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Inventec Corporation

Inventec

2021 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

創新

Innovation

品質

Quality

虛心

Open Mind

力行

Execution

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Letter to Shareholders

Dear shareholders, thank you for participating in the Inventec shareholders' meeting. Due to the impact of COVID-19 on trade over the past year, the severe imbalance between the supply and demand of semiconductors, shipping logistics, and energy issues have all led to long-term tightness, in the supply chain. As the post-epidemic era approaches, such uncertain factors as the intensity of global inflation and the impact of geopolitical tensions will continue to have a profound impact on the economic development of countries around the world.

Inventec's goal has always been to develop high-quality products with core competitiveness, optimize its logistics workflow, and adopt flexible business strategies. Thanks to the efforts of our colleagues, we have succeeded to prosper the revenue this year at a high level of more than NT\$500 billion, setting a new record with unprecedented achievement. We hereby thank all shareholders for their unwavering support hitherto. Please find the 2021 business performance report and the 2022 business plan and future outlook below:

2021 Annual Business Report:

In 2021, the consolidated operating revenue reached more than NT\$519.7 billion, an increase of 2.25% from 2020 (consolidated revenue of more than NT\$508.2 billion); meanwhile, the consolidated operating profit reached more than NT\$4.7 billion, an increase of 6.38% from 2020. However, under the adjusted influence of asset revitalization on non-operating income and expenditure, the consolidated net profit before tax was more than NT\$7.6 billion, a decrease of 25.58% from 2020. Furthermore, the net profit after tax attributable to shareholders of the parent company surpassed NT\$6.5 billion, a decrease of 13.38% from 2020. Consolidated earnings per share after tax was NT\$1.82, a slight decrease from NT\$2.10 in 2020.

Benefiting from the work-from-home economy under the influence of the COVID-19 epidemic, the revenue of laptop computer products increased by 10% compared with the same period last year. On the other hand, despite data centers' increasing demand for server products, the revenue decreased by 4% compared to the same period last year, primarily due to the supply chain shortage. Although old smart devices are gradually being replaced by new smart devices with an adjustment observed in customer orders, the revenue from this area still contributed more than NT\$32.4 billion.

Corporate Governance and Sustainability

Ethical corporate management has always been the prime principle of our corporate governance. By operating functional committees and corporate governance units under the board of directors, we improve corporate governance, enhance information transparency, and strengthen communication channels for stakeholders. We will also focus intensely on environment, social, and governance (ESG)-related issues, the disclosure of relevant information, and publication of a CSR report to reinforce the company's competitiveness for sustainable management. In cooperation with the "Inventec Group Charity Foundation," we also endeavor to carry out public welfare activities and provide social care services.

Impacts of external competition, the regulatory environment, and the overall business environment and the company's countermeasures

As global trade competition intensifies and the influence of geopolitical tensions becomes widespread, the impact of inflation on economic development can no longer be ignored. In response to unfair trade practices with its competitor nations, the US government has issued comprehensive 100-Day critical product supply chain reviews to strengthen relationship with its trading allies and enhance the global supply chain resilience. As the global economy develops toward a green economy, countries from around the world have pledged to adopt "net zero emission" reduction measures to gradually reduce the potential risks of climate change on corporate sustainability. As for the aforesaid shifting development of industrial environment, the carbon reduction and energy transition requirements will indubitably bring major challenges to the manufacturing industry. To this end, in order to cope with changes to the external business environment and also meet the customer satisfaction, the company has put forward resource integration with a strategic layout and resonate with action plans for digital transformation.

2022 Annual Business Plan and Future Outlook

Due to the various effects of COVID-19 variants that continue to affect the stabilization of the epidemic, geopolitical rivalries between Russia and Ukraine, supply chain disruption, and global inflation that may rise higher than expected, all major research institutions have lowered their forecasted growth rates for the 2022 global economy. In cooperation with global logistics services and supply chain management, the company expects that operating income will continue to grow once the impact of material shortages is alleviated. The annual business plan is described from several aspects as below:

I. Aspects of products business:

1. The server business will benefit from the conversion to new platforms, integrated 5G services, and the increased proportion of orders for AI, edge computing, cloud applications, etc. The global market share is projected to optimistic growth this year.
2. Due to the change in work style and learning mode of the general public under the influence of the COVID-19 epidemic, the demand for laptop computers is booming. In addition to the continuous development of mid-to-high-end hybrid business laptops, the company has also cooperated with brand manufacturers to launch new models of gaming laptops. With the advantages of long-term R&D, design, and manufacturing, laptop computer sales can be maintained at a high level.
3. Due to the gradual bridging of the gap between supply and demand on product, the sales of smart devices this year will be significantly better than that of the previous year, targeting smart home and smart wearable devices, medical application products etc.
4. In terms of emerging businesses, automotive electronics developing in the direction of electric vehicles (EV) and self-driving cars will contribute to significant growth after passing the certification of car manufacturers. As for the application of medical devices, the company is cooperating with medical centers and clinics to provide telemedicine healthcare and medical platform.

II. Division of production at home and abroad

Based on existing production capacity, Inventec endeavors to implement the domestic and overseas production bases in coordination with customer demands. Inventec continues to expand its production bases in North America and Europe. In Asia, it maintains China and Taiwan as prime production centers. Overseas decentralized production focuses on supporting the comprehensive product line, ranging from servers and laptops to automotive electronics and other product lines.

III. Environment, Social, and Governance (ESG) Sustainable Development Practices:

1. Environment aspect: In response to extreme climate change, the company carries out greenhouse gas management and has adopted the principle of science-based targets (SBT) to gradually achieve energy-saving and carbon reduction targets. The company further conducts enterprise water resource management based on the principles of "water conservation and recycling."
2. Social aspect: The company focuses on protecting stakeholders' rights and equities to ensure corporate sustainability. The company also provides social care services to disadvantaged groups.
3. Governance aspect: Adhering to the principle of integrity management, the company implements the Corporate Governance 3.0-Sustainability Blueprint. the Company has improved its effectiveness by continuing to strengthen the functions of the Board of Directors and conduct internal and external evaluations of Board of directors performance. To achieve a complementary balance between upper and lower governance, the company has also strengthened its disclosure of financial information and emphasized on risk management of information security, thereby promoting the development of corporate sustainability.

Based on the core concept of "innovation, quality, open mind, and execution" and the corporate culture of strict management and thorough execution, Inventec strives to continue to grow with the spirit of "care more, take more responsibility" to face the challenging business environment through experience inheritance, resource sharing, continuous attention to ESG issues, net zero emissions, digital transformation, and other goals. By maintaining a competitive advantage in the five important ABCD5 technologies, the company can provide customers with a full range of product design and solution services. In the future, Inventec will continue to uphold professionalism, challenge itself, improve the company's core competitiveness, and bring better profits and sustainable corporate development to all shareholders and employees.

Finally, best wishes to you all!

Chairman: Cho, Tom-Hwar

President: Wu, Yung-Tsai

I . Company Profile

1.1 Date of Establishment: June 9, 1975

1.2 Company Milestones

1975

- Inventec Corporation was incorporated with a paid-in capital of NT\$1 million.

1985

- Step into the phone foundry business.

1988

- Step into the laptop foundry business.

1996

- Inventec Corporation officially listed on Nov 13.

1997

- Established subsidiaries in the United States, Scotland, and Singapore.
- Established Taipei third factory to manufacture notebook.

1998

- Established Taoyuan factory for research and development, and manufacture of high-end desktop and server.

1999

- Established Inventec Micro-Electronics Corp. for calculator business.
- Established Inventec Multimedia and Telecom Corp. for multimedia and communications product business.

2000

- Established Inventec Appliances Corp. for the manufacture and sales of information appliances, WAP phone, science plotter business.
- Established Inventec (Cayman) Corp. for further investment in Inventec Corporation (Shanghai) Co., Ltd.

2008

- The annual shipment volume of laptops from Pudong Park exceeded 16 million units.
- Annual sales exceeded 10 billion U.S. dollars.
- Taipei Research and Development Building officially opened.

2010

- Chongqing manufacturing base completed and shipping commenced.
- Established Inventec Solar Energy Corp.

2015

- Purchased the plant building in Taoyuan Science and Technology Park.

2016

- Established AIMobile Co., Ltd.

2017

- Won the "Quality Paradigm Prize of ISO Plus Award" by SGS.

2018

- Won the Forbes' 2018 Digital 100.
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award-Gold Award" for two consecutive years.
- Won the award of National Excellent Performance Healthy Career by the National Health Department of the Ministry of Health and Welfare

2019

- Won first place of HP's "2018 Best Supplier Evaluation"
- Won the silver medal of the "TTQS Talent Development Quality Management System" of the Ministry of Labor.
- Won the "CSR Award" of first SGS.
- Won the "2019 National Talent Development Award" of the Ministry of Labor.

2020

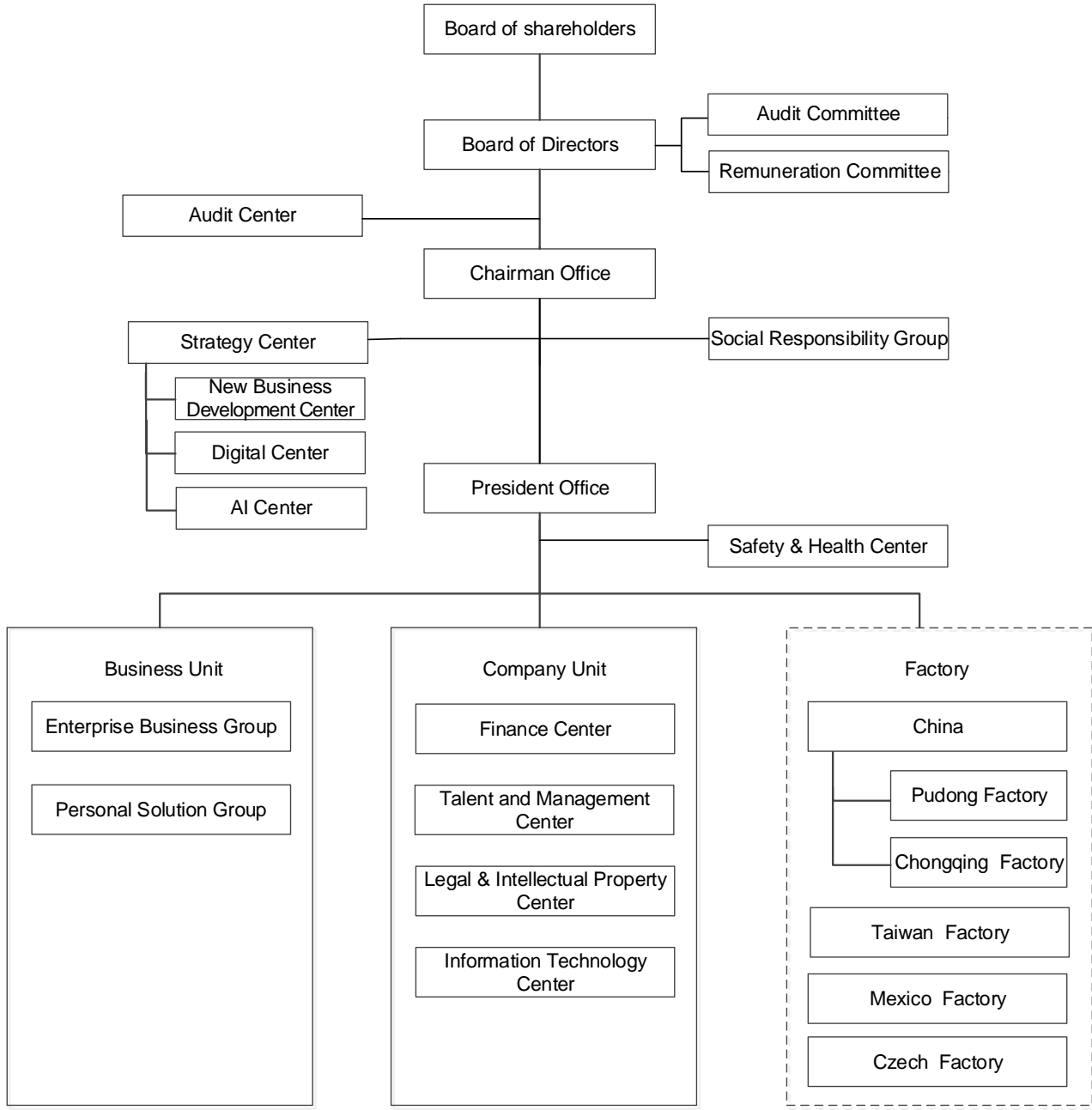
- Ranked among the top 5% of companies in the corporate governance evaluation of the Taiwan Stock Exchange for five consecutive years.
- Won the Top 100 of the "IoV Intelligent Roadside" invention patents list of global enterprises in the past five years.
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award Platinum Award" for two consecutive years"
- Won the USAID intelligent prediction competition.
- Established Strategy Center and Digital Center.

2021

- Won the "Top 100 Global Enterprises Intelligent Manufacturing Patents"
- Won the "National Corporate Citizenship Award" by Common Wealth Magazine for eight consecutive years.
- Won the "MOEA National Industrial Innovation Award"
- Won the "Taiwan Corporate Sustainability Award" and "Corporate Sustainability Report Award-Gold Award".

II . Corporate Governance Report

2.1 Organization



Organizational Functions

Major Department	Organizational Functions
Audit Center	Overall planning businesses such as internal control system, internal audits, self-assessment, etc. of the Company.
Social Responsibility Group	Plan and execute corporate social responsibility related matters.
Strategy Center	Overall planning the strategic planning and implementation of the Company.
Digital Center	Coordinate the digital transformation and data-driven intelligence business of the company.
AI Center	Coordinate science and technology studies and enterprise applications of the company's artificial intelligence.
New Business Development Center	Coordinate the development, management and implementation of new businesses of the company.
Enterprise Business Group	Planning and management of enterprise business computer design, development, manufacturing, production, marketing, after-sales service, etc.
Personal Solution Group	Planning and management of portable computer design, development, manufacturing, production, marketing, after-sales service, etc.
Finance Center	Overall planning of the financial, accounting, investment, and stock affairs business of the Company.
Talent and Management Center	Coordinate the company's human resources and administrative management business, as well as the integration and supervision of the management system.
Legal and Intellectual Property Center	Overall planning of legal affairs, intellectual property rights, and other relevant matters.
Information Technology Center	Overall planning of the establishment and operation of a network system structure, product life cycle management system, enterprise resource planning system, manufacturing execution system, quality inspection management system, supply chain management system, form management system, etc. of the Company. Development and sales of enterprise solutions, enterprise system integration and consulting services, office system import and process automation services, and development and sales of green energy solutions.
Pudong Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Chongqing Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, and corporate computers.
Taiwan Factory	Responsible for design and development, manufacturing, after-sales services, etc. of portable computers, wireless communication products, corporate computers, corporate servers and storage systems.
Mexico Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.
Czech Factory	Responsible for production, testing, troubleshooting, after-sales services, etc. of corporate servers and storage systems.

2.2 Directors, Supervisors and Managers' Information

2.2.1 Directors

2.2.1.1 Directors' Information

2022.05.16

Title	Nationality or registered address	Name	Gender Age	Date elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship
Chairman	R.O.C	Cho, Tom-Hwar	Male 66-70	2020.06.12	3	2017.06.16	1,004,311	0.03%	1,004,311	0.03%	5,508	0.00%	—	—	Department of Electrical Engineering, National Taiwan University, Chairman, Inventec Corporation and Inventec Solar Energy Corporation Director, Inventec Appliances Corporation and Simplo Technology Co. Ltd	Note 1	None	None	None
Director	R.O.C	Yeh, Kuo-I	Male 81-85	2020.06.12	3	1975.06.09	226,361,330	6.31%	176,361,330	4.92%	69,314,117	1.93%	—	—	Shilin High School of Commerce Chairman, Inventec Corporation	Note 2	Director	Yeh, Li-Cheng	Father and son
Director	R.O.C	Wen, Shih-Chih	Male 61-65	2020.06.12	3	2004.05.27	35,685,590	0.99%	35,685,590	0.99%	37,399	0.00%	—	—	Xihu Vocational High School of Industry and Commerce Chairman, Shyh Shiunn Investment Corp.	Note 3	None	None	None
Director	R.O.C	Lee, Tsu-Chin	Male 71-75	2020.06.12	3	1980.06.08	115,833,835	3.23%	115,833,835	3.23%	—	—	—	—	Bachelor of Economics, Tunghai University Chairman, Inventec Corporation	Note 4	None	None	None
Director	R.O.C	Chang, Ching-Sung	Male 66-70	2020.06.12	3	2014.06.12	788,644	0.02%	788,644	0.02%	6,743,434	0.19%	—	—	Master of Electric Engineering, National Taiwan University Chairman, Inventec Appliances Corporation	Note 5	None	None	None

Title	Nationality or registered address	Name	Gender Age	Date elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship
Director	R.O.C	Yeh, Li-Cheng	Male 51-55	2020.06.12	3	2020.06.12	67,412,472	1.88%	117,412,472	3.27%	600,000	0.02%	—	—	Master of Information Engineering, Pace University Chairman, Fu Tai. Investment Co. Ltd. Chairman, Kuo Hsieh Investment Co. Ltd.	Note 6	Director	Yeh, Kuo-I	Father and son
Independent Director	R.O.C	Chang, Chang-Pang	Male 71-75	2020.06.12	3	2014.06.12	—	—	—	—	—	—	—	—	Master of Laws, National Cheng-Chi University Bachelor of Law, Fujen University Chief Executive Officer, Lien Chan Foundation for Peace and Development Chairman, Fuhwa Financial Holding Co., Ltd. Deputy Minister, Ministry of Economic Affairs, Deputy Secretary General, Executive Yuan Vice Minister, Ministry of Finance, Chairman, Securities and Exchange Commission, Ministry of Finance	Note 7	None	None	None
Independent Director	R.O.C	Chen, Ruey-Long	Male 71-75	2020.06.12	3	2014.06.12	—	—	—	—	—	—	—	—	Bachelor of Economics, National Chung-Hsing University Chairman, Sinocon Industrial Standards Foundation Chairman, Institute for Information Industry Minister, Ministry of Economic Affairs	Note 8	None	None	None

Title	Nationality or registered address	Name	Gender Age	Date elected	Term (Years)	Date first elected	Shareholding when elected		Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation-ship
Independent Director	R.O.C	Wea, Chi-Lin	Male 71-75	2020.06.12	3	2020.06.12	—	—	—	—	—	—	—	—	Doctor of Economics, University of Paris Chairman, Land Bank of Taiwan. Secretary-General, Executive Yuan Administrative Deputy. Adjunct Professor, Business Administration, National Taiwan University.	Note 9	None	None	None

Note 1: Chairman of Inventec Investments Co., Ltd. ; Director of Inventec Corporation (Hong Kong) Ltd., Inventec (Cayman) Corp., IEC (Cayman) Corporation, Inventec Holding (North America) Corp., Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution(North America) Corp., and IEC Technologies,S.de R.L.de C.V. ; Representative Director of Inventec Development Japan Corporation and Inventec Japan Corporation.

Note 2: Director of Inventec Corporation (Hong Kong) Ltd., Royal Base Corporation, and Inventec Group Charity Foundation ; Supervisor of Quan Cheng Asset Management Co., Ltd., and Chairman of First Generation Investment Corp.

Note 3: Chairman of Shyh Shiunn Investment Corp.

Note 4: Chairman of I-Ssu-Tieh Investments Co., Ltd., and Inventec Group Charity Foundation.

Note 5: Chairman of Inventec Appliances Corp., Inventec Appliances (Shanghai) Co.Ltd., Inventec Appliances (Pudong) Corp., Inventec Appliances (Jiangning) Corp., Inventec Appliances (Nanchang) Co., Ltd, and Inventec Easy Doctor Corp. ; Executive Director of Inventec Appliances (Nanjing) Corp., Inventec Appliances (Xi'An) Corporation, Inventec Appliances (Shanghai) Enterprise Co.Ltd., and Apex Business Management & Consulting (Shanghai) Co., Ltd. ; Director of Inventec Appliances (Cayman) Holding Corp., Inventec Appliances (USA) Distribution Corp., Inventec Appliances USA Inc., Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.,and Inventec Appliances (Malaysia) SDN. BHD., and Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.

Note 6: Chairman of Fulltime Investment Co. Ltd., Kuo Hsieh Investment Co. Ltd., and Quan Cheng Asset Management Co., Ltd. ; Vice Chairman of Royal Base Corporation ; President of Saint Investment Consulting Corporation ; Director of Win Semiconductors Corp., AIMobile Co. Ltd., Inventec Appliances Corporation, Inventec Besta Co., Ltd., Chainwin Biotech & Agrotech (Cayman Islands) LTD., and Inventec Group Charity Foundation.

Note 7: Chief Executive Officer of Lien Chan Foundation for Peace and Development ; Independent Director of Formosa Petrochemical Corp. ; Director of Inventec Group Charity Foundation.

Note 8: Chairman of Sinocon Industrial Standards Foundation and China Petrochemical Development Corporation ; Independent Director of Formosa Chemicals & Fibre Corporation ; Director of hannstar board corporation, Asia Cement Corporation, Taivex Therapeutics Inc., BES Engineering Corporation, Tatung Corp., Kaohsiung Monomer Company, Ding Yue Development Corp., and Inventec Group Charity Foundation.

Note 9: Adjunct Professor of Business Administration, National Taiwan University ; Chairman of IBF Financial Holdings Co., International Bills Finance Corporation, Chi Ding Venture Capital Co., and Yuan Ding Venture Capital Co., Ltd. ; Vice Chairman of Bio Preventive Medicine Corp., ; Independent Director of Formosa Plastics Corporation ; Director of Inventec Group Charity Foundation, Rakuten International Commercial Bank, AcBel Polytech Inc., Nuvoton Technology Corp., Elan Microelectronics Corp., and Avatack Co.,LTD ; Supervisor of ACES Electronics Co., Ltd., and Breeze Comprehensive Development.

2.2.1.2.1 Major Shareholders of Inventec Corporation's Institutional Shareholders: None

2.2.1.2.2 Major Shareholders of Inventec Corporation's Major Institutional Shareholders: None

2.2.1.3 Disclosure of directors' professional qualifications and independent directors' status

05/16/2022

Name	Professional qualifications and experience (Note 1)	Independence Status	Number of other public companies in which the individual is concurrently serving as an independent director
Cho, Tom-Hwar	Chairman, Inventec Corporation Previously served as Chairman, Inventec Solar Energy Corporation Previously served as Director, Inventec Appliances Corporation and Simple Technology Co. Ltd Specialized in industry marketing, and technology, etc.		-
Yeh, Kuo-I	Previously served as Chairman, Inventec Corporation Specialized in financial accounting, industry marketing, and technology, etc.		-
Wen, Shih-Chih	Chairman, Shyh Shiunn Investment Corp. Specialized in industry marketing, and technology, etc.		-
Lee, Tsu-Chin	Previously served as Chairman, Inventec Corporation Specialized in financial accounting, industry marketing, and technology, etc.		-
Chang, Ching-Sung	Chairman, Inventec Appliances Corporation Specialized in industry marketing, and technology, etc.		-
Yeh, Li-Cheng	Chairman, Fu Tai. Investment Co. Ltd. Chairman, Kuo Hsieh Investment Co. Ltd. Specialized in industry marketing, and technology, etc.		-
Chang, Chang-Pang	Chief Executive Officer, Lien Chan Foundation for Peace and Development Previously served as Chairman, Fuhwa Financial Holding Co., Ltd. Previously served as Deputy Minister, Ministry of Economic Affairs, Previously served as Deputy Secretary General, Executive Yuan Previously served as Vice Minister, Ministry of Finance, Previously served as Chairman, Securities and Exchange Commission, Ministry of Finance	Note 2	1

	Act as members of the Company's audit and compensation committee National bar examination pass certificate Specialized in law and financial accounting, etc.		
Chen, Ruey-Long	Chairman, Sinocon Industrial Standards Foundation Previously served as Chairman, Institute for Information Industry Previously served as Minister, Ministry of Economic Affairs Act as members of the Company's audit and compensation committee Specialized in technology, finance, petrification and financial accounting, etc.	Note 2	1
Wea, Chi-Lin	Previously served as Chairman, Land Bank of Taiwan. Previously served as Secretary-General, Executive Yuan Administrative Deputy. Previously served as Chairperson, Department of International Trade of the College of Management, National Taiwan University Adjunct Professor, Business Administration, National Taiwan University. Act as members of the Company's audit and compensation committee Specialized in technology, finance, petrification and financial accounting, etc.	Note 2	1

Note 1: Not been a person of any conditions defined in Article 30 of the Company Act.

Note 2: The independence criteria to indicate the directors had met any of the conditions during the 2 years prior to being elected or during the term of office

- (1) Not an employee of the Company or its affiliates
- (2) Not the directors or supervisors of the Company or the affiliated enterprises (except for those who are independent directors of the Company or the parent company, subsidiaries, or subsidiaries of the same parent company established in accordance with the Act or local laws).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- (4) Not the spouse, second-level blood relative, or lineal blood relative within three degrees of a manager listed in (1) or a person listed in (2) or (3).
- (5) Directors, supervisors, or employees indirectly holding more than 5% of the total shares issued by the Company, the top five shareholders, or appointing the representative as the directors or supervisors in accordance with Item 1 or 2 of Article 27 in the Company Law (except for

those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).

- (6) Not the directors, supervisors, or employees of other companies with the director's seat of the Company or with more than half of the voting shares controlled by the same person (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (7) Not the directors, supervisors, or employees of other companies or organizations as the same person as the Company's chairman, general manager, or equivalent position or the spouse (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (8) Not the directors, supervisors, managers, or shareholders with more than 5% shares of specific companies or organizations with financial or business transaction with the Company (except for those who are independent directors of specific companies or organizations holding more than 20% of the total shares issued by the Company but not more than 50%, and of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (9) Not professionals of business, legal, financial, accounting, or other related services, entrepreneurs of proprietorships, partnerships, corporations or organizations, partners, directors, supervisors, and managers, or their spouses who provide audit services for the Company or affiliated enterprises or whose cumulative remuneration in the last two years has not exceeded NT\$500,000. However, this restriction shall not apply to members of the remuneration committee, open takeover review committee, or special committee for mergers and acquisitions who perform their duties under the Securities and Exchange Act or the relevant statutes of the Mergers and Acquisitions Act.

2.2.2 Managers' Information

2022.05.16

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
President	R.O.C	Wu, Yung-Tsai	Male	2017.06.16	534,080	0.01%	15,864	0.00%	—	—	M.B.A. in Management, National Taiwan University of Science and Technology Linco Precision	Note 1	None	None	None
Business Group President	R.O.C	Chang, Hui	Male	2014.12.23	591,291	0.02%	213,554	0.01%	—	—	M.B.A. in Global Management, Thunderbird School of Global Management	Note 2	None	None	None
Business Group President	R.O.C	Tsai, Chih-An	Male	2014.12.23	746,101	0.02%	13,208	0.00%	—	—	B.S. in Industrial Engineering and Enterprise Information, Tunghai University Digital Equipment Corporation	Note 3	None	None	None
Senior Vice President	R.O.C	Chiu, Chui-Kuan	Male	2017.06.27	410,239	0.01%	82,484	0.00%	—	—	B.S. in Institute of Control Engineering, National Chiao Tung University	None	None	None	None
Senior Vice President	R.O.C	Chen, Yea-Ping	Male	2013.07.30	120,000	0.00%	20,000	0.00%	—	—	Ph. D. in Electrical Engineering, University of Wisconsin-Madison Philips Semiconductors	Director of TMY Technology Inc.	None	None	None
Senior Vice President	R.O.C	Yi, Fu-Ming	Male	2016.11.14	65,637	0.00%	—	—	—	—	B.S. in Electrical Engineering, Tatung University	Director of Inventec (Chongqing) Corp.	None	None	None
Senior Vice President	R.O.C	Chen, Wei-Chao	Male	2020.07.01	—	—	110,000	0.00%	—	—	PhD, Institute of Computer Science, University of North Carolina Skywatch Innovation	Chairman of Skywatch Innovation	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Chang, Lin	Male	2022.04.01	—	—	—	—	—	—	Department of Electronic Engineering, New York Institute of Technology, IBM, HP	None	None	None	None
Vice President	R.O.C	Chang, Nai-Wen	Female	2004.12.01	28,857	0.00%	—	—	—	—	LL.M. in Law, University of Minnesota VIA Technologies Inc.	None	None	None	None
Vice President	R.O.C	Hong, Kuo-Ching	Male	2006.03.01	134,036	0.00%	82,185	0.00%	—	—	M.B.A. in Executive Master of Business Administration, National Cheng-Chi University	None	None	None	None
Vice President	R.O.C	Chang Yiu-Lang	Male	2007.05.01	—	—	—	—	—	—	B.B.A. in Business Administration, Senshu University M.B.A. in Business Administration, National Taiwan University Alpha Networks	Chairman of AIMobile Co., Ltd.	None	None	None
Vice President	R.O.C	Yu, Chin-Pao	Male	2009.01.20	707,576	0.02%	175,105	0.00%	—	—	B.B.A. in Accounting, National Cheng Kung University M.B.A. in Executive Master of Business Administration, National Cheng-Chi University	Note 4	None	None	None
Vice President	R.O.C	Chien, Kuei-Fen	Female	2010.01.22	68	0.00%	—	—	—	—	M.B.A., Missouri State University Digital Equipment Corporation	None	None	None	None
Vice President	R.O.C	Tsai, Yuh-Chen	Male	2010.12.28	—	—	—	—	—	—	M.S. in Engineering and Computer Science, Syracuse University Arima Computer Corp.	None	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Hsu, Ching-Wu	Male	2012.01.16	88,508	0.00%	—	—	—	—	M.B.A in Finance and Business Administration, National Taiwan University of Science and Technology Sanyo Electric Corp., Ltd.	None	None	None	None
Vice President	R.O.C	Lin, Shu-Ju	Male	2018.02.27	—	—	—	—	—	—	Ph. D. in Mechanical Engineering,, National Taiwan University of Science and Technology C.T. Star Co., Ltd.	None	None	None	None
Vice President	R.O.C	Yen, Cheng-Lung	Male	2018.02.27	248	0.00%	—	—	—	—	M.S. in Industrial Engineering, National Tsing Hua University. RiTdisplay Corporation	Note 5	None	None	None
Vice President	R.O.C	Chao, Tsai-Hsiu	Female	2018.02.27	6,227	0.00%	20,275	0.00%	—	—	Master of Business Administration, National Central University Digital Equipment Corporation	Director of Yingtengda (Guangdong) Technology Co.,Ltd	None	None	None
Vice President	R.O.C	Li, Jui-Chin	Male	2018.02.27	—	—	—	—	—	—	Master of Business Administration, Syracuse University INTEL	None	None	None	None
Vice President	R.O.C	Chung, Chien-Yao	Male	2021.06.29	—	—	—	—	—	—	University of Illinois Urbana-Champaign, IBM, Quanta Cloud Technology	None	None	None	None
Vice President	R.O.C	Lin, Hung-Chou	Male	2021.10.01	—	—	371	0.00%	—	—	University of Northern Virginia, Verifone Inc., DELL, APC	President of Shanghai Shun Chuan Technology Corp.	None	None	None

Title	Nationality	Name	Gender	On-board date	Current shareholding		Spouse and Minor shareholding		Shareholding by nominee arrangement		Education/Work experience	Selected current positions	Executives, directors or supervisors who are spouses or within two degrees of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Vice President	R.O.C	Ting, Wei-Fan	Male	2021.10.01	—	—	—	—	—	—	NCTU Institute of Physics, Philips, Digital Equipment Corporation	None	None	None	None
Vice President	R.O.C	Chen, Wen-Chi	Male	2022.02.01	597	0.00%	50,000	0.00%	—	—	Department of Mechanical Engineering, National Central University, Quanta Computer Inc.	None	None	None	None
Vice President	R.O.C	Yu, San-Hua	Male	2022.04.01	—	—	—	—	—	—	Department of industrial engineering, National Taipei University of Technology	Note 6	None	None	None
Senior Director of Information Technology Center	R.O.C	Yu, Win-Chee	Male	2011.10.01	493,636	0.01%	67,922	0.00%	—	—	M.S. in Communications Engineering, National Chiao Tung University	None	None	None	None
Senior Director of Talent Center	R.O.C	Lin, Shih-Pin	Male	2015.03.30	28,000	0.00%	—	—	—	—	M.S. in Manufacturing Engineering, Boston University Radiant Opto-Electronics Corporation	None	None	None	None
Director of Finance Center	R.O.C	Liang, Wen-Jan	Male	2008.08.01	—	—	—	—	—	—	B.B.A. in Economics, National Taiwan University OCBC Bank	None	None	None	None
Director of Finance Center	R.O.C	Hsiao, I-Ying	Female	2015.04.01	996	0.00%	676	0.00%	—	—	M.B.A., Baruch College, City University of New York CTBC bank	None	None	None	None

Note 1: Executive Director of Inventec (Pudong) Corp., Inventec (Shanghai) Corp., and Inventec (Beijing) Electronics Technology Co., Ltd. ; Chairman of Inventec Asset-Management (Shanghai) Corporation ; President of Inventec (Shanghai) Corp. ; Director of AIMobile Co., Inventec Investments Co., Ltd., Inventec Holding (North America) Corp.,Ltd., Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp., and IEC Technologies,S.de R.L.de C.V..

Note 2: Chairman of Inventec (Chongqing) Corp. ; Executive Director of Inventec (Chongqing) Service Co., Ltd. ; Dircetor of Inventec Appliances Corp.

Note 3: Chairman of Inventec (Tianjin) Electronics Co., Ltd., and Inventec (Pudong) Technology Corp. ; President of Inventec (USA) Corp., Inventec Manufacturing (North America) Corp., Inventec Configuration (North America) Corp., Inventec Distribution (North America) Corp., IEC Technologies,S.de R.L.de C.V., and Inventec Holding (North America) Corp.,Ltd. ; Director of Inventec Appliances Corp., Inventec Holding (North America) Corp., Inventec (USA) Corp., Inventec Manufacturing(North America) Corp., Inventec Configuration(North America) Corp., Inventec Distribution(North America) Corp. ; Representative of Inventec (Czech) s.r.o. ; Executive Director of Inventec Hi-Tech Corp., Inventec (Shanghai) Service Co., Ltd., Saint Investment Consulting Corporation, and Shanghai Shun Chuan Technology Corp.

Note 4: Director and President of Inventec Investments Co., Ltd. ; Director of Inventec Solar Enegry Corporation, and Arima Communications Corp., Supervisor of Inventec Appliances Corp., AIMobile Co., Ltd., and E-TON Solar Tech. Co. ; Chief Executive Officer of Inventec Group Charity Foundation ; Supervisor of Inventec Development Japan Corporation, and Inventec Japan Corporation.

Note 5: Director of Inventec (Tianjin) Electronics Co., Ltd., and Inventec (Pudong) Technology Corp.

Note 6: Director and President of Inventec (Chongqing) Corp. ; President of Inventec (Chongqing) Service Co., Ltd.

2.2.3 Remuneration Paid to Directors (Including Independent Directors), Presidents and Vice Presidents

2.2.3.1 Directors' Remuneration (Including Independent Directors)

Unit: NT\$ Thousands

Title	Name	Remuneration								Ratio of total to net income		Relevant remuneration received by directors who are also employees								Ratio of total to net income		Compensation paid to directors from an investor company other than the company's
		Compensation (A)		Retirement pension (B)		Bonus (C)		Allowance (D)				Salary and allowance (E)		Severance pay (F)		Employees bonus (G)						
		The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company		Companies in the financial report		The Company	Companies in the financial report			
Chairman	Cho, Tom-Hwar																					
Director	Yeh, Kuo-I																					
Director	Wen, Shih-Chih																					
Director	Lee, Tsu-Chin	-	-	-	-	83,422	83,422	1,540	1,780	Total amount: 84,962	Total amount: 85,202	52,630	68,849	1,939	1,939	-	-	-	-	Total amount: 139,531	Total amount: 155,990	60
Director	Chang, Ching-Sung									Ratio of total to net income 1.30%	Ratio of total to net income 1.30%									Ratio of total to net income 2.13%	Ratio of total to net income 2.39%	
Director	Yeh, Li-Cheng																					
Independent Director	Chang, Chang-Pang									Total amount: 8,110	Total amount: 8,110									Total amount: 8,110	Total amount: 8,110	
Independent Director	Chen, Ruey-Long	7,200	7,200	-	-	-	-	910	910	Ratio of total to net income 0.12%	Ratio of total to net income 0.12%	-	-	-	-	-	-	-	-	Ratio of total to net income 0.12%	Ratio of total to net income 0.12%	-
Independent Director	Wea, Chi-Lin																					

1. Please state the remuneration policy, system, standard, and structure of the independent director, and the correlation between the remuneration and the responsibilities, risks, investment time, and other factors: please refer to 2.2.3.5 remuneration of independent directors.

(1). The remuneration of the independent directors of the Company shall be paid monthly as a fixed amount in accordance with the Articles of Association and the Remuneration Method for Directors and Managers. In addition, the independent directors of the Company shall be compensated for travelling expenses

according to the number of times they actually attend board, audit committee and remuneration committee meetings. The independent directors of the Company shall not participate in the remuneration distribution of directors.

- (2). The remuneration of directors and managers shall be assessed, reviewed, drafted and recommended by the Remuneration Committee of the Company on a regular basis and submitted to the board of directors for approval.
- (3). The performance evaluation of the board of directors shall be carried out regularly every year. The chief corporate governance officer shall report to the board of directors for review and improvement, depending on the results of the performance evaluation, which shall serve as a reference for the selection or nomination of directors and individual remuneration.

2. Apart from those disclosed in the above table, the remuneration received by Company directors for providing services to all companies in financial reports of recent years (such as taking a post as an adviser, other than employee): None.

Bracket	Name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the financial report	The Company	Companies in the financial report
Below NT\$ 1,000,000				
NT\$1,000,000(Included) ~ \$2,000,000(Excluded)				
NT\$2,000,000(Included) ~ \$3,500,000(Excluded)	Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin	Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin	Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin	Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin
NT\$3,500,000(Included) ~ \$5,000,000(Excluded)				
NT\$5,000,000(Included) ~ \$10,000,000(Excluded)	Lee, Tsu-Chin, Wen, Shih-Chih,	Lee, Tsu-Chin, Wen, Shih-Chih,		
NT\$10,000,000(Included) ~ \$15,000,000(Excluded)	Chang, Ching-Sung Yeh, Li- Cheng	Chang, Ching-Sung Yeh, Li- Cheng		
NT\$15,000,000(Included) ~ \$30,000,000(Excluded)	Cho, Tom-Hwar, Yeh, Kuo-I	Cho, Tom-Hwar, Yeh, Kuo-I	Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li- Cheng	Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li- Cheng
NT\$30,000,000(Included) ~ \$50,000,000(Excluded)			Cho, Tom-Hwar, Yeh, Kuo-I	Cho, Tom-Hwar, Yeh, Kuo-I
NT\$50,000,000(Included) ~ \$100,000,000(Excluded)				
Over NT\$100,000,000				
Total	9	9	9	9

Note: Supervisor's remuneration is not applicable (due to the establishment of the audit committee)

2.2.3.2 Compensation Paid to Presidents and Vice Presidents

Unit: NT\$ Thousands

Title	Name	Compensation (A)		Retirement pension (B)		Bonus (C)		Employees bonus (D)				Ratio of total to net income		Compensation paid to directors from an invested company other than the company's subsidiary
		The Company	Companies in the financial report	The Company	Companies in the financial report	The Company	Companies in the financial report	The Company		Companies in the financial report		The Company	Companies in the financial report	
								cash	stock	cash	stock			
President	Wu, Yung-Tsai	76,360	87,524	-	-	104,836	105,251	43,800	-	43,800	-	Total amount: 224,996 Ratio of total to net income 3.44%	Total amount: 236,575 Ratio of total to net income 3.62%	-
Business Group President	Chang, Hui													
Business Group President	Tsai, Chih-An													
Senior Vice President	Chiu, Chui-Kuan													
Senior Vice President	Chen, Yea-Ping													
Senior Vice President	Yi, Fu-Ming													
Senior Vice President	Chen, Wei-Chao													
Senior Vice President	Chang, Lin													
Vice President	Chang, Nai-Wen													
Vice President	Hong, Kuo-Ching													
Vice President	Chang Yiu-Lang													
Vice President	Yu, Chin-Pao													
Vice President	Chien, Kuei-Fen													
Vice President	Tsai, Yuh-Chen													
Vice President	Hsu, Ching-Wu													
Vice President	Lin, Shu-Ju													
Vice President	Yen, Cheng-Lung													
Vice President	Chao, Tsai-Hsiu													
Vice President	Li, Jui-Chin													
Vice President	Chung, Chien-Yao													
Vice President	Lin, Hung-Chou													
Vice President	Ting, Wei-Fan													
Vice President	Chen, Wen-Chi													
Vice President	Yu, San-Hua													

Bracket	Name	
	The Company	Companies in the financial report
Below NT\$ 1,000,000		
NT\$1,000,000(Included) ~ \$2,000,000(Excluded)		
NT\$2,000,000(Included) ~ \$3,500,000(Excluded)		
NT\$3,500,000(Included) ~ \$5,000,000(Excluded)	Chung, Chien-Yao	Chung, Chien-Yao
NT\$5,000,000(Included) ~ \$10,000,000(Excluded)	Chiu, ChuiI-Kuan, Chang, Nai-Wen, Hong, Kuo-Ching, Chang, Yiu-Lang, Chien, Kuei-Fen, Lin, Shu-Ju, Yen ,Cheng- Lung, Chao, Tsai-Hsiu, Li, Jui-Chin, Chen, Wei-Chao, Chen, Yea-Ping, Tsai, Yuh-Chen, Hsu, Ching-Wu, Lin, Hung-Chou, Ting, Wei-Fan, Chen, Wen-Chi, Yu, San-Hua	Chiu, ChuiI-Kuan, Chang, Nai-Wen, Hong, Kuo-Ching, Chang, Yiu-Lang, Chien, Kuei-Fen, Lin, Shu-Ju, Yen ,Cheng- Lung, Chao, Tsai-Hsiu, Li, Jui-Chin, Chen, Wei-Chao, Chen, Yea-Ping, Tsai, Yuh-Chen, Hsu, Ching-Wu, Lin, Hung-Chou, Ting, Wei-Fan, Chen, Wen-Chi, Yu, San-Hua
NT\$10,000,000(Included) ~ \$15,000,000(Excluded)	Yi, Fu-Ming, Yu, Chin-Pao, Chang, Lin	Yi, Fu-Ming, Yu, Chin-Pao
NT\$15,000,000(Included) ~ \$30,000,000(Excluded)	Wu, Yung-Tsai, Chang, Hui, Tsai, Chih-An	Wu, Yung-Tsai, Chang, Hui, Tsai, Chih-An, Chang, Lin
NT\$30,000,000(Included) ~ \$50,000,000(Excluded)		
NT\$50,000,000(Included) ~ \$100,000,000(Excluded)		
Over NT\$100,000,000		
Total	24	24

2.2.3.3 Employees' Profit Sharing Bonus Paid to Management Team

Unit: NT\$ Thousands

Title	Name	Stock	Cash	Total	Ratio of total amount to net income
President	Wu, Yung-Tsai	-	46,870	46,870	0.72%
Business Group President	Chang, Hui				
Business Group President	Tsai, Chih-An				
Senior Vice President	Chiu, Chui-I-Kuan				
Senior Vice President	Chen, Yea-Ping				
Senior Vice President	Yi, Fu-Ming				
Senior Vice President	Chen, Wei-Chao				
Senior Vice President	Chang, Lin				
Vice President	Chang, Nai-Wen				
Vice President	Hong, Kuo-Ching				
Vice President	Chang Yiu-Lang				
Vice President	Yu, Chin-Pao				
Vice President	Chien, Kuei-Fen				
Vice President	Tsai, Yuh-Chen				
Vice President	Hsu, Ching-Wu				
Vice President	Lin, Shu-Ju				
Vice President	Yen ,Cheng-Lung				
Vice President	Chao, Tsai-Hsiu				
Vice President	Li, Jui-Chin				
Vice President	Chung, Chien-Yao				
Vice President	Lin, Hung-Chou				
Vice President	Ting, Wei-Fan				
Vice President	Chen, Wen-Chi				
Vice President	Yu, San-Hua				
Senior Director of Information Technology Center	Yu, Win-Chee				
Senior Director of Talent Center	Lin, Shih-Pin				
Director of Finance Center	Liang, Wen-Jan				
Director of Finance Center	Hsiao, I-Ying				

2.2.3.4 Compare and State the Ratio of Total Remuneration Paid to the Company’s Directors, Supervisors, President and Vice Presidents by the Company and the Companies in the Consolidated Financial Statements to Net Income in the Past Two Years.

Unit: NT\$ Thousands

Item	The Company		Companies in the financial report	
	2020	2021	2020	2021
Remuneration of Directors	133,554	93,072	133,794	93,312
Ratio of total to net income	1.77%	1.42%	1.77%	1.43%
Remuneration of the President and Vice President	164,899	224,996	165,324	236,575
Ratio of total to net income	2.18%	3.44%	2.19%	3.62%
Net income	7,547,985	6,537,765	7,547,985	6,537,765

Note: The compensation to directors in 2021 was decreased compared to 2020 due to decreased net income after tax. The total compensation of the president and vice presidents was increased compared to 2020 because the number of persons and bonus payments were increased.

2.2.3.5 The Policies, Standards, and Combinations of Remuneration Paid to Directors, President, and Vice Presidents, the Procedures for Remuneration Determination, and the Correlation with Operational Performance and Risks in the Future

(1). According to the Articles of Incorporation, the Company shall compensate all directors managing Company businesses regardless of profit or loss in operation. The standard shall be based on the degree of participation in the Company's business and the value of contribution, taking into account the general level of the industry. Procedures for the determination of directors’ remuneration shall be submitted to the board of directors for resolutions made by the remuneration committee’s recommendations, and assessed in accordance with the Board Performance Evaluation Method and the Remuneration Method for Directors and Managers. The remuneration of directors shall fully reflect their personal performance and the long-term business performance of the Company, and shall comprehensively consider the operational risks of the Company. For independent directors, a reasonable remuneration differing from that of ordinary directors may be prescribed. The independent directors of the Company shall be paid a fixed amount monthly and shall be compensated for travelling expenses according to the number of times they actually attend board, audit committee and remuneration committee meetings. The independent directors of the Company shall not participate in the remuneration distribution of directors. The remuneration of the remaining directors shall include compensation, salary, bonus and retirement pension. In addition, they shall be compensated for travelling expenses according to the number of times they actually attend board meetings, and shall participate in the remuneration distribution of directors.

- (2). Procedures for the determination of President and Vice Presidents' remuneration shall be submitted to the board of directors for resolutions made by the remuneration committee's recommendations. The procedure is based on the "Remuneration Regulations of the Board of Directors and Manager". The Company takes into account of the usual level of the industry, and considers the time invested by the individual, the responsibilities assumed, the achievement of personal goals, performance in other positions, and the salary that the company has given to those in the same position in recent years. It should be based on the company's short-term and long-term business goals and financial status, etc., and the reasonableness of the relationship between personal performance, the company's operating performance and future risks, etc. shall also be assessed. The remuneration of managers shall include salary, bonus and retirement pension, and they shall participate in the reward distribution of employees.

- (3). The remuneration policies of the Company aim to enhance long-term competitiveness and sustainable operational ability, improve overall operation in the future, and fulfill the ideal of giving full scope to the Company's talents. In principle, the remuneration payment is fully incorporated with performance. The remuneration system supports the fulfillment of operational strategies and creates long-term and sustainable shareholders' value. Comprehensive evaluation items include operational performance (revenue, net income after tax, etc.), overall salary, and individual performance for overall consideration, and the payment will be distributed based on individual contributions to carry out the performance-oriented incentive system.

