposed by the Board**

**Proposal:** Ratification of the 2020 Business Report and Financial Statements.

**Explanation:** The Company's 2020 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 Finance Statements, and Appendix 4 for Independent Accountants' Audit Report and Consolidated Finance Statements.)

**Resolution:**

### **Item2**

**Proposed by the Board**

**Proposal:** Adoption of the Proposal for Distribution of 2020 Profits

**Explanation:** The 2020 Profit distribution table had been resolved by the Board of Directors and reviewed by the Audit Committee, please refer to Appendix 5.

**Resolution:**

## D. Discussion Items

### Item 1

### Proposed by the Board

**Proposal:** Discussion of Amendments to the “Procedures for Election of Directors”.

**Explanation:** Propose to amend “Procedures for Election of Directors” according to the Sample Template for “XXX Co., Ltd. Procedures for Election of Directors” amended per June 3, 2020 Letter No. Taiwan-Stock-Governance-1090009468. Please refer to the comparison chart of amendments below.

**Comparison Chart of Amendments to “Procedures for Election of Directors”**

Original Version		Amendment Version		Reason
<b>Article 3</b>	Directors who shall be elected among the persons with disposing capacity, even though not shareholders. The overall composition of the board of directors shall be taken into consideration in the selection of the Corporation's directors. (The following content omitted.)	<b>Article 3</b>	The overall composition of the board of directors shall be taken into consideration in the selection of the Corporation's directors. (The following content omitted.)	Revise the wording to comply with Sample Template.
<b>Article 6</b>	The cumulative voting system shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	<b>Article 6</b>	The cumulative voting system shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. <u>A person with the right to convene</u> shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	Revise the wording to comply with Sample Template.
<b>Article 7</b>	The number of directors shall be provided by the Articles of Incorporation of the Company. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. The position left vacant by such	<b>Article 7</b>	The number of directors shall <u>calculate the voting rights of independent directors and non-independent directors separately in accordance with Articles of Incorporation and approved by board of director.</u> Those receiving ballots representing the highest numbers	Revise the wording to comply with Sample Template.

	decision shall be filled by the candidate with the next most votes in the original election before the date the new registration license. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.		of voting rights will be elected <u>separately in turn</u> according to their respective numbers of votes. The position left vacant by such decision shall be filled by the candidate with the next most votes in the original election before the date the new registration license. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.	
<b>Article 8</b>	Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. All monitoring personnel shall be shareholders of this Corporation.	<b>Article 8</b>	Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. All monitoring personnel shall be shareholders of this Corporation.	Revise the wording
<b>Article 9</b>	The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.	<b>Article 9</b>	The ballot boxes shall be prepared by the <u>person with the right to convene</u> and publicly checked by the vote monitoring personnel before voting commences.	Revise the wording to comply with Sample Template.
<b>Article 10</b>	If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.	<b>Delete</b>		To comply with the candidate nomination rules, shareholders should elect directors from the list of candidates and can learn about the names, academic experience and other information of the candidates from the list of candidates before the shareholders' meeting, so that it is not necessary to use shareholder's account number or identity card number to identify the

				candidate's identity, so this article is deleted.
<b>Article 11</b>	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the board of directors.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</li> <li>5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.</li> <li>6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</li> </ol>	<b>Article 10</b>	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by the <u>person with the right to convene</u>.</li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot <u>do not match the list of candidates of directors after</u> cross-check.</li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> </ol>	Adjust article number and amend to comply with Sample Template.
<b>Article 12</b>	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.	<b>Article 11</b>	The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, <u>and the list of fail to be elected directors and the numbers of votes which they were obtained,</u> shall be announced by the chair on the site.	Revise the wording to comply with Sample Template.
<b>Article 13</b>		<b>Article 12</b>		Adjust article number
<b>Article 14</b>		<b>Article 13</b>		Adjust article number



**Item 2****Proposed by the Board**

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

**Explanation:** Propose to amend “Rules of Procedure for Shareholders Meetings” according to the Sample Template for “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” amended per January 28, 2021 Letter No. Taiwan-Stock-Governance-1100001446. 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 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.</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 the Company, or the matters specified in Article 185, paragraph 1 of the Company Law, or <u>Article 26-1</u> and 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.</p>	Revise listed to the reason for shareholders’ meeting to be convened
Article 3	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. (The following content omitted.)</p>	Article 3	<p>For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. (The following content omitted.)</p> <p><u>After the service of the power of</u></p>	Specify the proxy rescission written notice to comply with Sample Template.

			<u>attorney of a proxy to the company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by way of electronic transmission , a proxy rescission notice shall be filed with the company two days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.</u>	
Article 7	<p>If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.</p> <p>If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.</p>	Article 7	<p>If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. It is advisable that shareholders meetings convened by the board of directors be <u>chaired by the chairperson of the board in person and</u> attended by a majority of the directors <u>in person</u>.</p> <p>If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.</p>	Revise the wording to comply with Sample Template.
Article 8	<p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative</p>	Article 8	<p>The chair shall call the meeting to order <u>and announce relevant information of the number of non-voting rights and the number of shares attending</u> at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. <u>If the quorum is not met after two</u></p>	Amend relevant information announced at the meeting to comply with Sample Template.

	<p>resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>		<p><u>postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.</u></p> <p>If the quorum is not met after two postponements <u>as referred to in the preceding paragraph</u>, and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.</p> <p>When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	
Article 12	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares. (The following content omitted.)</p>	Article 12	<p>A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares.</p> <p><u>When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.</u></p> <p><u>A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding</u></p>	<p>Specify the matters related to exercise of voting rights by correspondence or electronic means to comply with Sample Template.</p>

			<p><u>paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.</u></p> <p><u>After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.</u> (The following content omitted.)</p>	
Article 14	<p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the</p>	Article 14	<p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected <u>and the list of fail to be elected directors and the numbers of votes which they were obtained.</u> The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder</p>	Revise the wording to comply with Sample Template.

	ballots shall be retained until the conclusion of the litigation.		files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	
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**Resolution:**

**Item 3**

**Proposed by the Board**

**Proposal:** Proposal for Release the Prohibition on Director Yeh, Li-Cheng from Participation in Competitive Business.

**Explanation:** (1) According to provisions of Company Act Article 209 Item 1, 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) The meeting of shareholders on June 12, 2020 approved that the prohibition of business strife on current directors were lifted from the on board date. Proposal for release the prohibition on current director from participation in competitive business. Please refer the list of current director's new position in other companies below.