2.3 Corporate Governance Practices

2.3.1 Information of Board Meeting Operation

(1). A total of 13 (A) meetings of the board of directors were held in 2021. Directors' attendance status is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Chairman	Cho, Tom-Hwar	12	1	92%	Reelection on 2020.06.12
Director	Yeh, Kuo-I	13	0	100%	Reelection on 2020.06.12
Director	Wen, Shih-Chih	13	0	100%	Reelection on 2020.06.12
Director	Lee, Tsu-Chin	13	0	100%	Reelection on 2020.06.12
Director	Chang, Ching-Sung	13	0	100%	Reelection on 2020.06.12
Director	Yeh, Li-Cheng	13	0	100%	Newly appointed on 2020.06.12
Independent Director	Chang, Chang-Pang	13	0	100%	No more than three consecutive terms
Independent Director	Chen, Ruey-Long	12	1	92%	No more than three consecutive terms
Independent Director	Wea, Chi-Lin	12	1	92%	Newly appointed on 2020.06.12

Other matters that should be recorded:

I. Should any of the following circumstances occur at the Board of Directors Meeting, the date of the Board of Directors, the stage, contents proposed, opinions of all independent directors, and the Company's handling of independent directors' opinions, should any exist, shall be specified:

- (I) Matters as stipulated in Paragraph 3 of Article 14 of the Securities Exchange Act: Not Applicable (due to the establishment of the audit committee).
- (II) Apart from the above-mentioned matters, other board resolution matters on which an independent director has an adverse or expertise opinion recorded or in the form of a written statement: None.

II. Attendance of Independent Directors at 2021 Board Meetings:

✓: Attending in person; ⊙: Delegated a representative to attend; ○: absent

Board of directors meeting	1	2	3	4	5	6	7	8	9	10	11	12	13
Chang, Chang-Pang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Ruey-Long	✓	✓	✓	✓	✓	✓	✓	⊙	✓	✓	✓	✓	✓
Wea, Chi-Lin	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊙	✓

III. For the Director's Avoidance of Proposal with a Conflict of Interest, the Name of the Director, Proposal Content, Reason for Conflict of Interest, and Participation in Voting shall be Specified:

Board of directors meeting	Board of directors	Contents proposed	Cause of conflict of interest and status of voting participation
The 12th time of the 16th term 2021.03.30	Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng	Discuss the remuneration of the Company's employees and directors in 2020 proposed by Remuneration Committee.	This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.
The 12th time of the 16th term 2021.03.30	Yeh, Li-Cheng	Approved for release the prohibition on Director Yeh, Li-Cheng from participation in competitive business	Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.
The 20th time of the 16th term 2021.11.12	Yeh, Kuo-I Lee, Tsu-Chin, Yeh, Li-Cheng Chang, Chang-Pang, Chen, Ruey-Long, Wea, Chi-Lin	Donate TWD 10 million to Inventec Group Charity Foundation.	Except for the directors prohibited from discussion and voting, the other attending directors have no objection, and this resolution is approved.
The 21th time of the 16th term 2021.12.28	Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng	2021 directors and managers' remunerations and year-end bonus proposal	This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.

The 21th time of the 16th term 2021.12.28	Cho, Tom-Hwar Yeh, Kuo-I Wen, Shih-Chih, Lee, Tsu-Chin, Chang, Ching-Sung, Yeh, Li-Cheng	Proposed for the 2022 remuneration adjustment for directors and managers of the Company	This resolution proposes the directors' remunerations and, except for the directors prohibited from discussion and voting according to law, the other attending directors have no objection, and this resolution is approved.
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IV. A Listed and OTC Company shall Disclose the Assessment Period, Duration, Scope, Method, and Content of the Self-Assessment of the Board of Directors:

(2) Assessment Performance of the Board of Directors

Assessment period	Assessment duration	Assessment scope	Assessment method	Assessment content
In addition to the regular internal performance assessment of the Board of Directors every year, the Company shall at least invite an external professional, independent institution or specialists, scholars or team to assess once every three years	2021	Includes the entire Board of Directors, individual board members, and functional committee	The Board of Directors, functional committee, and internal self-assessment of the members of the Board of Directors and Outsourcing evaluation	<p>(1) Performance assessment of the Board of Directors: includes the degree of participation in the operation of the Company, the quality of board decisions, the composition and structure of the Board of Directors, the selection and continuing education of directors, and the internal control.</p> <p>(2) Performance assessment of individual director: includes the mastery of the Company's objectives and tasks, the recognition of directors' duties, the participation in the Company's operations, internal relationship management and communication, the directors' professional and continuing education, and the internal control.</p> <p>(3) Performance assessment of functional committees: includes the degree of participation in the operation of the Company, the recognition of the responsibilities of functional committees, the quality of the decision-making of functional committees, the composition and selection of functional committees, and the internal control.</p>

V. The goals of strengthening functions of the Board in the current year and most recent year (e.g., establish Audit Committee, promote information transparency) and implementation status:

Strengthen board of directors' and functional committees' functions

1. Deepen corporate management: perform the functional committee's duties
2. Promote director remuneration information transparency and reasonably connect performance with remuneration
3. Enhance risk management supervision
4. External assessment of Board of Directors' performance

Safeguard shareholders' equity

1. Equal treatment of shareholders: properly handle shareholders' suggestions and queries and increase interaction with investors

Improve information transparency

1. Improve the timeliness of disclosure of information contained in financial statements
2. Enhance non-financial and ESG information disclosure

The Company has finished revising the Company Management Code of Practice and Sustainable Development Code of Practice in 2022/03/15, and also actively implemented sustainable development

VI. The fulfillment of member diversification of the Board

According to Article 20 of the Corporate Governance Best Practice Principles and Article 3 of Rules for the Election of Directors of the Company, the members of the Board shall have knowledge, skills, and accomplishments as required by the duties. As a whole, the Board shall be able to make operational judgment and accounting and financial analysis, as well as have business management ability, crisis handling ability, industrial knowledge, a global market view, and leadership and decision-making abilities. The composition of members of the Board shall be diversified, and a plan for diversified members of the Board aimed at the operation, operational type, and future development trends shall be established, including basic conditions and value (gender, age, nationality, and culture) and professional knowledge and skills (e.g., law, accounting, industry, finance, marketing, or technology). The physical management goals of diversified policies and achievements are as follows:

Management goal	Achievement
At least one-third of directors shall be specialized in the computer industry, marketing, or technology	Done
At least one-third of independent directors shall be specialized in law, financial accounting, or technology	Done

The implementation of Board member diversification in 2021 was as follows:

Name \ Diversified items	Basic Composition									Industry experience			Professional ability			
	Nationality	Gender	Age					Term and seniority of independent directors		Technology	Finance	Petrochemical	Law	Accounting and finance	Industrial marketing	Information Technology
			51-55	61-65	66-70	71-75	81-85	0-3	7-9							
Cho, Tom-Hwar	R.O.C	Male	-	-	V	-	-	-	-	V	-	-	-	-	V	V
Yeh, Kuo-I	R.O.C	Male	-	-	-	-	V	-	-	V	-	-	-	V	V	-
Wen, Shih-Chih	R.O.C	Male	-	V	-	-	-	-	-	V	-	-	-	-	V	V
Lee, Tsu-Chin	R.O.C	Male	-	-	-	V	-	-	-	V	-	-	-	V	V	-
Chang, hing-Sung	R.O.C	Male	-	-	V	-	-	-	-	V	-	-	-	-	V	V
Yeh, Li-Cheng	R.O.C	Male	V	-	-	-	-	-	-	V	-	-	-	-	V	V
Chang, Chang-Pang	R.O.C	Male	-	-	-	V	-	-	V	V	V	-	V	V	-	-
Chen, Ruey-Long	R.O.C	Male	-	-	-	V	-	-	V	V	V	V	-	V	-	-
Wea, Chi-Lin	R.O.C	Male	-	-	-	V	-	V	-	V	V	V	-	V	-	-

Note 1: The current board of directors consists of nine directors (including three independent directors). They are all extraordinary persons with rich professional practices and are capable of leadership decisions, operational management, operational judgment, crisis handling, industrial knowledge, and international market observation. The three independent directors are specialized in law, economics, and business management, respectively. Six directors are specialized in finance and accounting, technology, and industrial marketing to carry out member diversification policies that help the Company promote corporate governance efficacy and operational performance.

Note 2: Term of office of independent directors: Director Chang, Chang-Pang and Chen, Ruey-Long were appointed on 2014/06/12, with a seniority of 8 years, while Director Wea, Chi-Lin was appointed on 2010/06/12, with a seniority of 2 years. All independent directors' terms of office were less than 3 seasons. In addition, all the Company's director members are Chinese and 3 independent directors

without any female director (which separately accounts for 33% and 0% account of the entire director membership). In the future, the Company also considers increasing female director members to achieve gender equality. At the end of 2021, there was one director who was within 51-55 years old, one director within 61-65 years old, two directors within 66-70 years old, four directors within 71-75 years old, and one director within 81-85 years old. Of these, independent directors all conformed to FSC Securities and Futures Bureau's relevant specifications. For each director's educational background, work experience, gender, professional qualification, etc., please refer to 2.2.1 Directors' Information.

2.3.2 Operation of the Audit Committee :

A total of 4 (A) meetings of the audit committee were held in 2021. Attendance status is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Convener	Chang, Chang-Pang	4	0	100%	Reelection on 2020.06.12
Committee member	Chen, Ruey-Long	4	0	100%	Reelection on 2020.06.12
Committee member	Wea, Chi-Lin	3	1	75%	Newly appointed on 2020.06.12

Other scenarios to be described:

A. If the audit committee is found to have any of the following situations, it should state the date of the board meeting, session, case content, resolution result by the audit committee, and administration of the Company regarding the opinion of the audit committee

a. Items listed in Article 14-5 of the stock transaction Law

Audit Committee	Contents proposed	Matters stipulated in paragraphs 14-3 of the Securities Exchange Act	Items suggested or opposed by independent directors	Administration of the Company regarding the opinion of the Audit Committee	Resolution result by the Audit Committee
2021.03.30	1. 2020 statement of internal control system	14-5-2	No	No	The matter is approved by all the attendees
	2. 2020 financial report and business report	14-5-10	No	No	The matter is approved by

					all the attendees
	3. Profit distribution of 2020	14-5-11	No	No	The matter is approved by all the attendees
	4. Appointment of certified public accountant.	14-5-8	No	No	The matter is approved by all the attendees
	5. Modification of the Rules of Procedure for Shareholders Meetings	14-5-11	No	No	The matter is approved by all the attendees
	6. Modification of the Procedures for Election of Directors	14-5-11	No	No	The matter is approved by all the attendees
	7. Approved for release the prohibition on Director Yeh, Li-Cheng from participation in competitive business	14-5-4	No	No	The matter is approved by all the attendees
2021.5.11	1. 2021 Q1 consolidated financial report	14-5-10	No	No	The matter is approved by all the attendees
2021.8.10	1. 2021 Q2 consolidated financial report	14-5-10	No	No	The matter is approved by all the attendees
	2. Modification of 2021 Internal Audit Plan..	14-5-11	No	No	The matter is approved by all the attendees
2021.11.12	1. Capital increase to Inventec Holding (North America) Corp.	14-5-3	No	No	The matter is approved by all the attendees
	2. Revision of the Internal Control System of the Company.	14-5-1	No	No	The matter is approved by all the attendees
	3. 2022 Internal Audit Plan.	14-5-11	No	No	The matter is approved by all the attendees
	4. 2021 Q3 consolidated financial report.	14-5-10	No	No	The matter is approved by all the attendees
	5. Accountant's fees of 2021	14-5-8	No	No	The matter is approved by all the attendees
	6. Review current Audit Committee Charter	14-5-11	No	No	The matter is approved by all the attendees

b. Apart from the aforementioned items, other cases of resolution not passed by the Audit Committee but agreed to by two-thirds of the entire board

of directors: None

B. Regarding execution by independent board directors preventing cases of conflict of interest, name of independent board director, motion content, case of conflict of interest avoided, and voting participation should be described: None

C. Communication of independent board directors with the Chief audit officer and CPA (company finance, major issues of business conditions conducted through communications, and the methods and results should be described).

a. The Chief audit officer will prepare an audit report, follow it up after it is submitted, and hand it over to an independent board director for review by the end of the month after the month in which the auditing items were completed. In view of items for consultation and instruction by independent board directors for improvement and subsequent follow-up, these items should be filed and reported to the independent board director after being completed, and the consultation results should be reported to the board at the end of the month. The Board of Directors will establish an audit project team aimed at important issues of the internal control system to conduct project audits and report the audit results upon completion. The chief audit officer should report to Independent Directors about internal auditing business every month.

b. The CPA shall communicate with directors during the quarterly management meeting and irregularly and separately have two-way communications with independent directors.

D. Communication and scenario of independent board directors with the Chief audit officer and CPA

Date of meeting	Subject of communication	Items of communication	Process execution results of the Company
2021.03.30 Audit Committee	All independent directors CPA Chairman's office secretary Accounting supervisor Chief audit officer	<ol style="list-style-type: none"> 1. Statement of 2020 internal control system 2. 2020 financial report and business report 3. 2020 profit distribution 4. Appointment of certified public accountant 5. Modification of the Rules of Procedure for Shareholders Meetings 6. Modification of the Procedures for Election of Directors. 7. Release the prohibition on director from 	Submit to the Board for resolution.

		participation in competitive business.	
2021.03.30 Corporate governance communication meeting	All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	1. Audit range and opinion of 2020 financial report 2 Description of Key Audit Matters 3. Suggestions for internal control.	The directors have no objection at the meeting.
2021.05.11 Audit Committee	All independent directors CPA Chairman's office secretary Accounting supervisor	1. 2021 Q1 consolidated financial report	Submit to the Board for resolution.
2021.05.11 Corporate governance communication meeting	All directors All independent directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	1. Audit range and opinion of 2021 Q1 financial report 2. Important accounting items updates	The directors have no objection at the meeting.
2021.08.10 Audit Committee	All independent directors CPA Chairman's office secretary Accounting supervisor Chief audit officer	1. 2021 Q2 consolidated financial report 2. 2021 Internal Audit Plan.	Submit to the Board for resolution.
2021.08.10	All directors All independent	1. Audit range and opinion of 2021 Q2 financial report 2. Important accounting items updates	The directors have no objection at

Corporate governance communication meeting	directors CPA Chairman's office secretary Chief corporate governance officer Chief audit officer		the meeting.
2021.11.12 Communication meeting between the CPA and independent directors	Chang, Chang-Pang, Chen, Ruey-Long, CPA	Time course planning and scope of 2021 financial statement auditing	Independent director discussion
2021.11.12 Audit Committee	Chang, Chang-Pang, Chen, Ruey-Long, CPA Chairman's office secretary Accounting supervisor Chief audit officer	1. Capital increase to subsidiary 2. Modification of internal control system 3. 2022 Internal audit plan. 4. 2021 Q3 consolidated financial report 5. CPA's fees of 2021 6. Review current Audit Committee Charter	Submit to the Board for resolution.
2021.11.12 Corporate governance communication meeting	All directors Chang, Chang-Pang, Chen, Ruey-Long, CPA Chairman's office secretary Chief corporate governance officer Chief audit officer	1. Audit range and opinion of 2021 Q3 financial report 2. Analysis of important accounting items 3. Annual key audit matters	The directors have no objection at the meeting.

E. The audit committee intends to assist the board of directors in overseeing the quality and integrity of the company's accounting, auditing, and financial reporting processes and financial controls. Matters to be deliberated by the audit committee include:

1. Establish or amend the internal control system in accordance with Article 14.1 of the Securities Exchange Act

2. Evaluate the effectiveness of the internal control system
3. According to Article 36.1 of the Securities and Exchange Act, establish or amend the procedures for asset acquisition or disposal, transaction of derivative commodities, lending, endorsement or security provision and other material financial transactions.
4. Items relevant to the directors' interest
5. Transaction of major asset or derivative commodities
6. Lending of large amounts, endorsements and security provisions
7. Raising, issuance or private placement of securities of an equity nature.
8. Appointment, discharge and remuneration of certified public accountant.
9. Appointment and removal of finance, accounting or internal audit supervisors
10. Annual financial reports signed or sealed by the chairman of the board of directors, the manager and accountant in charge, and the second quarter financial report subject to audit and certification by the accountant
11. Other major issues stipulated by the company or the competent authority

F. Business performance of the audit committee in 2021

1. The Company holds quarterly audit committee meetings to supervise the company's financial and business conditions and internal control system.
2. Refer A.a. for detailed operations in 2021
3. Review of financial reports.
4. Evaluate the effectiveness of the internal control system: The audit committee evaluates the effectiveness of the Company's internal control systems, policies, and procedures (including financial, operational, risk management, information security, compliance, and other control measures) and then reviews the regular reports submitted by the audit department and the registered public accountant and management.

2.3.3 Participation of Supervisor in Board Meeting: NA. The Company has established the audit committee on June 16, 2017.

2.3.4 Corporate Governance Implementation Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		The Company has established “Inventec Corporate Governance Best Practice Principles” in 2014. The sixth amendment was approved by the Board of Directors on March 15, 2022, all of which are also disclosed on our website and MOPS.	No difference.
2. Shareholding Structure and Shareholders’ Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		(1) The Company has procedures for handling stock affairs, a dedicated mailbox for accepting suggestions, doubts, disputes, and lawsuits. Meanwhile, the stock affairs agency has been commissioned as a window for shareholder services.	No difference.
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(2) The Company may efficiently control the list of major shareholders and final controllers of major shareholders.	No difference.
(3) Has the Company built and executed a risk management system and firewall between the Company and its affiliates?	✓		(3) The Company has established regulations governing internal control and subsidiaries to establish and implement the risk control of affiliates and a fire wall mechanism.	No difference.
(4) Has the Company established	✓		(4) The Company has formulated the "Insider Trading Prevention Management	No difference.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
internal policies that forbid insiders from trading based on non-disclosed information?			Operation Procedure", among others, to prohibit company insiders from utilizing information undisclosed to the market to transact negotiable securities; internal literature is carried out regularly.	
3. Composition and responsibilities of the Board of Directors				
(1) Whether the Board member's election is based on relevant diverse policy, specific management targets and is implemented?	✓		(1) The Company has established member diversification guide-lines pursuant to Article 20 of the Corporate Governance Best Practice Principles, including basic conditions and value (gender, age, nationality, and culture) and professional knowledge and skills. Currently, the members of the Board are specialized in law, finance and accounting, industry, marketing, or technology. Please refer to item (The fulfillment of member diversification of the Board) for the implementation status.	No difference.
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		(2) All independent directors of the Company serve as members of the Remuneration Committee and Audit Committee.	No difference.
(3) Has the Company established a performance assessment method and the assessment method for the Board of Directors, conducted the performance assessment annually and regularly, and reported the results of the performance assessment to the Board of Directors, as well as applied it as a	✓		(3) In 2016, the Company has regulations (amended on Dec. 29, 2020) for evaluating the performance of the Board to carry out corporate governance and promote the functions of the Board. The director of corporate governance shall be responsible for the implementation and completion of annual performance evaluations. The scope of the 2021 performance evaluation of the executive board covers the performance evaluation of the overall board of directors, functional committees, and individual board members. The evaluation methods include internal self-evaluation of the board of directors, self-evaluation of board members, and evaluation. The internal performance evaluation criteria for the board of directors	No difference.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
reference for individual directors' remuneration and nomination for renewal?			<p>(functional committee) include: 1. extent of participation in Company operations; 2. enhancing the decision-making quality of the board; 3. board composition and structure; 4. election and continuous learning of board directors; and 5. internal control. There are 25 items in five categories. The performance assessment of the functional committee includes: 1. the degree of participation in the operation of the Company; 2. the recognition to the responsibilities of functional committees; 3. the improvement of the decision-making quality of functional committees; 4. the composition and selection of functional committee members; and 5. the internal control. Preference evaluation items of directors: 1. understanding of the Company's targets and tasks; 2. understanding of their responsibilities; 3. participation in the Company's operations; 4. internal relationship management and communication; 5. specialty and continuous advanced studies; and 6. internal control. There are 20 items in six categories. In 2021, the Board of Directors, the functional committee, and the members of the Board of Directors were all "excellent" and will continuously implementing training for directors to enhance professional knowledge in the future. The results and recommendations of the 2021 internal board performance appraisal were reported to the Board of Directors in January 25, 2022 and applied as a reference to individual directors' remuneration and nomination for renewal. Furthermore, the Company's Board of Directors performance assessment method stipulates that the assessment must be carried out at least every three years by an external professional independent agency or external team of experts and scholars. The external evaluation was carried out by KPMG Advisory Services Co Ltd., an external professional independent organization. The project leader was Zhu Chengguang, executive deputy general manager, and the operation period assessed was from Oct. 27, 2021 to January 7, 2022. The evaluation scope included the overall board of directors, functional committees and individual directors. The evaluation was conducted through data analysis, questionnaires and interviews, and the performance evaluation report was issued based on the</p>	

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>results. The evaluation contents of the board of directors included the construction of an effective board of directors, the effective operation of the board of directors, professional development and further training, enterprise foresight, the performance of duties, management at management level, the creation of a corporate culture, communication with stakeholders, and performance evaluation. The evaluation contents of the directors included the mastery of the Company's goals and tasks, the cognition of directors' responsibilities, professional development and further training, the performance of duties, the degree of participation in the Company's operation and internal relationship operation, and communication. The performance evaluation of the audit committee included the construction of an effective audit committee, the effective operation of the audit committee, the performance of duties, the establishment of a complaint pipeline, the relationship with the board of directors, and performance evaluation. The performance evaluation of the compensation committee included the construction of an effective remuneration committee, the effective operation of the compensation committee, professional development and further training, the performance of duties, relationship with the board of directors, and performance evaluation. In 2021, the results of the performance evaluation of the board of directors, functional committee and board members were "between good and excellent". Suggestions for optimization include the optimization of important interested party communication mechanisms, a risk management committee, or audit committee has regular supervision for business risk items. The results and suggestions of the performance evaluation of the board of directors in 2021 were reported in the board meeting on January 25, 2022.</p>	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		(4) Every year, after consent is obtained from the Audit Committee, it shall be submitted to the board for resolution and decide to appoint an CPA and regularly examines the CPA's independence and evaluates whether there is circumstance	No difference.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			of violating No. 10 of the Code of Ethics bulletin or the occurrence of circumstances stipulated in Article 47 of the Accounting Act. It further confirms that the CPA has no other financial interests and business relationship with the Company other than the costs of certifying and finance and taxation cases, and checks whether the CPA is a director, manager, or shareholder of the Company or gets payments from the Company, confirming that the CPA is not an interested party. The Board meeting dated March 30, 2021 approved the designation and independence evaluation of the independent auditor for 2021.	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		<p>The Board meeting dated February 26, 2019 resolved to specify the corporate governance officer position served by CFO Yu, Chin-Pao with more than three years of work experience in finance, stock affairs and rules of procedure. The major duties include: 1. Managing matters regarding the Board and shareholders' meetings. 2. Preparing meeting minutes of Board and shareholders' meetings. 3. Assisting directors with inauguration and continuing study. 4. Providing directors with information as necessary for business execution. 5. Assisting directors on law compliance. 6. Other matters as stipulated by the Articles of Incorporation or contracts.</p> <p>The 2021 business implementation status was as follows:</p> <p>1. Assist directors in executing business, provide necessary information and arrange study for directors: (1) The revision and development of the latest laws and regulations related to the business and corporate governance shall be updated regularly. (2) Provide Company information required by directors and maintain smooth communication between the directors and business supervisors. (3) Assist in arranging meetings with independent directors, chief audit officer or a certified public accountant. (4) Assist the directors in formulating the annual study plan and arranging courses.</p>	No difference.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			<p>2. Assist the board of directors and shareholders' meeting with procedures and resolutions: (1). Report on corporate governance to the board of directors. (2). Assist and remind directors of the laws and regulations to be followed in the execution of business.</p> <p>3. Formulate the meeting schedule of directors.</p> <p>4. Assist with the shareholders' meeting</p> <p>5. Executive board performance evaluation.</p> <p>6. The items as stipulated in the Articles of Incorporation and contracts have been implemented.</p> <p>The Company has organized 13 board meetings, 4 audit committee meetings, 2 compensation committee meetings as well as 4 corporate governance communication meetings in 2021. It reports the implementation status and plans during the board meeting in May of each year including corporate management promotion, sustainable development, communication with each interested party, regulatory compliance and intellectual property management, integrity operation and risk treatment.</p>	

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
5. Has the Company established communication channel with interested parties (Including but not limited to shareholders, employees, customers and suppliers, etc.) and disclosed key corporate social responsibility issues frequently enquired by stakeholders on the designated area of the corporate website?	✓		The Company website has created an interested party zone to maintain communication channels with interested parties at any time through information delivery by telephone, fax, e-mail, etc., for important corporate social responsibility issues that concern interested parties and their feedback. The Company will properly handle matters to respect and maintain its due rights and interests. The Company will also identify the matter regarding the communication with interested parties and report to the Board meeting periodically.	No difference.
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓.		The Company has appointed Registrar and Transfer Agency Department of Taishin Securities Co., Ltd. to be responsible for serving shareholders and handling affairs of the Shareholders' Meetings.	No difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	✓		(1) Chinese and English websites of the Company are available to update and disclose financial business and corporate governance information at any time.	No difference.
(2) Dose the Company adopt any other information disclosure channels (e.g., maintaining an English-language website, appointing designated personnel to handle information collection and disclosure, appointing	✓		(2) The Company has set up Chinese and English websites and assigned dedicated personnel to be responsible for the collection and disclosure of Company information; it has also set up a spokesman and agency spokesman system, and provide information on the corporate briefing session on the company website to which investors may refer.	No difference.

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>spokespersons, webcasting investors conference, etc)?</p> <p>(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?</p>	✓		<p>(3) The Company has announced and reported the quarterly financial statements and the operation situation of each month within the prescribed period.</p>	No difference.
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p>	✓		<p>1. Employee rights and interests: Pursuant to government laws and decrees and personnel management measures of the Company, the Company provides all kinds of basic due labor conditions, including a working hour mechanism and thorough ask for leave system, as well as provides a stable and safe work environment, and in addition to basic welfares, such as labor insurance, health insurance, pension allocation, etc., employees can also enjoy regular health examinations, group insurance, and thorough employee retirement measures.</p> <p>2. Employee care: The Company has established the Occupational Safety and Health Committee pursuant to laws to discuss safety and health related regulations. In order to ensure employee safety and health, the Company has formulated the "Occupational Safety and Health Policy", regularly holds all kinds of keynote lectures and courses, provides physician consultation, provides a doctor and mental health counseling and opens diversified channel for employee to express opinions and consultation, and creates good participation sense and smooth two-</p>	No difference

Item	Implementation status		Non-implementation and its reason(s)
	Y	N	
			<p>way communication channel.</p> <p>3. Investor relations: The Company takes guaranteeing shareholders' rights and interests as its main objective, and instantly announces relevant significant Company information, such as finance and business.</p> <p>4. Supplier relations: In addition to formulating "Codes of Ethical Conduct" and the "Global Employee Code of Conduct Management Measures", The responsibilities of a responsible business alliance (RBA) member include establishing and providing Inventec's standard of responsible business alliance to suppliers. The standards cover labor, health, safety, environmental, and business ethics matters. Important information about the Company's suppliers is published in iSupplier placement. A sustainable supply chain explanation session of Inventec Group is held every year in the hopes that the Company can serve as an example and lead more suppliers to jointly improve their environmental protection consciousness and fulfill their corporate social responsibility.</p> <p>5. Rights of interested parties: Operate pursuant to Articles 51-54 of the "Inventec Corporation Corporate Governance Best Practice Principles" and set up an interested party zone.</p> <p>6. The implementation of risk management policies and risk measurement standards: please refer to the Analysis of Risk Management in annual report.</p> <p>7. Execution circumstance of customer policy: The Company has formulated an appropriate customer policy and operation target and adjusts its operation strategy in a timely manner to achieve the target.</p> <p>8. Circumstances of buying liability insurance for directors: The Company has bought relevant liability insurance for its directors. Related liability insurance for directors is purchased up to January 1, 2023, and the insurance policy will be</p>

Item	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
			renewed upon expiration. The insured amount, scope of insurance, and insurance fees of the liability insurance of the directors are reported to the board.	
9. Please describe the improvements of the corporate governance evaluation results released by the corporate governance center of the Taiwan Stock Exchange Corporation in the last year and propose priority matters or measures to strengthen areas yet unimproved. (No need to be filled in by companies that were not subject to evaluation).	✓		The Company will continuously promote improvement for items not yet scored.	No difference

10. Continuing professional education hours for directors in 2020

Title	Name	Date	Course	Hours	Institute
Chairman	Cho, Tom-Hwar	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Director	Yeh, Kuo-I	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Director	Wen, Shih-Chih	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Director	Lee, Tsu-Chin	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association

Title	Name	Date	Course	Hours	Institute
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Director	Chang, Ching-Sung	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Director	Yeh, Li-Cheng	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Independent Director	Chang, Chang-Pang	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association

Title	Name	Date	Course	Hours	Institute
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Independent Director	Chen, Ruey-Long	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
Independent Director	Wea, Chi-Lin	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.09.07	Thinking of financial holding company's management regulations and supervision mechanism on ESG related specifications	3.0	Securities and Futures Institute
		2021.12.10	China's PE industry development opportunity and construction from the ESG point of view and reinforcement of anti-money laundering	3.0	Securities and Futures Institute

11. Continuing professional education hours for managers in 2021

Title	Name	Date	Course	Hours	Institute
President	Wu, Yung-Tsai	2021.12.28	ESG and low-carbon business strategies trends of ICT companies	1.5	Inventec Corporation
Business Group President	Chang, Hui	2021.12.29	2021 Group High-level Consensus Strategy Conference	8.0	Inventec Corporation
Business Group President	Tsai, Chih-An	2021.01.13	Changes under the post-pandemic era; looking forward to the global industry and economic trends	2.0	Inventec Corporation
Vice President (Chief Corporate Governance Officer)	Yu, Chin-Pao	2021.03.30	Current information security status and future challenges for the science and technology industry	1.5	The Taiwan Corporate Governance Association
		2021.05.11	Overwhelming ESG and Corporate Management 3.0	1.5	The Taiwan Corporate Governance Association
		2021.08.10	Global Minimum Tax	1.5	The Taiwan Corporate Governance Association
		2021.09.01	The 13th Taipei Corporate Management Forum	3.0	Financial Supervisory Commission
		2021.10.15	2021 Advocacy conference for legal compliance of insider equity transaction	3.0	Securities and Futures Institute
		2021.11.12	New Concept on Intellectual Property Management	1.5	The Taiwan Corporate Governance Association
		2021.09.13	Analysis of investigation and seizing of “money-laundering prevention and combating terrorist assets” and relevant legal responsibilities	3.0	Accounting Research and Development Foundation

Title	Name	Date	Course	Hours	Institute
		2021.09.13	Analysis of latest corporate management policies, decrees and common defects	3.0	Accounting Research and Development Foundation
		2021.09.14	Analysis of new regulations for director/supervisor remunerations and corporate management practice	3.0	Accounting Research and Development Foundation
		2021.09.14	Analysis of the latest development of China's IFRS policy and financial statement/supervisor legal compliance practice issues	3.0	Accounting Research and Development Foundation
Vice President	Hsu, Ching-Wu	2021.08.12	Analysis of how a corporation constructs risk management and development blueprints from corporate management 3.0 view	6.0	Securities and Futures Institute
		2021.10.06	Practical research of internal audit on Board of Directors operation	6.0	Securities and Futures Institute
Vice President	Tsai, Yuh-Chen	2021.11.17	2021 and 2022 global industrial economy trend	2.0	Inventec Corporation
Vice President	Ting, Wei-Fan	2021.03.18	Business Conducts Guideline	3.0	Inventec Corporation
Senior Director of Information Technology Center	Yu, Win-Chee	2021.06.11	Information safety education and training on hacker defense	6.0	Inventec Corporation

Title	Name	Date	Course	Hours	Institute
Senior Director of Talent Center	Lin, Shih-Pin	2021.03.16	2021 Digital transformation-driven enterprise's new value	2.0	Inventec Corporation
Director of Finance Center	Liang, Wen-Jan	2021.12.08	2022 global industrial economy trend	2.0	Inventec Corporation
Director of Finance Center	Hsiao, I-Ying	2021.11.11	E.SUN Summit on ESG (Environmental, Social, Governance) Sustainability	2.9	E.SUN Commercial Bank

12. Certificate of License

	Taiwan CPA	CIA	Taiwan CIA	Public Company Accounting Supervisor with Professional Certification	Stock Affair Specialist	Corporate Governance Personnel	Enterprise Internal Control Basic Ability	International Computer Auditor	Internal Control and Audit of the Bank	Certification in Control Self- Assessment
The Number of People	6	4	5	1	3	3	5	1	1	1

13. Board members and the important management succession plan of Company

To strengthen Board functions and reinforce management mechanisms, the Company has established Board structure as appropriate, Board member diversification guidelines, and a candidate nomination system for the election of directors based on the principle of fair treatment to shareholders. Inventec persists in the “human-based” concept, with “talent development” as its basis of sustainable operations, incorporated with strategic goals of the Company, management functions and core values, solid takeover plan, and periodical evaluation of the management succession plan development in May every year, and implementation to ensure sustainable operation. The development contents for middle and top management levels include financial management, successor cultivation, strategic planning and layout, digital transformation and other diverse topics in all fields to cultivate their decision and leadership skills as well as communication management abilities. The physical taking of professional abilities every year and initiation of individual development projects: organize professional technology training systematically and hold irregular group management meetings, executive meetings, and consensus camps to conduct training programs as required by the key positions. In 2021, one group management meeting, two executive meetings, and ten senior management training courses were held.

The company's regular shareholders' meeting on June 12, 2020 elected nine directors (including three independent directors). The elected directors were Chao, Tom-Hwar; Yeh, Kuo-I; Wen, Shih-Chih; Lee, Tsu-Chin; Chang, Ching-Sung; and Yeh, Li-Cheng. The first five directors were re-appointed as directors and are familiar with the operation of the company's board of directors, each having their own strengths in industry, marketing or technology. The new director, Yeh, Li-Cheng, has complete academic experience in the fields of information engineering and asset management. The independent directors elected are Chen, Ruey-Long, Chang, Chang-Pang, and Wea, Chi-Lin. The first two of whom are re-appointed as independent directors, each with their respective strengths in law and economy. Wea, Chi-Lin has complete academic experience in the fields of economics and business administration, and has more than five years of work experience required by the company's business, which will be beneficial to the company.

2.3.5 Status of Remueration Committee

2.3.5.1 Remueration Committee

Name/ Identification (Note 1)	Professional qualifications and experience	Independence Status	Number of other public companies in which the individual is concurrently serving as remueration committee
Chang, Chang- Pang (Independent Director/ Convener)	Chief Executive Officer, Lien Chan Foundation for Peace and Development Previously served as Chairman, Fuhwa Financial Holding Co., Ltd. Previously served as Deputy Minister, Ministry of Economic Affairs, Previously served as Deputy Secretary General, Executive Yuan Previously served as Vice Minister, Ministry of Finance, Previously served as Chairman, Securities and Exchange Commission, Ministry of Finance Act as members of the Company's audit and compensation committee National bar examination pass certificate Specialized in law and financial accounting, etc	Note2	1
Chen, Ruey-Long (Independent Director)	Chairman, Sinocon Industrial Standards Foundation Previously served as Chairman, Institute for Information Industry Previously served as Minister, Ministry of Economic Affairs Act as members of the Company's audit and compensation committee Specialized in technology, finance, petrification and financial accounting, etc.	Note2	1
Wea, Chi-Lin (Independent Director)	Previously served as Chairman, Land Bank of Taiwan. Previously served as Secretary-General, Executive Yuan Administrative Deputy. Previously served as Chairperson, Department of International Trade of the College of Management, National Taiwan University Adjunct Professor, Business Administration, National Taiwan University. Act as members of the Company's audit and compensation committee Specialized in technology, finance, petrification and financial accounting, etc.	Note2	3

Note1 : Title: Ddirector, independent director, and others ◦

Note2 : During the 2 years before being appointed or during the term of office, a remuneration committee member shall have been or be any of the following:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not the directors or supervisors of the Company or the affiliated enterprises (except for those who are independent directors of the Company or the parent company, subsidiaries, or subsidiaries of the same parent company established in accordance with the Act or local laws).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the Company or ranking in the top 10 in shareholding.
- (4) Not the spouse, second-level blood relative, or lineal blood relative within three degrees of the managers listed in (1) or the persons listed in (2) or (3).
- (5) Directors, supervisors, or employees indirectly holding more than 5% of the total shares issued by the Company, the top five shareholders, or appointing the representative as directors or supervisors in accordance with Item 1 or 2 of Article 27 in the Company Law (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (6) Not the directors, supervisors, or employees of other companies with the director's seat of the Company or with more than half of the voting shares controlled by the same person (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (7) Not the directors, supervisors, or employees of other companies or organizations as the same person as the Company's chairman, general manager, or equivalent position or the spouse (except for those who are independent directors of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (8) Not the directors, supervisors, managers, or shareholders with more than 5% shares of specific companies or organizations with financial or business transactions with the Company (except for those who are independent directors of specific companies or organizations holding more than 20% of the total shares issued by the Company but not more than 50%, and of the Company and its parent company, subsidiary, or subsidiaries of the same parent company established in the Law or local laws).
- (9) Not the professionals of business, legal, financial, accounting, or other related services, entrepreneurs of proprietorships, partnerships, corporations or organizations, partners, directors, supervisors, and managers or their spouses who provide the audit services for the Company or affiliated enterprises or whose cumulative remuneration in the last two years has not exceeded NT\$500,000. However, this restriction shall not apply to members of the remuneration committee, open takeover review committee, or special committee for mergers and acquisitions who perform their duties under the Securities and Exchange Act or the relevant statutes of the Mergers and Acquisitions Act.
- (10) Not been a person of any conditions defined in Article 30 of the Company Act.

2.3.5.2 The State of the Remueration Committee's Implementation

A. The remuneration committee comprised of 3 members.

B. Tenure of the remuneration committee is from June 12, 2020 to June 11, 2023. A total of 2 (A) meetings of the remuneration committee were held in 2021, the status of attendance is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) B/A	Remarks
Chairman	Chang, Chang-Pang	2	0	100%	Reelection on 2020.06.12
Member	Chen, Ruey-Long	2	0	100%	Reelection on 2020.06.12
Member	Wea, Chi-Lin	2	0	100%	Newly appointed on 2020.06.12

Other information to be disclosed:

1. If Board of Directors did not adopt or revise the proposal made by the Remueration Committee, please specify the date, session, agendas and resolutions of the Board of Directors meeting and how the Company handled the proposal made by the Remueration Committee (If amount of the compensation approved by the Board of Directors is higher than that proposed by the Remueration Committee, please specify the reasons and differences in proposals.): None.
2. If any members of the Remueration Committee were against or reserved their opinions towards the resolutions, please specify the date, session, agendas, opinions of all members and how the opinions were handled: None.

Note: The Company convenes a meeting of the Remuneration Committee every year to establish and review performance and remuneration policies, system, standards, and structure of directors and managers and suggestions to the Board.

2.3.5.3 Operation of the Salary and Remuneration Committee in 2021

Date	Contents Pproposed	Result of Resolution	Company's Disposal of the Salary and Committee's Suggestion
2021.03.30	2020 remuneration distribution to employees, and board directors	All members of the committee agree to adopt the proposal	Submitted to the board of directors; all present directors agree to adopt the proposal
2021.12.28	<ol style="list-style-type: none"> 1. Discuss the Remuneration Committee Charter, the performance evaluation and compensation policy, system, standards and structure of the current director and manager. 2. 2021 employee compensation and director compensation ratio. 3. 2021 director and manager compensation and year-end bonus planning. 4. 2022 director and manager compensation adjustment planning 	All members of the committee agree to adopt the proposal	Submitted to the board of directors; all present directors agree to adopt the proposal

2.3.6 Corporate Sustainability and Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
1. Whether the Company set up to promote a sustainable development management structure, namely a full-time (part-time) unit, which is authorized and supervised by the Board of Directors for senior management level handling?	✓		1. The "Social Responsibility Group" is established under the Chairman office to be dedicated to promoting corporate sustainability related affairs and regularly report to the Board of Directors. Making sustainability policy, system, or related management guidelines of responsible corporations and the proposal and implementation of a substantive launch plan, report the implementation plan and results to the board every May.	No difference
2. Exercising Corporate Governance Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operation in accordance with the principle of materiality and then formulate relevant risk management policies or strategies? (Note2)	✓		<p>The board of directors of the Company approved the revision of the Code of Practice for Corporate Sustainability in March 2022, conducted a risk assessment on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated risk management policies. In May 2020, the risk management policy was drafted and submitted to the board of directors, and risk management operations shall be regularly reported to the board of directors every May to strengthen the implementation of the risk management system. The audit committee shall review the effectiveness of the internal control system (including control environment, risk assessment, control operations, information and communication, and supervision operations) and the audit report annually, which shall be then approved by the board of directors.</p> <p>1 Risk management policy: To efficiently prevent and control risks, promote management performance, and achieve the goal of sustainable operation. Identify material risks, evaluate risks analysis, clarify corresponding strategies, strengthen response mechanisms, effectively reduce risks, enhance competitiveness and design, implement and operate via internal control procedures of all units to achieve effective risk control targets, and maintain the rights of shareholders and the Company's competitiveness.</p> <p>2. Risk management organization: All business groups and company units are responsible for risk</p>	No difference

Item	Implementation status (Note1)		Summary (Note2)	Non-implementation and its reason(s)						
	Y	N								
			<p>management based on the nature of their business. The Board and Audit Committee are the final decision makers of risk evaluation and control.</p> <p>3. Risk management procedures: Each unit shall conduct a regular evaluation every year, implement various internal risk control procedures and take occurrence probabilities and risk impact as the standard to measure risk, and effectively control risk within the acceptable range. All risk management procedures shall be included in the compulsory courses for new recruits to strengthen their awareness of operational risk. Risk management operations shall be reported to the board of directors every May to strengthen the implementation of the risk management system.</p> <p>4. Conduct risk assessments on company operating related environment, society and corporate management issues according to the materiality principle. The scope of risk management includes “strategic risks”, “operational risks”, “financial risks”, “regulatory compliance and intellectual property risk”, “occupational safety risk”, “information security risks”, and “environmental safety risks”.</p> <p>5. The risk assessment boundary division is based on the Company and its subsidiary, covering Operational Headquarters and major production bases and group companies</p> <p>6. Risk assessments for 2021’s environment, society and corporate management issues and operation conditions are as follows. Also, please refer to the risk analysis and assessment in the annual report for other items</p> <table border="1" data-bbox="689 1169 2002 1444"> <thead> <tr> <th>Significant issues</th> <th>Risk assessment items</th> <th>Descriptions</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environment risk</td> <td>Climate change: Identify climate change risks in accordance with the TCFD framework to draft and implement mitigative and adaptative measures in a timely manner: (1) implement a greenhouse gas inventory and verification works, (2) make an inventory and replace energy-intensive equipment in the</td> </tr> </tbody> </table>	Significant issues	Risk assessment items	Descriptions	Environment	Environment risk	Climate change: Identify climate change risks in accordance with the TCFD framework to draft and implement mitigative and adaptative measures in a timely manner: (1) implement a greenhouse gas inventory and verification works, (2) make an inventory and replace energy-intensive equipment in the	
Significant issues	Risk assessment items	Descriptions								
Environment	Environment risk	Climate change: Identify climate change risks in accordance with the TCFD framework to draft and implement mitigative and adaptative measures in a timely manner: (1) implement a greenhouse gas inventory and verification works, (2) make an inventory and replace energy-intensive equipment in the								

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>plant area, continue to focus on energy-saving and emission-reducing management, and complete the declaration of electricity-saving rates, (3) expand the conversion and installation of renewable energy facilities and continue to increase the proportion of renewable energy, (4) purchase carbon rights from carbon trading platforms according to demand, (5) advance BCP business continuity planning, (6) encourage circular design through incentive programs, strengthen value-chain partnerships, and develop net-zero new generation products, (7) continue to purchase raw materials/products that meet the needs of the circular economy to ensure that the infrastructure and base station can reduce the impact of extreme weather on the factory area and the environment.</p> <p>Management system certification: All environmental sustainability management systems are formulated by considering the government, clients, staff, communities and interested parties' demands and are in line with ISO/IECQ and other internationally standardized environmental management systems. These are the ISO 14001 Environmental Management System, IECQ QC 080000 Hazardous Substance Process Management System, ISO 14064-1 Greenhouse Gas Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Safety and Health Management System as well as TOSHMS Taiwan Occupational Safety and Health Management System, etc., The above operations are verified and certified by a third independent certifying organization with each issued a system certificate for certainty.</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Sustainable supply chain management: publish sustainable supply chain management policy by BG and set up supplier risk appraisal procedures in light of industry industrial characteristics, purchasing patterns, regional relations, etc., to make risk classification with cooperating suppliers. In addition, the Company follows Responsible Business Alliance (RBA) specifications as Inventec's supply chain management basis, emphasizes a mutual understanding with suppliers to seek win-win cooperation, organizes illustrative meetings for a sustainable supply chain, and hopes to contribute to sustainable development.</p> <p>Environmental protection expenses: mainly include waste disposal, pollution prevention equipment protection, environment monitoring, ecological afforestation, green management system verification, product environmental protection benchmark certification, environmental education, energy conservation and carbon reduction engineering, environmental conservation activities, occupational health, green supply chain management and carbon emission trading, etc.</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Society</p> <p>Occupational Safety risk</p> <p>Hazards risk assessment identification: Formulate the <i>Administrative Measures for Appraisal and Assessment of Safety and Health Hazard Risks</i> in accordance with the Taiwan Occupational Safety and Health Management System "TOSHMS", International Occupational Safety and Health Management System "ISO 45001", and regularly perform a comprehensive hazard identification and risk assessment of each potential factor that may cause staff injury or accidents. Thus, setting occupational safety targets and objectives and management schemes as the safety and sanitation management basis.</p> <p>Emergency management implementation: Organize regular fire lectures and drills, urgent evacuation drills and fire control routine inspections. Also periodically check each safety facility through task marshaling to completely implement disaster prevention and relief work.</p>	
			<p>Corporate Management</p> <p>Regulatory Compliance and Intellectual Property Risk</p> <p>Legal changes: know effectives are laws, policies, contentious and non-contentious businsses and practices; safeguard privacy rights, employee rights and interests related to the Covid-19 pandemic and business secrets; comply with export control laws and acts; hold lectures and forums on legal and intellectual property rights, hold new employee orientations, and provide e-learning courses to urge the implementation of risk control</p> <p>Litigation events: closely follow contentious and non-litigation events of group companies and take appropriate countermeasures.</p>	

Item	Implementation status (Note1)			Non-implementation and its reason(s)						
	Y	N	Summary (Note2)							
			<table border="1"> <tr> <td></td> <td>Intellectual property rights: increased focus on intellectual property rights, implement management of the group's trademarks, and ensure product patent rights and copyright are protected to defend independent research and development as intellectual property.</td> </tr> <tr> <td>Enhancement of director functions</td> <td>Organize relevant further education and provide it with the latest regulations, system development and policies. Cover director liability insurance to safeguard when he or she is involved in a lawsuit or claims for compensation.</td> </tr> <tr> <td>Interested party communication</td> <td>Identify the principal interested party's concerned issues every year as well as communication conditions. Set up a special zone for interested parties on the company's websites and keep in constant contact with it through telephone, facsimile, and e-mail.</td> </tr> </table>		Intellectual property rights: increased focus on intellectual property rights, implement management of the group's trademarks, and ensure product patent rights and copyright are protected to defend independent research and development as intellectual property.	Enhancement of director functions	Organize relevant further education and provide it with the latest regulations, system development and policies. Cover director liability insurance to safeguard when he or she is involved in a lawsuit or claims for compensation.	Interested party communication	Identify the principal interested party's concerned issues every year as well as communication conditions. Set up a special zone for interested parties on the company's websites and keep in constant contact with it through telephone, facsimile, and e-mail.	
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Enhancement of director functions	Organize relevant further education and provide it with the latest regulations, system development and policies. Cover director liability insurance to safeguard when he or she is involved in a lawsuit or claims for compensation.									
Interested party communication	Identify the principal interested party's concerned issues every year as well as communication conditions. Set up a special zone for interested parties on the company's websites and keep in constant contact with it through telephone, facsimile, and e-mail.									
<p>3. Environment issues</p> <p>(1) If the Company established proper environment management system based on the characteristics of the industry where the Company belongs to?</p>	✓		<p>(1) The environmentally sustainable management system established by the Company gives due consideration to the requirements of the government, customers, employees, community and other interested parties and also refers to international standards such as ISO/IECQ, etc. The system includes the Environmental Management System (ISO 14001), the Hazardous Substance Process Management System (IECQ QC 080000), the Greenhouse Gas Management System (ISO14064-1) and the Energy Management System (ISO50001), amongst others. All the aforementioned preceding systems have passed external certifications and verifications conducted by independent third party certification authorities. Furthermore, these four major management systems are also the communication platforms between Inventec and interested parties.</p>	No difference						

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
(2) If the Company endeavored to utilize resources more efficiently and utilized renewable materials which have a lower impact on the environment?	✓		(2) In order to save the resources needed in product production, at the stage of design and development, to maintain product function and quality, the Company has reduced the components and consumable materials needed to be used in product production through the design of common use and reduction of materials and recycling, reusing, etc. The green design strategies of Inventec are divided into the following eight points: 1. Spare no effort to seek approaches to reduce environmental impact; 2. Lessen the total energy consumption in the product life cycle; 3. Mitigate the burden on the land; 4. Design for clean production and use; 5. Design for durability; 6. Design for best function; 7. Design for reuse, recovery, and recycling; 8. Avoid using raw materials with toxic substances in the product.	No difference
(3) Has the Company evaluated current and future potential risks and opportunities of climate change to the Company and taken actions corresponding with climate related issues?	✓		(3) In response to the requirements of local government, customers, and international investment institutions to climate change, the Company follows the climate change governance framework of the Task Force on Climate-related Financial Disclosure (TCFD) to conduct management and disclosure. For details, please refer to the 2021 Inventec Corporate Sustainability Report.	No difference
(4).Has the Company calculated greenhouse gas emission, water consumption and total weight of wastes in previous two years and established policies for energy saving and carbon reduction, greenhouse gas reduction, reduced water consumption or other wastes management?	✓		(4) a. The major greenhouse gas emission of Inventec (scopes 1 and 2) was 100,902 tons of CO2 equivalent in 2021, which was less 32,019 tons compared to 132,920 tons of CO2 equivalent in 2020. In 2021, Inventec's main source of contribution to greenhouse gas emissions was indirect greenhouse gas emissions from imported energy (Scope 2), accounting for the total emissions was 93,758 tons of CO2 equivalent. Scope 3 emission loads in 2021 were 664,446 metric tons of carbon dioxide equivalents. It increased 81,081 tons compared to 583,365 metric tons of carbon dioxide equivalent in 2020. In 2021, three hotspots were grouped into nine categories, (1) purchasing and services, (2) use of sold products, (3) downstream transportation and distribution of shipped products, (4) investment (subsidiaries), (5) plant rental, (6) commuting of employees, (7) transportation and treatment/disposal of waste from operations, (8) transportation of purchased goods, (9) business travel of employees..	No difference

Item	Implementation status (Note1)		Non-implementation and its reason(s)
	Y	N	
			<p>b. With regard to energy saving and carbon reduction, the Sector Based Approach of Science Based Target (SBT) is adopted to calculate the greenhouse gas reduction target. The greenhouse gas reduction targets are “Target driven by global warming of 1.5°C” .With benchmark of 2018, the greenhouse gas emission within scopes 1 and 2, shall be reduced 50.4% by 2030”, and “with benchmark of 2020, the greenhouse gas emission within scopes 3, shall be reduced 42% by 2030”. Ten major energy saving projects were promoted in 2021, and more than 1.17 million degrees of electricity were saved, equivalent to a reduction of 624 metric tons of carbon dioxide. All of the above data have been verified by an independent third-party verification institution (SGS).</p> <p>c. Regarding water resources management, the water resources management policies of the Company are “water saving for all people; change the act; efficient water consumption, circulation, and recycling”. The water resources management goal is to take 2012 as the base year and reduce water intensity by 24% in 2024. The water consumption in 2021 was 1081.6 thousand tons, which was a 17.25% decrease compared to 1307.1 thousand tons in 2020. The average water consumption per person per year was 58.85 tons in 2021, which was 9.59% decrease compared to 65.10 tons in 2020. All of the above data have been verified by an independent third party verification institution (SGS).</p> <p>d. Regarding waste management, the waste management policies set by the Company are “minimize waste output and maximize resources recycling”. The waste management goal is to use 2014 as the base year to reduce waste by 25% by 2025. The waste volume was 25.8 thousand tons in 2021, a 9.43% increase compared to 23.5 thousand tons in 2020. All of the above data have been verified by an independent third-party verification institution (SGS). For details, please refer to the 2021 Inventec Corporate Sustainability Report.</p>
4. Social issues (1) If the Company followed relevant labor laws, and internationally recognized	✓		<p>(1) The Company has established “working rules”, “regulations for the code of conduct of global employees”, and “employee complaints and external reporting rules” in accordance with labor related regulations and in reference to international humanity conventions in order to provide</p>

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
human rights principal, and established appropriate management policies and procedures?			employees with fair, just, and good working environment and conditions without discriminating by race, color, gender, language, religion, politics or other opinions, nationality or family background, property, birth, or other identity to protect human rights in order to guarantee by the Convention on the Rights of Persons. The above regulations are also published on the Intranet for your reference to assure the rights of employees.	
(2) Has the Company formulated and implemented reasonable measures for employee benefits (including remuneration, vacation, and other benefits) and properly reflected the operating performance or results in the employee remuneration?	✓		<p>(2) The Company has established various types of leaves and various employee relationship and club activities. Meanwhile, the Employee Welfare Committee provides or organizes various forms of employee welfare and activities. Reasonable salary welfare policies and the operational performance or results will be reflected in the employee's compensation as appropriate. Furthermore, the Company still attaches importance to workplace diversity and equality to promote sustainable and co-prosperous economic growth. In 2021, its female staff accounted for 41% and female managers accounted for 16%.</p> <p>According to Article 26 of the Company's Articles of Association: If the company makes a profit during the year, it shall allocate at least 3% of its profit as staff remuneration and 3% at most as director remuneration. If it involves accumulated losses, it shall reserve the makeup amount. Staff remuneration is distributed in cash or stock to the company's eligible staff, with conditions and methods decided by the Board of Directors.</p>	No difference
(3) If the Company provided safe and healthy working environment to employees and conducted relevant training on safety and health management to employees periodically?	✓		(3) In order to improve safety, health, and environment management performance, the Company has established a professional and effective safety, health, environment, and energy management system, and plans the safety, health, and environment management plan pursuant to relevant laws every year, including occupational disaster prevention in its implementation. Emergency response drills are carried out for different issues, such as fire, flood, earthquake, etc. Risk management strategies are discussed and formulated, and all kinds of international information are promptly mastered. In the spirit of sustainable improvement of the safety, health, environment, and energy management system, and with systematized practice and performance, the Company adopts continuous cycling mechanisms from planning, execution, and examination to correction, exerts	No difference

Item	Implementation status (Note1)		Non-implementation and its reason(s)
	Y	N	
			<p>independent protection and control functions, and reduce potential risks to safety, health, environment, and energy in order to reduce operation risks. Regarding health promotion, new employees are required to provide a physical examination report pursuant to law before reporting for duty; for in-service employees, better than what is required by relevant laws and decrees, the Company regularly carries out all employees' health examination every year and implements health management operations. It also regularly cooperates with medical and health institutions to hold all kinds of health lectures and consultations.</p> <p>The Company has stipulated its OH&S policy in accordance with the Taiwan Occupational Safety and Health Management System (TOSHMS) and International Occupational Safety and Health Management System (ISO 45001) as the highest criterion of staff work safety guarantee.</p> <p>The Company's 2021 employee occupational hazard, number of people and proportion, and relevant countermeasures: the Company has differentiated occupational hazards into in-factory and out-factory hazards. In 2021, the Company had no in-factory hazards and the rest were out-factory traffic accidents. According to statistics, the out-factory disabling frequency rate (FSI) was 0.14 in 2021, which was below the FSI control limit of 0.55. There were 6 events of personnel occupational hazards with 6 persons involved for a total of 68 days. All these events were investigated, analyzed and recorded in accordance with the Occupational Safety Act, and statistical objects included not only the factory's workers but contractors and dispatchers. Relevant investigation reports were filed pursuant to the law and incorporated into the quarterly occupational safety and health committee meeting for review. Implementation of each educational training item: the Company has developed several EHS educational training courses and increased training hours from 4.8h per person in 2010 to 6.2h per person in 2021.</p> <p>The Company has obtained each EHS system certification which includes: "TOSHMS Taiwan Occupational Safety and Health Management System", "ISO-45001 International Occupational Safety and Health Management System", and "ISO-14001 Environmental Management System".</p>

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
(4) If the Company provided career planning, relevant training and skill development for employees?	✓		<p>(4) By taking corporate operation objectives and development strategies as a training blueprint and being oriented according to actual employee demands, the Company has established an effective training plan of career skill development.</p> <p>(A) Talent asset appreciation: Encourage employees to take in-service training in English and Japanese courses in order to be in line with international norms.</p> <p>(B) Corporate culture communication: After reporting for duty, new employees will receive new employee training to become familiar with internal personnel regulation systems, corporate culture, work environment, etc. All kinds of employee assemblies and communication meetings will be held regularly, in which the senior supervisor will directly deliver Company operation philosophy and operation direction and describe the strategic policy of each department.</p> <p>(C) Supervisor cultivation plan: Basic supervisor training, regular basic/advanced supervisor training, and custom senior management courses will be regularly held in order to improve overall management capability.</p> <p>(D) Professional competency development: According to all kinds of demands to develop professional skills and with the Technical Committee, designedly carry out professional skill training courses.</p> <p>(E) Condense team consensus: Carry out all kinds of team building and encouragement courses and strategic operation meetings based on the demand and build high identification for both the team and the Company.</p>	No difference
(5) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing, and labeling of products and services,	✓		<p>(5) The Company provides customers with a comprehensive and thorough customer relations management service mechanism, from order receiving to the stage of product development and to the stage of mass production. After product delivery, we track the product condition to the customer end and actively care about all feedback from the customer. Through the customer complaint management system and with a complete customer complaint standard operation procedure, the Company prepares reason analysis, correction and prevention solutions in project review, and confirms effectiveness in order to give feedback on problem solving to customers and</p>	No difference

Item	Implementation status (Note1)		Non-implementation and its reason(s)	
	Y	N		Summary (Note2)
<p>etc. Does it develop relevant consumer or customer protection policies and complaint procedures?</p>			<p>understand real customer demands to achieve the highest customer satisfaction. Furthermore, by periodically holding customer business review meetings, the Company can discuss relevant issues, such as technology research and development, product delivery, product quality, after-sales service, quotation cost, energy saving and carbon reduction, green products, corporate social responsibility, etc., in response to the issues that concern customers. In order to solve the problems reflected by customers, the customer service departments and dedicated contact service have established and customer service website and provide instant services and response mechanisms through a stationed service mechanism at OEM/ODM customer end. In response to environmental protection legal issues of each country throughout the world and provide customers with better environmental protection service, the Company will assist customers in acquiring product green mark certification, including such certification mechanisms as Taiwan Green Mark, China Green Mark (SEPA), China Energy Saving Mark (CECP), China Energy Saving Label (CEL), Energy Star, American Green Procurement Assessment Guideline (EPEAT), etc., in order to provide global customers more environmentally friendly products and services.</p>	
<p>(6) Has the Company formulated a supplier management policy that requires its suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor and human rights, and how is it implemented?</p>	✓		<p>(6) The Company has also stipulated a sustainable supply chain management policy that complies with the Responsible Business Alliance Code of Conduct and commits to cycling water use, net-zero and carbon reduction. This thus responds to the UN's sustainable development target and realizes a safe and sustainable procurement supply chain. With regard to the various assessments of suppliers, in addition to the quality, cost, delivery time, technical skill, and service that are assessed in the general industry, with the rise of corporate social responsibility awareness, the Company will also extend the assessment scope to green products and corporate social responsibility, and the assessment scope will correspond to the Company's requirements for supplier, including the establishment of management systems such as ISO 9001, ISO 14001, ISO 45001, RBA, etc. Through diversified assessment consideration, the Company ensures that the cooperating supplier can specifically respond to important supply chain issues, such as product environmental protection, manufacturing process environmental protection condition operation requirements, restriction of the use of hazardous substances, prohibiting child labor, guaranteeing</p>	No difference

Item	Implementation status (Note1)			Non-implementation and its reason(s)								
	Y	N	Summary (Note2)									
			<p>employee rights and interests, workplace safety, etc. The Company ensures that the supplier does not violate the aforementioned circumstances through supplier RBA auditing. Every year, the Company will perform an on-site audit on existing suppliers with medium and high risks and ask for improvement; furthermore, contract contents explicitly stipulate a legal compliance clause, and in case of violation of relevant important laws and regulations and having an obvious impact on the environment and society, the contract can be terminated or canceled pursuant to such clause.</p> <p>2021 Daily management for a sustainable supply chain:</p> <table border="1"> <tr> <td>Inventec's new supplier guidance management</td> <td>A "Sustainable Supply Chain Guidance Team" is formed by design and R&D, procurement, component engineering, supplier administration and coherent units to create new supplier appraisal and guidance.</td> </tr> <tr> <td>Current supplier appraisal management</td> <td>Screen a supplier list for annual auditing according to the comprehensive assessments for supplier management and material risks, and then audit as prescribed by each factor's internal control procedures, and track and guide them to improve or replace.</td> </tr> <tr> <td>Third-party assessment of high-risk suppliers (RBA VAP)</td> <td>In view of a sustainable supply chain assessment and meeting RBA's supply chain management requirements, the factory auditors abide by the latest supplier auditing criteria (mainly including labor, health and security, environment, ethics, and management system, etc.) to audit manufacturers on site.</td> </tr> <tr> <td>Responsible mineral products</td> <td>Inventec commits to cooperate with supply chains and reasonably guarantees its raw materials procurement to accord with Responsible Minerals Initiative (RMI) standards.</td> </tr> </table>	Inventec's new supplier guidance management	A "Sustainable Supply Chain Guidance Team" is formed by design and R&D, procurement, component engineering, supplier administration and coherent units to create new supplier appraisal and guidance.	Current supplier appraisal management	Screen a supplier list for annual auditing according to the comprehensive assessments for supplier management and material risks, and then audit as prescribed by each factor's internal control procedures, and track and guide them to improve or replace.	Third-party assessment of high-risk suppliers (RBA VAP)	In view of a sustainable supply chain assessment and meeting RBA's supply chain management requirements, the factory auditors abide by the latest supplier auditing criteria (mainly including labor, health and security, environment, ethics, and management system, etc.) to audit manufacturers on site.	Responsible mineral products	Inventec commits to cooperate with supply chains and reasonably guarantees its raw materials procurement to accord with Responsible Minerals Initiative (RMI) standards.	
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Current supplier appraisal management	Screen a supplier list for annual auditing according to the comprehensive assessments for supplier management and material risks, and then audit as prescribed by each factor's internal control procedures, and track and guide them to improve or replace.											
Third-party assessment of high-risk suppliers (RBA VAP)	In view of a sustainable supply chain assessment and meeting RBA's supply chain management requirements, the factory auditors abide by the latest supplier auditing criteria (mainly including labor, health and security, environment, ethics, and management system, etc.) to audit manufacturers on site.											
Responsible mineral products	Inventec commits to cooperate with supply chains and reasonably guarantees its raw materials procurement to accord with Responsible Minerals Initiative (RMI) standards.											

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Advanced technology & product development communication</p> <p>To provide a synchronous understanding for suppliers and Inventec in regard to advanced technology & product development and create a supply chain industry opportunity and overall benefits, Inventec will invite supplier partners every year to hold an advanced technology/new product communication forum and cooperate with suppliers to organize a technology communication forum to grow together.</p>	
			<p>Organization of a sustainable supply chain seminar</p> <p>In line with corporate citizenship and our customers' demand for CSR and environmental protection in the supply chain, the Inventec Group continues the spirit of organizing supplier research activity as in the past. By organizing a sustainable supply chain seminar, supplier partners will be informed of the Inventec Group's sustainable supply chain management policy, set goals, strive to achieve the Group's requirements, and promote the development from "green supply chain" to "sustainable supply chain" together with other supplier partners.</p>	
5. Does the Company refer to internationally applicable reporting standards or guidelines to prepare the corporate sustainability report and other reports that disclose the Company's non-financial information? Has the report been confirmed or endorsed by a third party?	✓		In order to improve the transparency, completeness, and reliability of information disclosure, for the "2021 Inventec Corporate Sustainability Report", the Company will designate a third party unit (SGS) to carry out substantial examination and assurance operations on the contents and data in the report according to GRI sustainability report criteria "core option" in order to conform to the GRI core option and AA1000 AS second type high assurance level.	No difference
<p>6. If the Company established any guideline of corporate sustainability responsibility in accordance with "Corporate Sustainability Responsibility Best-Practice Principles for TWSE/GTSM-Listed Companies" and please state the implementation status of the guideline and any reasons for non-implementation:</p> <p>The Company has established the "Inventec Corporation Corporate Social Responsibility Best Practice Principles" in 2014. In March 2022, it was amended and renamed as "Inventec Corporation Sustainable Development Best Practice Principles" in accordance with the Sustainable Development Best Practice Principles for</p>				

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
TWSE/TPEX Listed Companies. There is no difference in operations from that of the practice principles.				
7. Other material information that helps to understand the operation of corporate sustainability responsibility:				
(1). Environmental protection:				
<p>To the Company, "environmental protection" is a part of its "social responsibility" in our top ten beliefs, namely "environmental protection, culture, poverty relief, and community". In order to fulfill our corporate citizenship responsibility and practice the "green energy environmental protection" of our five major policies, the Company has set Inventec's environmental objectives, environmental policies, and environmental projects in order to guide the overall power of our colleagues to move towards a new vision of green sustainability.</p>				
(2). Community participation:				
<p>Integration into community life with practical action and the long-term adoption of community parks and designate dedicated personnel for maintenance and cleaning, in order to provide community residents with a comfortable and clean public space.</p>				
(3). Social contribution:				
<p>To show consideration for society, the Company responds to blood donation and is earnest toward its social responsibilities. We consecutively receive the national "quality occupational safety and health unit award", "business environmental protection award" of the EPA, "good blood donation unit award" issued by the MOI, "healthy workplace certification health promotion logo" of the National Health Department, Taipei "good labor safety unit award", "zero disaster working hours record – golden award" of the MOL, "commonwealth corporate citizen award" of Commonwealth Magazine, and "Taiwan corporate sustainability award" and "corporate sustainability report – platinum award" issued by Taiwan Institute for Corporate Sustainability.</p>				
(4). Social benefit:				
<p>Inventec encourages employee to actively participate in public service activities such as caring for minority groups, literary and artistic activities and contributing to ecological education, etc. The Inventec Group Charity Foundation was established in 2010, mainly to assist and support public charity organizations from all walks of life in engaging businesses in social welfare. In support of disadvantaged groups, it has been giving out year-end donations to dozens of social welfare public groups over the years before the Spring Festival, to assist them with their long-term social welfare work. The Company has also evaluated the fundraising projects of charities from a variety of areas and has chosen favorable social welfare organizations to which to give charitable donations. The Company had donated to 50 social public welfare organizations in 2021. Coping with the epidemic increased in May; it donated an anti-epidemic NAT cabin to Taipei City</p>				

Item	Implementation status (Note1)			Non-implementation and its reason(s)
	Y	N	Summary (Note2)	
			<p>Hospital and 100 sets of <Whole-family Testing> physiological measurement devices to assist NTU Yunlin College in importing a far-end health monitoring system and get timely health conditions for high-risk family groups. In addition, it continued to cooperate with Taiwan World Vision and called on colleagues to participate in the 30 Hours Famine activity. It also donated to Haiti's earthquake and rescue work. In terms of art and literature promotions, it donated to the Taipei Philharmonic Foundation to organize the <Taipei International Choral Festival> online charity show and helped to organize the <2021 World Music Festival@Taiwan> series of activities. Regarding ecosystem conservation, it established a cooperation with the Wild Bird Society of Taipei over the years to advocate for the Guandu Nature Park ecological education plan and also designated its staff to volunteer, etc.</p>	
(5). Consumer rights and interests:			<p>The Company has provided product liability insurance.</p>	
(6). Human rights:			<p>The Company respects and supports internationally recognized human rights criteria and principles, which include the “Universal Declaration of Human Rights”, “United Nations Global Covenant” and ILO “Declaration on Fundamental Principles and Rights of Work” . It also formulates staff behavior codes to advocate during new-employee educational training regularly every year. Moreover, the Company expressly stipulates that recruitment units around the world shall treat colleagues of different races, classes, nationalities, physical problems, etc. equally without discrimination and is prohibited to use the above items as interview evaluation criteria. Besides this, child labor is not permitted, nor is forced labor and other human rights-violating things. This meets local government laws and regulations.</p>	
(7). Safety and health:			<p>In addition to complying with the Occupational Safety and Health Act and relevant subordinate legislations and carrying out all kinds of matters as required, the Company also effectively promotes the Taiwan Occupational Safety and Health Management System (TOSHMS) and International Occupational Health and Safety Assessment Series (ISO 45001), implements all kinds of safety and health business management.</p>	

2.3.7 Ethical Corporate Management and Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Does the Company have a Ethical Corporate Management policy approved by the Board of Directors and clearly state the policy and practice of good faith operation in the regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?	✓		(1) The Company attaches importance to its reputation and takes integrity and sustainable operations as the maximum assets accumulated by Company operations. Among them, the "Codes of Ethical Conduct" and "Code of Integrity Operation" are the ethical standards of conduct and specifications for integrity operation philosophy for directors, managers, employees, appointees, or those with substantial control capability of the Company, in order to prevent the occurrence of conflicts of interest and acts without good faith, as well as let interested parties of the Company better understand the above company standards by which they must abide.	No difference
(2) Has the Company established an assessment mechanism for the risk of dishonest behaviors in order to regularly analyze and evaluate the business activities with high risk of dishonest behaviors within the business scope, formulate the prevention plan hereby, and cover at least the preventive measures for various behaviors in Item 2,	✓		(2) The Company implemented a working plan to ensure honest operations, which is to establish effective accounting and internal control systems through the identification of laws and regulations, the formulation of norms, self-assessments and inspections, smooth reporting channels, including the participation of new employees in the Implementation of the Internal Control System and related legal training course, the signing of all colleagues to the Code of Conduct for Employees, and regular education and training, and the signing of contracts with suppliers to prohibit purchases of improper interests. The responsible unit shall set up an evaluation system to assess the risk of dishonest behavior, and shall annually check and assess whether the preventive measures established for the implementation of honest operations are effective in accordance with the detailed responsibilities in	No difference

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
<p>Article 7 of the Good Faith Operation Code of Listed and OTC Companies?</p> <p>(3) Has the Company clearly defined the operation procedures, behavior guidelines, disciplinary punishments, and complaint systems for violations for preventing dishonest conduct plans and then implemented and regularly reviewed and revised the previous disclosure plan?</p>	✓		<p>the Operation Procedures and Behavior Guidelines for Honest Operations of each unit, regularly executes internal auditing and self-assessment operations, and actually checks the Company's compliance in order to prevent the occurrence of acts without good faith. The Company's anti-dishonest behavior plan already covers the preventive measures of the various behaviors mentioned in Item 2, Article 7 of the Good Faith Operation Code of Listed and OTC Companies.</p> <p>(3) The Company has formulated schemes for preventing acts without good faith in the "Global Employee Code of Conduct Management Measures" and "Employee Complaints and External Reporting Management Specifications" pursuant to the "Code of Integrity Operations", including operation procedures, behavioral guidelines, violation punishments, and a complaint system, and implements them. Review and revise "Operation Procedure and Behavioral Guidelines for Honest Operation" regularly and annually.</p>	No difference
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) If the Company checked whether the respective counterparty holds any record of unethical misconduct and if the contract terms required the compliance of ethical corporate management policy?</p>	✓		<p>(1) In addition to formulating the "Codes of Ethical Conduct" and "Global Employee Code of Conduct Management Measures", the Company has also formulated "New Manufacturer Assessment Management Measures" that require new manufacturers to have good business reputations and conform to the ethical requirements of the Company. In "Purchase Contracts", it shall explicitly stipulate that the supplier shall abide by the special guarantee clause, in which the payment of commission, proportion commission, brokerage fees, tail end fees, or other beneficial behaviors are prohibited. In case of violation, the Company is entitled to terminate the contract immediately, and the supplier shall unconditionally cooperate to ask such person that received benefits for compensation.</p>	No difference

Items	Implementation status		Non-implementation and its reason(s)	
	Y	N		Summary
(2) Has the Company set up a special unit under the Board of Directors to promote the business's good faith operations, and regularly (at least once a year) reports to the Board of Directors on its good faith management policy, prevention plan, and supervision of its implementation?	✓		(2) To fulfill their management responsibility of the good faith operation, prevent interest conflicts, provide the appropriate statements channel, the Company establishes the Talent and Management Center which is responsible for promoting honest management in the enterprise to take charge of establishment, communication and training of good faith operation policy and dishonest behavior prevention scheme, and the relevant unit supervises the performance, and regularly report relevant plan and performance to the board of director every year.	No difference
(3) If the Company established a policy on prevention of conflict of interests, provided appropriate reporting channel and executed rigorously and thoroughly?	✓		(3) The Company has formulated the "Codes of Ethical Conduct", "Global Employee Code of Conduct Management Measures", and "Employee Complaints and External Reporting Management Specifications" to standardize the prevention of the occurrence of conflict of interest circumstances, explicitly stipulating that directors, managers, and all employees must not accept any gift or business entertaining and prohibiting transactions or business contact between the Company and relatives of colleagues in order to avoid the impact of personal improper interests on company rights and interests. The Company has formulated a conflict of interest prevention policy in the "Code of Integrity Operations" and provides proper channel for directors, supervisors, managers, and other interested parties attending Board of Directors meetings to actively describe whether they have any potential conflict of interest with the Company, which they shall evade.	No difference
(4) Has the Company established an effective accounting system and internal control system to implement good faith operations, and has the internal auditing unit	✓		(4) The Company has established an effective accounting system and internal control system. (A)Accounting system: In order to implement integrity operations, an effective accounting system has been established. It was designed in accordance with company regulations.	No difference

Items	Implementation status		Non-implementation and its reason(s)
	Y	N	
drawn up a relevant auditing plan according to the assessment results of the risk of dishonest behavior and checked the compliance of the anti-dishonest behavior plan or entrusted an CPA to carry out the inspection?			<p>(B) Internal control system: In order to implement integrity operations, the internal control system of the Company is the management process following the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and was designed by its managers, Consent of audit committee, passed by its board of directors, and implemented by the board of directors, managers, and total employees for purpose of promoting sound operations of the Company.</p> <p>(C) Internal audit: Preventive audit (risk control) plans are performed according to the audit policy for the following 11 high risks Reported by the board of directors in 2021. " Ethical Corporate Management Best Practice Principles of Inventec" and operational risk assessment to develop the audit key point. The Company adopts compliance and project audits on proposed key points in accordance with "Inventec Corporation Limited Codes of Integrity Management", namely aiming at 3 high-risk factories and 10 subsidiaries to audit their operational procedures as stipulated in the "Operation Procedures for Integrity Management and Behavioral Guidelines" and advocates to prevent dishonest acts.</p>
(5) If the Company organized training and awareness programs on ethical corporate management to internal and external parties?	✓		<p>(5) To implement integrity management, the responsible unit shall promote the advocacy education of all colleagues, collect and draft important norms, such as the Code of Integrity Management, Operation Procedures and Conduct Guidelines, and Code of Conduct for Global Employees, and advocate matters that colleagues should pay attention to in the implementation of business activities. The integrity management training results from 2021 demonstrate integrity behavior related advocacy and the training ratio in Taiwan as 100%. Training hours totaled 53,249 hours and training expenditure was \$10,464,596 in 2021. There were no major breaches of the principle of good faith this year.</p>

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
3.Implementation of whistleblowing system				
(1) If the Company established a whistleblowing and reward system? Upon receiving a reported case, is there a dedicated personnel handling the reported case?	✓		(1) System management and special personnel for special responsibilities: In order to solve major violations or misconduct, etc. complained about by employees, the Company has set up external and internal complaint management. When employees suffer from improper, illegal, or unreasonable events, they can submit a complaint according to the complaint system. There were no employee complaints or labor cases opened in 2021.	No difference
(2) Has the Company established investigation standard operating procedures for accepting accusations, the follow-up measures to be taken after the investigation, and a relevant confidentiality mechanism?	✓		(2) Pursuant to the "Employee Complaints and External Reporting Management Specification", the Company has established investigation standard operation procedures and a confidentiality mechanism to accept reporting matters and imposes punishment by referring to trial principles. No appeals in 2021	No difference
(3) If the Company established any measures for protecting whistleblowers from inappropriate disciplinary actions?	✓		(3) In the "Employee Complaints and External Reporting Management Specifications", the Company has designated a dedicated complaint acceptor and complaint and reporting hotline: Tel.: 2881-0721 ext. 21999 / E-mail: 21999 @inventec.com, and according to the treatment principle, the Company will protect the reporter from discriminations, threats, post transfers, and other unfavorable treatments	No difference
4. Information Disclosure If the Company disclosed ethical corporate management policy and its status of implementation via	✓		The website of the Company discloses such information as integrity operation, social responsibility, corporate culture, and operation policy.	No difference

Items	Implementation status			Non-implementation and its reason(s)
	Y	N	Summary	
corporate website or Market Observation Post System?				
<p>5. If the Company established any guideline of ethical business conduct in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, please state the implementation status of the guideline and any reasons for non-implementation?</p> <p>Pursuant to the "Listed Company Code of Integrity Operations", the Company formulated the "Inventec Corporation Code of Integrity Operation" in 2014. The fifth amendment was approved by the Board of Directors on Mar. 15, 2022, and the operation has no difference from the rules.</p>				
<p>6. If any other information that helped to understand the operation of ethical business conduct and its implementation?</p> <p>Promoting integrity policies and beliefs every year in the supplier convention and reviewing their implementation conditions.</p>				

2.3.8 Corporate Governance Guideline and Regulations

Please go to the Company website (<https://www.inventec.com>) and click on Investor Relations /Corporate Governance for inquiry.

2.3.9 Other Important Information Regarding Corporate Governance: None.

2.3.10 Internal Control System

2.3.10.1 Statement of Internal Control System

Inventec Corporation
Statement of Internal Control System

Mar. 15, 2022

Based on the findings of self-assessment, the Company states the following with regard to its internal control system in 2021:

1. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. The aim of the internal control system is to provide reasonable assurance to effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the aforementioned three objectives. Moreover, the effectiveness of an internal control system may be subject to changes of environmental or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanism and the Company takes corrective actions whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that, as of December 31, 2020, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning effectiveness and efficiency of operations, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be integral part of the Company’s Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors in their meeting held on Mar. 15, 2022 with zero of nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Inventec Corporation.
Chairman : Cho, Tom-Hwar
President : Wu, Yung-Tsai

2.3.10.2 If the Company is Requested by the SEC to Retain CPA's Service for Examining Internal Control System, the Independent Auditor's Report must be Disclosed: None

2.3.11 The Penalties Delivered to the Company and the Staffs of the Company, or the Penalties Delivered by the Company to the Staffs for Violations of Internal Control System, the Major Nonconformity, and the Corrective Action in the Most Recent Years and up to the Date of the Annual Report: None.

2.3.12 Resolutions Reached in the Shareholders' Meeting or by the Board of Directors in the Most Recent Years and up to the Date of the Annual Report Printed:

2.3.12.1 The important resolutions of the general shareholder meeting:

Meeting date	Abstract of Important Proposals	Implementation Status
2021.07.22	1. Proposal for the acknowledgment of the 2020 Business Report and financial statement of the Company.	Approved by 2,451,806,073 voting rights (among which, 1,698,802,967 voting rights were exercised electronically), accounting for 90.73% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed.
	2. Proposal for acknowledgment of surplus dividend distribution of the Company in 2020.	Approved by 2,451,047,939 voting rights (among which, 1,698,044,833 voting rights were exercised electronically), accounting for 90.70% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. NT\$1.85 cash dividend is allotted per share. Ex-dividend base date: July 21, 2021. Date of cash dividend distribution: August 11, 2021.
	3. Proposal to revise some articles of Rules of Procedures for Election of Directors.	Approved by 2,437,709,229 voting rights (among which, 1,684,706,123 voting rights were exercised electronically), accounting for 90.21% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. The revised edition has been published on the company website.
	4. Proposal to revise some articles of Rules of Procedure for Shareholders Meetings.	Approved by 2,437,710,282 voting rights (among which, 1,684,707,176 voting rights were exercised electronically), accounting for 90.21% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed. The revised edition has been published on the company website.

	5. Proposal for Release the Prohibition on Director Yeh, Li-Cheng from Participation in Competitive Business	Approved by 2,308,672,689 voting rights (among which, 1,673,082,055 voting were exercised electronically), accounting for 89.31% of the total voting rights. The approved voting rights exceed the statutory amount, and this proposal is passed.
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2.3.12.2 The important resolutions of the Board of Directors:

Meeting Date	Important Resolution Matters
2021.01.26	Passed Inventec (Chongqing) Corp. 's plans to purchase equipment.
2021.01.29	Passed Inventec (Pudong) Technology Corp.'s and Inventec Hi-Tech Corp.'s asset disposal plan proposal.
2021.02.23	Passed manager dismissal.
	Passed to extend the bank quotas.
2021.03.30	Passed the investment in Chainwin Agriculture & Animal Technology (Cayman Islands) LTD.
	Passed to issue the 2020 "Inventec Corporation Internal Control System Statement".
	Passed the 2020 employees', and directors' rewards distribution
	Passed the 2020 individual and consolidated financial statement, and business report of the Company.
	Passed the 2020 surplus distribution proposal of the Company.
	Passed the appointment of the certified public accountant.
	Passed to agree upon relevant matters of the 2021 general meeting of the Company.
	Passed the revision of some articles of the Rules of Procedure for Shareholders Meetings.
	Passed the revision of some articles of the Procedures for Election of Directors.
	Passed to remove the restriction of the board directors, Yeh, Li-Cheng
2021.04.27	Passed Inventec (Pudong) Technology Corp. and Inventec Hi-Tech Corp. idle asset disposal proposal
	Passed manager dismissal
	Passed the investment in Shun Wei Chongqing Technology Corp.
	Passed Inventec (Pudong) Corp lend money to Inventec Asset-Management (Shanghai) Corporation.
	Passed to extend the bank quotas.

Meeting Date	Important Resolution Matters
2021.05.11	Passed the 2021 Q1 consolidated financial statement of the Company.
	Passed to extend the bank quotas.
2021.06.29	Passed to stipulate the ex-dividend base date of the cash dividend.
	Passed to agree upon relevant matters of the 2021 general meeting of the Company.
	Passed to appoint managers.
	Passed IEC Technologies, S. de R.L. de C.V. 's plans to purchase equipment.
	Passed Inventec Corp. 's plans to purchase equipment.
	Passed to extend the bank quotas.
2021.07.27	Passed to extend the bank quotas.
2021.8.10	Passed the 2021 Q2 consolidated financial statement of the Company.
	Passed the revision of “2021 Internal Audit Plan (2nd Edition)”.
	Passed IEC Technologies, S. de R.L. de C.V. to commission factory construction on self-owned land
	Passed to extend the bank quotas.
2021.09.28	Passed to provide endorsements/guarantees to IEC Technologies, S. de R.L. de C.V.
	Passed to appoint managers.
	Passed to extend the bank quotas.
2021.10.26	Passed to extend the bank quotas.
2021.11.12	Passed the participation in the capital increase of Inventec Holding (North America) Corp.,Ltd.
	Passed the revision of some articles of the internal control system.
	Passed the "2022 Internal Audit Plan".
	Passed the 2021 Q3 consolidated financial statement of the Company.
	Passed the CPA's fees
	Passed the donation of TWD 10 million to Inventec Group Charity Foundation
	Passed to extend the bank quotas.
2021.12.28	Passed 2021 directors and managers’ remunerations ratio
	Passed 2021 directors and managers’ remunerations and year-end bonus proposal
	Passed the proposal for the 2022 remuneration adjustment for directors and managers of the Company
	Passed 2022 business plan
	Passed Inventec (Chongqing) Corp. 's plans to purchase equipment.

Meeting Date	Important Resolution Matters
	Passed to extend the bank quotas.
2022.1.25	Passed Inventec (Czech), s.r.o. 's plans to purchase equipment.
	Passed Inventec (Pudong) Technology Corp. 's plans to purchase equipment.
	Passed Inventec (Chongqing) Corp to purchase new staff dormitory as demanded by operating requirements
	Pass to raise funds to set up “Top Taiwan II Venture Capital Co., Ltd.”
	Passed to appoint managers.
	Passed to extend the bank quotas.
2022.2.22	Passed to extend the bank quotas.
2022.3.15	Passed to set up a project company through investments from Inventec Appliances (Shanghai) Co., Ltd. to develop a project plan
	Passed to issue the 2021 "Inventec Corporation Internal Control System Statement".
	Passed the 2021 employees', and directors' rewards distribution
	Passed the 2021 individual and consolidated financial statement, and business report of the Company.
	Passed the 2021 individual and consolidated financial statement, and CPA auditing report of the Company.
	Passed the 2021 surplus distribution proposal of the Company.
	Passed the appointment of the certified public accountant.
	Passed to agree upon relevant matters of the 2022 general meeting of the Company.
	Passed the revision of some articles of Corporate Governance Best Practice Principles
	Passed the revision of some articles of Corporate Social Responsibility Best Practice Principles
	Passed the revision of some articles of Ethical Corporate Management Best Practice Principles
	Passed the revision of some articles of the Procedures for Acquisition or Disposal of Assets.
	Passed the revision of some articles of the Rules of Articles of Incorporation.
	Passed the revision of some articles of the Rules of Procedure for Shareholders Meetings.
Passed to remove the restriction of the board directors, Chen, Ruey-Long	
Passed to appoint managers.	
	Passed to extend the bank quotas.
2022.04.26	By participating in the bidding for the optoelectronic plant in Tainan Technology Industrial Park Service Center.
	Through a capital increase of Inventec Holding (North America) Corp.,Ltd
	Passed Inventec (Pudong) Corp lend money to Inventec Asset-Management (Shanghai) Corporation.
	Passed to extend the bank quotas.

Meeting Date	Important Resolution Matters
2022.05.13	Passed the 2022 Q1 consolidated financial statement of the Company.
	Passed to extend the bank quotas.

2.3.13 Major Issues of Record or Written Statement Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Last Few Years and to the Date of the Annual Report: None.

2.3.14 Resignation or Dismissal of Chairman, President, and Heads of Accounting, Finance, Internal Audit and R&D during 2019 and as of the Annual Report Printing Date: None.

2.4. Certified Public Accountant (CPA) Fee Information

2.4.1 Range of CPAs' Fee

Unit: NT\$ Thousands

CPA Firm	CPA	Auditing Period	Auditing Fees	Non-Auditing Fees (Note1)	Total	Note
KPMG	Lin Wan-Wan	2021.01.01~2021.12.31	8,450	4,505	12,955	-
	Kuo, Rou-Lan					

Note1: The fees mainly include the tax visa, business tax auditing, transfer pricing, country report/group master file, and other tax consultations.

2.4.2 If the CPA Firm Changes, and the Audit Fee Paid in the Year of such Change is Reduced from the Audit Fee of the Previous Year, the Amounts of the Audit Fees Before and After such Change and the Reason of such Change Should Be Disclosed: None

2.4.3 If the Audit Fee Is Reduced by More than 10% from Last Year, the Amount, Ratio, and Reason for the Reduction of the Audit Fee Should Be Disclosed: None

2.5 Information Regarding the Replacement of CPA:

As part of the internal rotation of the accounting department, from the first quarter of 2021, certified public accountants changes from CPA Lin Wan-Wan and CPA Yang, Liu-Fong to CPA Lin Wan-Wan and CPA Kuo, Rou-Lan, hence it is not applicable.

2.5.1 Former CPA Information:

Date of alternation	March 30, 2021 (Approved by board meetings)		
Reason for alternation	As part of the internal rotation of the accounting department		
Please specify where the appointment is terminated or unaccepted by the appointer or CPA	Related parties		CPA
	Appointer		
	Situation		
	Voluntary termination of appointment		Not Applicable
	No further acceptance (continuation) of appointment		Not Applicable
Opinion and reason for any audit report other than unqualified opinion in the last two years	Not Applicable		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Discloser of financial statement
			Scope or steps of the audit
			Others
	No		
	Remarks : Not Applicable		
Other disclosures	As part of the internal rotation of the accounting department, hence it is not applicable.		

2.5.2 Successor CPA Information:

Name of the firm	Not Applicable
Name of the CPAs	Not Applicable
Date of appointment	Not Applicable
Prior to the formal engagement of the successor CPA, if the Company has consulted the CPA regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial statement, what was the subject consulted and what was the result?	Not Applicable
The successor CPA's written opinion regarding the matters on which the Company did not agree with the former CPA	Not Applicable

2.5.3 Reply of the Previous Accountant: As part of the internal rotation of the accounting department, hence it is not applicable.

2.6 Information on Services of the Company's Chairman, Presidents, Financial or Accounting Managers at the Accounting Firm or Its Affiliates

If the chairman, president, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

2.7 Change in Shareholding of Directors, Managers and Major Shareholders Who Own 10% or More of Invnetec Corporation Shares

Unit: Thousand shares

Title	Name	2021		2022/1/1~2022/05/16	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Cho, Tom-Hwar	0	0	0	0
Director	Yeh, Kuo-I	0	0	0	0
Director	Wen, Shih-Chih	0	0	0	0
Director	Lee, Tsu-Chin	0	0	0	0
Director	Chang, Ching-Sung	0	0	0	0
Director	Yeh, Li-Cheng	0	0	0	0
Independent Director	Chang, Chang-Pang	0	0	0	0
Independent Director	Chen, Ruey-Long	0	0	0	0
Independent Director	Wea, Chi-Lin	0	0	0	0
President	Wu, Yung-Tsai	0	0	143,349	0
Business Group President	Chang, Hui	0	0	0	0
Business Group President	Tsai, Chih-An	0	0	0	0
Senior Vice President	Chiu, Chui-Kuan	0	0	0	0
Senior Vice President	Chen, Yea-Ping	0	0	0	0
Senior Vice President	Yi, Fu-Ming	0	0	0	0
Senior Vice President	Chen, Wei-Chao	0	0	0	0
Senior Vice President	Chang, Lin	0	0	0	0
Vice President	Chang, Nai-Wen	0	0	0	0
Vice President	Hong, Kuo-Ching	0	0	0	0
Vice President	Chang Yiu-Lang	0	0	0	0
Vice President	Yu, Chin-Pao	0	0	0	0
Vice President	Chien, Kuei-Fen	0	0	0	0
Vice President	Tsai, Yuh-Chen	0	0	0	0
Vice President	Hsu, Ching-Wu	0	0	0	0
Vice President	Lin, Shu-Ju	0	0	0	0
Vice President	Yen, Cheng-Lung	0	0	0	0
Vice President	Chao, Tsai-Hsiu	0	0	0	0

Title	Name	2021		2022/1/1~2022/05/16	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Vice President	Li, Jui-Chin	0	0	0	0
Vice President	Chung, Chien-Yao	0	0	0	0
Vice President	Lin, Hung-Chou	0	0	0	0
Vice President	Ting, Wei-Fan	0	0	0	0
Vice President	Chen, Wen-Chi	0	0	0	0
Vice President	Yu, San-Hua	0	0	0	0
Senior Director of Information Technology Center	Yu, Win-Chee	0	0	0	0
Senior Director of Talent Center	Lin, Shih-Pin	0	0	0	0
Director of Finance Center	Liang, Wen-Jan	0	0	0	0
Director of Finance Center	Hsiao, I-Ying	0	0	0	0

Note 1: The Company has no shareholder holding more than ten percent of the total stock.

Note 2: The date of formulating data is the date of publication.

2.7.1 Information of Shares Transferred: None.

2.7.2 Information of Equity Pledged: None.

2.8 Information on the Relationship of the Top Ten Shareholders as Related Parties, Spouses, or Blood Relatives within Two Degrees

2022.04.16

Unit: Share

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		The Relationship		Note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Yeh, Kuo-I	176,361,330	4.92%	69,314,117	1.93%	-	-	Yeh, Li-Chuan Yeh, Li-Cheng	Relative within the second degree of kinship Relative within the second degree of kinship	
Yuanta/P-shares Taiwan Dividend Plus ETF	155,546,573	4.34%	-	-	-	-	-	-	
Shyh Shiunn Investment Corp.	139,416,690	3.89%	-	-	-	-	Wen, Shih-Chih	Chairman	
Shyh Shiunn Investment Corp.: Representative, Wen, Shih-Chih	35,685,590	0.99%	37,399	0.00%	-	-	-	-	
Lai-Chu Investment Co., Ltd.	136,721,634	3.81%	-	-	-	-	Yang, Yuan-Yuan	Chairman	
Lai-Chu Investment Co., Ltd. Representative Yang, Yuan-Yuan	1,100,000	0.03%	36,414,930	1.02%	-	-	-	-	
Fu Tai Investment Co., Ltd.	126,781,074	3.53%	-	-	-	-	Yeh, Li-Cheng	Chairman	
Fu Tai Investment Co., Ltd.	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I	Relative within the second degree of kinship	

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		The Relationship		Note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Representative, Yeh, Li-Cheng							Yeh, Li-Quan Kuo Hsieh Investment Co., Ltd..	Relative within the second degree of kinship Chairman	
Kuo Hsieh Investment Co., Ltd.	126,752,558	3.53%	-	-	-	-	Yeh, Li- Cheng	Chairman	
Kuo Hsieh Investment Co., Ltd. Representative, Yeh, Li-Cheng	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I Yeh, Li-Quan Fu Tai Investment Co., Ltd.	Relative within the second degree of kinship Relative within the second degree of kinship Chairman	
Yeh, Li-Cheng	117,412,472	3.27%	600,000	0.02%	-	-	Yeh, Kuo-I Yeh, Li-Quan Kuo Hsieh Investment Co., Ltd. Fu Tai Investment Co., Ltd.	Relative within the second degree of kinship Relative within the second degree of kinship Chairman Chairman	
Lee, Tsu-Chin	115,833,835	3.23%	-	-	-	-	-	-	
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	94,206,000	2.63%	-	-	-	-	-	-	
Yeh, Li-Quan	93,398,405	2.60%	2,311,196	0.06%	-	-	Yeh, Kuo-I	Relative within the second degree of kinship Relative within the second	

Name	Shareholding		Spouse and Minor		Shareholding by Nominee Arrangement		The Relationship		Note
	Shares	%	Shares	%	Shares	%	Name	Relations	
							Yeh, Li-Cheng	degree of kinship	

Note 1: The top ten shareholders shall all be listed; for corporate shareholders, the name and representative of the corporate shareholder shall be listed respectively.

Note 2: The calculation of shareholding ratio means the calculation of shareholding ratio in the name of oneself, spouse, minor children, or other person.

Note 3: For the corporate shareholders and natural person shareholders listed above, any relationship between and among them shall be disclosed.

Note 4: The date of formulating data is the book closure date of shares

2.9 Ownership of Shares in Affiliated Enterprises

2022.04.16

Unit: Thousand shares

Long-Term Investment	Ownership by Inventec		Direct/Indirect Ownership by Directors and Management		Total	
	Shares	%	Shares	%	Shares	%
Inventec Appliances Corporation	536,857	100.00%	-	-	536,857	100.00%
Inventec Besta Co., Ltd	23,405	37.53%	2,840	4.55%	26,245	42.08%
Inventec Investment Corporation	108,800	100.00%	-	-	108,800	100.00%
Inventec Solar Energy Corporation	108,150	33.45%	58,861	18.20%	167,011	51.65%
AIMobile Co., Ltd.	18,250	73.00%	-	-	18,250	73.00%

Note 1: It is the investment of Company by adopting the Equity Method.