**List of Current Director's New Position in Other Companies**

Position	Name	Serve in other Company	Position in other company
Director	Yeh, Li-Cheng	Inventec Besta Co., Ltd.	Director

**Resolution:**

**G. Extraordinary Motions**

**H. Adjournment**

## **Business Report**

Welcome to Inventec's annual shareholders' meeting. Due to Covid-19, the global consumer markets and robust investment participation were seriously disrupted in the first half of 2020. Major global economies zealously stimulate economic development through various fiscal policies and financial instruments. Following the rollout of various vaccines, the global economy seems to signal optimism about economic recovery in the second half of 2020. However, the disturbed U.S. election and the ongoing trade war between the U.S. and China has also reshaped the global economy. It is hard to predict economic trends; yet Inventec still makes most specific contribution by providing customers with diversified, quality products. Under the effort of all our staffs, our turnover has achieved over TWD 500 billion for three consecutive years. Furthermore, profits have increased in comparison to the previous year adding the contribution of non-operating revenue. The business performance of 2020, the 2021 business plan and outlook are highlighted as below :

### **Business performance report for the year 2020:**

The consolidated revenue reached more than TWD 508.2 billion, slightly higher than in 2019 by 1.47% (consolidated revenue of TWD 500.9 billion). The consolidated pre-tax operating profit was TWD 10.3 billion, which was an increase of 58.94% as compared with 2019. The after-tax net profit attributable to the parent company's shareholders was more than TWD 7.5 billion, which was an increase of 37.04% when compared with the previous year. The consolidated after-tax earnings were TWD 2.10 per share, which increased more than 36% as compared with the EPS of 1.54 in 2019.

Operating income was mainly benefited from the product differentiation and non-operating income and expenses benefitted from the contribution of idle assets revitalization. With more people working from home and adapting to distance learning, the sales revenue of notebook computers was about TWD275.8 billion. This is an increase of 11.78% as compared with the previous year. Additionally, the sales revenue from server products which equates to approximately TWD191.3 billion, increased by 14.65% as compared with the previous year. This attributed to a greater demand for data centers by cloud service providers. Although smart device products face readjustment due to customer product strategies, this sales revenue still contributed TWD39.9 billion. Conversely, the group's solar energy company faced the unbalanced issue of market supply and demand, striving for modification of active operational strategy. The solar-related sales revenue was TWD1.1 billion.

### **Corporate governance and corporate social responsibility**

Ethical corporate management is always the prime directive of Inventec. We have set up competence of each functional committee under the Board and established a corporate governance unit to improve corporate governance. We also enhance information transparency and strengthen communication with stakeholders to achieve the goal of sustainable operation. We value talent development and will comply with Environmental, Social and Governance (ESG) related issues; reinforce the disclosure of relevant information; voluntarily fulfill the sustainable development of environment and society and we will collaborate closely with “Inventec Group Charity Foundation” to perform corporate social responsibilities.

### **Impact of external competition, the regulatory environment, and the overall operational environment and countermeasures**

The trade war between the two major economies of U.S. and China has let both experience the inevitably degenerating relationship. And they are developing their own field of core

technology and products. Furthermore, the sudden Covid-19 pandemic situation have also let many people make abrupt shift to working from home, and cause the national-wide lockdown crisis. The company has demonstrated unbending and devoted determination to develop diversified and high-quality products to satisfy customers' needs through appropriate adjustment of supply chain, planning of production base and breakthrough of technological innovations.

## **2021 Business plan and outlook**

The IMF projected that the 2021 global economic growth to be 6% and we presume that all major economies will gradually recover. Although the stimulus and relief package released by different countries might trigger the concern of inflation, the company is actively creating a favorable operational environment based on the niche of product development. The company has also set the goal of revenue growth higher than previous periods. The business plan and outlook are classified into the following aspects:

### **I. Products business:**

1. The server businesses benefitted from emergence of new platforms and significant business growth in large data center customers, the higher percentage of customer orders and operational growth is reasonably foreseeable.
2. Notebooks have benefited from the effects of the stay-at-home economy fueling by Covid-19 pandemic. Brand suppliers are introducing new middle- to high-end mixed models of commercial notebook, and they will strengthen the AI and digital applications. With outstanding product design and quality assurance over years. Notebook business operation is expected to remain in its heyday.
3. Due to the constant introduction of new IoT and AI applications, the market demand for smart devices remains robust. However, the orders are taken according to the consideration on status of product quotation. Therefore, it needs to evaluate subsequently the efficiency of capacity utilization, expand new customers and increased orders from existing customers. In contrast to the operation of last year, new products will be introduced into the market in succession throughout this year.
4. The development of emerging business is also in progress: automotive electronics are under developed, focusing on designing to reach the level of smart car configuration. As for the application of medical products, it is hoped that Inventec will be involved in providing comprehensive smart health care.

### **II. Digital transformation:**

To be able to commensurate with world-leading management technology, digital transformation is imperative. We will use the digital transformation blueprint to redefine our business model and operational flow, reshuffle organization, and set performance goals. It will also optimize operational indicators and focus on a combinatory benefit analysis of developing product, and also enhance profit visibility and precise project management.

### **III. "AI for Industries" and "Industries for AI":**

All Inventec production plants already successively transformed into smart manufacturing plants. With advanced process technology incorporated with IoT, big data, and AI technology, we aim to improve quality and we also aim to optimize the processes with smart production link in order to develop the smart plant for industrial 4.0 and 5G applications. These innovations will achieve a new milestone in AI for industries. On the other hand, the Industries for AI will focus on the development of medical field and autonomous machine from AI technology to provide better medical care for an improved quality of life.

"Innovation, quality, open mind, and execution" are the core concept of Inventec's operation. We will follow the internal protocol of company culture to transfer the internal experience to the employees, share resource, stick to strict management and abide by through

execution to face a challenging operational environment. Inventec has transformed from a traditional assembly company to an engineering company that provides its customers with all-in-one product design and total solution services. With the rapid change in international business, Inventec will uphold the spirit to "face the challenges, resilient within the changes " to move forward. We believe that we will achieve the goal of continuous business growth and simultaneously fulfill corporate social responsibility through our comprehensive thinking, innovative and strategic business plans to create business value for all shareholders and employees.

Finally, best wishes to you all!