Note 2: The date of formulating data is the book closure date of shares

III. Capital Overview

3.1 Capital and shares

3.1.1 Capital and Shares

05/16/2022

Month/ Year	Par Value (NT)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000)	Amount (NT\$1,000)	Shares (1,000)	Amount (NT\$1,000)	Sources of Capital (NT\$10,000)	Capital Increased by Assets Other than Cash	Other
1988.11	10	22,060	220,600	22,060	220,600	Capital increase NT 3,000 by Cash	—	November 1, 1988 (77), No. 09283
1989.08	10	66,999	660,000	33,200	332,000	Capital increase NT 4,080.80 by Cash Capital increase NT 7,059.20 by Earnings	—	August 21, 1989 (78), No. 01724
1990.05	10	100,000	1,000,000	76,360	763,600	Capital increase NT 3,320 by Capital Surplus Capital increase NT 39,840 by Earnings	—	May 30, 1990 (79), No. 28599
1991.07	10	100,000	1,000,000	83,996	839,960	Capital increase NT 7,636 by Capital Surplus	—	July 18, 1991 (80), No. 01592
1992.06	10	100,795	1,007,952	100,795	1,007,952	Capital increase NT 16,799.20 by Earnings	—	June 17, 1992 (81), No. 01286
1993.07	10	120,954	1,209,542	120,954	1,209,542	Capital increase NT 20,159 by Earnings	—	July 20, 1993 (82), No. 30624
1994.06	10	145,145	1,451,451	145,145	1,451,451	Capital increase NT 24,191 by Earnings	—	June 20, 1994 (83), No. 28255
1995.06	10	174,174	1,741,741	174,174	1,741,741	Capital increase NT 29,029 by Earnings	—	June 21, 1995 (84), No. 36512
1996.06	10	226,426	2,264,263	226,426	2,264,263	Capital increase NT 52,252 by Earnings	—	June 21, 1995 (84), No. 38703
1997.05	10	600,000	6,000,000	508,560	5,085,604	Capital increase NT 282,134 by Earnings	—	May 06, 1997 (86), No. 36918
1998.05	10	1,000,000	10,000,000	835,407	8,354,069	Capital increase NT9,663 by Capital Surplus Capital increase NT 317,184 by Earnings	—	May 12, 1998 (87), No. 41354
1998.05	10	1,000,000	10,000,000	855,407	8,554,069	Capital increase NT 20,000 by Cash	—	May 20, 1998 (87), No. 41353
1999.05	10	1,250,000	12,500,000	1,140,000	11,400,000	Capital increase NT 284,593 by Earnings	—	May 17, 1999 (88), No. 46068
2000.05	10	1,500,000	15,000,000	1,375,860	13,758,600	Capital increase NT 22,800 by Capital Surplus Capital increase NT 213,060 by Earnings	—	May 22, 2000 (89), No. 43743
2001.05	10	2,000,000	20,000,000	1,660,700	16,607,000	Capital increase NT 27,517.2 by Capital Surplus Capital increase NT 257,322.8 by Earnings	—	May 18, 2001 (90), No. 130976
2002.06	10	2,000,000	20,000,000	1,835,000	18,350,000	Capital increase NT 24,910.5 by Capital Surplus Capital increase NT 149,389.5 by Earnings	—	June 14, 2002 (91), No. 132472

Month/ Year	Par Value (NT)	Authorized Capital		Paid-in Capital		Remark		
		Shares (1,000)	Amount (NT\$1,000)	Shares (1,000)	Amount (NT\$1,000)	Sources of Capital (NT\$10,000)	Capital Increased by Assets Other than Cash	Other
2003.06	10	2,500,000	25,000,000	2,026,000	20,260,000	Capital increase NT 191,000 by Earnings	—	June 18, 2003 (92), No. 0920127026
2004.06	10	2,500,000	25,000,000	2,137,000	21,370,000	Capital increase NT 111,000 by Earnings	—	June 08, 2004 (93), No. 0930125427
2005.06	10	2,500,000	25,000,000	2,205,700	22,057,000	Capital increase NT 68,700 by Earnings	—	June 24, 2005 (94), No.0940125418
2006.06	10	2,500,000	25,000,000	2,301,000	23,010,000	Capital increase NT 95,300 by Earnings	—	June 27, 2006 (95), No. 0950126555
2007.06	10	2,500,000	25,000,000	2,427,800	24,278,000	Capital increase NT 126,800 by Earnings	—	June 25, 2007 (96), No. 0960031988
2008.06	10	3,000,000	30,000,000	2,561,000	25,610,000	Capital increase NT 133,200 by Earnings	—	June 24, 2008 (97), No. 0970031477
2009.06	10	3,000,000	30,000,000	2,821,426	28,214,260	Capital increase NT 260,426 by Earnings	—	June 25, 2009 (98), No. 0980031805
2010.06	10	3,000,000	30,000,000	2,962,497	29,624,973	Capital increase NT 141,071 by Earnings	—	June 25, 2010 (99), No. 0990032858
2011.08	10	3,500,000	35,000,000	3,468,922	34,689,218	Capital increase NT 506,425 by Merging	—	August 19, 2011 (100), No. 1000037640 September 01, 2011 (100), No. 1000041230
2011.10	10	3,500,000	35,000,000	3,466,159	34,661,595	Cancellation of Treasury Stocks NT2,762	—	—
2012.06	10	3,650,000	36,500,000	3,587,475	35,874,751	Capital increase NT 121,316 by Earnings	—	June 27, 2012 (101), No.1010028496

Unit: Share; 05/16/2022

Shares Category	Authorized Capital			Remarks
	Issued Shares (Listed)	Non-Issued	Total	
Registered Common Shares	3,587,475,066	62,524,934	3,650,000,000	

Information for shelf registration: None

3.1.2 Composition of Shareholders

04/16/2022

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	10	61	178	126,072	861	127,182
Shareholding (shares)	21,285,555	424,723,173	737,077,768	1,515,574,986	888,813,584	3,587,475,066
Percentage	0.59%	11.84%	20.54%	42.25%	24.78%	100.00%

3.1.3 Shareholding Distribution Status

04/16/2022

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	29,705	8,553,974	0.24%
1,000~ 5,000	69,933	154,410,945	4.31%
5,001~ 10,000	14,714	111,769,494	3.12%
10,001~ 15,000	4,599	57,324,631	1.60%
15,001~ 20,000	2,525	46,438,186	1.30%
20,001~ 30,000	2,083	52,444,944	1.46%
30,001~ 40,000	908	32,380,659	0.90%
40,001~ 50,000	606	28,039,536	0.78%
50,001~ 100,000	1,011	71,887,567	2.00%
100,001~ 200,000	458	65,330,657	1.82%
200,001~ 400,000	235	66,074,815	1.84%
400,001~ 600,000	106	51,938,666	1.45%
600,001~ 800,000	50	35,659,486	0.99%
800,001~1,000,000	25	22,685,533	0.63%
1,000,001~999,999,999	224	2,782,535,973	77.56%
Total	127,182	3,587,475,066	100.00%

Preferred share: The Company did not issue any preferred share.

3.1.4 List of Major Shareholder

04/16/2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Yeh, Kuo-I	176,361,330	4.92%
Yuanta/P-shares Taiwan Dividend Plus ETF	155,546,573	4.34%
Shyh Shiunn Investment Corp.	139,416,690	3.89%
Lai-Chu Investment Co., Ltd	136,721,634	3.81%
Fu Tai Investment Co., Ltd	126,781,074	3.53%
Kuo Hsieh Investment Co., Ltd	126,752,558	3.53%
Yeh, Li-Cheng	117,412,472	3.27%
Lee, Tsu-Chin	115,833,835	3.23%
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	94,206,000	2.63%
Yeh, Li-Quan	93,398,405	2.60%

3.1.5 Market Price Per Share, Net Value, Earnings and Dividends for Latest Two Years

Unit : NT\$; Thousand shares

Item		Year			
		2020	2021	01/01/2022 ~03/31/2022	
Market Price per Share (Note1)	Highest Market Price	28.40	28.00	26.05	
	Lowest Market Price	18.75	22.65	24.55	
	Average Market Price	23.46	25.41	25.23	
Net Worth Per Share	Before Distribution	16.16	15.91	15.26	
	After Distribution	14.31	14.51 (Note5)	—	
Earnings Per Share	Weighted Average Share Numbers	3,587,475	3,587,475	3,587,475	
	Earnings Per Share	2.10	1.82	0.41	
Dividends Per Share	Cash Dividends		1.85	1.40 (Note5)	—
	Stock Dividend	Dividends from Retained Earnings	—	—	—
		Dividends from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price / Earnings Ratio (Note2)		11.17	13.96	—
	Price / Dividend Ratio (Note3)		12.68	18.15 (Note5)	—
	Cash Dividend Yield Rate (Note4)		8%	6% (Note5)	—

Note1: Source of the materials: Taiwan Stock Exchange Corporation

Note2: Price / Earnings Ratio = Average Market Price / Earnings Per Share

Note3: Price / Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note4: Cash Dividend Yield Rate = Cash Dividends Per Share / Average Market Price

Note5: Including 2021 dividend amount resolved by the Board on March 15, 2022

3.1.6 Corporate Dividend Policy and Implementation Condition

1. Corporate dividend policy

Pursuant to the provisions of the Articles of Incorporation, if there is a surplus in the general annual report of the Company, it shall first be used to pay taxes and offset accumulated losses, and then 10% will be withdrawn as a statutory surplus reserve, except when the statutory surplus reserve has accumulatively reached the total paid-up capital of the Company. Furthermore, the special surplus reserve shall be set or returned according to the operation demand of the Company and pursuant to relevant laws and decrees. If there is still surplus and accumulated undistributed surplus, a proper amount shall be reserved according to operation demand, and a dividend of no less than 10% of the surplus in the current year shall be paid. The Board of Directors shall prepare a surplus distribution proposal and submit it to the Shareholders' Meeting for acknowledgment. The dividend policy of the Company considers the future fund demand and long-term financial planning of the Company, as well as shareholders' demand on

cash inflow. If there is a surplus in the annual report, the cash dividend distributed every year shall not be less than 10% of the total cash and stock dividend distributed in the current year.

2. Dividend distribution situation

The dividend distribution situations of the Company for past five years are summarized in the following table:

Year	2017	2018	2019	2020	2021
Cash Dividend	1.65	1.50	1.30	1.85	1.40
Stock Dividend	-	-	-	-	-

3.1.7 The Impact of Stock Grants Proposed by the Shareholders' Meeting at this Time on Company Business Performance and Earnings Per Share: This (2022)

Shareholders' Meeting has not proposed any stock grants.

3.1.8 Remuneration of Employees, and Directors

1. Percentage or scope of remuneration of employees, and directors as stated in the Articles of Incorporation

According to the Articles of Incorporation of the Company, if the Company experiences overall annual profit, no less than 3% shall be allocated as employee remuneration and no more than 3% as director remuneration. However, when the Company has accumulated losses, it shall reserve the compensation amount in advance. Employee remuneration may be issued in cash or stock, the issuing object may include employees subordinated to the Company and conforming to certain conditions, and the conditions and methods thereof will be stipulated by the Board of Directors.

2. Estimation base of employee, and director remuneration in this estimation, the number of shares calculation base for employee remuneration in stock distribution, and accounting treatment when the actual distribution amount differs from the estimated amount.

- (1) Estimation base of employee, and director remuneration in this estimation: Pursuant to the Articles of Association of the Company, if the Company experiences overall annual profit, no less than 3% shall be allocated as employee remuneration and no more than 3% as director remuneration. However, when the Company has accumulated losses, it shall reserve the compensation amount in advance.
- (2) The number of shares calculation base for employee remuneration in stock distribution: In this period, no employee remuneration is in stock distribution.
- (3) When the actual distribution amount differs from the estimated amount, the balance thereof will be listed as cost adjustments in the actual distribution year.

3. Situation of the Board of Directors' passing remuneration distribution

- (1) The amount of employee, and director remuneration in cash or stock distribution. If it differs from the estimated amount in the recognized expense year, the balance, reason, and handling situation shall be disclosed: the Board of Directors passed a resolution, determining that the remuneration of employees in 2021 is NT\$ 558,930,501, and the remuneration of directors in 2021 is NT\$ 83,422,463, which are the same as the recognized expense amount in 2021.
- (2) The proportion of employee remuneration amount in stock distribution in the net profit after tax in individual financial statements of this period and the total employee remuneration: None

4. For the actual distribution situation of employee, and director remuneration last year (including distributed shares, amount, and stock price), if it differs from the recognized employee, and director remuneration, the balance, reason, and handling situation shall be specified.

In 2020, the relevant information on the employee and director remuneration is summarized below: Employee bonus distribution: NT\$ 675,529,321; director remuneration distribution: NT\$ 123,673,830 and the total distribution amount is NT\$ 799,203,151. It is the same as the recognized expense amount in 2020.

The distribution situation passed by the Shareholders' Meeting is the same as the proposed situation passed by the Board of Directors.

3.1.9 Company's Situation Regarding Buying Back Company Shares: None.

3.2 Bonds: None.

3.3 Preferred Shares: None.

3.4 Global Depository Receipts: None.

3.5 Employee Stock Options: None.

3.6 Restricted Employee Shares: None.

3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

3.8 Financing Plans and Implementation

3.8.1 Plans: None.

3.8.2 Implementation: None.

IV. Operational Highlights

4.1 Business Activities

4.1.1. Business Scope

1. Major business contents

The major business items of the Group include the manufacturing and sale of computer software and hardware products, as well as the assembly and sale of communication and digital assistant products, etc.

2. Proportion of consolidated business

Item \ Year	2020	2021
IT Product	99.77%	100.00%
Others	0.23%	0.00%
Total	100.00%	100.00%

3. Commodity items and new commodities planned to be developed

- A. Personal information products: Notebook PC, Desktop, AIO and Thin Client.
- B. Business solutions: servers, blade servers, network switches, storage equipment, rack solutions and server management software, etc.
- C. Smart devices: include Smart home devices, smart wearable devices and medical application products

4.1.2 Industry Overview

1. The current situation and development of the industry

(1) Notebook computers

Material shortages were very serious since the latter half of 2020 and related orders were accordingly postponed. Despite the continuing impact of the epidemic in 2021, thanks to local governments' purchasing educational computers in the first half of the year as well as offices being reopened in Europe and America in the latter half, commercial demands increased again. According to statistics from the Institute for Information Industry, Taiwan's PC market sales volume was up to 200 million. This was an increase of 22.7% compared to the previous year.

With the ever-increasing popularity of mixed work patterns due to the epidemic, portable notebooks have become an important tool for work, study and recreation, thus promoting the entire market's steady growth. Because of this, the material shortage continues to be an important topic and seems to be a test of how brand manufacturers can satisfy

demands and adjust their inventory at the same time.

(2) Servers and Cloud computing

According to DIGITIMES Research, demands like Working at Home, Cloud office, e-commerce, consumptive and social video-audio platforms, etc. that had been driven by the epidemic, strongly promoted purchase quantities from large-scale Cloud practitioners for servers. However, due to the shortage of IC components and the tight global server market, overall shipment amounts in 2021 only increased by 4.5%.

It is estimated that IC shortages will gradually be relieved in the second half of 2022. In this period, the demand for Cloud online services is soaring. Also, due to new CPU platform replacements and delayed orders caused by material shortages in earlier stages, global server shipments are expected to increase by 6.8%.

(3) Smart device

According to statistics from the IDC research unit, the total annual shipment of wearable devices in 2021 was 530 million, which is an increase of 20.0% compared to that of 2020. Among all these wearable units, sales of earpiece devices were the highest, followed by smart watches. Although the supply chain situation is slowing and supplies are expected to gradually improve, the fact that there are structural shortages and that there is a risk of variant viruses cannot simply be cast aside. The instability of supplies has also led manufacturers to gradually improve their overall revenue through services by strengthening their business models catering to related services, such as healthcare. The output volume of global smart home devices in 2021 reached 895 million units – an annual increase of 11.7%. This was mainly due to the penetration rate of wireless networks and the fact that households have better broadband connections than ever before. The pandemic has prompted people tend to spend more time at home, which is also one of the driving forces for the growth of the smart home device market.

2. Relevance of upstream, midstream, and downstream of the information hardware industry

<u>Upstream component manufacturing industry</u>	<u>Midstream semi-finished products processing industry</u>	<u>Downstream product distribution industry</u>
(1) CPU		
(2) ODD		
(3) HDD		
(4) LCD panel	Module	
(5) Battery		
(6) Memory	and	Distributor
(7) Network device		
(8) Keyboard	Assembly	
(9) Mainboard		
(10) Adaptor		
(11) Other components		

3. All kinds of product development trends and competition situations

(1) Notebook computers

In recent years, low prices were not the first consideration but rather the notebook's functionality and quality. Under the epidemic, mixed work patterns meant users had more diverse demands like work, study, recreation, etc. This included longer usage times for notebook computers. In addition to processor and graphics card upgrades as well as performance reinforcement, each brand manufacturer also attaches importance to screens. Moreover, with an increasing emphasis on environmental sustainability, manufacturers have started to apply recyclable materials to product designs and green energy to manufacturing productions to reduce carbon footprints and achieve sustainable development.

(2) Server and cloud computing

To stay closer to the market, server brand owners continue to provide diverse services for product layouts. Of this, product specifications include vertical, rack-mounted and knife types, multiple nodes, etc. Concerning product applications, server operational capability enhancements are the top priority. Namely, super-computers, high-efficiency computing, AI computing specialized servers, enterprise-class servers, edge servers and Hyper-Converged Infrastructure are all key layouts.

As for cloud services, it also focuses on the development of emerging technologies with the continuous growth of demand in addition to the transfer of basic services. To meet the needs of the cloud market, hardware also needs to be improved so that software and hardware can be integrated to support the application of related technologies. Introducing edge computing driven by the development of 5G and the Internet of Things to solve real-time demand and apply blockchain technology gradually in commercial fields. AI technology, container technology, quantum computing, etc. are under continuous development to rapidly promote Flexible Computing modes made up of Cloud, edge and terminal.

(3) Smart devices

The COVID-19 pandemic has changed the lifestyle habits of people, and remote work, online entertainment, digital medical care, and contactless retail trends have now become part of new lifestyles. Manufacturers and vendors continue to focus on realizing a high price-performance ratio by upgrading the hardware specifications of products and integrating software services in the hopes of providing a better user experience to consumers. To meet the various needs and demands of consumers, the segmentation of user groups is getting more and more granular, the design and development of wearable devices and products have become more and more diversified and show a small-volume, large-variety state of competition. In the future, dealers have to possess good product design, complete production network and support, and marketing capabilities to have an advantage in this market.

Global 5G development and the impact of the epidemic have also driven a new wave of IoT demand, connecting the IoT to create smart homes. Smart energy-saving home

appliances create a comfortable and convenient living space, and cross-brand product interoperability standards will be the breakout direction for the home appliance industry to drive further together. Remote control terminals in smart cities are undoubtedly the trend of the future. In addition, smart medical care will also see new growth momentum.

4.1.3 Overview of Technology and Research and Development

Table of research and development expenditure investment by the Group in the past two years

Year	2020	2021
R&D Expenses (Unit: NT\$ Thousands)	9,715,204	10,593,339
R&D Expenses to Revenue (%)	1.91	2.04
Growth Rate (%)	2.02	9.04

"Innovation" is the basic spirit of the Group foundation's operation philosophy; it is the best medium for shaping our enterprise's differentiation value, as well as our commitment to our customers and partners. Therefore, we pay special attention to innovation research and development and patents for invention, in order to improve the international competitiveness and influence of our Group. Over the years, the Group has invested considerable amounts of expenditure into product research and development, with the research and development expenditure of the Group in the past two years reaching NT\$9.72 billion and NT\$10.59 billion, respectively. In the future, we will continue to invest large amounts of funds. We will be dedicated to the improvement and expansion of original product line function, understanding the demand of end consumers through product innovation, and participation in the research and development design of major international manufacturers in order to strengthen the market concept of original product design. We will further master, collect, and analyze the after-sales demands of consumers through a global logistics service structure. Moreover, we will actively cooperate with major component manufacturers, fully master the core design capability, and establish cross-domain technology application platforms by integrating software and hardware with integrative functions.

4.1.4 Long-Term and Short-Term Business Development Plans

1. Short-term business development plans
 - (1) Research and develop demand-oriented products and expand the depth and width of product research and development level.
 - (2) Starting with "innovation", "quality", "open mind" and "execution" management ideas, the Company's operation technology and management tools are integrated to improve business performance.
 - (3) Adheres to industry regulations, strives for innovation and improvement, and meets customer and market needs in the quickest and most direct way.
 - (4) Actively carry out global arrangement, properly utilize each local resource advantage, and construct an optimized global supply chain and operation network.

2. Long-term business development plans
 - (1) Establish three technology development centers to deploy AI, Industry 4.0 and 5G.
 - (2) Combine industry trends, continue the transformation of laptops, and continue to develop four major areas (servers, industrial Internet of Things, smart devices, and smart homes).
 - (3) Focus on new business opportunities for long-term development; automotive electronics and medical care.
 - (4) Under omni-directional thinking, carry out enterprise innovation and strategic layout to achieve the goal of sustainable growth, protect employees' rights and interests, and implement corporate sustainability.

4.2 Market and sales overview

4.2.1 Market Analysis

1. Sales Territory of Major Products

Major Product Department	Name	Major Sales Territory
Computer product	Notebook computers, servers, and other electronic information products	America, Europe, Asia

2. Market share, supply and demand situation, and growth in the future market

- (1) Notebook computers

Business notebooks grow with the needs of people as the epidemic slows down and remote environments become an important work trend in the future. Compared to desktop computers, notebooks are thin and light - closer to market preferences. As Taiwanese notebook OEM manufacturers possess a global planning, management capacity, quick responses and a huge economy of scale, major brand companies around the world tend to entrust them for design and manufacture; they have a global market

share of over 80%, thus, taking the lead. The Group adheres to a commitment to research and development, with strong engineering technology, outstanding global planning and management services, the most flexible order receiving patterns as well as localized and customer-tailored production modes, etc. They have become the lead notebook manufacturer worldwide.

(2) Servers and Cloud computing

With the rapid growth of cloud computing and mobile devices, soaring demands for emerging technology applications have greatly promoted overall cloud market growth. Affected by the epidemic, most enterprises adopted remote working modes, further stimulating the establishment of a mixed cloud data center. The Group has been specializing in the server industry and takes the lead through continuous promotion and other competitive advantages. It is also active in developing the Internet of Things, Big Data and Cloud to promote its main business development. Moreover, it continuously invests in research and development to integrate servers and AI with the Internet of Things. In addition, it has introduced 5G smart factories into server production lines with corresponding solutions to enhance competitive advantages, improve business performance and be more attentive to client expansion and product R&D.

(3) Smart devices

Smart wearable devices have grown significantly in recent years, with a wide variety of styles and forms having been developed. Due to the epidemic, health-related sports, care, and epidemic prevention demands are particularly valued. The application of artificial intelligence in the medical industry has also become a new trend, and major international manufacturers are following each other into smart medical care applications; furthermore, smart medical care can also help alleviate the pressure on healthcare related to staffing shortages and effectively improve the efficiency of medical operations as well as service quality. Products such as smart wearables, smart speakers, and smart household appliances are expected to maintain stable growth in the future. Relying on existing design and manufacturing advantages, from software to hardware, testing to verification, design to production, and the long-term accumulation of technology research and development and service experience, intelligent devices produced by the group will not only meet and satisfy our customers' needs but also create maximum customer value. We will also continue to exploit the smart home and medical care field and conduct corporate innovation and strategic layout based on comprehensive thinking to achieve our sustainable growth goals.

3. Competition niche, favorable and unfavorable factors in development prospects, and solutions

(1) Favorable factors

A. Construct an all-around system product line

Based on the good foundation of an existing all-around product line, in addition to continuing to consolidate the notebook computer and server product fields, the Group is also gradually expanding to relevant fields such as peripheral software products, electronic information products, etc. with higher added value.

B. Cloud computing is the mainstream in future development

The cloud computing industry and big data are both growing rapidly. In the future, the cloud application business opportunities are infinite. The Group has been the industry leader in the aspect of server OEM; through existing hardware technology and application software development, we can take our place in the cloud computing industry.

C. Smart production becomes a trend

With the advent of the 5G era, 5G smart manufacturing is expected to provide faster and more flexible production capacity for the production line, which is a key business opportunity for the manufacturing industry to actively deploy. The Group continued to expand its resources, actively develop 5G private network system integration and architecture capabilities, and successfully transformed its manufacturing factory into a 5G smart factory. By combining Industry 4.0 and 5G applications, we will move towards building a global smart manufacturing factory.

D. Establishment of a global logistics supply chain system

In addition to strengthening the status of global manufacturing, research and development, and the logistics center, the Group is also actively utilizing production advantages and research and development factors in the Greater China economic circle in order to construct a real time co-working platform with high efficiency and a market feedback mechanism, and together with the setup of a research and development innovation center, we will enhance technology and product design innovation capability.

(2) Unfavorable factors

A. Industrial technology is rapidly changing and constantly updating the environment of shortening product life cycle and meager profits, causing fierce industry competition.

Solution: The Group will formulate a relevant operation risk management mechanism to consider various operation strategies as relevant solutions; in addition to coordinating with customers for the research and development of relevant demanded commodities, we are also dedicated to patent and intellectual property innovation in order to strengthen Group resource integration and expand emerging business investments and arrangements to respond to changes in the market.

B. The rapid expansion of low-cost computers, and the development of leading industry standards by suppliers and brand manufacturers, and the pulsation of mastering channels have squeezed downstream manufacturer profits.

Solution: In addition to being dedicated to the development of high added value products and all-around products, we also actively improve operation efficiency in such aspects as production, marketing, logistics, etc. to reduce operation costs and improve overall operation efficiency through constructing Enterprise Resource Planning (ERP), Supply Chain Management (SCM), and six sigma improvement strategy.

- C. Since manufacturers in our country cannot sufficiently supply some important key components, and we still rely on supply from overseas manufacturers, controlling both material sources and price is not easy.

Solution: The Company has long-term cooperative and strategic ally relationships with major suppliers and has established multiple supply sources for important components to ensure sufficient component supply; we also seek all kinds of approaches to integrate the supply chain and reduce the impact.

- D. Our business is mainly export sales, so the change of exchange rate will significantly impact company revenue and profit-making.

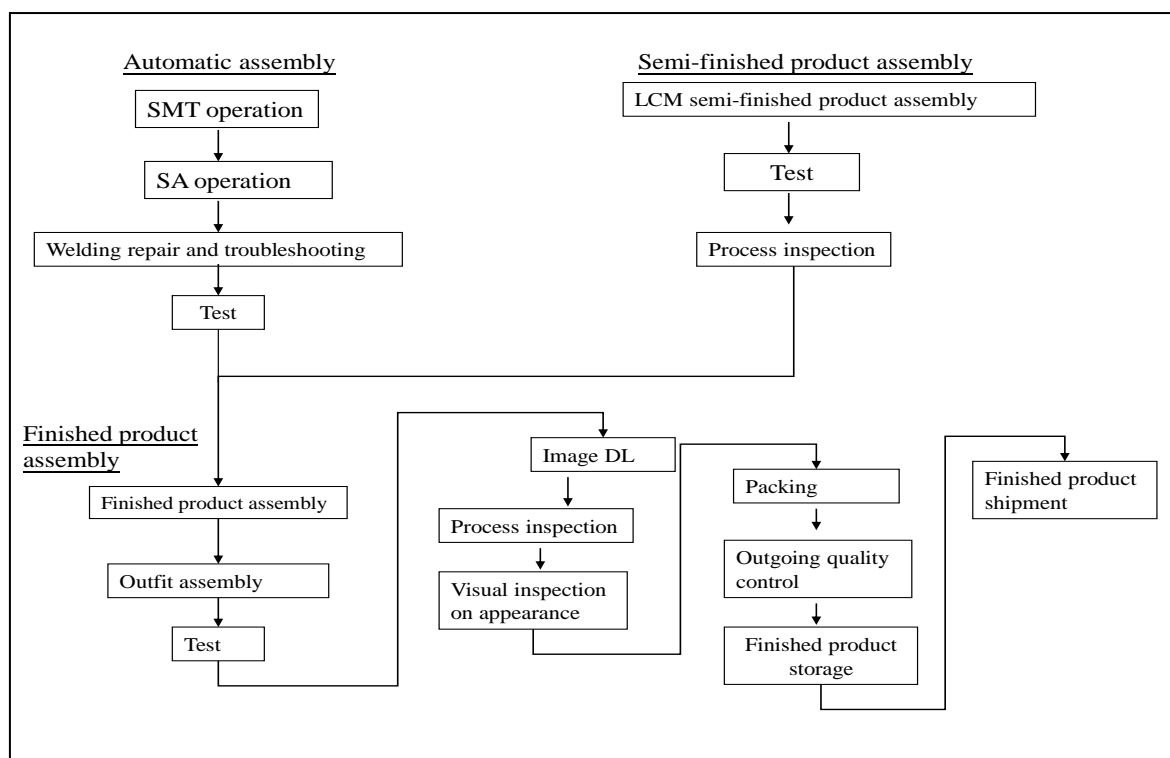
Solution: Most of the important components of the Company are purchased and imported overseas and priced with foreign currency, and the sales are mostly priced with foreign currency, which can naturally offset the impact of change of exchange rate on revenue and cost. Furthermore, taking currency hedging measures can help us reasonably avoid exchange rate risk.

4.2.2 Important Uses and Production Processes of Major Products

1. Important uses of major product

Product name	Product type	Important use
Computer products	Notebook computers, servers, and other electronic information products	Notebook computers are used for the storage, computing, and analysis of digital and character data, data transfer and receiving, etc. Through a server host machine, several computers can execute the function of computing, transfer, and data storage at the same time.

2. Production process



4.2.3 Major Raw Materials' Supply Condition

The major raw materials of the Group include central processing units, liquid crystal displays, hard disks, etc. For the stability with regard to the quality of raw materials suppliers, both delivery accuracy and quality specifications are factors in choosing suppliers. The Group maintains a good cooperative relationship with its suppliers while adopting a decentralized procurement process. We not only aim to strengthen the collection and analysis of market conditions, but also strive for timely material supply to ensure reasonable costs and sufficient material supply.

Key Material Suppliers

Item	CPU	PANEL	SSD	HDD
Suppliers	INTEL	AUO	KIOXIA	WD
	AMD	BOE	SAMSUNG	TOSHIBA
	-	INX	WD	SEAGATE

4.2.4 Major Accounts in the Past Two Years

A. Major Suppliers

Unit: NT\$ Thousand

Item	2020				2021				As of end of Q1, 2022			
	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer	Company	Amount	Percentage of total Net Purchases	Relationship with the issuer
1	A	256,448,318	52	Nil	A	272,003,795	53	Nil	A	70,675,414	53	Nil
2	Others	237,960,604	48	-	Others	240,238,600	47	-	Others	63,067,886	47	-
	Total Net Purchases	494,408,922	100	-	Total Net Purchases	512,242,395	100	-	Total Net Purchases	133,743,300	100	-

B. Major Clients

Unit: NT\$ Thousand

Item	2020				2021				As of end of Q1, 2021			
	Company	Amount	Percentage of total Net Sales	Relationship with the issuer	Company	Amount	Percentage of total Net Sales	Relationship with the issuer	Company	Amount	Percentage of total Net Sales	Relationship with the issuer
1	A	333,461,728	66	Nil	A	337,445,382	65	Nil	A	85,202,320	66	Nil
2	Others	174,832,470	34	-	Others	182,286,666	35	-	Others	43,592,703	34	-
	Total Net Sales	508,294,198	100	-	Total Net Sales	519,732,048	100	-	Total Net Sales	128,795,023	100	-

4.2.5 Production Value in the Most Recent Years

Unit: 1,000 pcs, NT\$ Thousand

Quantity and Value Major Product	2020			2021		
	Capacity	Quantity	Value	Capacity	Quantity	Value
IT Product	268,023	158,256	422,513,853	125,587	48,676	441,372,373
Others	129,600	45,437	1,367,828	0	0	0
Total	397,623	203,693	423,881,681	125,587	48,676	441,372,373

4.2.6 Sales Value in the Most Recent Years

Unit: 1,000 pcs, NT\$ Thousand

Quantity and Value Major Product	2020				2021			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
IT Product	7,094	32,249,613	444,605	474,864,408	6,249	51,514,149	179,217	468,206,486
Others	30,768	767,482	23,535	412,695	2	297	0	11,116
Total	37,862	33,017,095	468,140	475,277,103	6,251	51,514,446	179,217	468,217,602

4.3 Human Resources

Year		2020	2021	Up to Mar. 31, 2022
Employee Number	Direct Labor	20,637	19,671	20,587
	Indirect Labor	11,982	12,130	12,123
	Total	32,619	31,801	32,653
Average Age		31.90	31.81	31.77
Average Seniority		4.66	5.10	5.04
Education Distribution %	PhD Degree	0.15%	0.20%	0.17%
	Master Degree	7.65%	8.11%	7.22%
	College	33.20%	36.99%	33.35%
	High School (and below)	59.00%	54.70%	59.26%

4.4 Environmental Protection Expenditure

4.4.1 The losses incurred due to environmental pollution (including the compensation and violation of environmental laws and regulations in the environmental protection inspection results; the punishment date, punishment number, violation of regulations and articles, violation contents, and punishment contents):

In recent years and as of the date of publication, the Company has not suffered loss or punishment due to polluting the environment.

4.4.2 Future Solutions (Including Improvement Measures) and Possible Expenditures

To fulfill sustainable development strategies, the Company develops a series of actions every year. In 2021, the environmental protection expenditures of Inventec were more than TWD one hundred and thirty million and included mainly waste disposal, pollution prevention equipment maintenance, environment detection, ecological landscaping, green management system authentication, environmental label product certification, environmental education, energy conservation and carbon reduction engineering, environmental conservation activities, occupational health, green supply chain management, carbon emissions trading, etc.

The Company mainly refers to the “climate-related financial disclosures” report published by the Task Force on Climate-related Financial Disclosure (TCFD) for corresponding actions related to the impact of climate change. Said disclosure is made from the perspectives of governance, strategy, risk management, and indicator and target. Highlighted requirements are shown in the “Inventec TCFD management structure”. Please refer to the 2021 Inventec Corporate Sustainability Report” for details.

Governance	Strategy	Risk Management	Indicator and Target
<p>* The Chairman is the highest responsible person for climate risk management.</p> <p>* The President is the person responsible for the highest level of management.</p> <p>*Issue internal control documents to ensure the roles and responsibilities for climate change</p> <p>*All business units and company units shall include climate change related risks and opportunities for risk management</p> <p>*Add climate change issues, management procedures, and strategic planning into the Company's management system and internal control system.</p> <p>*The Finance/corporate governance manager shall report the climate change management results to the President and Board of Directors.</p>	<p>*Risks: All business units and company units shall define risk evaluation and identification procedures, keep abreast of policies and regulations, technologies, market, goodwill, and risk elements of extreme climate based on climate actions to conduct short term (within 3 years), mid-term (3~5 years), and long-term (5~10 years) risk control measures and integrate them into the operational management structure of such units.</p> <p>*Opportunity: All business units and company units shall evaluate the niche for potential opportunities, seeking opportunities related to the market, product/services, resource efficiency, and developing new business and services to conduct short-term (within 3 years), mid-term (3~5 years), and long-term (5~10 years) opportunity control measures and integrate them into the operational management structure of such units.</p> <p>*To achieve the goal set for the 1.5°C scenario, Inventec will continue the energy saving and carbon reduction management (scope 2), as well as the project (scope 1)</p> <p>*Inventec strategies:</p> <ul style="list-style-type: none"> • Dedicated to pursuing a greener life for all employees, and promoting a corporate net zero culture • Improving facility energy efficiency, and strengthening energy conservation and carbon-emissions reduction in plant areas • Expanding the utilization of renewable energy, 	<p>*Inventec conducts various risk identification and opportunity evaluations via all functional units of risk management organization based on their functional features and operation process for risk management.</p> <p>*The Board of Directors and Audit Committee shall be the final decision makers of risk evaluation and control.</p> <p>*Risk management steps In addition to following risk management policies approved by the Board, the climate action systems (various ISO management systems) established by the plant shall be integrated into the operational management flow in accordance with the following risk management steps:</p> <ol style="list-style-type: none"> 1. Identify risk issues 2. Determine material risks 3. Identify opportunities 4. Study mediation/adaptation measures <p>*Mediation/adaptation management</p> <ul style="list-style-type: none"> -Introduce ISO50001 energy management system -Encourage green development -Energy conversion performance -Green building management -Clean production - Expand sustainable supply chain management <p>*Adaptation</p> <ul style="list-style-type: none"> -Promote engineering technology -Acquire infrastructure -Develop low carbon products -Invest in renewable energy 	<p>*Greenhouse gas physical taking indicator Disclose greenhouse gas emissions (scope 1, 2, and 3)</p> <p>*Science-based reduction target: Taking global warming up to 1.5°C as the target and based on 2018, greenhouse emission reduction under Scope 1 and Scope 2 in 2030 will be reduced by 50.4%. Taking global warming up to 1.5°C as the target and based on 2018, greenhouse emission reduction under Scope 3 will be reduced by 42%.</p> <p>*Reclaimable energy target Expand to adopt and install renewable energy facilities to continue the renewable energy proportion to 69% in 2030.</p> <p>*Energy saving target -HQ energy saving (EUI) With the benchmark year 2014, the unit area electric consumption will be reduced by 10% in 2024. -Energy saving for information center control room (PUE) With the benchmark year 2019, the target is to reduce 11% by 2025. -Plant energy saving (EI) With the benchmark year 2018, the target is to reduce 5% by 2025.</p> <p>*Water resources management target Taking 2012 as the base year, water intensity will be reduced by 24% by 2024.</p>

	<p>and Purchasing carbon credit renewable certificates</p> <ul style="list-style-type: none"> • Net zero transition to the circular economy, and innovative net zero products 		<p>*Waste management target Taking 2014 as the base year, waste will be reduced by 25% by 2025.</p> <p>*Product energy saving design target -Computers Specification Version 8.0 25% The energy saving design target for notebooks: the energy use efficiency shall be 25% higher than the latest ENERGY STAR Computers Specification Version 8.0</p> <p>-Server energy saving design target: the energy use efficiency meets ENERGY STAR Computer Servers Specification Version 3.0</p>
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To ensure the enterprise’s sustainable development, Inventec continuously optimizes existing whole green management system. Regarding a sustainable environment, in addition to carrying out energy saving measures and promoting energy efficiency equipment, to steadily improve renewable energy usage, the electricity generated from it in 2021 was 17 million kilowatts. Meanwhile, the Company is cooperating with the carbon management of local governments by purchasing carbon rights via carbon trading at an exchange center as stipulated for implementing carbon neutrality.

To expand the influence of a sustainable environment, the Company aggressively promotes a sustainable supply chain. We pass on such requirements as integrity operation, information disclosure, and conflict minerals to cooperative partners via assistances and integration with suppliers. We expect these efforts to contribute to the sustainable supply chain development.

The Company is dedicated to long-term environmental ecology protection. We adopt community parks, organize community environmental lectures, participate in the conservation of the important national wetlands at “Guandu Natural Park”, have adopted the pond ecology area in “Guandu Natural Park”, and sponsor wetland environmental education plans for schools in remote areas. We hope that more people and students may understand the function and importance of the wetlands, cherish this precious land, and help maintain diverse flora and fauna.

4.5 Labor Relations

Attaching importance to and maintaining harmonious labor-capital relationships has always been one of the important foundations of the Company's operation and management; measures that promote labor-capital relationships are summarized below:

4.5.1 Welfare Measure and Retirement System

The Company aims to provide a stable working environment with room for development, allowing talents to create value stably and continuously! Based on governmental laws and regulations, the Company's employees enjoy various basic labor conditions, including two days off every week, flexible working hours, and a complete leave request system. To encourage and promote attention on health and balance between life and work, various health, parenting, travel, finance management, sporting, relaxation, and inspirational lectures and activities are organized. The Company provides financial support for employees to establish club activities. So far, 32 clubs have been created, including sport, art, music, handicraft, and public welfare, allowing employees to expand their hobby fellow life circle through a casual and relaxing time. The employee welfare committee provides colleagues with various cash gifts and money for weddings, funerals, and festivals. The Company also provides group and travel insurance for all employees to supplement employees' accidental and medical protection. As for safety, health, and work protection, in addition to such basic welfare as labor, national health insurance, and pension fund, each employee may enjoy periodical physical checkups, complete group insurance, and employee retirement regulations based on the "Labor Pension Act", which are firmly implemented pursuant to relevant laws and regulations. Regarding the old system, appropriate labor pension funds were periodically reserved and deposited into a dedicated account in the Bank of Taiwan, while the Supervisory Committee of the Labor Pension Reserve was responsible for the management and application of the pension reserve. For the new system, aiming at employees who select the new system, the Company has appropriated 6% pension fund every month to the personal deposit account of the employee at the Labor Insurance Bureau since July 1, 2005 in accordance with the new system of retirement regulations concurrently adopted. For those who voluntarily submit pension deposits, the Company deducts the monthly salary of the employee based on the voluntary paid pension rate and deposits it into the personal savings account of the employee at the Labor Insurance Bureau on behalf of the employee. Furthermore, performance-oriented promotions, bonuses, and various incentive mechanisms are offered to achieve the goal of aggressive talent retention and profit sharing.

The regulations of the Labor Pension Act application to the Company are as follows: 1. A worker may request retirement in any of the following circumstances: (1) workers whose seniority exceeds fifteen years and are aged over 55, (2) workers whose seniority exceeds twenty-five years; (3) workers whose seniority exceeds ten years and are aged over 60. 2. Compulsory retirement: The Company may mandatorily order workers to retire in any of the following circumstances: (1) the age of the worker reaches 65, (2) the worker is incompetent

to work due to mental/physical disability, (3) the Company may report to the central competent authority for the adjustment of age as stipulated in subparagraph 1 for workers engaging in such works requiring dangerous, heavy physical strength and are of a special nature, provided that the age shall not be less than 55 years old.

4.5.2 Work Environment and Employee Personal Safety Protection Measures

The Company is focusing on occupational risk management implementation and staff safety protection. The industrial safety and health office is responsible for planning each EHS management item and supervising the departments concerned with its implementation. Setting up an OH&S committee as a legal basis to discuss safety and health regulations, planning an OH&S management system, implementing educational training, preventing hazards from equipment or raw materials, working environment monitoring and improvement, workplace health management, health promotions, etc. to create a good and safe work environment.

The Company has acquired all kinds of certifications in safety, health, and environment energy systems, including "TOSHMS Taiwan Occupational Safety and Health Management System", "ISO-45001 International Occupational Health and Safety Assessment Series", and "ISO-14001 Environmental Management System". We have also actively coordinated with all kinds of government policies to promote and participate in relevant activities in order to further facilitate good and harmonious labor-capital relationships, fulfill our corporate social responsibility, and move towards the objective of corporate sustainable development.

1. Occupational safety and health policy: The Company has formulated its Occupational Safety and Health Policy according to the requirements of the Taiwan Occupational Safety and Health Management System (TOSHMS) and International Occupational Health and Safety Assessment Series (ISO 45001), taking them as the highest criteria for guaranteeing employees' work safety.
2. Safety, health and environment management plan and occupational disaster prevention: Safety, health, and environment management plans are formulated pursuant to law and include occupational disaster prevention. Items that are planned to be formulated include: working environment or operation hazard identification, assessment and control, hazardous chemicals classification and marking, general education and management, purchase management, contractor management, safety and health operational standard formulation, occupational disaster, near miss and investigation, handling and statistical analysis on events affecting physical and psychological health, safety, health, and environment management records, performance assessment measures, etc.
3. Health management plan and physical health examinations: Before reporting to the Company, new employees shall provide a physical examination report pursuant to law; moreover, better than what is required by regulations. Make regular health checks on in-service staff every year and prepare health management plans for the current year based on inspection results to maintain the physical and mental balance and health of staff.
4. Operating environment monitoring and occupational disease prevention measures:

Based on the operating environment hazard property of the Company, as well as monitoring purpose and relevant guidance announced by the central governing authority, the Company has formulated an operating environment monitoring plan that includes a sampling strategy and regularly carrying out operating environment monitoring accordingly. Meanwhile, we also conduct results comparisons according to test results; if the test data is relatively higher than the previous test data, we will immediately carry out a risk identification investigation in order to reduce site hazards and achieve the objective of preventing occupational disease and reducing site risk.

5. ISH examination: The industrial safety and health office is responsible for archiving each OH&S examination. The Company also set up an ISH supervisor team for regular supervision every year. Each examination report is logged by the supervisor team including audit suggestions and specific countermeasures for the Board of Directors and relevant units' reference and improvement. Defects must be reviewed during the OH&S committee meeting.
6. Mechanical equipment safety management: Formulate an EHS management plan pursuant to the law every year and include all statutory equipment in administration. Publish auto-inspection operation measures for all equipment's check and inspection, including ordinary vehicles, high-low pressure electrical equipment, forklift, firefighting apparatus, gas cylinder, lifters, second-class pressure containers, etc. In terms of hazardous mechanical equipment specifications, items such as the forklift and lifter of less than 1 ton must receive internal and external checks, inspections and associated inspection reports
7. Each educational training implementation: The Company provides several EHS educational training courses in accordance with the law, including training on key equipment procurement, EHS management scheme formulations, EHS process change, OH&S committee member educational training, first-aid personnel educational training, hazardous chemicals training courses, EHS risk identification and policy revision educational training, EHS system audit educational training, EHS document educational training, contractor safety and health educational training, construction and process safety evaluators, special operations personnel, administrators, commanders, and supervisors of different levels, in-service staff annual EHS educational training, as well as new employees EHS educational training. Moreover, the Company's OH&S educational training hours were increased from 4.8h per person in 2020 to 6.2h per person in 2021.
8. Enhanced contractor administration: Stipulate the administrative methods for contractor safety operation and require the engineering unit to conduct relevant educational training before construction. Corresponding units shall organize contractor safety and health administration meetings to notify of hazards and request the supplier sign the Company's "contracted organization/contractor safety and health meeting minutes", "contractor safety and health management letter of commitment" and "contractor sign-on letter of application". The contractor's engineering work must follow the operation management methods to guarantee construction quality and security. Furthermore, the industrial safety and health office is responsible for conducting the contractor's safety assessment, abnormal deficiency analysis, as well as reeducation to reduce possible risks during the contract period.

9. Hazard risk assessment identification: Pursuant to the Taiwan Occupational Safety and Health Management System "TOSHMS" and International Occupational Health and Safety Assessment Series "ISO 45001", the Company has formulated safety and health hazard risk identification and assessment management measures, regularly execute comprehensive hazard identification and risk assessment operations according to all kinds of potential factors that may cause personnel injury or accident, and further formulate occupational safety and health targets, objects, and management plans as the basis for planning the safety and health management system.
10. Emergency response implementation: Organize regular fire-fighting lectures and drills, urgent evacuation drills and fire-control routine inspections. Also inspect each safety facility through task marshaling to fully implement hazard prevention and relief work.
11. The Company's 2021 employee occupational hazards, number of people and proportion, and relevant countermeasures: The Company has differentiated occupational hazards into in-factory and out-factory hazards. All events were investigated, analyzed and recorded in accordance with the Occupational Safety Act and statistical objects included not only the factory's workers but contractors and dispatchers. Relevant investigation reports were filed pursuant to the law and incorporated into the quarterly occupational safety and health committee meeting for review. Besides this, in response to the Labor Department's promotion of hazard-free work schedules, in 2021, the Company was honored by the Labor Department for hazard-free work hours of more than 63,050,266 hours which was accumulated steadily. In 2021, the Company had no in-factory hazards and the rest were out-factory traffic accidents. According to statistics, the out-factory disabling frequency rate (FSI) was 0.14 in 2021, which was below the FSI control limit of 0.55 and 6 events of personnel occupational hazards with 6 persons involved in a total of 68 days.

4.5.3 Further Education and Training for Employees

The Company adheres to a "talent-oriented" cultivation philosophy, provides outstanding internal and external teachers and diversified cultivation channels to company talents, and is devoted to balancing the emphasis on educational training and learning development in order to continuously promote the Company's corporate culture and continuously improve its competitive advantage. In 2021, the expenditures related to employee training were NT\$10,464,596, and the total training hours were 53,249 hours.