Chairman: Cho, Tom-Hwar

President: Wu, Yung-Tsai

Accounting Officer: Yu, Chin-Pao



## **Audit Committee's Review Report**

Date: Mar.30, 2021

The Board of Directors has prepared and submitted to us the Company's 2020 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 2020

### Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matters

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

##### 1. Inventory Valuation

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

KPMG

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

#### **Notes to Readers**

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

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

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

ASSETS		2020.12.31		2019.12.31		LIABILITIES AND EQUITY		2020.12.31		2019.12.31								
		Amount	%	Amount	%			Amount	%	Amount	%							
Current Assets :						Current Liabilities :												
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$	5,266,122	3	4,698,660	3	2100	Short-term borrowings (Note (6)(l))	\$	24,193,173	12	21,453,043	12					
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))		267,589	-	182,104	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))		182,068	-	108,175	-					
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		1,405,689	1	1,194,430	1	2130	Current contract liabilities (Note (6)(s))		6,236,379	3	5,554,820	3					
1170	Accounts receivable, net (Note (4) and (6)(c))		59,166,735	29	46,901,062	27	2170	Accounts payable		42,861,735	21	33,426,844	19					
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))		27,718,823	13	27,188,723	15	2180	Accounts payable due to related parties, net (Note (7))		47,377,719	23	43,827,529	25					
1200	Other receivables, net (Notes (4), (6)(d) and (7))		54,926,635	27	47,453,959	27	2230	Current tax liabilities		1,295,766	-	1,046,130	1					
1310	Inventories, manufacturing business, net (Notes (4) and (6)(e))		2,387,945	1	3,878,921	2	2200	Other payables (Note (7))		5,644,166	3	5,332,183	3					
1470	Total other current assets (Notes (4) and (6)(k))		2,871,207	1	385,103	-	2280	Current lease liabilities (Note (6)(m))		4,152	-	5,483	-					
			154,010,745	75	131,882,962	75	2322	Long-term borrowings, current portion (Note (6)(l))		300,000	-	300,000	-					
Non-current assets :						2399	Other current liabilities			7,856,199	4	4,952,526	3					
1510	Non-current financial assets at fair value through profit or loss (Notes 4 and 6(b))		821,436	-	-	-				135,951,357	66	116,006,733	66					
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		2,215,585	1	2,074,739	1	Non-current Liabilities :											
1550	Investments accounted for using equity method, net (Notes (4) and (6)(f))		33,775,936	16	27,383,652	16	2540	Long-term borrowings (Note (6)(l))		8,446,000	4	3,050,000	2					
1600	Property, plant and equipment (Notes (4) and (6)(h))		13,535,629	7	13,225,283	7	2580	Non-current lease liabilities (Note (6)(m))		5,024	-	7,557	-					
1755	Right-of-use assets (Notes (4) and (6)(h))		9,057	-	13,036	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))		656,171	-	640,401	-					
1780	Intangible assets (Notes (4) and (6)(j))		66,262	-	71,210	-	2670	Other non-current liabilities, others (Notes (4) and (6)(p))		3,199,438	2	1,275,391	1					
1900	Other non-current assets (Notes (4), (6)(k), (6)(p), (7) and (8))		1,807,999	1	1,600,348	1				12,306,633	6	4,973,349	3					
			52,231,904	25	44,368,268	25	Total Liabilities						148,257,990	72	120,980,082	69		
						Equity:												
						3110	Ordinary share (Note (6)(q))			35,874,751	17	35,874,751	20					
						3200	Capital surplus (Note (6)(q))			2,899,284	1	2,913,461	2					
							Retained earnings (Note (6)(q)):											
						3310	Legal reserve			11,345,901	6	10,799,605	6					
						3320	Special reserve			1,822,004	1	1,646,357	1					
						3350	Unappropriated retained earnings			7,944,644	4	5,858,979	3					
						3400	Other equity interest (Note (6)(q))			(1,901,925)	(1)	(1,822,005)	(1)					
						Total Equity								57,984,659	28	55,271,148	31	
TOTAL ASSETS						\$	206,242,649	100			\$	206,242,649	100			\$	176,251,230	100

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

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

**STATEMENTS OF COMPREHENSIVE INCOME**

**For the Years Ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

		<b>2020</b>		<b>2019</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4110	<b>Total sales revenue (Notes (4), (6)(s) and (7))</b>	\$ 407,434,848	100	357,462,052	100
5000	<b>Total operating costs (Notes (4), (6)(e) and (7))</b>	395,650,876	97	344,938,970	96
	<b>Gross profit from operations</b>	11,783,972	3	12,523,082	4
5910	Less: Unrealized profit (loss) from sales (Note (7))	11,807	-	14,174	-
5920	Add: Realized profit (loss) from sales (Note (7))	14,174	-	18,889	-
	<b>Gross profit from operations</b>	11,786,339	3	12,527,797	4
	<b>Operating expenses (Notes (4)(q)):</b>				
6100	Selling expenses	1,760,505	-	1,512,265	-
6200	Administrative expenses	1,895,856	1	1,804,654	1
6300	Research and development expenses	5,826,007	1	5,586,067	2
6450	Expected credit loss (gain)	44,784	-	5,118	-
	<b>Total operating expenses</b>	9,527,152	2	8,908,104	3
	<b>Net operating income</b>	2,259,187	1	3,619,693	1
	<b>Non-operating income and expenses (Notes (4), (6)(f) and (6)(u)):</b>				
7100	Interest income	26,738	-	68,002	-
7010	Other income	62,496	-	95,853	-
7020	Other gains and losses, net	(226,992)	-	488,838	-
7050	Finance costs, net	(712,190)	-	(1,207,015)	-
7775	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	8,184,317	2	2,966,083	1
	<b>Total non-operating income and expenses</b>	7,334,369	2	2,411,761	1
7900	<b>Profit (loss) from continuing operations before tax</b>	9,593,556	3	6,031,454	2
7950	<b>Less: Income tax expenses (Notes (4) and (6)(p))</b>	2,045,571	1	523,494	-
8200	<b>Profit</b>	7,547,985	2	5,507,960	2
	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(63,130)	-	(50,641)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	352,106	-	830,368	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	4,050	-	4,377	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(12,626)	-	(10,128)	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	305,652	-	794,232	-
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(65,492)	-	(32,310)	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(396,739)	-	(982,574)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(462,231)	-	(1,014,884)	-
	<b>Other comprehensive income, net</b>	(156,579)	-	(220,652)	-
8500	<b>Total comprehensive income</b>	\$ <b>7,391,406</b>	<b>2</b>	\$ <b>5,287,308</b>	<b>2</b>
	<b>Earnings per share attributable to stockholders of parent (Notes (4) and (6)(r))</b>				
9750	<b>Basic earnings per share (NT dollars)</b>	\$ <b>2.10</b>		\$ <b>1.54</b>	
9850	<b>Diluted earnings per share (NT dollars)</b>	\$ <b>2.08</b>		\$ <b>1.53</b>	

**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, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>Capital Stock</b>		<b>Retained Earnings</b>			<b>Other Equity Interest</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total Equity</b>
	<b>Share Capital</b>	<b>Capital Surplus</b>	<b>Legal Reserve</b>	<b>Special reserve</b>	<b>Unappropriated Retained Earnings</b>	<b>Exchange Differences on Translation of Foreign Financial Statements</b>		
<b>Balance at January 1, 2019</b>	\$ 35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	55,364,481
Net income (loss) for the period	-	-	-	-	5,507,960	-	-	5,507,960
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	(220,652)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	5,287,308
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	649,986	-	(649,986)	-	-	-
Special reserve appropriated	-	-	-	1,538,811	(1,538,811)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,381,213)	-	-	(5,381,213)
Changes in equity of associates and joint ventures accounted for using equity method	-	572	-	-	-	-	-	572
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,036)	-	20,036	-
<b>Balance at December 31, 2019</b>	35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148
Net income (loss) for the period	-	-	-	-	7,547,985	-	-	7,547,985
Other comprehensive income (loss) for the period	-	-	-	-	(43,201)	(462,231)	348,853	(156,579)
Total comprehensive income (loss) for the period	-	-	-	-	7,504,784	(462,231)	348,853	7,391,406
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	546,296	-	(546,296)	-	-	-
Special reserve appropriated	-	-	-	175,647	(175,647)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,663,718)	-	-	(4,663,718)
Changes in equity of associates and joint ventures accounted for using equity method	-	679	-	-	-	-	-	679
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-
Changes in ownership interests in subsidiaries	-	(14,856)	-	-	-	-	-	(14,856)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(14,200)	-	14,200	-
<b>Balance at December 31, 2020</b>	<b>\$ 35,874,751</b>	<b>2,899,284</b>	<b>11,345,901</b>	<b>1,822,004</b>	<b>7,944,644</b>	<b>(2,467,365)</b>	<b>565,440</b>	<b>57,984,659</b>

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

## INVENTEC CORPORATION

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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



## INVENTEC CORPORATION

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,699,658)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	29,964
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	26,400
Acquisition of financial assets at fair value through profit or loss	(214,979)	-
Acquisition of investments accounted for using equity method	(100,000)	(57,954)
Proceeds from disposal of non-current assets held for sale	-	931,655
Acquisition of property, plant and equipment	(1,023,258)	(2,016,289)
Proceeds from disposal of property, plant and equipment	90,301	248
Acquisition of intangible assets	(117,321)	(225,618)
Increase in other non-current assets	(740,559)	(353,905)
<b>Net cash flows used in investing activities</b>	<u>(2,105,816)</u>	<u>(3,365,157)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	2,732,587	(3,602,533)
Proceeds from long-term borrowings	19,343,800	-
Repayments of long-term borrowings	(14,019,800)	(250,000)
Decrease in other non-current liabilities	(2,243)	(8,676)
Cash dividends paid	(4,663,718)	(5,381,213)
Payment of lease liabilities	(5,810)	(4,281)
<b>Net cash flows from (used in) financing activities</b>	<u>3,384,816</u>	<u>(9,246,703)</u>
<b>Net increase in cash and cash equivalents</b>	567,462	2,325,149
<b>Cash and cash equivalents at beginning of period</b>	4,698,660	2,373,511
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 5,266,122</b></u>	<u><b>4,698,660</b></u>

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

## Appendix 4-Independent Auditors' Report and Consolidated Financial Statements for Year 2020

### Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

##### **1. Inventory Valuation**

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

## **2. The offsetting agreements of financial assets and liabilities**

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

## **3. Disposal of property, plant and equipment of subsidiary**

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

## **Other Matter**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

#### **Notes to Readers**

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

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

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

ASSETS		2020.12.31		2019.12.31		LIABILITIES AND EQUITY		2020.12.31		2019.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current Assets :</b>						<b>Current Liabilities :</b>					
1100	Cash and cash equivalents (Notes (6)(a))	\$ 32,951,595	16	18,952,967	10	2100	Short-term borrowings (Note (6)(m))	\$ 31,890,755	15	25,166,518	13
1110	Current financial assets at fair value through profit or loss (Notes (6)(b))	782,284	-	3,958,468	2	2120	Current financial liabilities at fair value through profit or loss (Notes (6)(b))	250,136	-	108,175	-
1120	Current financial assets at fair value through other comprehensive income (Notes (6)(b))	1,405,689	1	1,194,430	1	2130	Current contract liabilities (Note (6)(u))	7,828,232	4	6,449,213	4
1170	Accounts receivable, net (Notes (6)(c) and (7))	91,811,309	43	88,491,343	46	2170	Accounts payable (Note (7))	74,370,226	35	71,342,557	37
1200	Other receivables, net (Notes (6)(d) and (7))	844,441	-	754,975	-	2230	Current tax liabilities	2,296,677	1	2,319,023	1
1310	Inventories, manufacturing business, net (Notes (6)(e))	41,416,323	19	37,345,542	19	2200	Other payables (Note (7))	11,595,245	5	11,571,105	6
1470	Other current assets (Notes (6)(l))	4,258,311	2	1,469,984	1	2322	Long-term borrowings, current portion (Note (6)(m))	330,744	-	359,061	-
		173,469,952	81	152,167,709	79	2280	Current lease liabilities (Notes (4) and (6)(n))	216,479	-	200,289	-
<b>Non-current assets :</b>						2399	Other current liabilities, others	11,765,194	6	9,530,335	5
1510	Non-current financial assets at fair value through profit or loss (Notes (6)(b))	911,660	-	-	-			140,543,688	66	127,046,276	66
1517	Non-current financial assets at fair value through other comprehensive income (Notes (6)(b))	3,657,808	2	2,243,738	1	2540	Long-term borrowings (Note (6)(m))	8,990,825	4	3,883,134	2
1550	Investments accounted for using equity method, net (Notes (6)(f))	211,643	-	247,194	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))	656,171	-	640,401	-
1600	Property, plant and equipment (Notes (6)(h))	28,004,583	13	30,729,458	16	2580	Non-current lease liabilities (Notes (4) and (6)(n))	748,035	-	976,791	-
1755	Right-of-use assets (Notes (6)(i))	3,403,891	2	3,546,126	2	2670	Other non-current liabilities, others (Notes (6)(q))	5,331,975	3	3,575,023	2
1760	Investment property, net (Notes (6)(j))	-	-	693,315	-			15,727,006	7	9,075,349	4
1780	Intangible assets (Notes (6)(k))	875,801	-	880,774	1		<b>Total Liabilities</b>	156,270,694	73	136,121,625	70
1900	Other non-current assets (Notes (4), (6)(l) and (6)(q))	3,626,099	2	2,584,539	1						
		40,691,485	19	40,925,144	21		<b>Equity attributable to owners of parent :</b>				
						3110	Ordinary share (Note (6)(r))	35,874,751	17	35,874,751	19
						3200	Capital surplus (Note (6)(r))	2,899,284	1	2,913,461	2
						3300	Retained earnings (Note (6)(r))	21,112,549	10	18,304,941	9
						3400	Other equity interest (Note (6)(r))	(1,901,925)	(1)	(1,822,005)	(1)
							<b>Total equity attributable to owners of parent</b>	57,984,659	27	55,271,148	29
						36XX	Non-controlling interests	(93,916)	-	1,700,080	1
							<b>Total Equity</b>	57,890,743	27	56,971,228	30
<b>TOTAL ASSETS</b>		<b>\$ 214,161,437</b>	<b>100</b>	<b>193,092,853</b>	<b>100</b>		<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 214,161,437</b>	<b>100</b>	<b>193,092,853</b>	<b>100</b>