"Talent cultivation" is the foundation for Inventec's sustainable operation, and the Company continuously creates a friendly environment for employee's learning and growth. The educational training system of the Company is divided into five major types of courses centered on core value courses and delivers the corporate culture and value theory of Inventec. Taking level type course and function type course as the two major axis, the Company teaches employees in accordance with their aptitude, specifically plans personal development plan for employee's career development, and assists colleagues to strengthen the capabilities required at work. The language school provides further language education opportunities to the employees to improve their personal competitive advantage; digital

courses provide a diversified learning environment, which allows colleagues to learn anytime, anywhere. Course descriptions are summarized below:

- (1) Core value course: Inventec pursues the maximization of shareholders' equity while implementing corporate responsibility to make a certain contribution to society. All the Company's colleagues, from top to bottom and from inside out, have been shaped with "Inventec" DNA through official conferences and activities, allowing employees to acknowledge the operation philosophy of the Company and become "Inventec Staff". Contents include such courses and activities as monthly meetings, assistant level meetings, management forums, strategic meetings, soft/incentive lectures, team building exercises, etc.
- (2) Level type course: Management courses are planned according to the demand of colleagues at different levels; through meetings and daily communication, it improves the colleagues' management capability and establishes a common communication language and management beliefs to improve organizational performance. Contents include: Inventec EMBA advanced class, senior supervisor training, advanced supervisor training, basic supervisor training, professional training, new employee training, production personnel training, etc.
- (3) Function type course: These provide all kinds of professional knowledge and technical bases, as well as advanced courses and lectures, to satisfy the functions of employees needed in different specialties. Contents include innovation, product technology, research and development production technology, patent and intellectual property, industry intelligence, environmental safety and health, etc.
- (4) Language school: In response to international development and the competition of the Group, Inventec has been devoted to cultivating technology talents with multi-language capabilities. English and Japanese seminars are held every quarter, thus providing colleagues a learning environment for continuous language learning in the company, and foreign language skills classes are also set up to immediately satisfy colleagues' business demands. Meanwhile, internal English and Japanese tests will be held every quarter to encourage colleagues to pass the test to acquire substantial affirmation and allowance.
- (5) Digital course: Provide colleagues with an e-Library, e-Learning, and set up the Inventec digital learning platform, and is open as an important media for employees' independent learning in order to facilitate the improvement and innovation of technical capability, as well as further promote organizational learning and improve work value and organizational competitiveness. Its contents cover all kinds of language, management, and professional courses, thus allowing employees to learn independently without time and place limitations.

4.5.4 Employee Code of Conduct

The Company has formulated "Global Employee Code of Conduct Management Measures" in each plant, which stipulate the basic code of conduct for labor and capital on the basis of fairness and impartiality. As an Inventec employee, when facing all kinds of work behaviors and ethical and legal problems, we shall aim to create shareholder and employee value and ensure social responsibility; therefore, under the precondition of following the basic

requirements of laws and ethical standards of each country or district, we shall abide by all kinds of internal control systems of the Company. Upon reporting for duty, every colleague must sign and abide by it, and it shall be placed on the internal portal website, so that all colleagues can read it at any time, and regularly carry out signing and promotion work; the code of conduct is hereby summarized below:

- (1) Safeguard a healthy work environment without sexual discrimination.
- (2) All company-related confidential information must be kept confidential.
- (3) Employees must protect the personal information of other persons circulated internally or acquired upon business execution.
- (4) Employees must protect intellectual property rights.
- (5) Employees must abide by copyright regulations.
- (6) Employees must not be involved in corruption or bribery of any kind.
- (7) Employees must not participate in insider trading and avoid conflicts of interest.

In case of violation of the relevant requirements above, relevant punishment will be imposed without exception.

In order to provide all employees with a healthy, safe, and highly efficient working environment, the "Global Employee Code of Conduct Management Measures" also stipulates that no employee or applicant shall be discriminated against or deprived of talent development opportunities due to gender, age, race, color, nationality, religion, disability, or other factors irrelevant to the legal interests of Inventec. Furthermore, each plant has set up an "Employee Complaint System" to guarantee a fair arbitration mechanism when employees suffer from human rights related infringements. In the plants in mainland China, a grassroots employee caring group has been especially set up to handle employee complaints and understand the employee's voice through employee interviews, etc.

4.5.5 Communication Mechanism between Employer and Employees

Through all the communication mechanisms listed below, the Company provides employees with real-time responses and regular communication channels in order to facilitate a harmonious working atmosphere and create a win-win situation for both the labor and capital.

- (1) Two-way talks between grassroots employees and senior supervisor: quarterly meetings and all kinds of symposiums occasionally held.
- (2) Management policy and business process communication: communication meetings for employee representatives from each department will be regularly held every month.
- (3) Cross-department communication and labor and capital communication: an internal portal platform sets the multi-functional "Employee Opinion Exchange Area".
- (4) Instant response problem and information consultation: each unit has established a service consultation window and service hot line.
- (5) Employee welfare policy and welfare promotion: employee welfare committee monthly meetings and temporary meetings.

- (6) Grassroots employees care group: handle employee complaints and understand the employees' voice through employee interviews, etc.

4.5.6 In the Most Recent Year and as of the Publication of the Annual Report, the Losses Arising from Labor Disputes (including Labor Inspection Results Violating the Labor Standards Act, the Date, File Number of Punishment, Violated Article, Content of Punishment) and Disclose an Estimate of Possible Expenses that could be Currently Incurred and in the Future and Measures being or to be Taken. If a Reasonable Estimate cannot be Made, an Explanation of the Facts of why it cannot be Made shall be Provided.

According to 2021's labor inspection results, there were 2 items in violation of the Labor Standards Act (date of punishment was 2021/01/12 and 2021/08/02, punishment No.-Taipei City Labor No. 10961190201 and No. 11060251831, contents of violation - Item 2 of Article 32 and Item 1 of Article 24 in the Labor Standards Act. The total was NT\$ 800,000). The Company did not suffer loss from labor dispute in most recent year and as of the publication of the annual report; it is estimated that the Company should not suffer the loss from labor dispute in condition that the Company continuously and aggressively promote and carry out various employee welfare measures.

4.6 Infocomm Security Management

4.6.1 Infocomm Security Management Strategy and Framework

1. Infocomm Security Risk Management Framework

(1) Infocomm Security Management Organization

The Company attaches importance to Infocomm security and designates its general manager to preside over the Infocomm security response team. This is from the PSG to EBG production line as well as reporting related issues during the monthly Infocomm security meeting to implement and enhance Infocomm security management.

In accordance with the "Annual Internal Audit Plan" that was approved by the Inventec Board of Directors, the Company does regular audits of information security items, supervises the risk appraisal and panning of the Information Security Management System (ISMS), implements conditions of the information security system, and reports audit results to the Board.

(2) Infocomm security organization framework

Inventec set up a specific Infocomm security unit [Information Security Management Department] on 2020/01/01 to take charge of the company's information security management system planning, monitoring and performing maintenance, as well as enhancing Infocomm security risk control, monitoring and management. Responsibilities of unit staff are as follows:

Infocomm security officer: takes charge of Infocomm security policy promoting and scheduling of resources and reports directly to the general manager

Infocomm security department manager: takes charge of information security system planning and management and reports directly to the Infocomm security officer

Infocomm security department colleagues: take charge of information security service execution, protection and monitoring

2. Infocomm security policy

(1) Enterprise information security management policy

Establish Inventec's information security policies based on ISO 27001 International Infocomm Security Management Standards for factory rules. Also set up Infocomm security targets for each factory by referring to local regulations and business specifications, to meet clients' expectations, as well as ensure the confidentiality, integrity and accessibility of the enterprise system and network operation. According to these Infocomm security targets, each unit shall review its information security policy and target applicableness every year, and organize a management review meeting to discuss and follow up on improvement

(2) Enterprise information security risk management and continuous improvement structure framework

Inventec, based on the "Administrative Methods for Information Security Protection", adopts a PDCA (Plan, Do, Check, and Act) administration cycle mechanism to implement information security management, prevent illegal use, organize regular Infocomm security educational training for its staff, and actively carry out risk vulnerability management. This thus guarantees physical environment security, computer mainframe security, network use security, system access security, development and maintenance security and mobile device security. Any violation of security protection provisions will be disposed of according to "Personnel Management Measures".

Inventec does its utmost to promote ISO 27001 international Infocomm security certification and hopes to, through a third unit's audit and verification, gain related certifications for its Infocomm security operation procedures and specifications, achieve international standards, and meet clients' expectations. Currently, each factory's scope of certification is as follows:

Taipei Headquarters: Inventec Shilin Factory and Common Tracking Management Operation & Maintenance.

Taoyuan Factory: Taoyuan Science Park's machine room and operation & maintenance, IT information, measuring and testing technique and MES service unit, engineering BOM management and Process Engineering Notice

Chongqing Factory: Official business, security and protection, production, test information system and machine room related information security management activities

Shanghai Factory: In-company and production information system (including machine room) operations related to information security management activities

Czech Factory: Server Assembly and Services, PC Assembly and Services

(3) Specific management schemes

Enhance company staff Infocomm security awareness: Company colleagues shall sign the “Staff Codes of Conduct” every year, including Infocomm security protection measures and publish an Infocomm security notice at the proper time to remind colleagues of Infocomm security risks. Besides this, the Company has regularly organized educational training for new-employed colleagues to let them know about Inventec’s Infocomm security management regulations and cultivate their awareness for compliance. Moreover, the Company also advocates Infocomm security educational training among colleagues and provides them with the latest cases and hot news to upgrade their Infocomm security awareness.

AntiVirus and hacker monitoring: Monitor all factories’ virus detection conditions around the world and provide necessary protection measures, virus checking and killing. For example, tracking the reasons a factory computer suffered from a virus attack and confirming that it is eradicated. Report virus attacks and Infocomm security information to the general manager every month, including hot events, Infocomm security prevention and countermeasures to avoid a production shutdown due to an Infocomm security event.

Vulnerability management and bug fixes: Regularly check whether the external service host has any bugs with the help of the Vulnerability Scanning System and enhance system Patch update management. For example, sorting out system software update conditions every month and reporting it to the general manager to implement vulnerability management, and taking necessary bug fixes or prevention measures.

Infocomm security inspection: Accept clients’ inspection, internal self-inspection and a third-party’s information security auditing in accordance with ISO 27001, other Infocomm security frameworks, and control items. This includes security policy, information security organization, human resource security, assets management, access control, cryptology, physical and environmental security, operational security, communication security, information system development acquisition and maintenance, supplier relation, information event management, and continuous management and compliance inspection.

Regular drill: To safeguard steady operations, the Company has backed up data at fixed periods and carried out drills in terms of abnormal system operations, network attacks, virus infections, fires in the machine room and other abnormal Infocomm security events. This ensures that company colleagues can handle it in real-time and correctly.

Defense-in-depth: Adopt a next-generation firewall, network access administration, intrusion detection system, antivirus software, vulnerability scanning, e-mail shield, Internet connection control, endpoint protection management, usability monitoring, log record, social engineering drill and internal Infocomm security management procedure. Also, cooperate with an external Infocomm security company to enhance monitoring and protection.

(4) Infocomm security management resources input

The Company now has 6 specific Infocomm security staff (including the supervisor) who are responsible for archiving daily and monthly operation papers and organizing an Infocomm security management meeting every quarter to implement and promote management. Now, the Company has one Infocomm security policy manual, 18 sheets of

program files, and 54 categories of Infocomm security-related forms in total. As control measures of Infocomm security are closely integrated with colleagues' routine work, the Company's Infocomm security objectives in 2021 are as below:

Enhancing Infocomm security awareness: (achieved)

Information security educational training rate for new colleagues reaches 96.7%

All colleagues have signed Staff Codes of Conduct, with an achievement rate of 100%

Has advocated Infocomm security among all colleagues 7 times

Has organized professional Infocomm security training twice

Abiding by Infocomm security regulations: (achieved)

Regularly update manufacturer name list and sign a confidentiality agreement with one nonconformity

Gathered information security-related regulations and identified newly increased/revised laws and regulations twice

Firewall rule setup must conform to application and authorization with zero nonconformity

Departing staff's domain account must be suspended upon the date of departure with zero nonconformity

Implementing Infocomm security management: (achieved)

The different levels between account application forms and system accounts must not be less than 99% with zero nonconformity

During privilege account checking, less than one abnormal account is allowed with zero nonconformity

Conducted 4 vulnerability scannings in and out of the Company

Computers detected with virus quantities more than 100 must be posted with a process sheet with zero nonconformity

Ensuring company operation: (achieved)

External network service grade: SLA99.87%

Has checked fire equipment and finished UPS regular maintenance four times

In case an Infocomm security event occurs, shall report immediately for countermeasures with zero nonconformity

Has finished the continuous drill with respect to ten above medium-grade operation items (BCP) once.

4.6.2 Significant Infocomm Security Event

In 2021, the Company was not involved in any significant Infocomm security event or suffered a loss thereof.

4.7 Important Contracts

Contract Nature	Counterparty	Contract Term	Major Contents	Restrictions
Sales Agreement	HP Inc.	Three years from 1998/6/1; automatically renewable for one year terms	Acceptance of order and production of HP branded notebook products	The duty of confidentiality
Quality Agreement		Same as above	Production of notebook products compliant with HP quality requirements based on Sales Agreement.	The duty of confidentiality
Service and Support Agreement		Same as above	Provision of necessary components, after sales services and related technical support for HP branded notebook products made based on Sales Agreement	The duty of confidentiality
Sales Contract	Hewlett Packard Enterprise Company	Four years from 2000/12/1; automatically renewable for one year terms	Acceptance of order and production of HP branded server products	The duty of confidentiality
Quality Agreement		Same as above	Production of server products compliant with HP quality requirements based on Sales Agreement.	The duty of confidentiality
Service and Support Agreement		Same as above	Provision of necessary components, after sales services and related technical support for HP branded server products made based on Sales Agreement	The duty of confidentiality
Syndicated Loans Contract	Syndicated Loans banks	2020/10/14~2022/10/13. An extension of three years may be applied for in writing within nine months from the date of signing the contract to three months before the expiration of the contract. Such an extension may only be implemented once.	The Participant banks agree to provide agreed credit line to Inventec Corporation during the contract term	None

V. Financial Information

5.1 Five Year Financial Summary

5.1.1 Five Year Financial Summary - Consolidated Balance Sheet

Unit: NT\$ Thousands

Item	Year	Five-Year Financial Summary					01/01/2022 ~3/31/2022
		2017	2018	2019	2020	2021	
Current Assets		168,324,564	167,904,434	152,167,709	173,469,952	207,623,422	225,111,834
Property, Plant and Equipment		33,351,252	30,324,516	30,729,458	28,004,583	27,466,491	28,219,876
Intangible Assets		892,416	885,307	880,774	875,801	967,451	941,801
Other Assets		6,199,595	6,689,665	9,314,912	11,811,101	11,558,058	11,960,556
Total Assets		208,767,827	205,803,922	193,092,853	214,161,437	247,615,422	266,234,067
Current Liabilities	Before Distribution	142,830,554	140,692,415	127,046,276	140,543,688	180,080,218	200,561,641
	After Distribution	148,749,888	146,073,628	131,709,994	147,180,517	185,102,683	-
Non-Current Liabilities		7,006,659	7,389,990	9,075,349	15,727,006	11,137,110	11,634,649
Total Liabilities	Before Distribution	149,837,213	148,082,405	136,121,625	156,270,694	191,217,328	212,196,290
	After Distribution	155,756,547	153,463,618	140,785,343	162,907,523	196,239,793	-
Total Equity Attributable to Owners of Parent		55,682,837	55,364,481	55,271,148	57,984,659	57,084,704	54,739,301
Share Capital		35,874,751	35,874,751	35,874,751	35,874,751	35,874,751	35,874,751
Capital Surplus		2,912,889	2,913,461	2,913,461	2,899,284	2,899,592	2,899,592
Retained Earnings	Before Distribution	17,002,536	18,223,198	18,304,941	21,112,549	21,024,959	17,489,200
	After Distribution	11,083,202	12,841,985	13,641,223	14,475,720	16,002,494	-
Other Equity Interest		-107,546	-1,646,357	-1,822,005	-1,901,925	-2,714,598	-1,524,242
Treasury Stock		-	-	-	-	-	-
Non-Controlling Interests		3,247,777	2,357,036	1,700,080	-93,916	-686,610	-701,524
Total Equity	Before Distribution	58,930,614	57,721,517	56,971,228	57,890,743	56,398,094	54,037,777
	After Distribution	53,011,280	52,340,304	52,307,510	51,253,914	51,375,629	-

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The Company also compiles individual statements. The brief individual balance sheet of the recent five years is as follows.

Note 3: The amount of item “After Distribution” was resolved by the Board on March 15, 2022.

Five Year Financial Summary - Individual Balance Sheet

Unit: NT\$ Thousands

Item \ Year		Five-Year Financial Summary				
		2017	2018	2019	2020	2021
Current Assets		106,190,186	136,725,056	131,882,962	154,010,745	188,106,930
Property, Plant and Equipment		12,407,998	11,531,196	13,225,283	13,535,629	13,081,621
Intangible Assets		80,691	74,619	71,210	66,262	155,539
Other Assets		35,076,031	31,350,762	31,071,775	38,630,013	42,405,757
Total Assets		153,754,906	179,681,633	176,251,230	206,242,649	243,749,847
Current Liabilities	Before Distribution	92,865,658	119,029,566	116,006,733	135,951,357	178,953,972
	After Distribution	98,784,992	124,410,779	120,670,451	142,588,186	183,976,437
Non-current liabilities		5,206,411	5,287,586	4,973,349	12,306,633	7,711,171
Other liabilities						
Total Liabilities	Before Distribution	98,072,069	124,317,152	120,980,082	148,257,990	186,665,143
	After Distribution	103,991,403	129,698,365	125,643,800	154,894,819	191,687,608
Share Capital		35,874,751	35,874,751	35,874,751	35,874,751	35,874,751
Capital Surplus		2,913,096	2,912,889	2,913,461	2,899,284	2,899,592
Retained Earnings	Before Distribution	17,002,536	18,223,198	18,304,941	21,112,549	21,024,959
	After Distribution	11,083,202	12,841,985	13,641,223	14,475,720	16,002,494
Other Equity Interest		-107,546	-1,646,357	-1,822,005	-1,901,925	-2,714,598
Treasury Stock		-	-	-	-	-
Total Equity	Before Distribution	55,682,837	55,364,481	55,271,148	57,984,659	57,084,704
	After Distribution	49,763,503	49,983,268	50,607,430	51,347,830	52,062,239

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The amount of item “After Distribution” was resolved by the Board on March 15, 2022.

5.1.2 Five Year Financial Summary-Consolidated Statement of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Five-Year Financial Summary					01/01/2022 ~ 03/31/2022
	2017	2018	2019	2020	2021	
Sales Revenues	467,512,347	506,884,018	500,952,813	508,294,198	519,732,048	128,795,023
Gross Profit from Operation	25,039,143	23,881,584	22,831,095	21,112,917	22,294,562	5,731,307
Operating Profit	8,729,569	7,490,715	6,403,495	4,441,086	4,724,634	1,129,934
Non-Operating Income and Expenses	-1,543,121	642,547	105,566	5,904,619	2,974,550	781,421
Profit before Income Tax	7,186,448	8,133,262	6,509,061	10,345,705	7,699,184	1,911,355
Profit for the Period from Continued Operations	4,337,038	5,318,996	4,836,997	6,572,978	5,947,093	1,458,711
Loss from Discontinued Operations	-	-	-	-	-	-
Profit (Loss) for the Period	4,337,038	5,318,996	4,836,997	6,572,978	5,947,093	1,458,711
Other Comprehensive Income (Loss) for the Period, Net of Tax	-659,830	-914,777	-252,094	-152,304	-803,335	1,203,437
Total Comprehensive Income for the Period	3,677,208	4,404,219	4,584,903	6,420,674	5,143,758	2,662,148
Profit Attributable to Owners of Parent	6,754,912	6,499,856	5,507,960	7,547,985	6,537,765	1,486,706
Profit Attributable to Non-Controlling Interests	-2,417,874	-1,180,860	-670,963	-975,007	-590,672	-27,995
Comprehensive Income Attributable to Owners of Parent	6,091,803	5,599,822	5,287,308	7,391,406	5,736,566	2,677,062
Comprehensive Income Attributable to Non-Controlling Interests	-2,414,595	-1,195,603	-702,405	-970,732	-592,808	-14,914
Basic Earnings Per Share	1.88	1.81	1.54	2.10	1.82	0.41

Note 1: Above financial information has been audited (review) by CPA.

Note 2: The Company also compiles individual statements. The brief individual comprehensive income sheet of the recent five years is as follows.

Five Year Financial Summary-Individual Statement of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Five-Year Financial Summary				
	2017	2018	2019	2020	2021
Sales Revenues	323,126,751	348,798,356	357,462,052	407,434,848	440,973,660
Gross Profit from Operation	14,062,611	14,045,103	12,523,082	11,783,972	13,159,226
Operating Profit	5,558,554	5,607,826	3,619,693	2,259,187	2,770,365
Non-Operating Income and Expenses	2,353,134	1,984,074	2,411,761	7,334,369	4,929,528
Profit before Income Tax	7,911,688	7,591,900	6,031,454	9,593,556	7,699,893
Profit for the Period	6,754,912	6,499,856	5,507,960	7,547,985	6,537,765
Loss from Discontinued Operations	-	-	-	-	-
Profit (Loss) for the Period	6,754,912	6,499,856	5,507,960	7,547,985	6,537,765
Other Comprehensive Income (Loss) for the Period, Net of Tax	-663,109	-900,034	-220,652	-156,579	-801,199
Total Comprehensive Income for the Period	6,091,803	5,599,822	5,287,308	7,391,406	5,736,566
Profit Attributable to Owners of Parent	6,754,912	6,499,856	5,507,960	7,547,985	6,537,765
Profit Attributable to Non-Controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to Owners of Parent	6,091,803	5,599,822	5,287,308	7,391,406	5,736,566
Comprehensive Income Attributable to Non-Controlling Interests	-	-	-	-	-
Basic Earnings Per Share	1.88	1.81	1.54	2.10	1.82

Note 1: Above financial information has been audited (review) by CPA.

5.1.3 CPAs and Their Opinions for Most Recent 5-Year

Year	CPA Firm	CPA's Name	Auditing Opinion	Remarks
2017	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2018	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2019	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2020	KPMG	Lin, Wan-Wan and Yang, Liu-Fong	Unqualified	
2021	KPMG	Lin, Wan-Wan and Kuo, Rou-Lan	Unqualified	Internal Adjustment in the Accounting Firm

5.2 Five-Year Financial Analysis

Item \ Year		Five-Year Financial Analysis					01/01/2022~ 03/31/2022
		2017	2018	2019	2020	2021	
Capital structure (%)	Debt ratio	71.77	71.95	70.50	72.97	77.22	79.70
	Ratio of long-term capital to property, plant and equipment	197.71	214.72	214.93	262.88	245.88	232.72
Solvency (%)	Current ratio	117.85	119.34	119.77	123.43	115.29	112.24
	Quick ratio	89.96	88.69	90.28	93.85	80.55	73.91
	Times interest earned (Times)	6.25	5.60	4.70	10.81	11.43	7.81
Operating ability	Accounts receivable turnover (Times)	6.22	5.92	5.54	5.63	5.31	5.16
	Average collection period	59	62	66	65	69	71
	Inventory turnover (Times)	11.82	11.21	11.32	11.81	9.30	6.92
	Accounts payable turnover (Times)	6.22	6.45	6.47	6.69	6.25	5.55
	Average days in sales	30.87	32.56	32.24	30.90	39.24	52.74
	Property, plant, and equipment turnover (Times)	14.02	16.72	16.30	18.15	18.92	18.26
	Total assets turnover (Times)	2.24	2.46	2.59	2.37	2.10	1.94
Profitability	Return on total assets (%)	2.80	3.25	3.13	3.64	2.83	2.62
	Return on stockholders' equity (%)	7.26	9.12	8.43	11.45	10.41	10.57
	Profit before tax to pay-in Capital (%)	20.03	22.67	18.14	28.84	21.46	5.33
	Net profit margin (%)	0.93	1.05	0.97	1.29	1.14	1.13
	Basic earnings per share (\$)	1.88	1.81	1.54	2.10	1.82	0.41
Cash flow	Cash flow ratio (%)	1.59	-3.93	9.64	3.08	-6.96	3.52
	Cash flow adequacy ratio (%)	73.92	33.25	49.19	29.74	0.92	6.87
	Cash reinvestment ratio (%)	-0.03	-0.11	0.06	-0.00	-0.20	0.07
Leverage	Operating leverage	2.93	4.72	6.01	5.59	5.85	7.51
	Financial leverage	1.19	1.31	1.38	1.31	1.19	1.33

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Inventory turnover (Times): Affected by COVID-19, key production components are in tension with longer delivery periods. Therefore, the inventory turnover ratio is decreased.
2. Average days in sales: Affected by COVID-19, key production components are in tension with longer delivery periods. Therefore, the Average days in sales is increased.
3. Return on total assets: This has mainly been caused by the decrease in gain on disposal of property, plant and equipment.
4. PBT to pay-in capital: This has mainly been caused by the decrease in gain on disposal of property, plant and equipment.
5. Cash flow ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.
6. Cash flow adequacy ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.
7. Cash reinvestment ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.

Note1: Above financial information has been audited (review) by CPA.

Note2: The Company compiles individual statements analysis of financial ratio shall be disclosed.

Note3: Equations:

(1). Capital Structure:

Debt ratio = Total liability / Total assets

Ratio of long-term capital to property, plant and equipment = (Net shareholders' equity + Non-current liability) / Net property, plant and equipment

(2). Solvency:

Current ratio = Current assets / Current liability

Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liability

Times interest earned = Net income before tax and interest expense / Interest expense of the year

(3). Operating ability:

Account receivable turnover = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)

Days sales in accounts receivable = 365 / Account receivable turnover

Inventory turnover = Cost of goods sold / Average inventory amount

Account payable turnover = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)

Average days in sales = 365 / Inventory turnover

Ratio of property, plant and equipment = Net sales / Average of net property, plant and equipment

Total assets turnover = Net sales / Average total assets

(4). Profitability:

Return on assets = [Net income (loss) + Interest expense × (1 - Tax rate)] / Average total assets

Return on shareholders' equity = Net income (loss) / Net average shareholders' equity

Operating income (pre-tax income) to Paid-in Capital Ratio = Operating income (pre-tax Income) / Paid-in Capital

Profit ratio = Net income (loss) / Net sales

Basic earnings per share = (Profit attributable to owners of parent - Preferred stock dividend) / Weighted average stock shares issued

(5). Cash flow:

Cash flow ratio = Net cash flow from operating activity / Current liability

Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / In the past 5 years (Capital expenditure + Inventory interest + Cash dividend)

Cash reinvestment ratio = (Net cash flow from operating activity - Cash dividend) / (property, plant and equipment + Long- term investment + Other assets + Working capital)

(6). Leverage:

Degree of operating leverage = (Net operating income - Variable operating cost and expense) / Operating income

Degree of financial leverage = Operating income / (Operating income - Interest expense)

Five-Year Individual Financial Analysis

Item \ Year		Five-Year Financial Analysis				
		2017	2018	2019	2020	2021
Capital structure (%)	Debt ratio	63.78	69.19	68.64	71.89	76.58
	Ratio of long-term capital to property, plant and equipment	490.73	525.98	455.53	519.31	495.32
Solvency (%)	Current ratio	114.35	114.87	113.69	113.28	105.11
	Quick ratio	111.78	112.98	110.31	111.47	98.72
	Times interest earned (Times)	11.73	7.59	6.00	14.47	19.17
Operating ability	Accounts receivable turnover (Times)	5.01	4.76	4.72	5.06	4.62
	Average collection period	73	77	77	72	79
	Inventory turnover (Times)	198.41	144.21	111.91	123.89	61.28
	Accounts payable turnover (Times)	5.10	4.91	4.52	4.72	4.13
	Average days in sales	1.84	2.53	3.26	2.95	5.96
	Property, plant, and equipment turnover (Times)	26.04	30.25	27.03	30.10	33.71
	Total assets turnover (Times)	2.10	1.94	2.03	1.98	1.81
Profitability	Return on total assets (%)	4.89	4.45	3.64	4.24	3.06
	Return on stockholders' equity (%)	12.23	11.71	9.96	13.33	11.36
	Profit before tax to pay-in Capital (%)	22.05	21.16	16.81	26.74	21.46
	Net profit margin (%)	2.09	1.86	1.54	1.85	1.48
	Basic earnings per share (\$)	1.88	1.81	1.54	2.10	1.82
Cash flow	Cash flow ratio (%)	-4.91	-5.93	12.88	-0.52	2.77
	Cash flow adequacy ratio (%)	83.50	75.93	83.15	46.29	20.18
	Cash reinvestment ratio (%)	-0.15	-0.20	0.15	-0.07	-0.02
Leverage	Operating leverage	3.09	4.34	7.58	8.82	8.47
	Financial leverage	1.15	1.26	1.50	1.46	1.18

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Times interest earned: Mainly due to the decrease in capital costs
2. Inventory turnover (Times): Affected by COVID-19, key production components are in tension with longer delivery periods. Therefore, the inventory turnover ratio is decreased.
3. Average days in sales: Affected by COVID-19, key production components are in tension with longer delivery periods. Therefore, the Average days in sales is increased.
4. Return on total assets: This has mainly been caused by the decrease in gain on disposal of property, plant and equipment.
5. Cash flow ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.
6. Cash flow adequacy ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.
7. Cash reinvestment ratio: This is caused by the market's raw materials shortage, longer delivery periods for key components, fast factory delivery, increases in stock and accounts payable, and decreases in operating cash flow.

Note 1: Above financial information has been audited (review) by CPA.

5.3 Audit Committee’s Report in the Most Recent Year

Inventec Corporation Audit Committee’s Review Report

The Board of Directors has prepared and submitted to us the Company’s 2021 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.

Convener of the Audit Committee: Chang, Chang-Pang
Date: March 15, 2022

5.4 Individual Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors’ Report

Please refer to Appendix I .

5.5 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors’ Report

Please refer to Appendix II.

5.6 The Effect on Company or its Affiliates have Experienced Financial Difficulties:

In 2022, reinvestment company, Inventec Solar Energy Corporation, applied for a declaration of bankruptcy by resolution of the board of directors on April 8th, 2022, as it had been unable to pay off its debts due to insufficient assets. The board of directors of Inventec Solar Energy Corporation signed a settlement agreement with seven creditor banks on April 11th, 2022, before signing the revised contract agreement on April 13th of the same year. Inventec Solar Energy Corporation borrowed money from a third party to pay the settlement to seven creditor banks,

and the creditor banks agreed to dispense Inventec Solar Energy Corporation from its debts and waive all rights claimed by Inventec Solar Energy Corporation based on the credit contract. A creditor bank has withdrawn the legal proceedings filed against Inventec Solar Energy Corporation and returned all the promissory notes issued by Inventec Solar Energy Corporation in accordance with the credit contract. The merged company has recognized the accumulated losses of Inventec Solar Energy Corporation, and Inventec Solar Energy Corporation's application for a declaration of bankruptcy has no significant impact on the financial business of our company.

VI. Review of Financial Conditions, Operating Results, and Risk Management

6.1 Analysis of Financial Status

6.1.1. Consolidated

Unit: NT\$Thousands

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	207,623,422	173,469,952	34,153,470	19.69%
Property, plant and equipment	27,466,491	28,004,583	-538,092	-1.92%
Intangible assets	967,451	875,801	91,650	10.46%
Other assets	11,558,058	11,811,101	-253,043	-2.14%
Total assets	247,615,422	214,161,437	33,453,985	15.62%
Current liabilities	180,080,218	140,543,688	39,536,530	28.13%
Non-current liabilities	11,137,110	15,727,006	-4,589,896	-29.18%
Total liabilities	191,217,328	156,270,694	34,946,634	22.36%
Share capital	35,874,751	35,874,751	-	-
Capital surplus	2,899,592	2,899,284	308	0.01%
Retained earnings	21,024,959	21,112,549	-87,590	-0.41%
Total equity attributable to owners of parent	57,084,704	57,984,659	-899,955	-1.55%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Current liabilities: Due to increases in revenue, short-term loans and account payables for stock preparation and business requirements.
2. Non-current liabilities: Mainly due to the "long term borrowings, current portion" is reclassified to "current liabilities".

6.1.2. Individual

Unit: NT\$Thousands

Item	Year		Difference	
	2021	2020	Amount	%
Current assets	188,106,930	154,010,745	34,096,185	22.14%
Property, plant and quipment	13,081,621	13,535,629	-454,008	-3.35%
Intangible assets	155,539	66,262	89,277	134.73%
Other assets	42,405,757	38,630,013	3,775,744	9.77%
Total assets	243,749,847	206,242,649	37,507,198	18.19%
Current liabilities	178,953,972	135,951,357	43,002,615	31.63%
Non-current liabilities	7,711,171	12,306,633	-4,595,462	-37.34%
Total liabilities	186,665,143	148,257,990	38,407,153	25.91%
Share capital	35,874,751	35,874,751	-	-
Capital surplus	2,899,592	2,899,284	308	0.01%
Retained earnings	21,024,959	21,112,549	-87,590	-0.41%
Total equity	57,084,704	57,984,659	-899,955	-1.55%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Current assets: The increase in revenue was caused by the increase in cash, cash equivalents and inventories in response to working capital and shipping needs.
2. Intangible assets: This has mainly been caused by the increase in computer software.
3. Current liabilities: Due to increases in revenue, short-term loans and account payables for stock preparation and business requirements.
4. Non-current liabilities: Mainly due to the “long term borrowings, current portion” is reclassified to “current liabilities”.

6.1.3. Impact on Significant Changes in Financial Conditions Over the Past Two Years and the Future Response Plan

According to the analysis above, we can learn that changes in financial conditions of the Company over the past last two years have been caused by normal operating activities, hence there is no current requirement for a special future response plan.

6.2 Analysis of Operation Results

6.2.1 Consolidated

Unit: NT\$ Thousands

Item	Year		Amount changed	Change percentage (%)
	2021	2020		
	Amount	Amount		
Gross Sales Revenue	519,732,048	508,294,198	11,437,850	2.25%
Less : Sales Discounts and Allowances	-	-	-	-
Net Sales Revenue	519,732,048	508,294,198	11,437,850	2.25%
Operating Costs	-497,437,486	-487,181,281	-10,256,205	2.11%
Gross Profit from Operation	22,294,562	21,112,917	1,181,645	5.60%
Operating Expense	-17,569,928	-16,671,831	-898,097	5.39%
Operating Profit	4,724,634	4,441,086	283,548	6.38%
Non-operating Income and Expense	2,974,550	5,904,619	-2,930,069	-49.62%
Income from Operations of continued segments - before tax	7,699,184	10,345,705	-2,646,521	-25.58%
Less: Income Tax (Expense)	-1,752,091	-3,772,727	2,020,636	-53.56%
Profit attributable to owners of parent	6,537,765	7,547,985	-1,010,220	-13.38%
Profit attributable to non-controlling interests	-590,672	-975,007	384,335	-39.42%
Income from Operations of continued segments - after tax	5,947,093	6,572,978	-625,885	-9.52%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Non-operating Income and Expense: This has mainly been caused by the decrease in gain on disposal of property, plant and equipment.
2. Income from Operations of Continued Segments - Before tax: This has mainly been caused by the decrease in gain on disposal of property, plant and equipment.
3. Income Tax: Due to income tax decreases and tax incentive increases after calculations by the domestic tax rate where the consolidated company is located.
4. Profit Attributable to Non-Controlling Interests: This has mainly been caused by the decrease in profit.

Individual

Unit: NT\$ Thousands

Item	Year		Amount changed	Change percentage (%)
	2021 Amount	2020 Amount		
Gross Sales Revenue	440,973,660	407,434,848	33,538,812	8.23%
Less : Sales Discounts and Allowances	-	-	-	-
Net Sales Revenue	440,973,660	407,434,848	33,538,812	8.23%
Operating Costs	-427,814,434	-395,650,876	-32,163,558	8.13%
Gross Profit from operation	13,159,226	11,783,972	1,375,254	11.67%
Less : Unrealized Profit(Loss) from Sales	-17,394	-11,807	-5,587	47.32%
Plus : Realized Profit(Loss) from Sales	11,807	14,174	-2,367	-16.70%
Realized Gross Profit from operation	13,153,639	11,786,339	1,367,300	11.60%
Operating Expense	-10,383,274	-9,527,152	-856,122	8.99%
Operating Profit	2,770,365	2,259,187	511,178	22.63%
Non-operating Income and Expense	4,929,528	7,334,369	-2,404,841	-32.79%
Income from operations of continued segments - before tax	7,699,893	9,593,556	-1,893,663	-19.74%
Less: Income Tax Expense	-1,162,128	-2,045,571	883,443	-43.19%
Income from operations of continued segments - after tax	6,537,765	7,547,985	-1,010,220	-13.38%

Analysis of financial ratio changed in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. Unrealized Profit (Loss) from Sales: Mainly due to the epidemic impact, key components shortage and client pickup delays.
2. Operating Income: This has mainly been caused by the increase in gross profit from operations ratio.
3. Non-Operating Income and Expense: This has mainly been caused by the decrease of investment income by adopting the equity method.
4. Income Tax Expense: Due to the decrease in income tax calculated according to the statutory tax rate.

6.2.2 Expected Sales Volume and its Basis

The COVID-19 epidemic spread around the world in 2021, remote working and teaching increased, and the replacement of commercial type machines was rolled out in favor of shipments of notebook computers. In 2022, computer replacement will slow down due to the epidemic, and overall shipments of notebook computers are expected to rise. The Company will continue to be committed to product innovation and emerging applications such as the Internet of things and e-sport products, which will hopefully bring sustainable growth momentum to personal computer products.

People's lifestyles changed dramatically due to the impact of the epidemic in 2021, and server shipments grew with the demand for cloud services driven by remote work and teaching. Looking into 2022, lifestyle changes brought on by the epidemic will continue to boost demand for the cloud. Following the launch of Intel and AMD's new generation of server CPU platforms, Cloud service providers' demands for data centers are expanded and coupled with the materials shortage in 2021, partial shipments are deferred to 2022. Even so, server market shipment in 2022 is expected to present a growth trend. However, the development of the epidemic and economic recovery are not yet clear, so the Company will still tread cautiously and flexibly so it can respond and adapt quickly to developments and market changes.

The overall smart device industry driven by the surge of computer replacements, the annual smart device industry showed an upward trend in 2021. In 2022, the overall market supply and demand gap in the smart device industry is gradually improving. The company will focus on the small-volume large-variety production of smart home devices, smart wearables, 5G applications, etc., and growth is expected to be higher than that of the previous year.

6.2.3 Possible Impact on the Future Financial Business of the Company and Response Plan

In the face of an increasingly fierce competitive environment, the Company will continuously carry out vertical integration and enter into strategic alliances to seek new opportunities, as well as focusing on core business operations, so as to respond to further market changes in the future. As for the demand of investment that might occur due to the growth of operations, the professional team of the Company will see that excellent financial planning is put in place through rigorous internal and external financial risk management analysis, allocation of integrated financial resources, and consideration of the costs of investments to ensure smooth operation of the Company. The Company has no current doubts of significant impact on finances of the business.

6.3 Analysis of Cash Flow

Unit: NT\$ thousands

Beginning cash balance A	Annual net cash flow from operating activities B	Annual cash outflow C	Cash surplus (insufficient) amount A+B-C	Remedial measures for cash shortfall	
				Investment plan	Financial management plan
34,787,912	4,406,620	9,994,716	29,199,816	—	—

1. Analysis on change of cash flow this year:

Operating activity: Although it was affected by the epidemic and materials shortage in 2021, the Company's overall revenue kept growing and gross margins were maintained. However, the Group continued to adjust its proportion of products, improve the cost structure, reduce operating expenses, and properly use fund procurements by the company team, so that the operating cash flow of the year would not be affected, and the overall cash flow was sufficient to meet the Group's operating expenses.

2. Remedial measures for expected cash shortfall and liquidity analysis: Comprehensively influenced by all kinds of cash flow activities, there should be no circumstance causing insufficient cash this year.

3. Cash liquidity analysis in the coming year:

Beginning cash balance (A): NT\$ 34,787,912 thousands

Expected annual net cash flow from operating activity (B): NT\$ 4,406,620 thousands

Expected annual cash outflow (C): NT\$ 9,994,716 thousands

Expected cash surplus (insufficient) amount (A+B-C): NT\$ 29,199,816 thousands

Looking into 2022, the professional team of the Company will continuously improve the cost structure and devote itself to stabilizing the gross profit margin. Together with the significant impact of cost control, it is expected that cash flow for business activities will be abundant. As well as the expenditure for business activities due to investment activities such as assets procurement, equipment replacement, cash dividend distribution, and similar expenses, the Company also takes advantage of loans from financial institutions to invest in the business, resulting in efficient cash flow thanks to this proper arrangement and management.

6.4 Major Capital Expenditure Items

6.4.1 Employment of Significant Capital Expenditure and Capital Source:

Unit: NT\$ thousands

Planned project	Actual or expected capital source	Actual or expected completion date	Total capital needed	Circumstance of actual or expected capital employment			
				2021	2022	2023	2024
Purchase more plant space and equipment	Own capital	Current year	16,609,391	2,809,391	7,800,000	3,000,000	3,000,000

Note: The actual and expected capital employment in significant capital expenditure is consolidated data.

6.4.2 The Impact of Significant Capital Expenditure on Financial Business

Purchase and update machines and research and development equipment: New product research and development lineup are increased in order to accelerate product development schedules and improve production efficiency.

6.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

Inventec, by virtue of notebook computers, servers, smart devices and e-dictionaries that lay a deep foundation for research and development, today's 5G applications, and medical and automotive electronics change day by day. It also presents a diverse layout that will all lead the Group to a wider customer base. Inventec Appliances Corp., with its production expansion to Southeast Asia, AI and 5G applications on smart devices can be expected soon. On the other hand, BESTA will continue to develop Cloud-related products and open up a fresh new market. In addition, due to market supply and demand problems, we have phased out of the solar energy industry.

6.6 Analysis of Risk Management

6.6.1 The Impact of Interest Rate, Change in Exchange Rate, Inflation on Loss and Profit of the Company, and Future Resolutions:

1. Impact on loss and profit of the Company:

2021	Net amount of interest income (expenditure)	Net amount of exchange (loss) profit
Unit: NT\$ thousands	337,523	(351,570)

2. Future resolutions:

- A. Interest rate: The international economy recovers as the epidemic drops steadily. However, crude oil and raw materials shortages triggered by the Sino-US trade conflict and Ukraine-Russia crisis undoubtedly hide the dangers of inflation. To cope with this, the Federal Reserve of America raised the interest rate in the first quarter of 2022, while the Central Bank also tightened monetary policies accordingly to stabilize cash flows and balance the domestic economy and living standards. Therefore, the Company has cautiously and regularly evaluated the loan interest rates from banks and each currency to avoid cash flow risks caused by market interest rates. The Company carefully evaluates the risk of interest rate changes in operating its funds and makes the best use of its capital portfolio after considering both liquidity and security.
- B. Exchange rate: The Federal Reserve System has adopted increased rates and austerity programs due to concerns about the risk of a continued rise in inflation, which is likely to affect the monetary policies of various countries. In the face of capital spillovers from various countries, as the world enters the post-epidemic era, and with the increasing threat of conflict between Ukraine and Russia, the central bank is bound to adopt appropriate monetary policies to curb the flow of hot money everywhere to stabilize the foreign exchange market and assist export-oriented companies in making business and investment decisions. Due to the company's deep cultivation of international manufacturers, the major exchange rate policy is a natural hedging after offsetting and balancing credits and debts, supplemented by foreign exchange hedging operations.
- C. Inflation: Monetary policies and currency inflation are often mutually reinforcing to prevent the distortion of real interest rates and exchange rates. Generally speaking, with the domestic price increases in recent years due to the global epidemic, the Central Bank will raise interest rates gradually in 2022 to stabilize market mechanisms and contain inflation. In the future, the Company will continue to actively observe market conditions and effectively control costs and operating expenses to mitigate the impact of currency inflation on operations and prevent the

phenomenon of false profits and real losses.

- D. Liquidity risk: The Company still has a bank unsecured line of credit which is sufficient to fulfill its contractual obligations and there are no funding liquidity risks for the reasons given above.

6.6.2 Engage in High Risk and High Leverage Investments, Lend Funds to Other Parties, Endorsement and Derivatives Transaction Policy, Main Reasons for Profit or Loss, and Future Resolutions:

Based on a steady operation philosophy, the Company mainly focuses on the operation of its original product field. Regarding investments, in addition to relevant investments in the original industry, upstream and downstream of the product field, vertical cooperation, etc., the Company does not engage in any high risk or high leverage investments. Regarding lending funds to other parties, endorsements, and derivatives related transactions, such is actually handled according to the execution policy stipulated in Procedures for Acquisition and Disposal of Assets, Procedures for Lending Funds to Other Parties, and Procedures for Endorsements and Guarantees of the Company. The Company has revised relevant procedures and terms in accordance with FSC's latest specifications in 2022. In the future, the Company will still rigorously execute such matters according to the handling procedures of relevant regulations in order to guarantee the maximum rights and interests of the Company and its shareholders.

6.6.3 Future Research and Development Plan and Research and Development Expenditures Expected to be Invested

1. Innovation and quality: "Innovation" is the cornerstone of differentiation, which is a main factor for breaking through in a competitive environment. The group will continuously adhere to its innovative business philosophy whether it is tangible or intangible and remain committed to customers and partners with the highest "quality" improvements in the future.
2. Future research and development plan:
 - A. Notebook computers: Inventec has been focusing on research and development of notebook computers for a long time. Looking into 2022, in addition to high-order mixed commercial notebooks with optimized sound effects and artificial intelligence in the video field, there are also reinforced E-sport products with high quality. As supported by distance business opportunities and Stay at Home Economics, shipments in 2022 will be good as well.
 - B. Servers and cloud services: Work patterns under the epidemic not only mobilize basic server construction demands and data center expansion but motivate high-effect AI into Cloud computing. The Company has strong hardware, software, and research and development capabilities and will continue to expand its alliance with strategic partners, in addition to the customized complete solutions to increase the added value of products, in order to pursue growth. Furthermore, with the cooperation of industry 4.0, the smart factory will be established and be able to provide customers with high quality, short delivery times, low cost

and excellent service products. With the introduction of Intel's new generation of Tiger Lake processors, high-performance edge device server and 5G cloud network eDataServer, it is expected that in 2022 the Company's server and cloud industry will hit a peak.

C. Smart devices: The future holds an era with the digital economy at the core. |The development of 5G, AI and Internet of Things will connect everything intelligently and accelerate the digital transformation of the industry. In a smart device, the Company enters from intelligent wear, intelligent speaker, intelligent household, and medical treatment, combined with the AI and 5G module.; In addition to the storage, memory, communication, multimedia application, and additional values, based on the accumulated intelligent terminal, broadband, and acoustic field, more diversified development is expected in the future. With the introduction of relevant cloud technology, it is expected to become the benchmark of the global wireless communication industry.

3. Research and development expenditure expected to be invested:

At the rapid outbreak time of information communication, the future development plan of the Company will continue to move by mastering market fluctuation and understanding customer demands. In response to new market environments, manufacturing process improvement, and technology development, the Group is expected to input more than NT\$ 10.7 billion in research and development this year and will control the product development and market sales schedule within six months.

4. The research and development plans in recent years, current progress of unfinished research and development plans, research and development expenses that need to be invested, expected time of completing mass production, and major factors influencing the success of research and development in the future:

Recent Annual Plans	Current Progress	Research and Development Expenses to be Invested	Time of Completing Mass Production (Note)	Major Factors Influencing the Success of Research and Development in the Future
Notebook computer	Under development	NT\$ 2.9 billion	2023	Provision of long-term accumulated software and hardware technology and customized overall solutions
Server and cloud computing	Under development	NT\$ 4.3 billion	2023	Provision of long-term accumulated software and hardware technology and customized overall solutions
Smart phone and wireless communication devices	Under development	NT\$ 1.3 billion	2023	Continuous innovation, good quality, excellent talent, design, manufacturing, marketing, and after-sales service capability

Note: This refers to the mass production time currently expected; the actual situation is still subject to market and customer demands.

6.6.4 Important Policies at Home and Abroad, the Impact of Law Changes on the Company's Financial Operations, and Resolutions:

According to Organization for Economic Cooperation and Development BEPS 2.0 which promoted two pillars for international anti-tax-evasion, No. 1 is the profit distribution principle and No. 2 is the global minimum tax together with Taiwan CFC Law that will all be applicable in 2023. For this purpose, Inventec is also actively planning to reduce the group's tax risk and relevant compliance costs. Furthermore, in terms of ESG and net-zero carbon reduction, Inventec will still follow up on the competent authority's sustainable development blueprint with the corresponding guidance to reach international standards. The relevant units of the Company have always strictly followed important policies at home and abroad, as well as law changes, and pay close attention to any changes at all times. The Company actively coordinates to handle such matters as required.