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

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

		For the years ended December 31,			
		2020		2019	
		Amount	%	Amount	%
4110	Total sales revenue (Notes (4), (6)(u) and (7))	\$ 508,294,198	100	500,952,813	100
5000	Total operating costs (Notes (4) and (7))	487,181,281	96	478,121,718	95
	Gross profit from operations	21,112,917	4	22,831,095	5
	Operating expenses (Notes (6)(c), (6)(d) and (6)(v)):				
6100	Selling expenses	2,795,370	-	2,607,083	1
6200	Administrative expenses	4,190,267	1	4,303,565	1
6300	Research and development expenses	9,715,204	2	9,523,033	2
6450	Expected credit reversal gain	(29,010)	-	(6,081)	-
6400	Total operating expenses	16,671,831	3	16,427,600	4
	Net operating income	4,441,086	1	6,403,495	1
	Non-operating income and expenses:				
7100	Interest income (Note (6)(w))	1,186,629	-	1,347,043	-
7010	Other income (Note (6)(w))	276,301	-	312,249	-
7020	Other gains and losses, net (Note (6)(w))	5,514,251	1	231,833	-
7050	Finance costs, net (Notes (6)(w))	(1,054,244)	-	(1,761,100)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (4) and (6)(f))	(18,318)	-	(24,459)	-
	Total non-operating income and expenses	5,904,619	1	105,566	-
	Profit from continuing operations before tax	10,345,705	2	6,509,061	1
7950	Less: Income tax expenses (Note (6)(q))	3,772,727	1	1,672,064	-
	Profit	6,572,978	1	4,836,997	1
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(53,824)	-	(29,862)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	365,376	-	799,514	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(16,646)	-	(56)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(10,746)	-	(6,757)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	305,652	-	776,353	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(457,317)	-	(1,026,850)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(639)	-	(1,597)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(457,956)	-	(1,028,447)	-
	Other comprehensive income	(152,304)	-	(252,094)	-
8500	Total comprehensive income	\$ 6,420,674	1	4,584,903	1
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 7,547,985	1	5,507,960	1
8620	Profit (loss), attributable to non-controlling interests	(975,007)	-	(670,963)	-
		\$ 6,572,978	1	4,836,997	1
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 7,391,406	1	5,287,308	1
8720	Comprehensive income, attributable to non-controlling interests	(970,732)	-	(702,405)	-
		\$ 6,420,674	1	4,584,903	1
	Earnings per share attributable to stockholders of parent (Notes (4) and (6)(t))				
9750	Basic earnings per share (NT dollars)	\$ 2.10		1.54	
9850	Diluted earnings per share (NT dollars)	\$ 2.08		1.53	

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

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

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

	Equity attributable to owners of parent									
						Other Equity Interest		Equity attributable to owners of parent	Non - controllin g 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, 2019	\$ 35,874,751	2,912,889	10,149,619	107,546	7,966,033	(990,250)	(656,107)	55,364,481	2,357,036	57,721,517
Net income (loss) for the period	-	-	-	-	5,507,960	-	-	5,507,960	(670,963)	4,836,997
Other comprehensive income (loss) for the period	-	-	-	-	(24,968)	(1,014,884)	819,200	(220,652)	(31,442)	(252,094)
Total comprehensive income (loss) for the period	-	-	-	-	5,482,992	(1,014,884)	819,200	5,287,308	(702,405)	4,584,903
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	649,986	-	(649,986)	-	-	-	-	-
Special reserve appropriated	-	-	-	1,538,811	(1,538,811)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(5,381,213)	-	-	(5,381,213)	-	(5,381,213)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	44,981	44,981
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(20,036)	-	20,036	-	-	-
Others	-	572	-	-	-	-	-	572	468	1,040
Balance at December 31, 2019	35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148	1,700,080	56,971,228
Net income (loss) for the period	-	-	-	-	7,547,985	-	-	7,547,985	(975,007)	6,572,978
Other comprehensive income (loss) for the period	-	-	-	-	(43,201)	(462,231)	348,853	(156,579)	4,275	(152,304)
Total comprehensive income (loss) for the period	-	-	-	-	7,504,784	(462,231)	348,853	7,391,406	(970,732)	6,420,674
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	546,296	-	(546,296)	-	-	-	-	-
Special reserve appropriated	-	-	-	175,647	(175,647)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(4,663,718)	-	-	(4,663,718)	-	(4,663,718)
Disposal of investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-	-	-
Changes in ownership interests in subsidiaries	-	(14,856)	-	-	-	-	-	(14,856)	-	(14,856)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(823,820)	(823,820)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(14,200)	-	14,200	-	-	-
Others	-	679	-	-	-	-	-	679	556	1,235
Balance at December 31, 2020	\$ 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

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

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, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,258,524)	(1,852,458)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	29,964
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	26,400
Acquisition of financial assets at fair value through profit or loss	(7,136,355)	(14,206,762)
Proceeds from disposal of financial assets at fair value through profit or loss	10,245,574	12,852,650
Proceeds from disposal of non-current assets held for sale	-	967,538
Acquisition of property, plant and equipment	(2,433,923)	(3,818,085)
Proceeds from disposal of property, plant and equipment	5,821,830	102,894
Acquisition of intangible assets	(118,581)	(226,789)
Effect on loss of control over subsidiary's cash	(5,710)	-
Acquisition of investment properties	(345,283)	(2,062)
(Increase) decrease in other financial assets	(781,915)	132,325
Increase in other non-current assets	(1,177,205)	(829,098)
<b>Net cash flows from (used in) investing activities</b>	<u>2,809,908</u>	<u>(6,823,483)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	6,830,904	(5,941,567)
Proceeds from long-term borrowings	19,473,486	865,440
Repayments of long-term borrowings	(14,470,076)	(556,670)
Payment of lease liabilities	(199,245)	(196,978)
Increase (decrease) in other non-current liabilities	175,204	(27,383)
Cash dividends paid	(4,663,718)	(5,381,213)
Change in non-controlling interests	-	44,981
<b>Net cash flows from (used in) financing activities</b>	<u>7,146,555</u>	<u>(11,193,390)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(285,147)	(342,821)
<b>Net increase (decrease) in cash and cash equivalents</b>	13,998,628	(6,109,544)
<b>Cash and cash equivalents at beginning of period</b>	<u>18,952,967</u>	<u>25,062,511</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 32,951,595</b></u>	<u><b>18,952,967</b></u>

Appendix 5

**Inventec Corporation**  
**Profit Distribution Table**  
**Year 2020**

Unit: NTD \$

Items:	Total amount
Beginning retained earnings	473,319,061
Less: Defined benefit plans remeasurement	(43,200,981)
Less: Disposal of Investments accounted for using equity method	(19,258,369)
Less: Disposal of non-current financial assets at fair value through other comprehensive income	(14,199,538)
Add: Net profit after tax	7,547,984,547
Less: Legal reserve	(747,132,566)
Less: Special Reserve	(79,920,419)
Distributable net profit	7,117,591,735
Less: Distributable items:	
Cash Dividend to shareholders (NT\$1.85 per share)	(6,636,828,872)
Unappropriated retained earnings	480,762,863

## Appendix 6

### **Inventec Corporation** **Procedures for Election of Directors** (Before Amendments)

#### Article 1

To ensure a just, fair, and open election of directors, elections of directors shall be conducted in accordance with the Procedures adopted pursuant to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies unless applicable laws and regulations or articles of incorporation provide otherwise.

#### Article 2

Directors shall be elected in the shareholders' meeting.

#### Article 3

Directors who shall be elected among the persons with disposing capacity, even though not shareholders. The overall composition of the board of directors shall be taken into consideration in the selection of the Corporation's directors. Besides, the Company shall consider of variety to compose of the board of directors and think about operation 、operation type and development demand to make an appropriate diversity policy, including but not limited to the following standards:

1. Basic conditions and value: gender 、age 、nationality and culture.
2. Professional knowledge and techniques: professional background (like legislation 、accounting 、industry 、finance 、marketing or technology) 、professional techniques and industrial experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows: the ability to make judgments about operations 、Accounting and financial analysis ability 、Business management ability 、Crisis management ability 、Knowledge of the industry 、International market perspective 、Leadership ability 、Decision-making ability.

#### Article 4

When the position of independent director has been created, the election of independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. At least one of the independent directors should have accounting or financial specialty.

## Article 5

The number of directors will be as specified in this Corporation's articles of incorporation. The election shall adopt the candidate nomination system which is conformed to the Article 192-1 of the Company Act, and the shareholders shall elect the directors from the list of the nominated candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots. Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

When a company convenes a shareholder meeting for the election of directors and the original selectees do not meet the conditions of the two preceding paragraphs, the election of the director receiving the lowest number of votes among those not meeting the conditions shall be deemed invalid.

## Article 6

The cumulative voting system shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

## Article 7

The number of directors shall be provided by the the Articles of Incorporation of the Company. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. The position left vacant by such decision shall be filled by the candidate with the next most votes in the original election before the date the new registration license .When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

## Article 8

Before the election begins, the chair shall appoint a number of persons to perform the respective duties of vote monitoring and counting personnel. All monitoring personnel shall be shareholders of this Corporation.

#### Article 9

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

#### Article 10

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

#### Article 11

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the board of directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

#### Article 12

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 13

The board of directors of this Corporation shall issue notifications to the persons elected as directors.

#### Article 14

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

(This Procedures was established on April 7, 1990.)

(The first amendment was made on May 30, 2002.)

(The second amendment was made on May 27, 2004.)

(The third amendment was made on June 15, 2006.)

(The fourth amendment was made on June 13, 2007.)

(The fifth amendment was made on June 13, 2013.)

(The sixth amendment was made on June 20, 2016)

## Appendix 7

### **Inventec Corporation** **Rules of Procedure for Shareholders Meetings** (Before Amendments)

#### Article 1

To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

#### Article 2

The Company's shareholders meeting shall be convened by the board of directors unless applicable laws and regulations provide otherwise.

The Board of Directors or other authorized conveners of shareholders' meetings may require the Company or the shareholder service agent to provide with the roster of shareholders.

The notice to convene a ordinary shareholders' meeting shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form on the MOPS no later than 30 days prior to the scheduled meeting date. The notice to convene a extraordinary shareholders' meeting shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form on the MOPS no later than 15 days prior to the scheduled meeting date

The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice and the public notice to be given to shareholders.

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 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 3

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by



providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days on the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

#### Article 4

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

#### Article 5

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Attendance and voting at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. With respect to resolutions of shareholders meetings,

the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 6

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, relevant proposals (including extraordinary motions and amendments to the original proposals) shall be voted case-by-case. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Only if the chair adjourns the meeting in violation of these rules and procedures, the shareholders cannot designate any other person as chair and continue the meeting in the same or other place after the meeting is adjourned.

#### Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman of the board. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the chairman shall appoint one of the directors to act as chair. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening

parties, they shall mutually select a chair from among themselves.

#### Article 8

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 9

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

#### Article 10

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### 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 and arrange adequate polling hours.

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.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending.

At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

#### Article 13

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### Article 14

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures

of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### 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 which resolutions were adopted, and a summary of the deliberations and voting results (including the statistical tallies of the numbers of votes). Where there is an election of directors, the statistical tallies of the numbers of votes for each candidate shall be disclosed and shall be retained for the duration of the existence of this Corporation.

#### Article 16

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

#### Article 17

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

#### Article 18

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the

proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 19

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Article 20

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

(This Rules was established on April 7, 1990.)

(The first amendment was made on April 28, 1998.)

(The second amendment was made on May 30, 2002.)

(The third amendment was made on May 27, 2004.)

(The fourth amendment was made on June 18, 2012.)

(The fifth amendment was made on June 13, 2013.)

(The sixth amendment was made on June 16, 2015.)

(The seventh amendment was made on June 16, 2017.)

(The eighth amendment was made on June 14, 2019.)