6.6.5 The Impact of Technology Change and Industry Change on Company Financial Operations and Resolutions:

Across the world, 5G mobilizes new science and technology and also promotes horizontal alliances to upgrade each industry's competitiveness. Led by the digital economy, Inventec is actively engaged in 5G development and sets short, middle and long-term operation targets and financial indicators through blueprints for digital transformation. In addition, with the help of big data collection, application and analysis, and combined with the Internet of Things and AIT, it is committed to creating a 5G intelligent factory with high quality and excellent process. In the age of technological explosion and except for the digital application of information technology, Inventec must also enhance its Infocomm security management to create a low-risk and circulating financial administration tool.

COVID19 changed staff work modes and Working at Home has become normal. To this end, relevant network safety risks must be taken into consideration. What's more, as blurry network boundaries and diverse devices become new challenges, reinforcements of interior device identification, personnel verification, EDR monitoring, as well as colleagues' network safety awareness are priorities for this year. Inventec's current information technology security risks and countermeasures are as follows:

- (A). Promote NAC(Network Access Control) access administration, identify interior devices, inspect device security, and then connect to the intranet after being satisfied with virus defense, software update, correct domain devices and other security conditions.
- (B). Upgrade the next-generation firewall, consolidate the network boundary, guard against external threats, establish a two-layer defense architecture, separate the production line, client terminal, and computer room server network, and improve the depth of security protection.
- (C). Import the bastion host or jump host, simplify the online entry of the host, reduce the risk of infiltration, enhance the online monitoring of the host, and use the dynamic

password to protect privileged accounts.

- (D). Promote two-factor authentication and send the second layer OTP (One Time Password) through SMS to verify the identity of the logon to prevent the risk of the account and password being stolen or broken.
- (E). Strengthen APT attack protection and introduce an APT (Advanced Persistent Threat) protection scheme to prevent malware and hacker attacks and protect Inventec's information security.
- (F). Guard against hacker phishing email attacks, organize social engineering drills and enable e-mail protection mechanisms, filter malicious attachments and phishing links, and avoid social engineering attacks that will cause harm to the Company.

6.6.6 The Impact of Corporate Image Change on Corporate Crisis Management and Resolutions:

In recent years, the climate has been changing rapidly, and as sustainability keeps simmering, ESG emerges in response to achieve global net-zero emission targets in 2050. Inventec depends on social responsibility and takes ESG as its operating core value. It will continue to focus on ESG and digital transformation, enhance to implement a green supply chain, promote the company's cohesion and competitiveness, and keep up with global trends. The Company adheres to a consistent operation philosophy and corporate culture. Through internal management mechanisms and external auditing execution, the Company vigorously examines and approves the setting and execution of objectives and strategies, actually mastering the overall organizational risk. As of the publication date of this annual report, the Company has no impact on enterprise crisis management caused by a change of corporate image.

6.6.7 Expected Benefits of Mergers, Possible Risks, and Resolutions:

Since 2021 and as of the publication date of this annual report, the Company has no circumstances related to conducting a merger.

6.6.8 Expected Benefits of Plant Expansion, Possible Risks, and Resolutions:

Each OEM has adjusted its overall operation planning, including a flexible order receiving mode in response to the Sino-US trade and technology war, thus effectively controlling production costs and tariff risks. In 2021, the Company also made careful assessments for a new plant expansion plan in Mexico as the economic environment and clients demanded. This new production base would satisfy order supplies in North American areas. Furthermore, other production bases will also receive asset activation assessments and production capacity relocation to balance capital exposure risks.

6.6.9 Risks Faced in Centralized Goods Purchase and Sales and Resolutions:

With the change in economic and trade environments, conflicts with tariff barriers's impact of the epidemic, the shortage of components, port congestion, and ESG environment sustainability policy, the layout of the global supply chain is speeding up. The Company, with the help of production strategy partitions and planning, listens carefully to the voices of different customers and adopts flexible and diverse supply modes to effectively reduce excessive sell in and out concentration risks.

6.6.10 The Impact of Massive Transfer or Change of Stock Equity between and among Directors, Supervisors, or Major Shareholders Holding More than Ten Percent of the Total Share of the Company and Resolutions: None.

6.6.11 The Impact of Change of Operation Rights of the Company, Risks, and Resolutions: None.

6.6.12 Litigation or Non-Litigation Cases:

1. Significant litigation, non-litigation or administrative litigation cases of the Company and affiliated companies in the past two years, such cases that have been sentenced or are currently pending, and the results thereof that have a significant impact on shareholders' equity or securities price: None
2. As of the publication date of annual report, whether the Directors, Supervisors, President, and shareholders with shareholding ratio over ten percent of the Company are involved in any significant litigation, non-litigation or administrative litigation cases, such cases have been sentenced or are currently pending, and the results thereof have a significant impact on shareholders' equity or securities price: None.

6.6.13 Other Important Risks and Counter Measures

1. Climate change risk: identify climate change risks in accordance with the TCFD framework to draft and implement mitigative and adaptative measures in a timely manner: (1) implement a greenhouse gas inventory and verification works, (2) make an inventory and replace energy-intensive equipment in the plant area, continue to focus on energy-saving and emission-reducing management, and complete the declaration of electricity-saving rates, (3) expand the conversion and installation of renewable energy facilities and continue to increase the proportion of renewable energy, (4) purchase carbon rights from carbon trading platforms according to demand, (5) advance BCP business continuity planning, (6) encourage circular design through incentive programs, strengthen value-chain partnerships, and develop net-zero new generation products, (7) continue to purchase raw materials/products that meet the needs of the circular economy to ensure that the infrastructure and base station can reduce the impact of extreme weather on the factory area and the environment.
2. Legal changes: know effectives are laws, policies, contentious and non-contentious businsses and practices; safeguard privacy rights, employee rights and interests related to the Covid-19 pandemic and business secrets; comply with export control laws and acts; hold lectures and forums on legal and intellectual property rights, hold new employee orientations, and provide e-learning courses to urge the implementation of risk control.

3. Risk of operational suspension due to the COVID-19 epidemic: In response to the continuation of the Covid-19 pandemic which is affecting supply chains and production all over the world, we are strengthening operation management to avoid the risk of a breakdown in operations. Through the risk management mechanism (BCP, Business Continuity Plan), Inventec has required all factories around the world to establish epidemic prevention response teams, formulate epidemic prevention plans, implement epidemic prevention measures, dispatch and schedule pandemic-safe procedures for employees and ensure a continuous chain of operations and uninterrupted customer service to protect the rights and interests of our stakeholders.

A. Externally:

(A). Uninterrupted customer service:

- a. Responding to Inventec's Epidemic Prevention Plan in accordance with the customer supply chain BCP plan.
- b. Participating in the training of COVID-19 prevention measures held by customers and cooperating with customers in epidemic prevention and response.
- c. According to the requirements of the customer value chain, adjust the production of products in off-site factories to ensure fulfilment of local customer demands.

(B). Continuous supply chain management:

- a. Confirming the detailed material status of raw materials through the Inventec e-Supply Chain information system
- b. When the epidemic situation is critical, the purchasing staff cooperate with the Company HR's work-from-home plan to maintain operations.
- c. In line with customer value chain requirements, increase raw material inventory management to ensure the fulfilment of customer demand.

(C). Group companies are unaffected

- a. Purchase of video and hardware equipment and connecting with each factory team to achieve project tasks.
- b. AR augmented real-time communication and intuitive remote guidance to improve the efficiency of remote communication.

B. Internally:

(A). Epidemic prevention and taking care of health

- a. Rolling adjustment of epidemic prevention policies.
- b. Switching to telephone or video conferencing.
- c. Wearing masks during the whole process to ensure the health and safety of employees.

(B). Two programs for travel and attendance management

- a. Remote workplace.
- b. Work from home.

(C). Steady growth in operation management

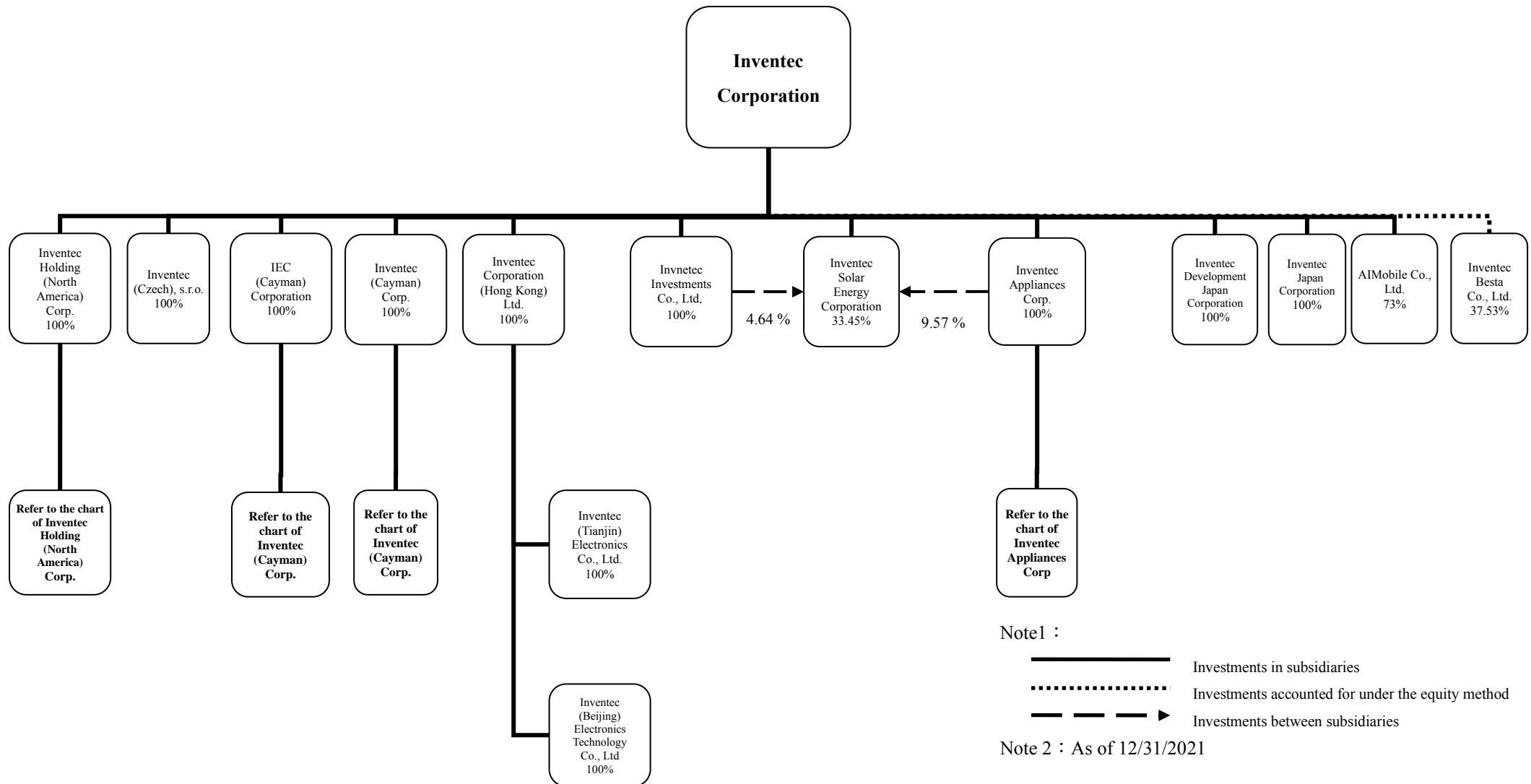
- a. Digital transformation.
- b. Industrial upgrading: combining smart factory to create the world's first open-architecture
5G independent enterprise private network.

6.7 Other Important Matters: None.

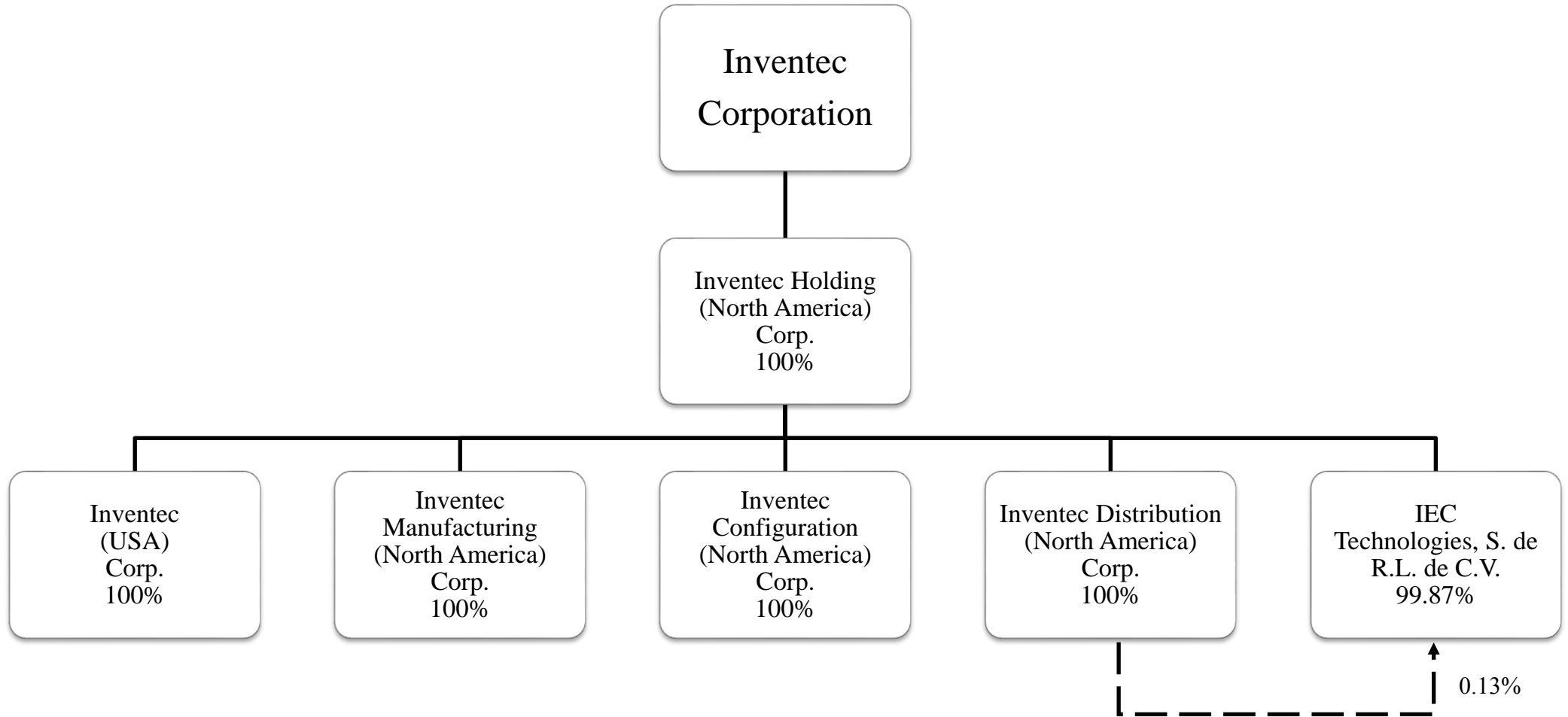
VII. Special Disclosure

7.1 Summary of Affiliated Companies

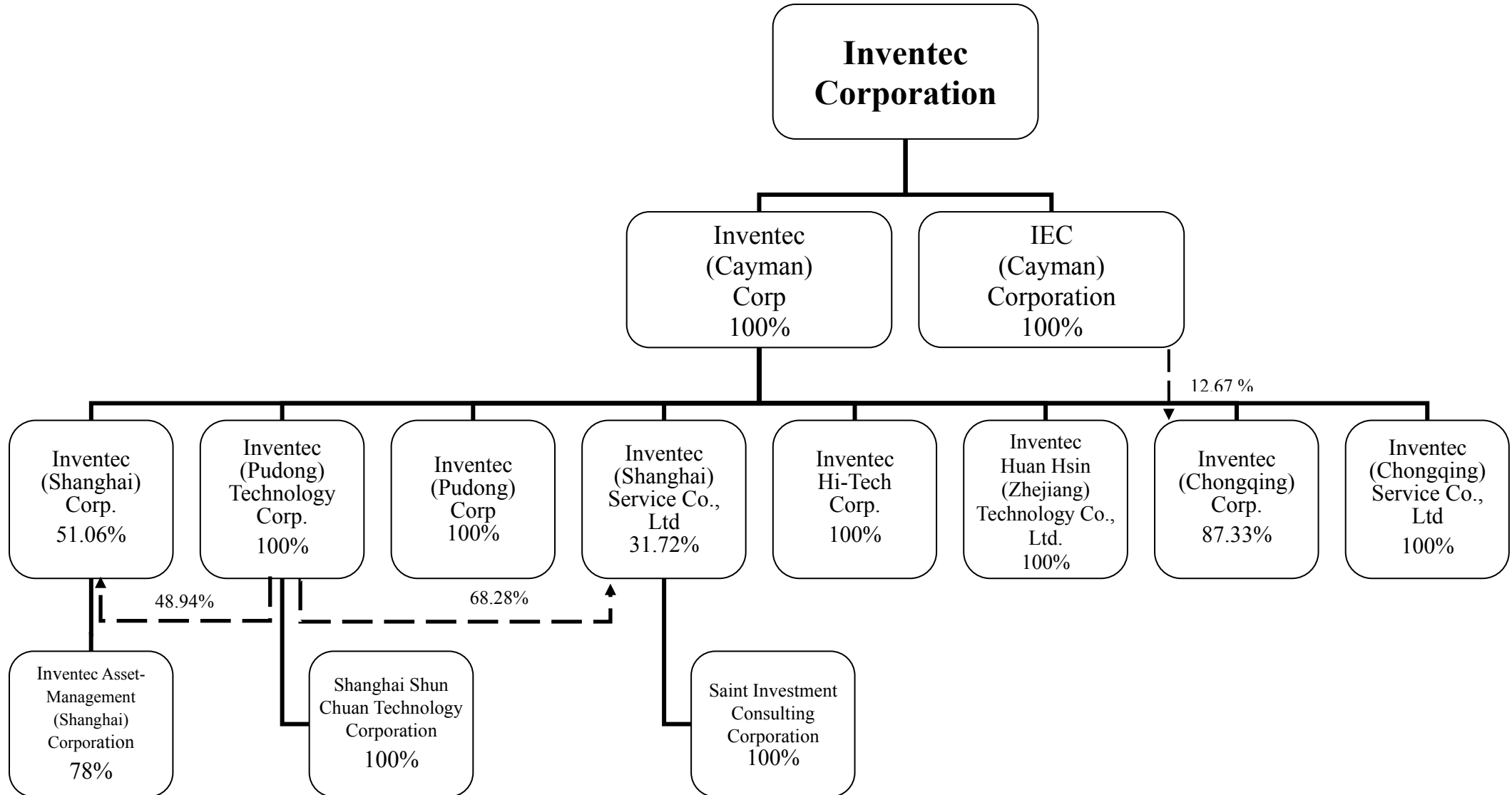
7.1.1 The Chart of Inventec Corporation



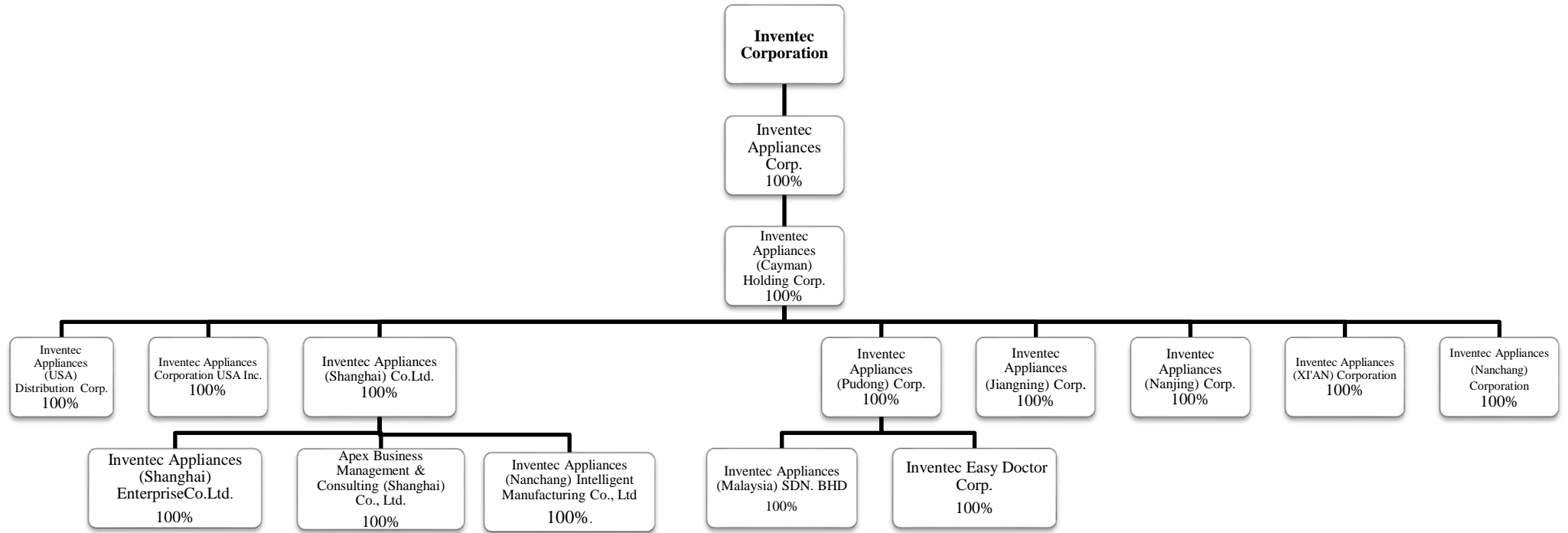
The Chart of Inventec Holding (North America) Corp.



The Chart of Inventec (Cayman) Corp.



The Chart of Inventec Appliances Corp.



7.1.2 Inventec Corporation Subsidiaries

Unit: NT\$ Thousands, As of 12/31/2021

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Inventec Corporation (Hong Kong) Ltd.	1990.08	Level 54 Hopewell Centre 183 Queen's Road East, Hong Kong	8,903	Investing in Mainland China and import and export business
Inventec (Tianjin) Electronics Co., Ltd.	1993.11	Room 401-410, Wanzhao Smart Valley Building, No. 218 Hongqi Road, Nankai District, Tianjin, China	138,350	Electronic products software development.
Inventec (Beijing) Electronics Technology Co., Ltd.	1994.07	A206-207, Information Center, Zhongguancun Software Park, Beijing, China.	40,122	Production of computer-related products and after-sale services; sale of self-produced products; business information consultation
Inventec (Cayman) Corp.	2000.06	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands	9,812,963	Holding Company
Inventec (Shanghai) Corp	2000.10	Room 402-4, Building 6, No.789 Puxing Road, Minhang District, Shanghai, China	2,075,220	Computer product assembly and sale of accessories
Inventec Asset-Management (Shanghai) Corporation	2014.06	Commercial 08, 1st Floor, Building 7, No. 1528, Gumei Road, Xuhui District, Shanghai, China	1,858,367	Real estate rental and leasing
Inventec (Pudong) Corp.	2003.01	Building 1, No.789, Puxing Road (5/1 Hill, Block 105, Pujiang Town), Minhang District, Shanghai, China	1,383,500	Computer product assembly and sale
Inventec (Pudong) Technology Corp.	2004.04	Building 6, No.789, Puxing Road(2/2 Hill, Block 106, Pujiang Town), Minhang District, Shanghai, China	1,621,233	Computer products and accessories production and marketing
Shanghai Shun Chuan Technology Corporation	2021.01	Building 6, No.789, Puxing Road(2/2 Hill, Block 106, Pujiang Town), Minhang District, Shanghai, China	216,995	Computer products and accessories production and marketing
Inventec (Shanghai) Service Co., Ltd	2004.03	Room 402-5, Building 6, No.789 Puxing Road, Minhang District, Shanghai, China	317,799	Computer products assembly operations and sale
Saint Investment Consulting Corporation	2019.09	Room C224, Building 2, No.1628 Suzhao Road, Minhang District, Shanghai, China	216,995	Business management consulting
Inventec Hi-Tech Corp.	2004.09	Building 2, No.789, Puxing Road (5/1 Hill, Block 105, Pujiang Town), Minhang District, Shanghai, China	1,383,500	Computer products assembly operations and sale
Inventec (Chongqing) Corp.	2010.05	No.66, Xiqu Sceond Road, Shapingba District, ChongQing, China	2,075,250	Computer products assembly operations and sale
Inventec (Chongqing) Service Co., Ltd.	2010.05	3F Building No.98, Xiqu Sceond Road, Shapingba District, ChongQing, China	27,670	Computer products assembly operations and sale
IEC (Cayman)	2013.11	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road,	739,500	Holding Company

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
Corporation		Grand Cayman, KY1-1205 Cayman Islands.		
Inventec Holding (North America) Corp.	1997.09	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	55,359	Holding company in America
Inventec (USA) Corp.	1997.02	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	13,835	Computer product assembles and warranty services
Inventec Manufacturing (North America) Corp.	1997.09	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	55,340	Technical and Marketing support service
Inventec Distribution (North America) Corp.	1998.08	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	13,835	Sale of computer products
Inventec Configuration (North America) Corp.	1998.08	11450 Compaq Center Dr. West Suite 200, Houston, TX 77070	55,340	Assembly of computer products
IEC Technologies, S. de R.L. de C.V.	2006.09	Blvd.Independencia #10150, Centro Industrial del Norte #1, CD Juarez, Chihuahua, Mexico 32575	249,189	Assembly of computer and related.
Inventec (Czech), s.r.o.	2004.02	Modrice, Central Trade Park Evropska 863 664 42 Modrice, Czech Republic	85,748	Assembly of computer products and after-sale services
Inventec Development Japan Corporation	2004.12	7F, No.1 Shinbashi-Ekimae BL.,2-20-15 Shinbashi, Minakotu-ku, Tokyo, Japan	9,540	Development, design, and sale of computer accessories
Inventec Investments Co., Ltd.	2009.08	3F-1, No.166, Sec. 4, Chengde Rd., Shilin Dist., Taipei City, Taiwan	1,088,000	Investment activities
Inventec Solar Energy Corporation	2010.10	No.349, Sec 2, Renhe Rd., Daxi Township, Taoyuan City, Taiwan.	3,233,548	Research and development, production, and sale of solar cells
Inventec Appliances Corp.	2000.05	No.37, Wugong 5th Road, Wugu District, New Taipei City, Taiwan	5,368,573	Smart device products
Inventec Appliances (Cayman) Holding Corp.	2000.06	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	5,522,230	Holding Company
Inventec Appliances (USA) Distribution Corp.	2000.07	5700 Tennyson Parkway Suite 300, Plano, Texas 75024	130	Sale of electronics products and accessories
Inventec Appliances Corporation USA Inc.	2006.04	2880 Lakeside Drive, Suite 247, Santa Clara, California 95054	33	Sales activities
Inventec Appliances (Shanghai) Co.Ltd.	1991.07	No.7, Gui Qing Rd., Shanghai, China.	1,427,772	Development, design, and sale of electronics products and leasing
Inventec Appliances (Shanghai) Enterprise Co.Ltd.	2015.04	Room B506, Building 3, No.7 Gui Qing Road, Xuhui District, Shanghai, China.	34,719	Hardware and software development and consulting and electronic product sales
Apex Business Management & Consulting (Shanghai) Co., Ltd.	2009.07	Room 701, Building 3, No.7 Gui Qing Road, Shanghai, China.	2,178	Business Administration
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	2018.06	No.189, Torch 3rd Road, Nanchang High-tech Industrial Development, Nanchang City, Jiangxi Province, China	260,395	Wearable intelligent equipment manufacturing, and the research and development, design,

Company	Date of Incorporation	Place of Registration	Capital Stock	Business Activities
				processing, manufacturing, and sale of electronic products and communication equipment
Inventec Appliances (Pudong) Corp.	2004.03	Building 1-3, No.789 Puxing Road, Minhang District, Shanghai, China	2,130,590	Development, design, and manufacturing of wireless communication products and mobile communication equipment
Inventec Appliances (Malaysia) SDN. BHD	2018.09	253G-4-3A, Premier Centre, Jalan Burma, 10350 Penang, Malaysia	830,238	Sale of related electronic materials and products
Inventec Easy Doctor Corp.	2021.07	3F, No.789 Puxing Road, Minhang District, Shanghai, China	43,399	Sale, and manufacturing of medical equipment
Inventec Appliances (Nanjing) Corp.	1993.10	Room 202-12, No.62, Su-Yuan Road, Jiangning Economic and Technological Development Zone, Nanjing, China.	138,350	Real estate rental and leasing
Inventec Appliances (Jiangning) Corp.	2004.02	No.133, Jiang-Jun Road, Jiangning Economic and Technological Development Zone, Nanjing, China.	1,881,560	Development, design, and manufacturing of mobile communication devices (mobile phones), telephone sets (excluding multimedia advanced functions), etc
Inventec Appliances (XI'AN) Corporation	2007.12	No.50 Jin-Ye 1st Road High-tech Industrial Development Zone, Xi'an China	110,680	Development and design of related communication and electronic products and software, related technical services, and house rentals
Inventec Appliances (Nanchang) Corporation	2008.12	C401-417, No. 698 Jingdong Boulevard, High-Tech Zone of Nanchang, Jiangxi, China.	58,107	Development, design, and sale of communication and electronic-related products and software
AIMobile Co., Ltd.	2016.05	6F, No.166 Chengde Rd Sec 4, Shilin District, Taipei City, Taiwan	250,000	Research and development, production, and sale of intelligent mobile devices
Inventec Japan Corporation	2019.08	7F, No.1 Shinbashi-Ekimaie BL.,2-20-15 Shinbashi, Minakotu-ku, Tokyo, Japan	2,385	Commercial trade and management

7.1.3 Shareholders in Common of Inventec Corporation and Its Subsidiaries with Deemed Control and Subordination: None.

7.1.4 Industrial Classification in Inventec Corporation Subsidiaries

Industrial Classification	Company	Relationships to Related Party
Holding company	Inventec Corporation (HongKong) Ltd.	Direct investment in Inventec (Beijing) Electronics Technology Co., Ltd. and Inventec (Tianjin) Electronics Co., Ltd.
Electric Product Manufacturing	Inventec (Tianjin) Electronics Co., Ltd.	Electronic products software development
Electric Product Manufacturing	Inventec (Beijing) Electronics Technology Co., Ltd.	Manufacture, and warranty services of computers and related, Sales of self-manufactured products; as well as business information consultation.
Holding company	Inventec (Cayman) Corp.	Direct investment in Inventec (Shanghai) Corp. etc.
Electric Product Manufacturing	Inventec (Shanghai) Corp.	Import and export trade agency of computer products and accessories
Electric Product Manufacturing	Inventec Asset-Management (Shanghai) Corporation	Real estate rental and leasing
Electric Product Manufacturing	Inventec (Pudong) Corp.	Computer product assembly and sale
Electric Product Manufacturing	Inventec (Pudong) Technology Corp	Computer products and accessories production and marketing
Electric Product Manufacturing	Shanghai Shun Chuan Technology Corporation	Computer products and accessories production and marketing
Electric Product Manufacturing	Inventec (Shanghai) Service Co., Ltd	Computer product assembly and sale
Electric Product Manufacturing	Saint Investment Consulting Corporation	Business management consulting
Electric Product Manufacturing	Inventec Hi-Tech Corp.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec (Chongqing) Corp.	Computer products assembly operations and sale
Electric Product Manufacturing	Inventec (Chongqing) Service Co., Ltd.	Computer products assembly operations and sale
Holding company	IEC (Cayman) Corporation	Direct investment in Inventec Technology (Chongqing) Corp.
Holding company	Inventec Holding (North America) Corp.	Direct investment in Inventec (USA) Corp. etc.
Electric Products Manufacturing	Inventec (USA) Corp.	Computer product assembles and warranty services
Electric Product Manufacturing	Inventec Manufacturing (North America) Corp.	Technical and Marketing support service
Electric Product Manufacturing	Inventec Distribution (North America) Corp.	Computer product assembles and sales
Electric Products Manufacturing	Inventec Configuration (North America) Corp.	Computer product assembles
Electric Products Manufacturing	IEC Technologies, S. de R.L. de C.V.	Assembly of servers and related.
Electric Products Manufacturing	Inventec (Czech), s.r.o.	Computer product assembles and warranty services
Electric Product Manufacturing	Inventec Development Japan Corporation	Developing, designing and selling computer peripherals
Investment	Invetec Investments Co., Ltd.	Investment activities

Industrial Classification	Company	Relationships to Related Party
Energy Technical Services	Inventec Solar Energy Corporation	Developing, production and selling of solar cells.
Electric Product Manufacturing	Inventec Appliances Corp.	Communication and digital accessory product assembles and sales
Holding company	Inventec Appliances (Cayman) Holding Corp.	Investment in Inventec Electronics (Shanghai) Co., Ltd. etc.
Electric Product Manufacturing	Inventec Appliances (USA) Distribution Corp.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances Corporation USA Inc.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Shanghai) Co.Ltd.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Shanghai) Enterprise Co.Ltd.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Apex Business Management & Consulting (Shanghai) Co., Ltd.	Business Administration
Electric Product Manufacturing	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Pudong) Corp.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Malaysia) SDN. BHD	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Easy Doctor Corp.	Sale, and manufacturing of medical equipment
Electric Product Manufacturing	Inventec Appliances (Nanjing) Corp.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Jiangning) Corp.	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (XI'AN) Corporation	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	Inventec Appliances (Nanchang) Corporation	Communication and digital accessory product assembles and sales
Electric Product Manufacturing	AIMobile Co., Ltd.	Research and development, production, and sale of intelligent mobile devices
Electric Product Manufacturing	Inventec Japan Corporation	Commercial trade and management

7.1.5 Rosters of directors, supervisors, and presidents of Inventec corporation's subsidiaries

Unit: Shares ; % As of 12/31/2021

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Corporation (Hong Kong) Ltd.	Director Director	Representative of Inventec Corporation : Yeh, Kuo-I Cho, Tom-Hwar	2,500,000	100%
Inventec (Tianjin) Electronics Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Corporation (Hong Kong) Ltd. : Tsai, Chih-An Yen, Cheng-Lung Fan, Kang Chen, Pei-Chia Fan, Kang	N/A	100%
Inventec (Beijing) Electronics Technology Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Corporation (HongKong) Ltd. : Wu, Yung-Tsai Chen, Pei-Chia Chiu, Chuan-Cheng	N/A	100%
Inventec (Cayman) Corp.	Director	Representative of Inventec Corporation : Cho, Tom-Hwar	301,768,161	100%
Inventec (Shanghai) Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Wu, Yung-Tsai Chen, Pei-Chia Wu, Yung-Tsai	N/A	51.06%
Inventec Asset-Management (Shanghai) Corporation.	Chairman Director Supervisor Director *General manager	Representative of Inventec (Shanghai) Corp. : Wu, Yung-Tsai Wang, Tien-Hui Chen, Pei-Chia Representative of Shanghai Caohejing Hi-Tech Park Development Corp. : Hsueh, Han Wang, Tien-Hui	N/A	78% 22%
Inventec (Pudong) Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Wu, Yung-Tsai Chen, Pei-Chia Wang, Tien-Hui	N/A	100%
Inventec (Pudong) Technology Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Yen, Cheng-Lung Liao, Meng-Chieh Chen, Pei-Chia Liao, Meng-Chieh	N/A	100%
Shanghai Shun Chuan Technology Corporation	Executive Director Supervisor *General manager	Representative of Inventec (Pudong) Technology Corp. : Tsai, Chih-An Chen, Pei-Chia Lin, Hung-Chou	N/A	100%
Inventec (Shanghai) Service Co., Ltd	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Chen, Pei-Chia Liao, Meng-Chieh	N/A	31.72%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Saint Investment Consulting Corporation	Executive Director Supervisor *General manager	Representative of Inventec (Shanghai) Service Co., Ltd : Tsai, Chih-An Chen, Pei-Chia Yeh, Li-Cheng	N/A	100%
Inventec Hi-Tech Corp.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Tsai, Chih-An Chen, Pei-Chia Liao, Meng-Chieh	N/A	100%
Inventec (Chongqing) Corp.	Chairman Director Supervisor Director *General manager	Representative of Inventec (Cayman) Corp. : Chang, Hui Yin, Fu-Ming Chen, Pei-Chia Representative of IEC (Cayman) Corporation : Yu, Sa-Hua Yu, Sa-Hua	N/A	87.33% 12.67%
Inventec (Chongqing) Service Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec (Cayman) Corp. : Chang, Hui Chen, Pei-Chia Yu, Sa-Hua	N/A	100%
IEC (Cayman) Corporation	Director	Representative of Inventec Corporation : Cho, Tom-Hwar	25,000,000	100%
Inventec Holding (North America) Corp.	Director Director Director *General manager	Representative of Inventec Corporation : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,000,000	100%
Inventec (USA) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	500,000	100%
Inventec Manufacturing (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,000,000	100%
Inventec Distribution (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	500,000	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Configuration (North America) Corp.	Director Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An Tsai, Chih-An	2,000,000	100%
IEC Technologies, S. de R.L. de C.V.	Director Director *General manager	Representative of Inventec Holding (North America) Corp. : Cho, Tom-Hwar Wu, Yung-Tsai Tsai, Chih-An	2	100%
Inventec (Czech), s.r.o.	Representative Representative Representative	Representative of Inventec Corporation : Tsai, Chih-An John William Busby Tseng, Kuang-Chao	68,000,000	100%
Inventec Development Japan Corporation	Representative Supervisor	Representative of Inventec Corporation : Cho, Tom-Hwar Yu, Chin-Pao	45,100	100%
Inventec Investments Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Corporation : Cho, Tom-Hwar Wu, Yung-Tsai Yu, Chin-Pao Cheng, Hsien-Ho Yu, Chin-Pao	108,800,000	100%
Inventec Solar Energy Corporation	Director Chairman Director Director Supervisor Supervisor General manager	Inventec Corporation Hsieh, Jui-Hai Representative of Invetec Investments Co., Ltd. : Yu, Chin-Pao Yen, Hao Cheng, Hsien-Ho Hsu, Shen-Chun Yen, Hao	108,150,000 7,291,760 15,000,000 2,378,000 530,000 79,500 2,378,000	33.45% 2.26% 4.64% 0.74% 0.16% 0.02% 0.74%
Inventec Appliances Corp.	Chairman Director Director Director Director Supervisor *General manager	Representative of Inventec Corporation : Chang, Ching-Sung Ho, Tai-Shui Yeh, Li-Cheng Chang, Hui Tsai, Chih-An Yu, Chin-Pao Ho, Tai-Shui	536,857,254	100%
Inventec Appliances (Cayman) Holding Corp.	Director	Representative of Inventec Appliances Corporation : Chang, Ching-Sung	199,574,638	100%
Inventec Appliances (USA) Distribution Corp.	Director *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Wang, Po-Hung	400,000	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Appliances Corporation USA Inc.	Director *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Wang, Po-Hung	10,000	100%
Inventec Appliances (Shanghai) Co.Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Tsai, Shih-Kuang Ho, Tai-Shui Tseng, Ching-An Tsai, Shih-Kuang	N/A	100%
Inventec Appliances (Shanghai) Enterprise Co.Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Chang, Ching-Sung Tseng, Ching-An Tsai, Shih-Kuang	N/A	100%
Apex Business Management & Consulting (Shanghai) Co., Ltd.	Executive Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Chang, Ching-Sung Chang, Shu-Ching Tsai, Shih-Kuang	N/A	100%
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Shanghai) Co.Ltd. : Ho, Tai-Shui Chang, Ching-Sung Chang, Ju-Nan Chang, Shu-Ching Chang, Ju-Nan	N/A	100%
Inventec Appliances (Pudong) Corp.	Chairman Director Director Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Lin, Wen-Yao Chen, Kun-Hui Ho, Tai-Shui Wang, Hung-Hsiang Tseng, Ching-An Chen, Kun-Hui	N/A	100%
Inventec Appliances (Malaysia) SDN. BHD	Representative Director Director Director Director *General manager	Representative of Inventec Appliances (Pudong) Corp. : Chang, Ching-Sung Lee, Huai-En Lee, Tee-Hiang Chang, Ching-Sung Ho, Tai-Shui Chen, Kun-Hui Lee, Huai-En	121,000,000	100%
Inventec Easy Doctor Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Ho, Tai-Shui Chen, Kun-Hui Chang, Shu-Ching Tsai, Shih-Kuang	N/A	100%

Company	Title	Name	Shareholding	
			Shares	Investment Holding (%)
Inventec Appliances (Nanjing) Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Kao, Chao-Yang Chen, Po-Cheng Chang, Shu-Ching Kao, Chao-Yang	N/A	100%
Inventec Appliances (Jiangning) Corp.	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Kao, Chao-Yang Chen, Po-Cheng Chang, Shu-Ching Kao, Chao-Yang	N/A	100%
Inventec Appliances (XI'AN) Corporation	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Kao, Chao-Yang Pien, Yung-Tsai Chang, Shu-Ching Pien, Yung-Tsai	N/A	100%
Inventec Appliances (Nanchang) Corporation	Chairman Director Director Supervisor *General manager	Representative of Inventec Appliances (Cayman) Holding Corp. : Chang, Ching-Sung Chen, Kun-Hui Chang, Ju-Nan Chang, Shu-Ching Chang, Ju-Nan	N/A	100%
AIMobile Co., Ltd.	Chairman Director Director Director Supervisor Supervisor General manager	Representative of Inventec Corporation : Chang, Yu-Lien Wu, Yung-Tsai Yeh, Li-Cheng Representative of Advantech Co., Ltd. : Chiang, Ming-Chih Yu, Chin-Pao Tsai, Shu-Mei Chang, Kuo-Pin	18,250,000 6,750,000 0 0 0	73.00% 27.00% 0.00% 0.00% 0.00%
Inventec Japan Corporation	Representative Supervisor	Representative of Inventec Corporation : Cho, Tom-Hwar Yu, Chin-Pao	200	100%

Note: General managers marked with * are assigned and are not individual shareholders.