(The ninth amendment was made on June 12, 2020.)

## Appendix 8

### **Inventec Corporation Articles of Incorporation**

(This English version is a translation based on the original Chinese version. Where any discrepancy arises between the two versions, the Chinese version shall prevail.)

#### CHAPTER 1. GENERAL PROVISIONS

##### Article 1

This Company is incorporated under the Company Act, with the name and the foreign name of Inventec Corporation.

##### Article 2

The business scope of the Company is as following:

- 1、CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- 2、CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 3、CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 4、CC01080 Electronic Parts and Components Manufacturing
- 5、CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacturing.
- 6、CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 7、CC01990 Electrical Machinery, Supplies Manufacturing.
- 8、CE01030 Photographic and Optical Equipment Manufacturing
- 9、CE01040 Watches and Clocks Manufacturing
- 10、F113010 Wholesale of Machinery
- 11、F113020 Wholesale of Household Appliance
- 12、F119010 Wholesale of Electronic Materials
- 13、F401010 International Trade
- 14、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 15、I301010 Software Design Services
- 16、I301020 Data Processing Services
- 17、CB01010 Machinery and Equipment Manufacturing
- 18、CC01120 Data Storage Media Manufacturing and Duplicating
- 19、H701010 Residence and Buildings Lease Construction and Development
- 20、H701020 Industrial Factory Buildings Lease Construction and Development
- 21、H701040 Specialized Field Construction and Development
- 22、H703090 Real Estate Commerce
- 23、H703100 Real Estate Rental and Leasing
- 24、CF01011 Medical devices Manufacturing

25、F108031 Wholesale of Medical devices

26、F208031 Medical devices Retailing

27、ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### Article 3

The Company may provide guarantee as necessary for the business.

#### Article 4

The Company has its head office in Taipei City, and the Company may establish branches in and out of this country. The total amount of the investments of the Company by a resolution of the board of directors is not subject to the limit of 40% of its paid-in capital unless the laws provide otherwise.

#### Article 5

The method of the public announcement of the Company shall be made in accordance with Article 28 of the Company Act.

### CHAPTER II. SHARES

#### Article 6

The authorized capital of the Company is NTD 36,500,000,000, divided into 3,650,000,000 shares, at a par value of NTD 10 per share. The registered capital keeps NTD 200,000,000 divided into 20,000,000 shares provided for exercise of the option of stock option certificates, The shares which have not been issued would be authorized to board of directors to issue in installments.

#### Article 7

The registered shares of the Company may be made without physical certificates. Nevertheless, the stock of the Company shall be registered with the securities centralized depository institution.

#### Article 8

The shareholders of the Company shall fill in the signature card and deliver to the Company or the shares affairs agent of the Company for record, receive dividend and exercise the shareholders' rights.

#### Article 9

The shareholders of the Company shall conduct shares related affairs or exercise other



relevant rights, such as transfer ,pledged, reporting of loss ,inheritance ,gift or change of address, etc. in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies unless the laws, regulations or securities regulation rules provide otherwise.

#### Article 10

The shareholders' register shall be closed during 60 days prior to the date of an ordinary shareholders' meeting, 30 days prior to the date of an extraordinary shareholders' meeting, or five days period prior to the record dates for distribution of dividends, bonuses or other benefits of the Company.

### CHAPTER III. SHAREHOLDER'S MEETING

#### Article 11

The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations. A notice to convene an ordinary meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. Such notice may be publicly announced, provided that for the shareholders who hold less than 1,000 shares.

#### Article 12

Shareholder may attend the meeting by proxy with the signature or seal by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy. The proxy for attending the shareholders' meeting shall be handled in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the competent authority.

#### Article 13

Except those shares for which the voting rights are restricted or excluded as stipulated in Article 179 of the Company Act where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.

#### Article 14

Unless otherwise specified in the Company Act, resolutions at a shareholders' meeting shall be adopted by a majority vote of the shareholders present in person, who represent more than one-half of the total number of voting shares. A shareholder who exercises his

voting right by way of electronic transmission shall be deemed to have attended the shareholders' meeting in person. Relevant procedures shall be handled in accordance with relevant regulations.

#### Article 15

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be made in accordance with Article 183 of the Company Act.

### CHAPTER IV. DIRECTORS AND AUDIT COMMITTEE

#### Article 16

The Company shall have seven to eleven directors (including not less than three independent directors). The term of their offices shall be three years. The Company establishes audit committee and the Audit Committee shall be composed of the entire number of independent directors. The election shall adopt the candidate nomination system which is conformed to the Article 192-1 of the Company Act, and the shareholders shall elect the directors from the list of the nominated candidates and the directors may be re-elected for consecutive terms. Independent and non-independent directors shall be elected at the same time but on separate ballots.

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. However, the competent authority may, ex officio, order the company to elect new directors within a given time limit; and if no re-election is effected after expiry of the given time limit, the out-going directors shall be discharged from such expiration date.

Total registered shares owned by the directors of the Company shall not be less than a specified percentage of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies stipulated by the competent securities authority subject to Article 26 of the Securities and Exchange Act.

Except where the Competent Authority has granted approval, the following relationships may not exist among more than half of a company's directors:

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

#### Article 17

When one-third of the directors are discharged, a special shareholders' meeting shall be convened by the Board of Directors within 60 days to elect new directors or supervisors to fill the vacancies. The term of office of the newly elected director shall be the same as

the remaining term of the predecessor.

#### Article 18

The board of directors is composed of directors. The Chairman will be elected from among directors by a majority vote at a board meeting at which at least two-thirds of directors are present.

The Chairman shall perform his duties authorized by the Company Act or the resolution of the shareholders' meeting. The Chairman shall conduct the business of the Company in accordance with applicable laws and regulations, these Articles of Incorporation of the Company, the resolutions adopted at shareholders' meetings and resolutions adopted by the Board of Directors.

#### Article 19

Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, provided that the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 or Article 203-1 of the Company Act.

In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the directors to act on his behalf. A board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. If the board meeting needs to be convened due to emergency, it may be convened at any time. In order to convene the board meeting, notice may be made by written notice, fax or e-mail.

#### Article 20

Unless otherwise provided for in the Company Act, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. If the directors cannot attend the board meeting for certain reasons, he/she may appoint another director as his/her proxy each time with a power of attorney stating the scope of authority with reference to the subjects to be discussed at the meeting and powers granted; provided that a director may act as the proxy for only one another director. The board meeting may be convened via video conference, and the directors who attend the board meeting via video conference shall be deemed to have attended the meeting in person.