7.1.6 Operational highlights of Inventec company subsidiaries

Unit: NT\$ Thousands (Except EPS) ; As of 12/31/2021

Company	Capital	Total Assets	Total Liabilities	Total Stockholders' Equity	Sales Revenue	Operating Income	Income after Tax	EPS after Tax
Inventec Corporation (Hong Kong) Ltd.	8,903	126,534,254	126,145,011	389,244	329,584,617	(573)	27,093	—
Inventec (Tianjin) Electronics Co., Ltd.	138,350	335,103	93,894	241,208	202,728	5,676	11,918	—
Inventec (Beijing) Electronics Technology Co., Ltd.	40,122	89,548	10,357	79,191	30,404	1,174	2,268	—
Inventec (Cayman) Corp.	9,812,963	25,340,228	0	25,340,228	0	(269)	4,892,191	—
Inventec (Shanghai) Corp.	2,075,220	8,556,222	6,683,309	1,872,913	24,194,638	68,582	24,325	—
Inventec Asset-Management (Shanghai) Corporation	1,858,367	4,545,226	2,816,003	1,729,223	0	(23,068)	(22,694)	—
Inventec (Pudong) Corp.	1,383,500	5,144,934	965,682	4,179,252	0	(26,890)	75,879	—
Inventec (Pudong) Technology Corp.	1,621,233	25,949,219	17,227,712	8,721,507	51,622,832	592,151	2,288,343	—
Shanghai Shun Chuan Technology Corporation.	216,995	25,781,726	25,026,862	754,864	50,718,411	193,398	536,144	—
Inventec (Shanghai) Service Co., Ltd	317,799	254,899	3,073	251,825	0	(1,527)	(873)	—
Saint Investment Consulting Corporation	216,995	217,242	2	217,240	0	(39)	210	—
Inventec Hi-Tech Corp.	1,383,500	2,104,170	406,795	1,697,375	459	(46,585)	563,662	—
Inventec (Chongqing) Corp.	2,075,250	77,004,096	67,677,697	9,326,398	290,354,823	1,463,300	2,315,700	—
Inventec (Chongqing) Service Co., Ltd.	27,670	112,924	73,508	39,416	31,157	(164)	(397)	—
IEC (Cayman) Corporation	739,500	1,426,351	0	1,426,351	0	0	276,704	—
Inventec Holding (North America) Corp.	55,359	1,496,415	0	1,496,415	0	0	59,949	—
Inventec (USA) Corp.	13,835	207,193	0	207,193	0	0	0	—
Inventec Manufacturing (North America) Corp.	55,340	280,741	17,740	263,002	279,648	15,829	12,415	—
Inventec Distribution (North America) Corp.	13,835	32,249,765	31,836,826	412,939	77,241,154	27,561	20,215	—
Inventec Configuration (North America) Corp.	55,340	214,564	23,589	190,976	711,454	3,197	3,045	—
IEC Technologies, S. de R.L. de C.V.	249,189	741,036	228,515	512,521	647,273	60,688	32,705	—
Inventec (Czech), s.r.o.	85,748	4,341,787	4,175,443	166,344	19,715,300	59,198	59,237	—
Inventec Development Japan Corporation	9,540	19,075	57	19,018	0	(701)	(746)	—
Inventec Investments Co., Ltd.	1,088,000	88,044	170	87,874	0	(241)	(39,996)	(0.37)

Company	Capital	Total Assets	Total Liabilities	Total Stockholders' Equity	Sales Revenue	Operating Income	Income after Tax	EPS after Tax
Inventec Solar Energy Corporation	3,233,548	130,393	2,147,672	(2,017,279)	11,413	(220,085)	(1,057,139)	(3.27)
Inventec Appliances Corp.	5,368,573	26,475,981	18,626,800	7,849,181	29,355,205	1,133,207	157,700	0.29
Inventec Appliances (Cayman) Holding Corp.	5,522,230	15,494,000	0	15,494,000	0	0	(925,513)	—
Inventec Appliances (USA) Distribution Corp.	130	306,391	215,439	90,952	830,922	1,145	909	—
Inventec Appliances Corporation USA Inc.	33	23,947	10,513	13,434	18,573	1,621	808	—
Inventec Appliances (Shanghai) Co.Ltd.	1,427,772	1,797,253	182,366	1,614,887	20,572	(210,930)	(146,365)	—
Inventec Appliances (Shanghai) EnterpriseCo.Ltd.	34,719	23,408	1,316	22,092	0	(5,429)	(3,138)	—
Apex Business Management & Consulting (Shanghai) Co., Ltd.	2,178	118,710	10,401	108,309	86,287	32,016	24,673	—
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	260,395	572,684	569,021	3,663	668,420	(122,910)	(101,103)	—
Inventec Appliances (Pudong) Corp.	2,130,590	16,370,091	8,299,737	8,070,354	23,504,024	(1,122,058)	(707,488)	—
Inventec Appliances (Malaysia) SDN. BHD	830,238	2,774,130	2,274,475	499,655	1,002,593	(279,772)	(288,490)	—
Inventec Easy Doctor Corp.	43,399	45,928	3,542	42,386	0	(1,332)	(1,010)	—
Inventec Appliances (Nanjing) Corp.	138,350	568,546	211,973	356,573	520,123	(1,289)	14,665	—
Inventec Appliances (Jiangning) Corp.	1,881,560	6,734,702	1,169,343	5,565,359	4,502,994	210,850	300,401	—
Inventec Appliances (XI'AN) Corporation	110,680	119,678	57,780	61,898	0	(13,748)	11,394	—
Inventec Appliances (Nanchang) Corporation	58,107	63,177	26,218	36,959	19,629	(44,283)	(43,694)	—
AIMobile Co., Ltd.	250,000	258,413	153,484	104,929	293,550	(66,140)	(62,961)	(2.52)
Inventec Japan Corporation	2,385	3,544	500	3,044	10,387	465	300	—

7.1.7 Consolidated financial statements of affiliates

Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Corporation as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Inventec Corporation
Chairman: Cho, Tom-Hwar
Date: March 15, 2022

7.2 Private Placement Securities in the Most Recent Years: None

7.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

7.4 The Matters Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might Materially Affect Shareholders' Equity or the Price of the Company's Securities: None

7.5 Other Matters that Require Additional Description: None

Appendix I : Individual Financial Statements Audited by CPA of 2021

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, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021 and 2020 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 Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)

March 15, 2022

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, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$ 12,188,253	5	5,266,122	3	2100	Short-term borrowings (Note (6)(l))	\$ 32,678,217	13	24,193,173	12
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))	209,799	-	267,589	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	112,133	-	182,068	-
1120	Current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	1,521,476	1	1,405,689	1	2130	Current contract liabilities (Note (6)(s))	6,692,362	3	6,236,379	3
1170	Accounts receivable, net (Note (4) and (6)(c))	68,410,419	28	59,166,735	29	2170	Accounts payable	48,062,057	20	42,861,735	21
1180	Accounts receivable due from related parties, net (Notes (4), (6)(c) and (7))	35,489,138	14	27,718,823	13	2180	Accounts payable due to related parties, net (Note (7))	68,966,168	28	47,377,719	23
1200	Other receivables, net (Notes (4), (6)(d) and (7))	58,209,619	24	54,926,635	27	2230	Current tax liabilities	1,144,254	-	1,295,766	-
1310	Inventories (Notes (4) and (6)(e))	11,354,230	5	2,387,945	1	2200	Other payables (Note (7))	5,495,327	2	5,644,166	3
1470	Other current assets (Notes (4) and (6)(k))	723,996	-	2,871,207	1	2280	Current lease liabilities (Note (6)(m))	5,069	-	4,152	-
		<u>188,106,930</u>	<u>77</u>	<u>154,010,745</u>	<u>75</u>	2322	Long-term borrowings, current portion (Note (6)(l))	7,217,500	3	300,000	-
						2399	Other current liabilities	8,580,885	4	7,856,199	4
Non-current assets :								<u>178,953,972</u>	<u>73</u>	<u>135,951,357</u>	<u>66</u>
1510	Non-current financial assets at fair value through profit or loss (Notes 4 and 6(b))	788,955	-	821,436	-	Non-current Liabilities :					
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))	2,151,728	1	2,215,585	1	2540	Long-term borrowings (Note (6)(l))	2,450,000	1	8,446,000	4
1550	Investments accounted for using equity method (Notes (4) and (6)(f))	37,875,505	16	33,775,936	16	2580	Non-current lease liabilities (Note (6)(m))	3,423	-	5,024	-
1600	Property, plant and equipment (Notes (4) and (6)(h))	13,081,621	5	13,535,629	7	2640	Net defined benefit liability, non-current (Notes (4) and (6)(o))	589,919	-	656,171	-
1755	Right-of-use assets (Notes (4) and (6)(i))	8,352	-	9,057	-	2670	Other non-current liabilities, others (Notes (4) and (6)(p))	4,667,829	2	3,199,438	2
1780	Intangible assets (Notes (4) and (6)(j))	155,539	-	66,262	-			<u>7,711,171</u>	<u>3</u>	<u>12,306,633</u>	<u>6</u>
1900	Other non-current assets (Notes (4), (6)(k), (6)(p), (7) and (8))	1,581,217	1	1,807,999	1			<u>186,665,143</u>	<u>76</u>	<u>148,257,990</u>	<u>72</u>
		55,642,917	23	52,231,904	25		Total Liabilities				
							Equity:				
						3110	Ordinary shares (Note (6)(q))	35,874,751	15	35,874,751	17
						3200	Capital surplus (Note (6)(q))	2,899,592	1	2,899,284	1
							Retained earnings (Note (6)(q)):				
						3310	Legal reserve	12,093,033	5	11,345,901	6
						3320	Special reserve	1,901,925	1	1,822,004	1
						3350	Unappropriated retained earnings	7,030,001	3	7,944,644	4
						3400	Other equity (Note (6)(q))	(2,714,598)	(1)	(1,901,925)	(1)
							Total Equity	<u>57,084,704</u>	<u>24</u>	<u>57,984,659</u>	<u>28</u>
TOTAL ASSETS		<u>\$ 243,749,847</u>	<u>100</u>	<u>206,242,649</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 243,749,847</u>	<u>100</u>	<u>206,242,649</u>	<u>100</u>

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		For the year ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(s) and (7))	\$ 440,973,660	100	407,434,848	100
5000	Operating costs (Notes (4), (6)(e) and (7))	427,814,434	97	395,650,876	97
	Gross profit from operations	13,159,226	3	11,783,972	3
5910	Less: Unrealized profit (loss) from sales (Note (7))	17,394	-	11,807	-
5920	Add: Realized profit (loss) from sales (Note (7))	11,807	-	14,174	-
		13,153,639	3	11,786,339	3
	Operating expenses (Notes (4)(q)):				
6100	Selling expenses	2,062,040	1	1,760,505	-
6200	Administrative expenses	1,815,954	-	1,895,856	1
6300	Research and development expenses	6,430,989	1	5,826,007	1
6450	Expected credit loss	74,291	-	44,784	-
		10,383,274	2	9,527,152	2
	Net operating income	2,770,365	1	2,259,187	1
	Non-operating income and expenses (Notes (4), (6)(f) and (6)(u)):				
7100	Interest income	10,466	-	26,738	-
7010	Other income	154,191	-	62,496	-
7020	Other gains and losses	100,515	-	(226,992)	-
7050	Finance costs	(423,852)	-	(712,190)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	5,088,208	1	8,184,317	2
		4,929,528	1	7,334,369	2
7900	Profit before tax	7,699,893	2	9,593,556	3
7950	Less: Income tax expenses (Notes (4) and (6)(p))	1,162,128	-	2,045,571	1
8200	Profit	6,537,765	2	7,547,985	2
	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	16,050	-	(63,130)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	15,162	-	352,106	-
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	(259,598)	-	4,050	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	3,210	-	(12,626)	-
		(231,596)	-	305,652	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(52,317)	-	(65,492)	-
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	(517,286)	-	(396,739)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(569,603)	-	(462,231)	-
	Other comprehensive income, net of income tax	(801,199)	-	(156,579)	-
8500	Total comprehensive income	<u>\$ 5,736,566</u>	<u>2</u>	<u>7,391,406</u>	<u>2</u>
	Earnings per share (Notes (4) and (6)(r))				
9750	Basic earnings per share (NT dollars)	<u>\$ 1.82</u>		<u>2.10</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 1.81</u>		<u>2.08</u>	

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained Earnings			Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2020	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148
Profit 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 on ordinary shares	-	-	-	-	(4,663,718)	-	-	(4,663,718)
Changes in equity of associates and joint ventures accounted for using equity method	-	679	-	-	-	-	-	679
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-
Changes in ownership interests in subsidiaries	-	(14,856)	-	-	-	-	-	(14,856)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(14,200)	-	14,200	-
Balance at December 31, 2020	35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659
Profit the period	-	-	-	-	6,537,765	-	-	6,537,765
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(6,636,829)	-	-	(6,636,829)
Changes in equity of associates and joint ventures accounted for using equity method	-	308	-	-	-	-	-	308
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-
Balance at December 31, 2021	\$ 35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 7,699,893	9,593,556
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	634,481	561,757
Amortization expense	650,761	578,179
Expected credit loss	74,291	44,784
Interest expense	423,852	712,190
Interest income	(10,466)	(26,738)
Dividend income	(123,577)	(30,069)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(5,088,208)	(8,184,317)
Gain on disposal of property, plant and equipment	(7,017)	(52)
Gain on disposal of other assets	(339)	-
Gain on disposal of investments accounted for using equity method	25,025	(20,602)
Unrealized foreign exchange (gain) loss	(144,632)	647,091
Total adjustments to reconcile profit	<u>(3,565,829)</u>	<u>(5,717,777)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	122,521	(277,459)
Increase in accounts receivable	(17,387,183)	(13,264,562)
Increase in other receivable	(3,590,528)	(7,651,920)
(Increase) decrease in inventories	(8,966,285)	1,490,976
Decrease (increase) in other current assets	2,148,982	(2,486,104)
Total changes in operating assets	<u>(27,672,493)</u>	<u>(22,189,069)</u>
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(69,935)	73,893
Increase in contract liabilities	455,983	681,559
Increase in accounts payable	27,351,060	13,020,360
(Decrease) increase in other payables	(171,999)	372,754
Increase in other current liabilities	724,686	2,903,673
Decrease in net defined benefit liabilities	(50,202)	(47,360)
Total changes in operating liabilities	<u>28,239,593</u>	<u>17,004,879</u>
Total changes in operating assets and liabilities	<u>567,100</u>	<u>(5,184,190)</u>
Total adjustments	<u>(2,998,729)</u>	<u>(10,901,967)</u>
Cash inflow (outflow) generated from operations	4,701,164	(1,308,411)
Interest received	10,899	27,158
Dividends received	790,087	1,367,069
Interest paid	(403,837)	(702,702)
Income taxes paid	(148,181)	(94,652)
Net cash flows from (used in) operating activities	<u>4,950,132</u>	<u>(711,538)</u>

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

INVENTEC CORPORATION

STATEMENTS OF CASH FLOWS (CONT'D)

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2021	2020
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(41,845)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,838	-
Acquisition of financial assets at fair value through profit or loss	(32,250)	(214,979)
Acquisition of investments accounted for using equity method	(194,740)	(100,000)
Acquisition of property, plant and equipment	(190,345)	(1,023,258)
Proceeds from disposal of property, plant and equipment	25,306	90,301
Acquisition of intangible assets	(247,305)	(117,321)
Proceeds from disposal of intangible assets	40	-
Increase in other non-current assets	(309,677)	(740,559)
Net cash flows used in investing activities	(985,978)	(2,105,816)
Cash flows from financing activities:		
Increase in short-term borrowings	8,648,131	2,732,587
Proceeds from long-term borrowings	18,145,000	19,343,800
Repayments of long-term borrowings	(17,198,000)	(14,019,800)
Increase (decrease) in other non-current liabilities	5,529	(2,243)
Cash dividends paid	(6,636,829)	(4,663,718)
Payment of lease liabilities	(5,854)	(5,810)
Net cash flows from financing activities	2,957,977	3,384,816
Net increase in cash and cash equivalents	6,922,131	567,462
Cash and cash equivalents at beginning of period	5,266,122	4,698,660
Cash and cash equivalents at end of period	\$ 12,188,253	5,266,122

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

(English Translation of Financial Statements and Report Originally Issued in Chinese)
INVENTEC CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

(2) Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issuance by the Board of Directors on March 15, 2022.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Significant Accounting Policies

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

The significant accounting policies presented in the financial statements are summarized below. Except for the explanation of Note3, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

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

- (b) Basis of preparation

1. Basis of measurement

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

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

2. Functional and presentation currency

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

(c) Foreign currencies

1. Foreign currency transaction

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

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

2. Foreign operations

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

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

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

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

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

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

An entity shall classify a liability as current when:

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

1. Financial assets

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

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;

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- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments and hedge accounting

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

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

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

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

(i) Investment in subsidiaries

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

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

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(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

(k) Leases

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

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(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

(l) Intangible assets

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

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3. Amortization

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

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

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Provisions

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

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

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(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

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

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

2) Consulting services and Management services

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

3) Financing components

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

(p) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Termination benefits

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

4. Short-term employee benefits

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

(q) Income taxes

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

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

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

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share

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

(s) Operating segments

Please refer to the consolidated financial report of Inventec Corporation for the years ended December 31, 2021 and 2020 for operating segments information.

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

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

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

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

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

(a) Valuation of inventories

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 1,001	1,072
Demand deposits and checking accounts	11,451,699	4,536,510
Time deposits	735,553	728,540
Cash and cash equivalents in statement of cash flows	<u>\$ 12,188,253</u>	<u>5,266,122</u>

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 28,391	13,606
Foreign exchange swap	163,696	237,568
Non-derivative financial assets		
Emerging stock	114,198	232,340
Unquoted financial instruments	674,757	589,096
Unsecured convertible bonds	17,712	16,415
Total	<u>\$ 998,754</u>	<u>1,089,025</u>
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 109,891	142,530
Foreign exchange swap	2,242	39,538
Total	<u>\$ 112,133</u>	<u>182,068</u>

The Company uses derivative financial instruments to hedge certain foreign exchange and interest risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities on December 31, 2021 and 2020:

1) Financial assets:

		<u>December 31, 2021</u>		
		<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Period</u>
Foreign exchange swap	USD	814,000	USD to TWD	2022.01.13-2022.06.17
Forward	USD	235,000	USD to TWD	2022.02.09-2022.03.29
		<u>December 31, 2020</u>		
		<u>Contract Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity Period</u>
Foreign exchange swap	USD	715,000	USD to TWD	2021.01.07-2021.06.11
Forward	USD	214,000	USD to TWD	2021.01.06-2021.06.09

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2) Financial liabilities:

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 45,000	USD to TWD	2022.03.08-2022.03.14
Forward	USD 624,000	USD to TWD	2022.01.13-2022.06.17

	December 31, 2020		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 114,000	USD to TWD	2021.01.06-2021.03.25
Forward	USD 615,000	USD to TWD	2021.01.07-2021.06.11

2. Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 1,538,951	1,496,291
Stocks of unlisted companies	2,134,253	2,124,983
Total	<u>\$ 3,673,204</u>	<u>3,621,274</u>

1) Equity investments at fair value through other comprehensive income

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

WK Technology Fund IV Corp. was liquidated on October 29, 2021. The fair value of the residual property received by the Company was \$240, resulting in the Company to realize a loss of \$1,373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

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

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

3) As of December 31, 2021 and 2020, the aforesaid financial assets were not pledged as collateral.

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(c) Trade receivables

	December 31, 2021	December 31, 2020
Accounts receivable due from related parties	\$ 35,489,138	27,718,823
Accounts receivables due from non-related parties	68,477,452	59,201,602
Less: Loss allowance	<u>(67,033)</u>	<u>(34,867)</u>
	<u>\$ 103,899,557</u>	<u>86,885,558</u>

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

	December 31, 2021		
	Gross carrying amount	Weighted-ave rage loss rate	Loss allowance provision
Current	\$ 97,230,320	0.00%~0.50%	41,237
1 to 180 days past due	6,710,729	0.04%~0.50%	255
More than 180 days past due	<u>25,541</u>	0.04%~100%	<u>25,541</u>
	<u>\$ 103,966,590</u>		<u>67,033</u>

As of February 28, 2022, the amount received in subsequent period by the Company is \$62,206,067.

	December 31, 2020		
	Gross carrying amount	Weighted-ave rage loss rate	Loss allowance provision
Current	\$ 79,817,018	0.00%~0.50%	33,572
1 to 180 days past due	7,102,984	0.04%~0.50%	872
More than 180 days past due	<u>423</u>	0.04%~100%	<u>423</u>
	<u>\$ 86,920,425</u>		<u>34,867</u>

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

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 34,867	28,286
Impairment losses recognized	32,590	7,567
Amounts written off	<u>(424)</u>	<u>(986)</u>
Balance at December 31	<u>\$ 67,033</u>	<u>34,867</u>

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

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

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

December 31, 2021						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	<u>\$ 24,852,588 USD</u>	<u>1,822 USD</u>	<u>898,178</u>	-	0.86%~0.98%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2020						
Purchaser	Amount Derecognized	Credit Unused	Credit Advanced	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Non-related parties	<u>\$ 15,566,808 USD</u>	<u>153,413 USD</u>	<u>546,587</u>	-	0.99%~1.05%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables—related parties	\$ 58,071,654	54,723,480
Other receivables—non-related parties	214,308	237,797
Less: Loss allowance	(76,343)	(34,642)
	<u>\$ 58,209,619</u>	<u>54,926,635</u>

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

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 34,642	-
Impairment losses recognized	41,701	37,217
Amounts written off	-	(2,575)
Balance at December 31	<u>\$ 76,343</u>	<u>34,642</u>

(e) Inventories

	December 31,	December 31,
	2021	2020
Raw materials and consumables	\$ 7,637,842	1,182,506
Work in process	1,472,908	675,657
Finished goods	2,243,480	529,782
	<u>\$ 11,354,230</u>	<u>2,387,945</u>

For the years ended December 31, 2021 and 2020, the write-up of inventories amounted to \$88,326 and \$11,198, respectively, due to obsolescence or out of use, which causes the net realizable value to be lower than the cost. For the years ended December 31, 2021 and 2020, expenses of idle capacity amounted to \$24,528 and \$26,306, respectively.

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

(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31,	December 31,
	2021	2020
Subsidiaries	\$ 37,623,774	33,565,625
Associates	251,731	210,311
	<u>\$ 37,875,505</u>	<u>33,775,936</u>

The credit balance of investments accounted for using equity method at the reporting date (recognized as other non-current liabilities) were as follows:

	December 31,	December 31,
	2021	2020
Subsidiaries	<u>\$ 633,253</u>	<u>296,204</u>

1. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2021.

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2. Associates

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

	December 31, 2021	December 31, 2020
Individually insignificant associates	\$ 251,731	210,311
	For the years ended December 31,	
	2021	2020
The Company's share of profit (loss) of the associates		
Loss from continuing operations	\$ 41,015	(17,891)
Other comprehensive income	405	(17,285)
Total comprehensive income	\$ 41,420	(35,176)

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

3. Judgment on whether the invested company has substantial control

- 1) For whether the invested company has substantial control, refer to the consolidated financial report for the years ended December 31, 2021.
- 2) Judgment on existence of substantial control over investee

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

(g) Loss of control over subsidiaries

The meeting of shareholders of Inventec Manufacturing (India) Private Limited decided to dismiss their respective companies in July 7, 2021. It is currently in liquidation process. As a result, The Company lose control of these subsidiaries.

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

Cash and cash equivalents	\$ 8,309
Account receivables	4,984
Other payables	(196)
Carrying amount of net asset of the former subsidiary	\$ 13,097

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

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

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Cost or deemed cost:								
Balance at January 1, 2021	\$ 7,641,024	5,134,289	1,136,857	25,798	2,255,496	1,255,292	114,501	17,563,257
Additions	-	-	16,713	-	112,088	52,970	11,719	193,490
Disposals	-	-	(89,111)	(2,122)	(149,320)	(1,391)	-	(241,944)
Other	-	-	24,761	-	11,752	75,987	(114,501)	(2,001)
Balance at December 31, 2021	<u>\$ 7,641,024</u>	<u>5,134,289</u>	<u>1,089,220</u>	<u>23,676</u>	<u>2,230,016</u>	<u>1,382,858</u>	<u>11,719</u>	<u>17,512,802</u>
Balance at January 1, 2020	\$ 7,641,024	5,134,289	609,833	25,691	2,089,631	981,709	349,747	16,831,924
Additions	-	-	460,993	107	248,294	139,746	112,984	962,124
Disposals	-	-	(122,054)	-	(91,356)	(8,256)	-	(221,666)
Other	-	-	188,085	-	8,927	142,093	(348,230)	(9,125)
Balance at December 31, 2020	<u>\$ 7,641,024</u>	<u>5,134,289</u>	<u>1,136,857</u>	<u>25,798</u>	<u>2,255,496</u>	<u>1,255,292</u>	<u>114,501</u>	<u>17,563,257</u>
Depreciation and impairment losses:								
Balance at January 1, 2021	\$ -	952,627	371,440	18,717	1,969,601	715,243	-	4,027,628
Depreciation for the period	-	119,987	195,108	3,264	158,116	152,131	-	628,606
Disposals	-	-	(84,503)	(2,122)	(137,037)	(1,391)	-	(225,053)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,072,614</u>	<u>482,045</u>	<u>19,859</u>	<u>1,990,680</u>	<u>865,983</u>	<u>-</u>	<u>4,431,181</u>

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Others	Total
Balance at January 1, 2020	\$ -	832,640	274,525	15,457	1,902,450	581,569	-	3,606,641
Depreciation for the period	-	119,987	148,772	3,260	141,882	141,931	-	555,832
Disposals	-	-	(51,857)	-	(74,731)	(8,257)	-	(134,845)
Balance at December 31, 2020	\$ -	952,627	371,440	18,717	1,969,601	715,243	-	4,027,628
Carrying amounts:								
Balance at December 31, 2021	\$ 7,641,024	4,061,675	607,175	3,817	239,336	516,875	11,719	13,081,621
Balance at December 31, 2020	\$ 7,641,024	4,181,662	765,417	7,081	285,895	540,049	114,501	13,535,629
Balance at January 1, 2020	\$ 7,641,024	4,301,649	335,308	10,234	187,181	400,140	349,747	13,225,283

As of December 31, 2021 and 2020, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(i) Right-of-use assets

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

	Land	Vehicles	Total
Cost:			
Balance at January 1, 2021	\$ 6,348	12,919	19,267
Additions	160	5,010	5,170
Disposals	-	(4,331)	(4,331)
Balance as of December 31, 2021	\$ 6,508	13,598	20,106
Balance at January 1, 2020	\$ 6,348	10,973	17,321
Additions	-	1,946	1,946
Balance at December 31, 2020	\$ 6,348	12,919	19,267
Accumulated depreciation and impairment losses:			
Balance at January 1, 2021	\$ 2,540	7,670	10,210
Depreciation for the period	1,301	4,574	5,875
	-	(4,331)	(4,331)
Balance at December 31, 2021	\$ 3,841	7,913	11,754
Balance at January 1, 2020	\$ 1,270	3,015	4,285
Depreciation for the period	1,270	4,655	5,925
Balance at December 31, 2020	\$ 2,540	7,670	10,210

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	<u>Land</u>	<u>Vehicles</u>	<u>Total</u>
Carrying amounts:			
Balance at December 31, 2021	\$ 2,667	5,685	8,352
Balance at December 31, 2020	\$ 3,808	5,249	9,057
Balance at January 1, 2020	\$ 5,078	7,958	13,036

(j) Intangible assets

The costs of intangible assets and amortization of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<u>Software cost</u>
Cost:	
Balance at January 1, 2021	\$ 1,154,751
Additions	247,305
Disposals	(111,643)
Balance at December 31, 2021	\$ 1,290,413
Balance at January 1, 2020	\$ 1,106,016
Additions	117,321
Disposals	(68,586)
Balance at December 31, 2020	\$ 1,154,751
Amortization and impairment losses:	
Balance at January 1, 2021	\$ 1,088,489
Amortization for the period	158,028
Disposals	(111,643)
Balance at December 31, 2021	\$ 1,134,874
Balance at January 1, 2020	\$ 1,034,806
Amortization for the period	122,269
Disposals	(68,586)
Balance at December 31, 2020	\$ 1,088,489
Carrying amounts:	
Balance at December 31, 2021	\$ 155,539
Balance at December 31, 2020	\$ 66,262
Balance at January 1, 2020	\$ 71,210

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

	For the years ended December 31,	
	2021	2020
Operating costs	\$ 6,451	7,408
Operating expenses	151,577	114,861
Total	<u>\$ 158,028</u>	<u>122,269</u>

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

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

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

	December 31, 2021	December 31, 2020
Refundable deposits	\$ 32,403	28,930
Asset for recovery	145,190	260,999
Restricted assets	117,832	132,954
Deferred tax assets	1,128,332	1,172,586
Payments on behalf of others	456,626	2,511,971
Others	424,830	571,766
	<u>\$ 2,305,213</u>	<u>4,679,206</u>

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

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

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(l) Long-term and short-term borrowings

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

	December 31, 2021			
	Interest Rate	Currency	Maturity Date	Amount
Unsecured bank loans	0.41%~1.03%	TWD	2022.01.13~2022.03.31	\$ 8,600,000
	%%	USD	2022.01.03~2022.02.11	30,995,717
Secured bank loans	1.19%%	TWD	2031.02.26	2,750,000
Total				<u>\$ 42,345,717</u>
Current				\$ 39,895,717
Non-current				2,450,000
Total				<u>\$ 42,345,717</u>
Unused credit line				<u>\$ 22,325,093</u>

	December 31, 2020			
	Interest Rate	Currency	Maturity Date	Amount
Unsecured bank loans	0.48%~1.01%	TWD	2021.01.07~2021.03.26	\$ 4,900,000
	%%	USD	2021.01.06~2022.10.14	24,989,173
Secured bank loans	1.19%%	TWD	2031.02.26	3,050,000
Total				<u>\$ 32,939,173</u>
Current				\$ 24,493,173
Non-current				8,446,000
Total				<u>\$ 32,939,173</u>
Unused credit line				<u>\$ 32,100,467</u>

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

2. Important borrowing restrictions

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

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(m) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	\$ 5,069	4,152
Non-current	\$ 3,423	5,024

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	\$ 128	123
Expenses relating to short-term leases	\$ 1,586	1,666
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ 195	208

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

	For the years ended December 31,	
	2020	2020
Total cash outflow for leases	\$ 7,763	7,807

1. Real estate leases

The Company leases land for its office and plants. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

2. Other leases

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

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

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(n) Operating Leases

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

	December 31, 2021	December 31, 2020
Less than one year	\$ 16,697	20,116
One to two years	2,286	11,040
Two to three years	415	862
Total undiscounted lease receivables	<u>\$ 19,398</u>	<u>32,018</u>

The rental revenues incurred by leasing land, offices and plants were \$30,614 and \$32,427 for the years ended December 31, 2021 and 2020, respectively.

(o) Employee benefits

1. Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 1,356,731	1,400,254
Fair value of plan assets	(766,812)	(744,083)
Net defined benefit liabilities	<u>\$ 589,919</u>	<u>656,171</u>

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

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

The Company's pension reserve account in Bank of Taiwan amounted to \$766,812 at the end of December 31, 2021. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation at January 1	\$ 1,400,254	1,336,939
Current service costs and interest	17,370	20,948
Remeasurement on the net defined benefit liability		
– Actuarial loss (gain) arising from changes in demography assumption	34,468	-
– Experience adjustments arising on the actuarial gain or loss	(24,591)	50,016
– Actuarial loss (gain) arising from changes in financial assumptions	(16,580)	35,562
Benefits paid by the plan assets	(54,190)	(43,211)
Defined benefit obligation at December 31	<u>\$ 1,356,731</u>	<u>1,400,254</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets at January 1	\$ 744,083	696,538
Interest income	3,864	5,460
Remeasurement on the net defined benefit liability		
– Return on plan assets (excluding current interest)	9,348	22,448
Contributions made	63,707	62,848
Benefits paid by the plan assets	(54,190)	(43,211)
Fair value of plan assets at December 31	<u>\$ 766,812</u>	<u>744,083</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Current service costs	\$ 10,385	10,921
Net interest of net liabilities for defined benefit obligations	3,121	4,567
	<u>\$ 13,506</u>	<u>15,488</u>

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	For the years ended December 31,	
	2021	2020
Operating cost	\$ 1,396	1,712
Selling expenses	1,606	1,711
Administration expenses	3,146	3,605
Research and development expenses	7,358	8,460
	\$ 13,506	15,488

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

Present Value of defined benefit obligations:

	For the years ended December 31,	
	2021	2020
Discount rate	0.625%%	0.500%%
Future salary increases rate	1.625%%	1.625%%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was \$64,767.

The weighted-average duration of the defined benefit obligation is 10.20.0 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2021 and 2020 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	\$ (32,994)	34,211
December 31, 2020		
Discount rate	(35,562)	36,934

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

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2. Defined contribution plans

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

The pension costs incurred from the contributions to the to the Bureau of Labor Insurance amounted to \$224,616 and \$213,407 for the years ended December 31, 2021 and 2020, respectively. Except for the accounts payable of \$57,751 and \$57,639 respectively, the Company have been contributed to the Bureau of Labor Insurance.

(p) Income taxes

1. The details of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Current tax expense		
Current period	\$ 356,765	423,773
Other	(360,095)	(79,484)
	<u>(3,330)</u>	<u>344,289</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>1,165,458</u>	<u>1,701,282</u>
Income tax expense from continuing operations	<u>\$ 1,162,128</u>	<u>2,045,571</u>

The details of income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ (3,210)</u>	<u>12,626</u>

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Reconciliations between profit before tax and income tax expense for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	2020
Profit before tax	<u>\$ 7,699,893</u>	<u>9,593,556</u>
Income tax using the statutory tax rate	1,539,979	1,918,711
Permanent differences	37,985	(97,100)
Tax incentives	(152,900)	(86,797)
Changes in unrecognized temporary differences	97,159	178,946
Under provision of temporary differences	-	207,430
Other	(360,095)	(79,484)
Undistributed earnings additional tax	-	3,865
Income tax expense	<u>\$ 1,162,128</u>	<u>2,045,571</u>

Other is mainly overestimate in prior periods, which is the estimation of the difference between approved amounts by Tax Authority and the declared amounts.

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	<u>\$ 1,026,088</u>	<u>928,929</u>

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Gain (loss) on investment	Other	Total
Deferred Tax Liabilities:			
Balance at January 1, 2021	\$ 2,865,814	-	2,865,814
Recognized in profit or loss	1,057,962	66,452	1,124,414
Balance at December 31, 2021	<u>\$ 3,923,776</u>	<u>66,452</u>	<u>3,990,228</u>
Balance at January 1, 2020	\$ 1,239,155	-	1,239,155
Recognized in profit or loss	1,626,659	-	1,626,659
Balance at December 31, 2020	<u>\$ 2,865,814</u>	<u>-</u>	<u>2,865,814</u>

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	<u>Deferred Income</u>	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2021	\$ 808,117	74,890	289,579	1,172,586
Recognized in profit or loss	51,709	(10,040)	(82,713)	(41,044)
Recognized in other comprehensive income	-	(3,210)	-	(3,210)
Balance at December 31, 2021	<u>\$ 859,826</u>	<u>61,640</u>	<u>206,866</u>	<u>1,128,332</u>
Balance at January 1, 2020	\$ 770,799	71,736	392,048	1,234,583
Recognized in profit or loss	37,318	(9,472)	(102,469)	(74,623)
Recognized in other comprehensive income	-	12,626	-	12,626
Balance at December 31, 2020	<u>\$ 808,117</u>	<u>74,890</u>	<u>289,579</u>	<u>1,172,586</u>

3. The Company's income tax returns through 2019 have been examined and approved by the Tax Authority.

(q) Capital and other equity

As of December 31, 2021 and 2020, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The components of the capital surplus were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Share capital	\$ 2,891,959	2,891,959
Other	7,633	7,325
	<u>\$ 2,899,592</u>	<u>2,899,284</u>

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

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2. Retained earnings

The Company's Articles of Incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; then such distribution shall be submitted to the shareholder's meeting.

1) Legal reserve

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

2) Special reserve

In accordance with the Financial Supervisory Commission, a special reserve equal to the contra account of other shareholders' equity is appropriated from the current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

On March 30, 2021, and March 24, 2020, the shareholder's meetings resolved to distribute the 2020 and 2019 earnings. These earnings were appropriated for distribution as follows:

	2020		2019	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.85	<u>6,636,829</u>	1.30	<u>4,663,718</u>

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

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On March 15, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings respectively, as follows:

	<u>2021</u>	
	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ 1.40	<u><u>5,022,465</u></u>

3. Other equity (net of taxes)

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>
Balance at January 1, 2021	\$ (2,467,365)	565,440
Exchange differences on foreign operations	(52,317)	-
Exchange differences on associates accounted for using equity method	(517,286)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	15,162
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(259,605)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373
Balance at December 31, 2021	<u><u>\$ (3,036,968)</u></u>	<u><u>322,370</u></u>
Balance at January 1, 2020	\$ (2,005,134)	183,129
Exchange differences on foreign operations	(65,492)	-
Exchange differences on associates accounted for using equity method	(396,739)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	352,106
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(3,253)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	19,258
Balance at December 31, 2020	<u><u>\$ (2,467,365)</u></u>	<u><u>551,240</u></u>

(r) Earnings per share

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Basic earnings per share:		
Profit attributable to ordinary shareholders	<u><u>\$ 6,537,765</u></u>	<u><u>7,547,985</u></u>
Weighted average number of ordinary shares (thousand shares)	<u>3,587,475</u>	<u>3,587,475</u>
Basic earnings per share (NT dollars)	<u><u>\$ 1.82</u></u>	<u><u>2.10</u></u>

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	<u>For the years ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the Company (adjusted for the effects of all dilutive potential ordinary shares)	<u>\$ 6,537,765</u>	<u>7,547,985</u>	
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475	
Effect of dilutive potential common shares (thousand shares)			
Effect of employee share bonus	<u>28,459</u>	<u>32,907</u>	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,615,934</u>	<u>3,620,382</u>	
Diluted earnings per share (NT dollars)	<u>\$ 1.81</u>	<u>2.08</u>	
(s) Revenue from contracts with customers			
1. Disaggregation of revenue			
	<u>For the years ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	
Primary geographical markets			
Taiwan	\$ 50,879,384	31,704,545	
USA	337,629,814	321,088,197	
Japan	3,652,353	5,970,995	
Hong Kong, Macao and Mainland China	10,863,796	8,317,851	
Other countries	<u>37,948,313</u>	<u>40,353,260</u>	
	<u>\$ 440,973,660</u>	<u>407,434,848</u>	
Major products			
Computer products	\$ 440,588,654	407,113,297	
Services	<u>385,006</u>	<u>321,551</u>	
	<u>\$ 440,973,660</u>	<u>407,434,848</u>	
2. Contract balances			
	<u>December 31,</u>	<u>December 31,</u>	<u>January 1,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
Contract liabilities	<u>\$ 6,692,362</u>	<u>6,236,379</u>	<u>5,554,820</u>

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

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The amount of revenue recognized for the year ended December 31, 2021 and 2020 were \$2,252,515 and \$1,683,970, respectively.

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

(t) Remunerations of employees and directors

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

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

The remuneration of employees amounted to \$558,931 and \$675,529 and the remuneration of directors amounted to \$83,422 and \$123,674 for the years ended December 31, 2021 and 2020, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2021 and 2020. Related information would be available at the Market Observation Post System.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2021 and 2020 and the amounts stated in the individual reports.

(u) Non-operating income and expenses

1. Interest income

The details of interest income for the years ended December 31, 2021 and 2020, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	<u>\$ 10,466</u>	<u>26,738</u>

2. Other income

The details of other income for the years ended December 31, 2021 and 2020, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rent income	\$ 30,614	32,427
Dividend income	123,577	30,069
	<u>\$ 154,191</u>	<u>62,496</u>

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3. Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
(Losses) gains on disposal of investments	\$ (25,025)	20,602
Foreign exchange losses	(814,054)	(1,490,122)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	883,282	715,969
Other income and losses	56,312	526,559
Net other income and losses	<u>\$ 100,515</u>	<u>(226,992)</u>

4. Finance costs

The details of finance expenses for the years ended December 31, 2021 and 2020, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest expenses		
Bank borrowings	\$ 295,648	460,522
Others	128,204	251,668
	<u>\$ 423,852</u>	<u>712,190</u>

(v) Financial instruments

1. Credit risks

1) Credit risks exposure

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

2) Condition of credit risk concentration

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

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

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

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As of December 31, 2021 and 2020, 76% and 68% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

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

	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2021							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 39,595,717	39,619,004	39,619,004	-	-	-	-
Secured bank loans	2,750,000	2,901,352	165,990	165,098	327,519	961,136	1,281,609
Accounts payable	117,028,225	117,028,225	117,028,225	-	-	-	-
Other payables	5,494,327	5,494,327	5,494,327	-	-	-	-
Lease liabilities	8,492	8,564	2,315	2,815	3,434	-	-
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange swap contracts not used for hedging :							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	\$ 164,988,894	164,939,339	162,197,728	167,913	330,953	961,136	1,281,609
December 31, 2020							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 29,889,173	30,010,610	24,240,024	29,234	5,741,352	-	-
Secured bank loans	3,050,000	3,236,011	167,775	166,883	331,089	971,846	1,598,418
Accounts payable	90,239,454	90,239,454	90,239,454	-	-	-	-
Other payables	5,644,166	5,644,166	5,644,166	-	-	-	-
Lease liabilities	9,176	9,285	2,765	1,465	3,375	1,680	-
Derivative financial liabilities							
Forward exchange swap contracts not used for hedging :							
Outflow	142,530	(17,205,665)	(17,205,665)	-	-	-	-
Inflow	-	17,063,135	17,063,135	-	-	-	-
Foreign exchange contracts not used for hedging:							
Outflow	39,538	(3,209,668)	(3,209,668)	-	-	-	-
Inflow	-	3,170,130	3,170,130	-	-	-	-
	\$ 129,014,037	128,957,458	120,112,116	197,582	6,075,816	973,526	1,598,418

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2) Sensitivity analysis

The Company's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$109,435 and \$115,155, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

For the years ended December 31, 2021 and 2020, the foreign exchange loss, including realized and unrealized, amounted to \$814,054 and \$1,490,122, respectively. As Company deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange cannot be fully disclosed by its materiality.

4. Interest rate analysis

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

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

If the interest rate increases or decreases by 0.5%, the Company's profit will decrease or increase by \$11,000 and \$12,200 for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Company's variable rate in borrowings.

5. Fair value of financial instruments

1) Fair value hierarchy

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

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

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

	December 31, 2021				
	Book Value	Fair Value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 192,087	-	192,087	-	192,087
Current financial assets at fair value through profit or loss, mandatorily measured at fair value	806,667	114,198	-	692,469	806,667
Subtotal	998,754	114,198	192,087	692,469	998,754
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,538,951	1,538,106	845	-	1,538,951
Unquoted equity instruments measured at fair value	2,134,253	-	-	2,134,253	2,134,253
Subtotal	3,673,204	1,538,106	845	2,134,253	3,673,204
Financial assets measured at amortized cost					
Cash and cash equivalents	12,188,253	-	-	-	-
Accounts receivable and other receivables	162,109,176	-	-	-	-
Other financial assets and refundable deposits	150,235	-	-	-	-
Subtotal	174,447,664	-	-	-	-
Total	\$ 179,119,622	1,652,304	192,932	2,826,722	4,671,958
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities	\$ 112,133	-	112,133	-	112,133
Financial liabilities measured at amortized cost					
Bank loans	42,345,717	-	-	-	-
Notes payable and accounts payable	117,028,225	-	-	-	-
Other payables	5,495,327	-	-	-	-
Lease liabilities	8,492	-	-	-	-
Subtotal	164,877,761	-	-	-	-
Total	\$ 164,989,894	-	112,133	-	112,133

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	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 251,174	-	251,174	-	251,174
Non derivative financial assets mandatorily measured at fair value through profit or loss	837,851	232,340	-	605,511	837,851
Subtotal	1,089,025	232,340	251,174	605,511	1,089,025
Financial assets at fair value through other comprehensive income					
Stocks of listed companies	1,420,469	1,420,469	-	-	1,420,469
Unquoted equity instruments measured at fair value	2,200,805	-	75,822	2,124,983	2,200,805
Subtotal	3,621,274	1,420,469	75,822	2,124,983	3,621,274
Financial assets measured at amortized cost					
Cash and cash equivalents	5,266,122	-	-	-	-
Accounts receivable and other receivables	141,812,193	-	-	-	-
Other financial assets and refundable deposits	161,884	-	-	-	-
Subtotal	147,240,199	-	-	-	-
Total	\$ 151,950,498	1,652,809	326,996	2,730,494	4,710,299
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 182,068	-	182,068	-	182,068
Financial liabilities measured at amortized cost					
Bank loans	32,939,173	-	-	-	-
Notes payable and accounts payable	90,239,454	-	-	-	-
Other payables	5,644,166	-	-	-	-
Lease liabilities	9,176	-	-	-	-
Subtotal	128,831,969	-	-	-	-
Total	\$ 129,014,037	-	182,068	-	182,068

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

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

(2.1) Non-derivative financial instruments

- A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.
- B. The fair value of private equity is based on standard terms and quoted market prices.
- C. The fair value of unquoted instruments were estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the investees on the measurement day.

(2.2) Derivative financial instruments

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

3) Transfers between level 1 and level 2

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

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

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2021	\$ 605,511	2,124,983
Total gains and losses recognized in		
Profit or loss	54,708	-
Other comprehensive income	-	(27,497)
Purchase	32,250	41,845
Proceeds from capital reduction	-	(4,838)
Disposals	-	(240)
Balance as of December 31, 2021	\$ 692,469	2,134,253

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	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2020	\$ 56,799	1,945,519
Total gains and losses recognized in		
Profit or loss	(5,770)	-
Other comprehensive income	-	193,614
Purchase	629,462	-
Disposals	-	(14,150)
Transfer out of Level 3	(74,980)	-
Balance as of December 31, 2020	\$ 605,511	2,124,983

For the years ended December 31, 2021 and 2020, the total gains and losses included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the years ended December 31,	
	2021	2020
Total gains and losses recognized in:		
In profit or loss, and presented in “other gains and losses”	\$ 54,708	(5,770)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”)	(27,492)	193,614

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

The Company uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Non-observable Input</u>	<u>The Relationship between Significant Non-observable Input and Fair Value</u>
Financial assets at fair value through profit or loss – financial instruments without an active market	Comparable Listed Companies Method	• Discount due to Lack of Market liquidity (30%)	• The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through profit or loss – equity instruments investments without an active market	Net Asset Value Method	• Net Asset Value	• Not applicable

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Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	• Discount due to Lack of Market liquidity (30%)	• The estimated fair value would increase (decrease) if the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income — equity instruments investments without an active market	Net Asset Value Method	• Net Asset Value	• No applicable

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

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2021						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 3,462	(3,462)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	10,704	(10,704)
December 31, 2020						
Financial assets at fair value through other comprehensive income			\$			
Equity instruments without an active market	Market Multiple	0.5%	2,945	(2,945)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market			-	-	10,625	(10,625)

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

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6. Offsetting financial assets and financial liabilities

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

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

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

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)	
			Financial instruments (Note)	Cash collateral received		
Derivative financial instruments	\$ 103,916	-	103,916	-	-	103,916

December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)	
			Financial instruments (Note)	Cash collateral received		
Derivative financial instruments	\$ 109,968	-	109,968	-	-	109,968

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)	
			Financial instruments (Note)	Cash collateral received		
Derivative financial instruments	\$ 72,194	-	72,194	-	-	72,194

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December 31, 2020					
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement					
Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
			Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	-	182,068	-	-	182,068
\$ 182,068	-	182,068	-	-	182,068

Note: Master netting arrangements are included.

(w) Financial risk management

1. Overview

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

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

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

2. Risk management framework

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

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

3. Credit risk

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

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4. Liquidity risk

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

The Company use actual cost to estimate the cost of its products and services to better assist the Company's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2021, the capital and working funds of the Company are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2021 and 2020, the Company's unused credit line were amounted to \$22,325,093 and \$32,100,467, respectively.

5. Market risk

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

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

1) Exchange rate risk

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

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

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

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

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2) Interest rate risk

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

(x) Capital Management

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

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

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

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

	December 31, 2021	December 31, 2020
Total Liabilities	\$ 186,665,143	148,257,990
Less: cash and cash equivalents	<u>(12,188,253)</u>	<u>(5,266,122)</u>
Net debt	<u>174,476,890</u>	<u>142,991,868</u>
Total Equity	<u>\$ 57,084,704</u>	<u>57,984,659</u>
Debt to equity ratio	<u>305.65%</u>	<u>246.60%</u>

According to the Company's management, there were no changes in the Company's approach to capital management as of December 31, 2021.

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

The Company has no investing and financing activities which did not affect the current cash flow for the year ended December 31, 2021.

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

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

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,446,000	1,247,000	(7,217,500)	(25,500)	2,450,000
Short-term borrowings(including current portion of long-term borrowings)	24,493,173	8,348,131	7,217,500	(163,087)	39,895,717
Lease liabilities (note)	9,176	(5,854)	5,170	-	8,492
Total liabilities from financing activities	<u>\$ 32,948,349</u>	<u>9,589,277</u>	<u>5,170</u>	<u>(188,587)</u>	<u>42,354,209</u>

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

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

(7) Related Parties Transactions

(a) Names and relationships with related parties

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

Names of related party	Relationships with the Company
Inventec Besta Co., Ltd.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Inventec Corporation (Hong Kong) Ltd.	Subsidiary
Inventec Holding (North America) Corp.	Subsidiary
Inventec (Czech), s.r.o	Subsidiary
Inventec Development Japan Corporation	Subsidiary
Inventec Japan Corporation	Subsidiary
IEC (Cayman) Corporation	Subsidiary
Inventec (Cayman) Corp.	Subsidiary

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<u>Names of related party</u>	<u>Relationships with the Company</u>
Inventec Investment Co., Ltd.	Subsidiary
AIMobile Co., Ltd.	Subsidiary
Inventec Solar Energy Corporation	Subsidiary (Note 1)
Inventec Appliances Corp.	Subsidiary
Inventec Manufacturing (India) Private Limited	Subsidiary (Note 2)
IEC Technologies, S. de R.L. de C.V.	Indirect holding subsidiary
Inventec Appliances (Jiangning) Corp.	Indirect holding subsidiary

Note 1: Inventec Solar Energy Corp. resolved at its broad meeting on December 1, 2021, to file the bankruptcy to the court. As of December 31, 2021, the court has not yet announced the result of the ruling.

Note 2: The company was dissolved on July 7, 2021. Currently, the liquidation procedure is still in progress.

(b) Significant transactions with related parties

1. Sale revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	For the years ended December	
	31,	
	2021	2020
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 78,253,326	71,105,867
Inventec (Czech), s.r.o	24,182,011	26,100,876
Other subsidiaries	128,854	265,992
Associates	3,871	1,027
	\$ 102,568,062	97,473,762

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

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

Unrealized profit (loss) from sales to the subsidiaries of the Company for the years ended December 31, 2021 and 2020 were \$17,934 and \$11,807, respectively.

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2. Purchase

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

	For the years ended December 31,	
	2021	2020
Subsidiaries		
Inventec Corporation (Hong Kong) Ltd.	329,539,123	299,231,642
Other subsidiaries	6,979,023	1,909,549
Associates	-	4,227
	<u>\$ 336,518,146</u>	<u>301,145,418</u>

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

3. Accounts receivable from related parties

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

Account	Related Party Categories	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries		
	Inventec Holding (North America) Corp.	\$ 31,814,854	16,589,292
	Inventec (Czech), s.r.o	3,655,074	10,953,538
	Other subsidiaries	19,206	175,993
	Associates	4	-
Other receivables	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	57,988,820	54,544,416
	Other subsidiaries	4,020	144,356
	Associates	2,471	66
		<u>\$ 93,484,449</u>	<u>82,407,661</u>

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

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4. Accounts payable to related parties

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

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Subsidiaries		
	Inventec Corporation (Hong Kong) Ltd.	\$ 68,023,513	47,083,769
	Other subsidiaries	942,655	293,272
	Associates	-	678
Other payables	Subsidiaries	36,844	68,559
	Associates	1,256	994
		<u>\$ 69,004,268</u>	<u>47,447,272</u>

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

5. Property transactions

1) Acquisition of property, plant, equipment

For the years ended December 31, 2021 and 2020, the Company purchased property, plant, equipment from subsidiaries, and associates and paid the amount \$19,915 and \$9,976, respectively.

2) Disposal of property, plant and equipment

For the year ended December 31, 2021, the Company sold machinery, office equipment and software to subsidiaries. The total prices and gain on property disposal were \$9,608 and \$1,399, respectively.

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

3) In 2000, the Company paid property, deferred assets, assets stated under expense to investment Inventec Appliances Corp. resulting in gain on disposal of \$103,713 and other revenue of \$31,693. In addition, selling of property, plant and equipment, deferred assets and assets stated under expense has generated gain on disposal of \$5,829 and other revenue of \$6,427. As of December 31, 2021 and 2020, the unrealized gain on property disposal were \$18,124 and \$18,886, respectively.

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4) In 1999, the Company sold property, deferred assets, assets stated under expense and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2021 and 2020, the unrealized other revenues are both \$1,211.

6. After-sale service, product processing and support services

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Inventec Holding (North America) Corp.	\$ 305,821	311,221
Inventec Corporation (Hong Kong) Ltd.	279,543	322,021
Other subsidiaries	549,505	559,735
	<u>\$ 1,134,869</u>	<u>1,192,977</u>

7. Acquisition of investments accounted for using equity method

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

Inventec Holding (North America) Copr. through a resolution of the Board of Directors, made a cash capital increase on 12 November, 2021. With December 22, 2021 as the base date for capital increase, the Company invested 700 shares, \$194,740, the shareholding ratio remained at 100%.

8. Others

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

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 6,857	9,517
Associates	5,112	5,336
	<u>\$ 11,969</u>	<u>14,853</u>

2) For the years ended December 31, 2021 and 2020, the amount of donation to other related parties were \$10,000 and \$10,000, respectively.

9. Guarantees and endorsements

For the year ended December 31, 2021, the Company provided a guarantee of \$276,700 thousand for a bank loan to IEC Technologies, S. de R.L.de C.V., with the balance of the endorsement guarantee at the end of the period being \$276,700 thousand.

For the year ended December 31, 2020, there was no mutual guarantees and endorsements with related parties.

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$ 343,776	383,258
Post-employment benefit	4,500	4,524
	<u>\$ 348,276</u>	<u>387,782</u>

(8) Pledged Assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Refundable deposits (Other non-current assets)	Customs duty guarantee and membership card	\$ 32,403	28,930
Restricted assets (Other non-current assets)	The fund remitted back to special-purpose account	117,832	132,954
Land, buildings, structures, machinery and equipment (Property, plant and equipment)	Long-term borrowings	5,786,971	5,840,331
Total		<u>\$ 5,937,206</u>	<u>6,002,215</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1.Unused standby letters of credit were as follows: None.