#### Article 21

Resolutions adopted at the meeting of the Board of Directors shall be recorded in the

minutes and signed or sealed by the chairman. The minutes shall be distributed to each director within twenty days after the meeting. The meeting minutes shall record the discussion and resolution. The minutes shall be well preserved with the attendance book and proxy.

#### Article 22

The authority of the audit committee and the other compliance issues shall be made according to the relevant laws and regulations, and be determined by the board of directors.

#### Article 23

No matter net income or loss, the Company shall pay remuneration for all directors conduct the business of the company.

The remuneration of directors may be determined by taking into account their participation in the Company's business and their contribution value, and industry standards and the board meeting is authorized to resolve the amount of the remuneration. During the term of their offices, the Company may purchase liability insurance for the directors to indemnify the potential liabilities, according to the relevant laws, to be borne by the directors when they perform their duties for the Company.

### CHAPTER V. MANAGERS

#### Article 24

The Company may appoint one general manager and more managerial personnel, such as business general manager, executive assistant general manager, senior assistant general manager and assistant general manager. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

### CHAPTER VI. ACCOUNTING

#### Article 25

At the close of each fiscal year, the board of directors shall prepare the following statements and records and then submit the same to the shareholders' meeting for recognition in accordance with legal procedures

1. Business Report,
2. Financial Statements, and
3. Proposal for distribution of profit or appropriation of losses.

#### Article 26

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 Directors of the Corporation. However, require that earnings shall first be offset against any deficit. The Corporation may issue stock or distribute cash to employees and the qualification requirements including the employees of subsidiaries of the company. The conditions and measures set by the Board of Directors.

## ARTICLE VII. SUPPLEMENTARY PROVISIONS

### Article 27

If the Company has profit as a result of the yearly accounting closing, the Corporation shall first pay taxes, then offset its accumulated losses and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the paid-in capital of the Corporation then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. The remaining earnings along with accumulated retained earnings shall reserve appropriate quota depend on business demand, then distribute dividends according to shareholders' meeting resolution and the dividends shall not less than 10% of the current earnings. When dividends paid by the form of issuing new shares, it shall be proposed to shareholders' meeting and distribute according to the resolution of the meeting. The dividend policy of the Company consider capital requirements in the future 、 long-term investment plans needs to be adopted and stockholders' demand of cash inflow, if the Company has profit, dividends paid by cash shall not be less than 10% of the total dividends.

According to provisions of Company Act Article 240, the Company authorizes the distributable dividends and bonuses, or legal reserve and capital reserve as stipulated in Article 241 of Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

### Article 28

If there is any matter not covered herein, the Company Act and the relevant laws and regulations shall govern.

### Article 29

This Articles of Incorporation was established on April 15, 1975.

The first amendment was made on May 27, 1975.

The second amendment was made on November 16, 1976.

The third amendment was made on August 25, 1977.

The fourth amendment was made on March 1, 1978.

The fifth amendment was made on June 8, 1980.  
The sixth amendment was made on April 28, 1981.  
The seventh amendment was made on November 20, 1981.  
The eighth amendment was made on December 13, 1981.  
The ninth amendment was made on April 22, 1982.  
The tenth amendment was made on May 7, 1982.  
The eleventh amendment was made on May 25, 1982.  
The twelfth amendment was made on June 15, 1982.  
The thirteenth amendment was made on November 28, 1983.  
The fourteenth amendment was made on November 12, 1984.  
The fifteenth amendment was made on July 15, 1986.  
The sixteenth amendment was made on September 29, 1986.  
The seventeenth amendment was made on April 15, 1988.  
The eighteenth amendment was made on August 26, 1988.  
The nineteenth amendment was made on June 15, 1989.  
The twentieth amendment was made on December 15, 1989.  
The twenty-first amendment was made on April 7, 1990.  
The twenty-second amendment was made on December 11, 1990.  
The twenty-third amendment was made on May 18, 1991.  
The twenty-fourth amendment was made on April 18, 1992.  
The twenty-fifth amendment was made on April 10, 1993.  
The twenty-sixth amendment was made on April 9, 1994.  
The twenty-seventh amendment was made on December 2, 1994.  
The twenty-eighth amendment was made on April 8, 1995.  
The twenty-ninth amendment was made on April 13, 1996.  
The thirtieth amendment was made on July 26, 1996.  
The thirty-first amendment was made on April 24, 1997.  
The thirty-second amendment was made on April 28, 1998.  
The thirty-third amendment was made on April 29, 1999.  
The thirty-fourth amendment was made on April 24, 2000.  
The thirty-fifth amendment was made on April 27, 2001.  
The thirty-sixth amendment was made on May 30, 2002.  
The thirty-seventh amendment was made on May 30, 2003.  
The thirty-eighth amendment was made on May 27, 2004.  
The thirty-ninth amendment was made on June 14, 2005.  
The forty amendment was made on June 15, 2006.  
The forty-first amendment was made on June 13, 2007.  
The forty-second amendment was made on June 13, 2008.

The forty-third amendment was made on June 16, 2009.  
The forty-fourth amendment was made on June 15, 2010.  
The forty-fifth amendment was made on June 9, 2011.  
The forty-sixth amendment was made on June 18, 2012.  
The forty-seventh amendment was made on June 13, 2013.  
The forty-eighth amendment was made on June 12, 2014.  
The forty-ninth amendment was made on June 20, 2016.  
The fiftieth amendment was made on June 16, 2017.  
The fifty -first amendment was made on June 14, 2018.  
The fifty-second amendment was made on June 14, 2019.

## Appendix 9

### **Inventec Corporation Shareholdings of Directors**

As of April 20, 2021 (Book closure date), all directors' shareholdings and legal minimum shareholdings are as follows:

1. Total common shares issued: 3,587,475,066 shares.
2. The minimum required shareholding of all directors by law: 86,099,401 shares.  
The Company had set up Audit Committee, so there is no applicable for the minimum required shareholding of supervisors by law
3. Total shareholding of all directors: 447,086,182 shares. The shareholding is in compliance with regulatory requirements.

Position	Name	Number of shares
Chairman	Cho, Tom-Hwar	1,004,311
Director	Yeh, Kuo-I	176,361,330
	Wen, Shih-Chih	35,685,590
	Lee, Tsu-Chin	115,833,835
	Chang, Ching-Sung	788,644
	Yeh, Li-Cheng	117,412,472
Independent Director	Chang, Chang-Pang	0
	Chen, Ruey-Long	0
	Wea, Chi Lin	0
Total		447,086,182



# Inventec

Inventec Building, No. 66, Hou-Gang Street  
11170, Shih-Lin District, Taipei, Taiwan