2.Promissory notes issued for the bank credit and MOEA TDP performance guarantee were as follows:

	December 31, 2021	December 31, 2020
TWD	\$ 15,581,250	15,898,550
USD	1,693,000	1,643,000

(b) Contingencies: None.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

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(12) Other

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

By function By item	For the years ended December 31, 2021			For the years ended December 31, 2020		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	1,007,489	5,076,433	6,083,922	1,072,516	4,758,618	5,831,134
Labor and health insurance	97,448	379,167	476,615	98,114	331,473	429,587
Pension	32,713	205,409	238,122	34,265	194,630	228,895
Remuneration of directors	-	93,072	93,072	-	133,554	133,554
Others	32,986	131,365	164,351	48,350	146,321	194,671
Depreciation	315,292	319,189	634,481	247,106	314,651	561,757
Amortization	73,535	577,226	650,761	71,623	506,556	578,179

The Company For the years ended December 31, 2021 and 2020 employees and employee benefits expenses were as follows:

	2021	2020
Number of employees	<u><u>5,668</u></u>	<u><u>5,635</u></u>
Number of directors who were not employees	<u><u>4</u></u>	<u><u>4</u></u>
The average employee benefit	<u><u>\$ 1,229</u></u>	<u><u>1,187</u></u>
The average salaries and wages	<u><u>\$ 1,074</u></u>	<u><u>1,036</u></u>
The adjustment rate of average employee salaries	<u><u>3.67%</u></u>	<u><u>(4.25)%</u></u>
Remuneration of by supervisors	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

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

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

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

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

(b) Other:

On January 22, 2022, Inventec Corporation received a certificate confirming the payment order from the Taiwan Taoyuan District Court. Inventec Solar Energy Corp. shall pay Inventec Corporation a total of \$42,041 with the interest shown thereon. Inventec Solar Energy Corp. did not raise any objection.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XI'AN) Corporation	Other receivables	Y	83,353	60,760	34,720	3.045%	2	-	Working Capital	-	None	-	356,573	356,573
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	259,140	130,200	130,200	3.045%	2	-	"	-	"	-	1,614,887	1,614,887
3	Inventec Appliances Corp. (Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,600,000	1,245,150	751,526	1.20%	2	-	"	-	"	-	1,569,836	3,139,673

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
4	Inventec (Pudong) Corp. (Note 4)	Inventec Hi-Tech Corp.	Other receivables	Y	87,740	-	-	-	2	-	Working Capital	-	None	-	4,179,252	4,179,252
4	"	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	2,764,160	1,388,800	1,388,800	5.225%	2	-	"	-	"	-	1,671,700	1,671,700

Note 1: (1)Those with business contact, please fill in 1.

(2)Those necessary for short term financing, please fill in 2.

Note 2: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the Company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 3: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

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

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

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V.	2	28,542,352	278,400	276,700	-	-	0.48%	28,542,352	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,924,591	1,164,141	1,128,866	832,863	-	14.38%	3,924,591	N	N	N

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

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

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

Note 3: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 5: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value (Note)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,521,476	0.96%	1,521,476	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	16,630	0.05%	16,630	
"	Arima Communications Corp.	-	"	21,114	845	10.15%	845	
"	Tomorrow Studio Co., Ltd.	-	"	29	156	0.20%	156	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67%	-	
"	New E Materials Co., Ltd.	-	"	1,760	8,941	16.00%	8,941	
"	Raslient Systems, Inc. preference share	-	"	3,632	-	6.20%	-	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	45,054	3.72%	45,054	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	-	2.95%	-	
"	QEXOX, Co. preferred stock	-	"	568	22,750	3.09%	22,750	
"	Rescale, Inc. preferred stock	-	"	355	12,385	1.17%	12,385	
"	Sensel, Inc. preferred stock	-	"	532	-	3.37%	-	
"	ASOCS LTD. preferred stock	-	"	360	-	1.44%	-	
"	Atayalan, Inc. preferred stock	-	"	1,553	13,895	3.65%	13,895	
"	ZT Group Int'l, Inc.	-	"	70	2,031,072	10.00%	2,031,072	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	17,712	- %	17,712	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	495	17,464	6.75%	17,464	
"	Entire Technology Co., Ltd.	-	"	3,260	114,198	4.13%	114,198	
"	E-TON Solar Tech. Co., Ltd.	-	"	94,889	540,866	29.70%	540,866	
"	Imedtac Co., Ltd.	-	"	1,200	54,480	9.42%	54,480	
"	TMY Technology Inc.	-	"	2,857	57,200	8.00%	57,200	
"	Enflex Corporation	-	"	750	4,747	0.99%	4,747	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,465,197	13.17%	1,465,197	
Saint Investment Consulting Corporation	Testron Technology (JiangSu) Co., Ltd.	-	"	2,778	68,571	10.00%	68,571	
"	Hunan Titanium Xpower Integrated Circuits Co., LTD.	-	"	417	43,399	4.00%	43,399	
"	Shanghai Starfive Technology Co., Ltd.	-	"	17	2,775	0.66%	2,775	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	84,023	0.66%	84,023	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,948	206,435	2.96%	206,435	
Inventec Hi-Tech Corp.	SCSB Winners Zun Chong Jun Xiang Financial Product	-	"	-	433,992	- %	433,992	
"	SCSB Winners Yijing Ling Financial Product	-	"	-	216,995	%	216,995	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Pension CNY Financial products	-	"	-	52,947	- %	52,947	
Inventec Electronics (Tianjin) Co., Ltd.	ICBC Wealth Management Corporation Tian Libao No. 2 Net Worth Management Product	-	"	-	156,237	- %	156,237	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	12,347	16.00%	12,347	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	67,540	0.13%	67,540	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	12,303	5.00%	12,303	
"	Sagacity Tech. Co., Ltd.	-	"	79	391	15.00%	391	
"	Living Pattern Technology Inc.	-	"	4	530	13.70%	530	
"	E-TON Solar Tech. Co., Ltd	-	Non-current financial assets at fair value through profit or loss	15,813	90,135	4.95%	90,135	
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	151,091	7.32%	151,091	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38%	-	
"	Tai Yi Precision Corporation	-	"	635	-	1.67%	-	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)	
Inventec Appliances Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	461	-	0.13%	-	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	11.76%	1,000	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12%	-	
"	Pandigital Worldwide, Ltd. preferred stock	"	"	939	-	4.80%	-	
"	3GTMobile Corporation	-	"	314	-	2.88%	-	
"	Line Global Inc. (Proxiant, Inc.) preferred stock	-	"	594	-	5.30%	-	
"	Molekule, Inc. preferred stock	-	"	1,603	152,800	1.50%	152,800	
"	XMEMS LABS INC	-	"	2,974	46,280	3.62%	46,280	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	14,795	- %	14,795	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03%	-	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36%	-	
"	Digital Chaotex Holdings Ltd. (Class A2 preferred stock)	-	"	446	-	2.08%	-	

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

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

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Category and name of security (Note 1)	Account name (Note 1)	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. common shares	Non-current financial assets at fair value through other comprehensive income	Cash Capital Increase	Non-related parties	20,000	1,175,931	10,000	289,266	-	-	-	-	30,000	1,465,197
Inventec Hi-Tech Corp.	SCSB Winners Zan Chong Jun Xiang Financial Product	Current financial assets at fair value through profit or loss	Bank of Shanghai	"	-	-	-	433,992	-	-	-	-	-	433,992

Note 1: The amounts above are valued at exchange rate.

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

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5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
TECHNOLOGIES, S. DE R. L. DEC. V.	Engaging others to build on the company's own land	2021/08/10	USD 75,900	13% paid	FERROMINIO DISEÑO Y CONSTRUCCION S.A. DE C.V. etc.	Non-related party	-	-	-	-	N/A	Engaging others to build on the company's own land	N/A

6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Types of property	Transaction Date	Original Acquisition Date	Book value	Transaction amount (Note 1)	Receipt Terms	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Price reference	Other terms
Inventec (Pudong) Technology Corp.	Land and Building	2021.04.27	2006 year	327,952	1,482,932	100%	1,080,844	Shanghai Chengye Apartment Management Co., Ltd	Non-related parties	Optimize assets	Negotiated based on the valuation report with the amount of RMB318,576 and RMB311,780	None
Inventec Hi-Tech Corp.	Land and building	2021.04.27	2006 year	52,426	759,634	100%	664,487	Shanghai Tiantang Apartment Management Co., Ltd	Non-related parties	Optimize assets	Negotiated based on the valuation report with the amount of RMB167,148 and RMB158,520	None

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	78,253,326	17.75%	105 days	-	No general trading partner can be compared.	31,814,854	30.62%	
"	Inventec (Czech), s.r.o.	Subsidiary	Sales	24,182,011	5.48%	105 days	-	"	3,655,074	3.52%	
"	AIMobile Co., Ltd.	"	Sales	126,159	0.03%	60 days	-	"	19,206	0.02%	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	329,539,123	74.67%	90-105 days	-	"	(68,023,513)	58.13%	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	332,244	0.08%	90 days	-	"	(41,698)	0.04%	
"	Inventec Holding (North America) Corp.	Subsidiary	Purchases	272,247	0.06%	105 days	-	"	(640,011)	0.55%	
"	Inventec (Czech), s.r.o.	"	Purchases	6,374,456	1.44%	105 days	-	"	(260,946)	0.22%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	78,253,326	91.84%	105 days	-	No general trading partner can be compared	(31,231,633)	98.08%	
"	The Company	"	Sales	272,247	0.35%	105 days	-	"	265,477	2.25%	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	260,657	0.34%	105 days	-	"	208	-	%
"	SQ Technology (Shanghai) Corporation	"	Sales	361,682	0.47%	105 days	-	"	268,798	2.28%	
"	Inventec (Czech), s.r.o.	"	Sales	299,299	0.39%	105 days	-	"	-	-	%
"	Inventec (Czech), s.r.o.	"	Purchases	177,769	0.23%	105 days	-	"	-	-	%
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	24,182,011	95.65%	105 days	-	"	(3,655,074)	99.05%	
"	The Company	"	Sales	6,374,456	32.33%	105 days	-	"	260,946	9.79%	
"	Inventec Holding (North America) Corp.	Associates	Purchases	299,299	1.26%	105 days	-	"	-	-	%
"	Inventec Holding (North America) Corp.	"	Sales	177,769	0.90%	105 days	-	"	-	-	%
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	329,539,123	100.00%	90-105 days	-	"	68,023,513	53.97%	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	27,541,156	8.36%	105 days	-	"	(6,592,888)	5.23%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	12,286,557	3.73%	105 days	-	"	(4,992,920)	3.96%	
"	Inventec (Chongqing) Corp.	"	Purchases	289,711,410	87.91%	90 days	-	"	(56,437,706)	44.77%	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	27,541,156	53.35%	105 days	-	No general trading partner can be compared.	6,592,888	51.79%	
"	Inventec (Shanghai) Corp.	"	Sales	8,927,664	17.29%	105 days	-	"	29,047	0.23%	
"	SQ Technology (Shanghai) Corporation	"	Sales	12,575,075	24.36%	105 days	-	"	5,795,040	45.52%	
"	Inventec Holding (North America) Corp.	"	Purchases	260,657	0.58%	105 days	-	"	(208)	-	%
"	SQ Technology (Shanghai) Corporation	"	Purchases	183,548	0.40%	105 days	-	"	(183,071)	1.66%	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	8,927,664	39.67%	105 days	-	"	(29,047)	0.49%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	13,576,729	60.33%	105 days	-	"	(5,739,082)	96.25%	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	289,711,410	99.78%	90 days	-	"	56,437,706	99.71%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	12,286,557	24.23%	105 days	-	No general trading partner can be compared	4,992,920	26.67%	
"	Inventec (Shanghai) Corp.	"	Sales	13,576,729	26.77%	105 days	-	"	5,739,082	30.66%	
"	Inventec (Pudong) Technology Corp.	"	Sales	183,548	0.36%	105 days	-	"	183,071	0.98%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	12,575,075	17.69%	105 days	-	"	(5,795,040)	25.51%	
"	Inventec Holding (North America) Corp.	"	Purchases	361,682	0.64%	105 days	-	"	(268,798)	1.18%	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	"	Purchases	22,755,398	78.73%	1-2 months	-	"	(7,037,783)	86.19%	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	1,201,076	4.16%	1-2 months	-	"	(185,364)	2.27%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	665,462	2.30%	1-2 months	-	"	(59,560)	0.73%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	510,042	1.76%	1-2 months	-	"	(270,985)	3.32%	
"	Inventec Appliances (USA) Distribution Corp.	"	Purchases	997,740	3.40%	1-2 months	-	"	235,787	3.19%	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	997,740	100.00%	1-2 months	-	"	(235,787)	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	22,755,398	96.60%	1-2 months	-	"	7,037,783	96.76%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	491,258	2.09%	1-2 months	-	"	225,811	3.10%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Sales	484,048	0.33%	1-2 months	-	"	(243,919)	3.67%	

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	Associates	Sales	1,201,076	26.46%	90 days	-	No general trading partner can be compared.	185,364	21.11%	
"	The Company	Parent	Sales	332,244	7.38%	90 days	-	"	41,698	4.75%	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	665,462	99.15%	60 days	-	"	59,560	97.68%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	491,258	75.53%	1-2 months	-	"	(225,811)	95.22%	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	"	Purchases	510,042	51.63%	1-2 months	-	"	270,985	52.55%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	484,048	48.28%	1-2 months	-	"	243,919	47.30%	
AIMobile Co., Ltd.	The Company	Parent	Purchases	126,159	57.02%	60 days	-	"	(19,206)	32.50%	

Note 1: Based on the negotiated price while trading.

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

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	31,814,854	3.23	6,506,965	Received in the subsequent period	14,337,974	-
"	Inventec (Czech), s.r.o.	Subsidiary	3,655,074	3.31	397	Received in the subsequent period	2,142,143	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	57,988,820	-	3,963,832	Received in the subsequent period	42,771,214	-
Inventec Holding (North America) Corp.	The Company	Parent	265,477	1.66	30,221	Received in the subsequent period	50,729	-
"	SQ Technology (Shanghai) Corporation	Associates	268,798	2.69	87	Received in the subsequent period	259,663	-
Inventec (Czech), s.r.o.	The Company	Parent	260,946	31.90	-		260,946	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	68,023,513	5.73	1,311,706	Received in the subsequent period	57,427,681	-
"	Inventec (Pudong) Technology Corp. (Note)	Associates	3,144,201	-	280,597	Received in the subsequent period	2,364,730	-
"	SQ Technology (Shanghai) Corporation (Note)	Associates	14,390,816	-	3,683,235	Received in the subsequent period	1,165	-
"	Inventec (Chongqing) Corp. (Note)	Associates	40,453,802	-	-		40,405,318	-

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

Name of company	Counter party	Relationship	Ending balance	Turnover balance	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	6,592,888	3.69	-		1,343,241	-
"	SQ Technology (Shanghai) Corporation	Associates	5,795,040	4.34	4,888,395	Received in the subsequent period	5,641,167	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	56,437,706	6.09	-		56,081,341	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	4,992,920	4.92	1,311,706	Received in the subsequent period	3,100	-
"	Inventec (Shanghai) Corp.	Associates	5,739,082	4.73	-		3,929,816	-
"	Inventec (Pudong) Technology Corp.	Associates	183,071	2.01	126,417	Intensive follow-up on collection	-	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Subsidiary	235,787	6.39	-		132,760	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,037,783	2.83	-		3,758,763	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	225,811	3.51	-		-	-
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	Associates	185,364	5.44	-		185,067	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	270,985	3.76	-		270,985	-
"	Inventec Appliances (Pudong) Corp.	Associates	243,919	3.97	-		208,019	-

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

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

(b) Information on investment:

The following is the information on investees for the year ended December 31, 2021 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53%	251,731	109,291	41,015	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00%	389,244	27,093	27,093	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	353,743	159,003	2,001	100.00%	1,496,415	59,949	59,949	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00%	8,618,636	157,700	157,700	"

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
The Company	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00%	25,340,228	4,892,191	4,892,191	Subsidiary
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00%	1,426,351	276,704	276,704	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00%	166,344	59,237	59,237	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00%	87,874	(39,996)	(39,996)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45%	(633,253)	(1,057,139)	(337,049)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00%	19,018	(746)	(746)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00%	3,044	300	300	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	182,500	182,500	18,250	73.00%	76,620	(62,961)	(45,969)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64%	(93,579)	(1,057,139)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	5,522,230	5,522,230	199,575	100.00%	15,494,150	(925,513)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90%	977	(914)	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	-	9,120	30.00%	22,233	(5,798)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57%	(192,960)	(1,056,534)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	22,136	22,136	400	100.00%	90,952	909	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,384	1,384	10	100.00%	13,434	808	-	"

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value			
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	801,843	470,503	121,000	100.00%	499,655	(288,490)	-	Associate Company

Note 1: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

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

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	317,799	(2)	55,340	-	-	55,340	(873)	100.00%	(873)	251,825	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	27,670	(2)	27,670	-	-	27,670	(397)	100.00%	(397)	39,416	-
Inventec (Pudong) Co., Ltd.	Sales of computer products	1,383,500	(2)	1,383,500	-	-	1,383,500	75,879	100.00%	75,879	4,179,252	-
Inventec (Shanghai) Co., Ltd.	Sales of computer products	2,075,220	(2)	816,265	-	-	816,265	24,325	100.00%	24,325	1,872,913	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,075,250	(2)	2,075,250	-	-	2,075,250	2,315,700	100.00%	2,315,700	9,326,398	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,621,233	(2)	1,383,500	-	-	1,383,500	2,288,343	100.00%	2,318,301	8,716,981	321,599
Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	138,350	(2)	117,598	-	-	117,598	11,918	100.00%	11,918	241,208	149,517
Inventec (Beijing) Electronics Technology Co., Ltd.	Electronic product software development	40,122	(2)	40,122	-	-	40,122	2,268	100.00%	2,268	79,191	-
Inventec Hi-Tech Corporation	Sales of computer products	1,383,500	(2)	1,383,500	-	-	1,383,500	563,662	100.00%	563,662	1,697,375	-
Inventec Asset-Management (Shanghai) Corporation	Leasing	1,858,367	(3)	-	-	-	-	(22,694)	78.00%	(17,701)	1,348,794	-
Saint Investment consulting corporation	Business management	216,995	(3)	-	-	-	-	210	100.00%	210	217,240	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	216,995	(3)	-	-	-	-	536,144	100.00%	536,144	754,864	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of computer products	130,197	(3)	-	-	-	-	(4,255)	20.00%	(851)	25,186	-

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow						
Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	1,427,772	(2)	1,331,426	-	-	1,331,426	(146,365)	100.00%	(146,365)	1,614,887	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,130,590	(2)	2,130,590	-	-	2,130,590	(707,488)	100.00%	(1,063,560)	7,710,943	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	1,881,560	(2)	1,162,140	-	-	1,162,140	300,401	100.00%	300,525	5,562,737	1,636,736
Inventec Appliances (Nanjing) Corp.	Production and sales of intelligent devices	138,350	(2)	248,518	-	-	248,518	14,665	100.00%	14,665	395,537	85,353
Inventec Appliances (XI'AN) Corporation	House leasing	110,680	(2)	110,680	-	-	110,680	11,394	100.00%	11,394	61,898	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	58,107	(2)	58,107	-	-	58,107	(43,694)	100.00%	(43,694)	36,959	-
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business management	2,178	(3)	-	-	-	-	24,673	100.00%	24,673	108,309	-
Inventec Appliances (Shanghai) Enterprise	Business management	34,719	(3)	-	-	-	-	(3,138)	100.00%	(3,138)	22,092	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	260,395	(3)	-	-	-	-	(101,103)	100.00%	(101,103)	3,663	-
Inventec Easy Doctor Corporation	Production and sales of medical devices	43,399	(3)	-	-	-	-	(1,010)	100.00%	(1,010)	42,386	-

2. Limitation on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	7,340,851	7,340,851	-
Inventec Appliances Corp.	5,103,123	5,103,123	4,709,509

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

- (a) Direct investment in Mainland China.
- (b) Indirect investment in Mainland china through a subsidiary in a third place.
- (c) Others

Note 2: The base of recognition of investment income (loss) is the financial statements audited by CPA of the investee company.

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

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

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

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

Note 7: After the accumulated investment in Mainland China as of December 31, 2020, deducted the accumulated remittance of earnings in current period, the difference of Inventec Appliance Corp. was still under the upper limit on investment.

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

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INVENTEC CORPORATION

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

For the years ended December 31, 2021 and 2020

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2021, are disclosed in “Information on significant transactions” .

(d) Major shareholders: No shareholders hold more than 5% shares.

(14) Segment Information

Please refer to consolidated financial report of Inventec Corporation for the year ended December 31, 2021.

INVENTEC CORPORATION
Statement of Cash and Cash Equivalents
December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ 450
	Foriegn cash	551
	Subtotal	<u>1,001</u>
Cash in banks	Checking accounts	510
	Demand deposits	111,675
	Foriegn deposits	11,339,514
		USD 409,742 thousands
		JPY 2,511 thousands
		CNY 32 thousands
		EUR 39 thousands
	Time deposits	<u>735,553</u>
	Subtotal	<u>12,187,252</u>
		<u>\$ 12,188,253</u>

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

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Description	Share or units	Par value	Total amount	Interest rate	Acquisition cost	Accumulate d impairment	Fair value		Note
								Unit price	Total amount	
WIN Semiconductors Corp.	Stock	4,063	\$ 40,630	<u>1,521,476</u>	- %	<u>113,690</u>	-	374.50	<u>1,521,476</u>	

INVENTEC CORPORATION
Statement of Accounts Receivables
December 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
<u>Non-related parties:</u>			
HP International Pte. Ltd.		\$ 47,034,715	
ASUSTEK Computer Incorporation		12,222,287	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>9,220,450</u>	
Subtotal		68,477,452	
Less: Loss allowance		<u>(67,033)</u>	
Net amount		<u>68,410,419</u>	
<u>Related parties:</u>			
Inventec Holding (North America) Corp.		31,814,854	
Inventec (Czech), S.R.O.		3,655,074	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>19,210</u>	
Subtotal		<u>35,489,138</u>	
Less: Loss allowance		-	
Net amount		<u>35,489,138</u>	
Total		<u><u>\$ 103,899,557</u></u>	

INVENTEC CORPORATION

Statement of Other Receivables

December 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related parties	Payments on behalf of others	\$ 213,060	
Related parties	Payments of materials on behalf of others	57,995,311	
Earned revenue receivable	Interest receivable from banks	<u>1,248</u>	
Total		<u><u>\$ 58,209,619</u></u>	

Statement of Inventory

Item	Amount		Note
	Cost	Net realized value	
Raw materials	\$ 7,751,715	7,637,842	
Work in process	1,488,177	1,472,908	
Finished goods	<u>2,268,288</u>	<u>2,243,480</u>	
Subtotal	11,508,180	<u><u>11,354,230</u></u>	
Less: Allowance for inventory market decline and obsolescence	<u>(153,950)</u>		
Total	<u><u>\$ 11,354,230</u></u>		

INVENTEC CORPORATION
Statement of Other Current Assets
December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Prepayments	Premium	\$ 1,393	
	Other	<u>95,917</u>	
	Subtotal	97,310	
Temporary payments	Other	5,147	
Payments on behalf of others	Other	456,626	
Asset recognized as right to recover products from customers		145,190	
Other	Other	<u>19,723</u>	
		<u><u>\$ 723,996</u></u>	

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

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

<u>Name of financial instrument</u>	<u>Beginning Balance</u>		<u>Addition</u>		<u>Decrease</u>		<u>Ending balance</u>		<u>Collateral</u>	<u>Note</u>
	<u>Shares/(in thousand)</u>	<u>Fair value</u>	<u>Shares/(in thousand)</u>	<u>Amount</u>	<u>Shares/(in thousand)</u>	<u>Amount</u>	<u>Shares/(in thousand)</u>	<u>Fair value</u>		
<u>Common Stock</u>										
Empass Technology Inc	450 \$	19,184	45	-	-	1,720	495	17,464	None	
Entire Technology Co., Ltd.	3,260	232,340	-	-	-	118,142	3,260	114,198	"	
E-Ton Solar Tech Co., LTD	94,889	452,619	-	88,247	-	-	94,889	540,866	"	
Imedtac Co., Ltd.	1,000	59,350	200	-	-	4,870	1,200	54,480	"	
Tmy Technology Inc.	2,857	57,943	-	-	-	743	2,857	57,200	"	
Enflex Corporation	-	-	750	32,250	-	27,503	750	4,747	"	
Total		<u>\$ 821,436</u>		<u>120,497</u>		<u>152,978</u>		<u>788,955</u>		

INVENTEC CORPORATION

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

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares (in thousand)	Fair value	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Fair value		
Common Stock										
WK Technology Fund IV Corp.	645	\$ 5,084	-	-	645	5,084	-	-		None
Arima Communications Corp.	21,114	75,822	-	-	-	74,977	21,114	845		"
Tomorrow Studio Co., Ltd.	29	166	-	-	-	10	29	156		"
Tai Yi Precision Corporation	2,540	-	-	-	-	-	2,540	-		"
New E Materials Co., Ltd.	1,760	12,197	-	-	-	3,256	1,760	8,941		"
ZT Group Int'l, Inc.	70	2,010,944	-	20,128	-	-	70	2,031,072		"
Amphastar Pharmaceuticals Inc.	26	14,780	-	1,850	-	-	26	16,630		"
Subtotal		<u>2,118,993</u>		<u>21,978</u>		<u>83,327</u>		<u>2,057,644</u>		
Preferred Stock										
CloudMosa Technologies, Inc.	235	-	-	-	-	-	235	-		"
Rasilient Systems, Inc.	3,632	-	-	-	-	-	3,632	-		"
SKSpruce Holding Limited	3,746	41,755	-	3,299	-	-	3,746	45,054		"
QEEXO Co.	568	15,923	-	6,827	-	-	568	22,750		"
Rescale Inc.	355	26,544	-	-	-	14,159	355	12,385		"
Sensel Inc.	532	12,370	-	-	-	12,370	532	-		"
ASOCS LTD.	-	-	360	27,950	-	27,950	360	-		"
Atayalan, Inc.	-	-	1,553	13,895	-	-	1,553	13,895		"
Subtotal		<u>96,592</u>		<u>51,971</u>		<u>54,479</u>		<u>94,084</u>		
Total		<u>\$ 2,215,585</u>		<u>73,949</u>		<u>137,806</u>		<u>2,151,728</u>		

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

For the Year Ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending balance			Market Value or Net Assets Value		Collateral	Note
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount		
Inventec Besta Co., Ltd.	23,405	\$ 210,311	-	41,420	-	-	23,405	37.53%	251,731	17.55	410,758	None	Note
Inventec Corporation (Hong Kong) Ltd.	2,500	365,614	-	23,630	-	-	2,500	100.00%	389,244	-	389,244	"	"
Inventec Holding (North America) Corp.	5,000	1,281,813	1	214,602	3,000	-	2,001	100.00%	1,496,415	-	1,496,415	"	"
Inventec Appliances Corp.	536,857	9,246,421	-	-	-	627,785	536,857	100.00%	8,618,636	-	8,618,636	"	"
Inventec (Cayman) Corp.	301,768	21,100,327	-	4,239,901	-	-	301,768	100.00%	25,340,228	-	25,340,228	"	"
IEC (Cayman) Corporation	25,000	1,178,105	-	248,246	-	-	25,000	100.00%	1,426,351	-	1,426,351	"	"
Inventec (Czech), S.R.O.	-	114,544	-	51,800	-	-	-	100.00%	166,344	-	166,344	"	"
Inventec Development Japan Corporation	45	17,677	-	1,341	-	-	45	100.00%	19,018	-	19,018	"	"
Inventec Japan Cororation	-	3,181	-	-	-	137	-	100.00%	3,044	-	3,044	"	"
Inventec Investment Co., Ltd.	108,800	124,923	-	-	-	37,049	108,800	100.00%	87,874	-	87,874	"	"
Manufacturing (India) Private Limited	55,994	10,738	-	-	55,994	10,738	-	- %	-	-	-	"	"
AI Mobile Co., Ltd.	18,250	122,282	-	-	-	45,662	18,250	73.00%	76,620	-	76,620	"	"
		<u>\$ 33,775,936</u>		<u>4,820,940</u>		<u>721,371</u>			<u>37,875,505</u>		<u>38,034,532</u>		
Inventec Solar Energy Corporation	108,150	<u>\$ (296,204)</u>	-	<u>-</u>	-	<u>337,049</u>	108,150	33.45%	<u>(633,253)</u>	-	<u>(633,253)</u>	"	Note 1

Note : The market value of listed companies are market value, and the value of private entities are net asset value.

Note1: Other non-current liabilities, others.

INVENTEC CORPORATION
Statement of Other Non-current Assets
December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred expense	Toolings	\$ 2,833,128	
Less: Accumulated depreciation		(2,750,179)	
Deferred tax assets		1,128,331	
Restricted assets		117,832	
Refundable deposits	Membership card and customs duty guarantee	32,403	
Other assets		<u>219,702</u>	
		<u>\$ 1,581,217</u>	

INVENTEC CORPORATION
Statement of Short-term Borrowings
December 31, 2021

(In Thousands of New Taiwan Dollars)

Category of loans	Description	Ending balance	Contract Period	Range of interest rate	Loan commitments	Collateral or guarantee	Note
Short-term borrowings	BNP Paribas	\$ 1,300,000	2022.01.13	1.03%	USD 50,000	None	
	E.SUN Bank	1,355,801	2022.01.19	0.53%	TWD 1,500,000	"	
	Citi Bank	3,293,279	2022.01.03-2022.02.10	0.41%-0.45%	USD 223,000	"	
	DBS Bank	6,693,104	2022.02.08-2022.03.24	0.7%-0.8%	USD 250,000	"	
	Bank of Taiwan	3,809,265	2022.01.05	0.55%	USD 150,000	"	
	Hua Nan Bank	2,158,054	2022.02.16	0.55%	TWD 2,325,000	"	
	Mega Bank	1,656,720	2022.03.22	0.75%	USD 60,000	"	
	Taishin Bank	500,000	2022.01.28	0.89%	USD 80,000	"	
	Land Bank	1,716,948	2022.02.11	0.65%	TWD 1,800,000	"	
	Mizuho Bank	1,600,000	2022.01.26-2022.02.09	0.73%	USD 60,000	"	
	Sumito Mitsui Bank	4,052,112	2022.01.07-2022.03.31	0.51%-0.68%	USD 150,000	"	
	OCBC Bank	300,000	2022.02.25	0.75%	USD 30,000	"	
	Cathay Bank	1,660,192	2022.01.14	0.48%	USD 60,000	"	
	First Bank	2,582,742	2022.01.19	0.53%	TWD 3,000,000	"	
		<u>\$ 32,678,217</u>					

INVENTEC CORPORATION

Statement of Accounts Payable

December 31, 2021

(In Thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
<u>Non-related parties:</u>			
Hp International Pte. Ltd.		\$ 13,917,616	
Asustek Computer Incorporation		10,029,571	
Hewlett Packard Caribe Y Andina, Bv Llc		3,842,693	
Hewlett Packard Enterprise Crl		2,900,906	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>17,371,271</u>	
Subtotal		<u>48,062,057</u>	
<u>Related parties:</u>			
Inventec Corporation (Hong Kong) Ltd.		68,023,513	
Other			The year-end balance of each client doesn't exceed 5% of the account balance.
		<u>942,655</u>	
Subtotal		<u>68,966,168</u>	
Total		<u><u>\$ 117,028,225</u></u>	

INVENTEC CORPORATION

Statement of Other Payables

December 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Payables for salary, incentive and bonus	\$ 3,114,707
	Payables for purchasing softwares	25,584
	Inventory processing fee	619,784
	Other	<u>1,735,252</u>
Total		<u><u>\$ 5,495,327</u></u>

Statement of Other Current Liabilities

Item	Description	Amount	Note
Other current liabilities	Advance receipts	\$ 638	
	Receipts under custody	55,486	
	Temporary credits	5,356,208	
	Other	<u>3,168,553</u>	
		<u><u>\$ 8,580,885</u></u>	

INVENTEC CORPORATION
Statement of Long-term Borrowings
December 31, 2021
(In Thousands of New Taiwan Dollars)

Creditor	Description	Amount	Contract period	Interest rate	Collateral or guarantee	Note
Syndicated agreement with Hua Nan Bank and other 13 participating banks	Syndicated Loans	\$ 6,917,500	2022.01.11-2022.02.11	0.97%~1.00%	None	With financial covenant
Hua Nan Bank	Secured borrowings	1,833,333	2031.02.26	1.19%	Land and building	No financial covenant
Bank of Taiwan	"	916,667	2031.02.26	1.19%	"	"
Less: Long-term Borrowings, current portion		(7,217,500)				
Total		\$ 2,450,000				

INVENTEC CORPORATION
Statement of Other Non-current Liabilities
December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other non-current liabilities	Deferred tax liabilities	\$ 3,990,228	
	Deferred credits	43,787	
	Gaurantee deposits received	561	
	Credit balance of investments accounted for using equity method	<u>633,253</u>	
		<u><u>\$ 4,667,829</u></u>	

INVENTEC CORPORATION
Statement of Operating Costs
For the year ended December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from manufacturing	\$	25,063,060
Direct material	15,178,192	
Add: Raw material, January 1	1,225,291	
Purchases	23,388,056	
Gain on physical inventory	41,578	
Less: Raw material, December 31	(7,751,715)	
Transferred to expense	(208,762)	
Sales	(1,474,813)	
Loss on physical inventory	(41,443)	
Direct labor	403,075	
Manufacturing expenses	1,757,524	
Cost of manufacturing	17,338,791	
Add: Work in process, January 1	691,631	
Purchases	10,868,536	
Gain on physical inventory	204	
Less: Work in process, December 31	(1,488,177)	
Transferred to expense	(185,741)	
Loss on physical inventory	(20)	
Transferred to warranty	(6,182)	
Cost of finished goods	27,219,042	
Add: Finished goods, January 1	536,647	
Gain on physical inventory	200	
Less: Finished goods, December 31	(2,268,288)	
Loss on inventory	(39)	
Transferred to expense	(378,486)	
Transferred to warranty	(46,016)	
Cost of material sold		1,474,813
Cost of merchandise sold (triangle trade)		400,359,758
Loss of inventory valuation		88,326
Cost of warranty		688,620
Expense of idle capacity		24,528
Gain on physical inventory		(480)
Cost of provision of sales return		115,809
Total operating costs	\$	427,814,434

INVENTEC CORPORATION
Statement of Selling Expenses
For the year ended December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 546,484	
Amortization expense		419,666	
Freight		627,223	
Miscellaneous expense		98,181	
Other expense		370,486	
		<u>\$ 2,062,040</u>	

Statement of Administrative Expenses

Item	Description	Amount	Note
Salary and wages expense		\$ 921,992	
Miscellaneous expense		139,998	
Depreciation expense		142,687	
Repair expense		118,149	
Professional service fees		136,561	
Other expense		356,567	
		<u>\$ 1,815,954</u>	

INVENTEC CORPORATION
Statement of Research and Development Expenses
December 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 3,896,787	
Supplies		806,311	
Miscellaneous expense		359,225	
Examination expense		327,210	
Depreciation expense		172,028	
Amortization expense		127,057	
Other expense		742,371	
		<u>\$ 6,430,989</u>	

**Appendix II: Consolidated financial statements with subsidiaries
audited by CPA of 2021**

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 balance sheets as of December 31, 2021 and 2020, and the consolidated statements 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2021 and 2020 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(y) 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 2021 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 and right-of-use assets of subsidiaries

Please refer to Note 4(j), 4(l), 6(h) and 6(i) for accounting policy and detailed information for disposal of property, plant and equipment and right-of-use assets of subsidiaries.

Description of the key audit matter:

For optimizing idled assets, lowering the Group's operating costs, the Group disposed the idled assets. Due to the significance of the amount, the disposal of property, plant and equipment and right-of-use assets 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 includes examining whether the disposal of property; plant and equipment has been approved by the Board of Directors; obtaining the professional valuation report in accordance with the Company's acquisition and disposal of assets processing procedures; verifying to 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, 2021 and 2020, 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.

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.

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 Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2022

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.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current Assets :						Current Liabilities :					
1100	Cash and cash equivalents (Note (4) and (6)(a))	\$ 34,787,912	14	32,951,595	16	2100	Short-term borrowings (Note (6)(n))	\$ 54,694,565	22	31,890,755	15
1110	Current financial assets at fair value through profit or loss (Note (4) and (6)(b))	1,343,945	1	782,284	-	2120	Current financial liabilities at fair value through profit or loss (Notes (4) and (6)(b))	112,133	-	250,136	-
1120	Current financial assets at fair value through other comprehensive income (Note (4) and (6)(b))	1,521,476	1	1,405,689	1	2130	Current contract liabilities (Note (6)(v))	7,562,873	3	7,828,232	4
1170	Accounts receivable, net (Notes (4), (6)(c) and (7))	103,795,621	42	91,811,309	43	2170	Accounts payable (Note (7))	84,907,477	34	74,370,226	35
1200	Other receivables, net (Notes (6)(d) and (7))	884,098	-	844,441	-	2230	Current tax liabilities	2,374,435	1	2,296,677	1
1310	Inventories (Note (4) and (6)(e))	62,417,356	25	41,416,323	19	2200	Other payables (Note (7))	10,524,706	4	11,595,245	5
1470	Other current assets (Notes (6)(l), (4)(q) and (8))	2,873,014	1	4,258,311	2	2322	Long-term borrowings, current portion (Note (6)(n))	7,248,244	3	330,744	-
		<u>207,623,422</u>	<u>84</u>	<u>173,469,952</u>	<u>81</u>	2280	Current lease liabilities (Note (6)(o))	182,996	-	216,479	-
Non-current assets :						2399	Other current liabilities, others (Note (6)(m) and (6)(r))	<u>12,472,789</u>	<u>5</u>	<u>11,765,194</u>	<u>6</u>
1510	Non-current financial assets at fair value through profit or loss (Note (4) and (6)(b))	893,885	-	911,660	-			<u>180,080,218</u>	<u>72</u>	<u>140,543,688</u>	<u>66</u>
1517	Non-current financial assets at fair value through other comprehensive income (Note (4) and (6)(b))	4,192,435	2	3,657,808	2	Non-current Liabilities :					
1550	Investments accounted for using equity method (Note (4) and (6)(f))	300,127	-	211,643	-	2540	Long-term borrowings (Note (6)(n))	3,790,708	2	8,990,825	4
1600	Property, plant and equipment (Notes (4), (6)(h) and (8))	27,466,491	11	28,004,583	13	2640	Net defined benefit liability, non-current (Note (4) and (6)(q))	589,919	-	656,171	-
1755	Right-of-use assets (Notes (4), (6)(i) and (8))	3,162,003	1	3,403,891	2	2580	Non-current lease liabilities (Note (4) and (6)(o))	693,497	-	748,035	-
1780	Intangible assets (Note (4) and (6)(k))	967,451	-	875,801	-	2670	Other non-current liabilities, others (Note (6)(m) and (6)(r))	6,062,986	3	5,331,975	3
1900	Other non-current assets (Notes (6)(k), (6)(r) and (8))	3,009,608	2	3,626,099	2			<u>11,137,110</u>	<u>5</u>	<u>15,727,006</u>	<u>7</u>
		<u>39,992,000</u>	<u>16</u>	<u>40,691,485</u>	<u>19</u>		Total Liabilities	<u>191,217,328</u>	<u>77</u>	<u>156,270,694</u>	<u>73</u>
TOTAL ASSETS		<u>\$ 247,615,422</u>	<u>100</u>	<u>214,161,437</u>	<u>100</u>	Equity attributable to owners of parent :					
						3110	Ordinary shares (Note (6)(s))	35,874,751	14	35,874,751	17
						3200	Capital surplus (Note (6)(s))	2,899,592	1	2,899,284	1
						3300	Retained earnings (Note (6)(s))	21,024,959	9	21,112,549	10
						3400	Other equity (Note (6)(s))	(2,714,598)	(1)	(1,901,925)	(1)
							Total equity attributable to owners of parent	57,084,704	23	57,984,659	27
						36XX	Non-controlling interests	(686,610)	-	(93,916)	-
							Total Equity	<u>56,398,094</u>	<u>23</u>	<u>57,890,743</u>	<u>27</u>
						TOTAL LIABILITIES AND EQUITY		<u>\$ 247,615,422</u>	<u>100</u>	<u>214,161,437</u>	<u>100</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(v) and (7))	\$ 519,732,048	100	508,294,198	100
5000	Operating costs (Notes (6)(e) and (7))	497,437,486	96	487,181,281	96
5900	Gross profit from operations	22,294,562	4	21,112,917	4
Operating expenses (Notes (6)(c), (6)(w) and (7)):					
6100	Selling expenses	3,076,667	-	2,795,370	-
6200	Administrative expenses	3,866,479	1	4,190,267	1
6300	Research and development expenses	10,593,339	2	9,715,204	2
6450	Expected credit losses	33,443	-	(29,010)	-
		17,569,928	3	16,671,831	3
6900	Net operating income	4,724,634	1	4,441,086	1
Non-operating income and expenses:					
7100	Interest income (Notes (6)(x))	1,075,960	-	1,186,629	-
7010	Other income (Note (6)(x) and (7))	378,252	-	276,301	-
7020	Other gains and losses (Note (6)(x))	2,220,446	-	5,514,251	1
7050	Finance costs (Note (6)(x))	(738,437)	-	(1,054,244)	-
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(f))	38,329	-	(18,318)	-
		2,974,550	-	5,904,619	1
7900	Profit before tax	7,699,184	1	10,345,705	2
7950	Less: Income tax expenses (Note (4) and (6)(r))	1,752,091	-	3,772,727	1
8000	Profit	5,947,093	1	6,572,978	1
Other comprehensive income (loss):					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8310	Gains (losses) on remeasurements of defined benefit plans	16,762	-	(53,824)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(242,078)	-	365,376	-
8320	Shares 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	(2,511)	-	(16,646)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	3,769	-	(10,746)	-
		(231,596)	-	305,652	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8360	Exchange differences on translation of foreign financial statements	(574,653)	-	(457,317)	-
8370	Shares 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	2,914	-	(639)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(571,739)	-	(457,956)	-
	Other comprehensive income, net of income tax	(803,335)	-	(152,304)	-
8500	Total comprehensive income	\$ 5,143,758	1	6,420,674	1
Profit, attributable to:					
8610	Profit, attributable to owners of parent	\$ 6,537,765	1	7,547,985	1
8620	Profit (loss), attributable to non-controlling interests	(590,672)	-	(975,007)	-
		\$ 5,947,093	1	6,572,978	1
Comprehensive income attributable to:					
8710	Comprehensive income, attributable to owners of parent	\$ 5,736,566	1	7,391,406	1
8720	Comprehensive income (loss), attributable to non-controlling interests	(592,808)	-	(970,732)	-
		\$ 5,143,758	1	6,420,674	1
Earnings per share (Note (4) and (6)(u))					
9750	Basic earnings per share (NT dollars)	\$ 1.82		2.10	
9850	Diluted earnings per share (NT dollars)	\$ 1.81		2.08	

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

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share Capital					Other Equity				
	Ordinary shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total Equity attributable to owners of parent	Non - controllin g interests	Total Equity
Balance at January 1, 2020	\$ 35,874,751	2,913,461	10,799,605	1,646,357	5,858,979	(2,005,134)	183,129	55,271,148	1,700,080	56,971,228
Profit 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 on ordinary shares	-	-	-	-	(4,663,718)	-	-	(4,663,718)	-	(4,663,718)
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	(19,258)	-	19,258	-	-	-
Changes in 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
Profit for the period	-	-	-	-	6,537,765	-	-	6,537,765	(590,672)	5,947,093
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)	(2,136)	(803,335)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566	(592,808)	5,143,758
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)	-	(6,636,829)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-	-	-
Others	-	308	-	-	-	-	-	308	114	422
Balance at December 31, 2021	\$ 35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704	(686,610)	56,398,094

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

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

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before tax	\$ 7,699,184	10,345,705
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,361,213	2,901,598
Amortization expense	901,608	951,942
Expected credit loss (gain)	33,443	(29,010)
Interest expense	738,437	1,054,244
Interest income	(1,075,960)	(1,186,629)
Dividend income	(133,902)	(30,069)
Share-based payments transactions	422	1,235
Shares of (gain) loss of associates and joint ventures accounted for using equity method	(38,329)	18,318
Gains on disposal of property, plant and equipment	(1,458,999)	(4,773,910)
Losses (gains) on disposal of investments accounted for using equity method	47,269	(24,435)
Impairment losses on non-financial assets	550,703	952,222
Unrealized foreign exchange (gains) losses	(228,023)	908,619
Others	1,401	(775)
Total adjustments to reconcile profit	<u>1,699,283</u>	<u>743,350</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	107,325	(409,902)
Increase in accounts receivable	(12,291,774)	(3,405,318)
Increase in other receivables	(79,815)	(4,664)
Increase in inventories	(22,067,263)	(5,753,543)
Decrease (increase) in other current assets	1,967,814	(2,711,422)
Total changes in operating assets	<u>(32,363,713)</u>	<u>(12,284,849)</u>
Changes in operating liabilities:		
(Decrease) increase in financial liabilities held for trading	(136,640)	144,351
(Decrease) increase in contract liabilities	(262,058)	1,367,153
Increase in accounts payable	11,691,774	4,008,134
Decrease in other payables	(1,124,694)	(54,069)
Increase in other current liabilities	741,515	2,249,990
Decrease in net defined benefit liabilities, non-current	(50,202)	(47,360)
Total changes in operating liabilities	<u>10,859,695</u>	<u>7,668,199</u>
Total changes in operating assets and liabilities	<u>(21,504,018)</u>	<u>(4,616,650)</u>
Total adjustments	<u>(19,804,735)</u>	<u>(3,873,300)</u>
Cash (outflow) inflow generated from operations	(12,105,551)	6,472,405
Interest received	1,035,979	926,665
Dividends received	133,902	30,069
Interest paid	(740,053)	(974,169)
Income taxes paid	(851,177)	(2,127,658)
Net cash flows (used in) from operating activities	<u>(12,526,900)</u>	<u>4,327,312</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
Cash flows (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (826,499)	(1,258,524)
Acquisition of financial assets at fair value through profit or loss	(833,425)	(7,136,355)
Proceeds from disposal of financial assets at fair value through profit or loss	105,038	10,245,574
Acquisition of investments accounted for using equity method	(49,668)	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,838	-
Acquisition of property, plant and equipment	(2,809,391)	(2,433,923)
Proceeds from disposal of property, plant and equipment	2,208,725	5,821,830
Acquisition of intangible assets	(250,596)	(118,581)
Net cash flows from loss of control of subsidiary	(8,309)	(5,710)
Acquisition of investment properties	-	(345,283)
Decrease (increase) in other financial assets	172,944	(781,915)
Increase in other non-current assets	(836,384)	(1,177,205)
Net cash flows (used in) from investing activities	<u>(3,122,727)</u>	<u>2,809,908</u>
Cash flows from financing activities:		
Increase in short-term borrowings	23,164,212	6,830,904
Proceeds from long-term borrowings	18,915,930	19,473,486
Repayments of long-term borrowings	(17,172,500)	(14,470,076)
Payment of lease liabilities	(209,820)	(199,245)
(Decrease) increase in other non-current liabilities	(187,459)	175,204
Cash dividends paid	(6,636,829)	(4,663,718)
Net cash flows from financing activities	<u>17,873,534</u>	<u>7,146,555</u>
Effect of exchange rate changes on cash and cash equivalents	(387,590)	(285,147)
Net increase in cash and cash equivalents	1,836,317	13,998,628
Cash and cash equivalents at beginning of period	32,951,595	18,952,967
Cash and cash equivalents at end of period	<u>\$ 34,787,912</u>	<u>32,951,595</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

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

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

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 15, 2022.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

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

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

- (a) Statement of compliance

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

- (b) Basis of preparation

The consolidated entity, Inventec Solar Energy Corporation, resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. The financial statements were prepared on the assumption that the entity was unable to continue as a going concern and did not adopt a going concern accounting basis.

1. Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(r).

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

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

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

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

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2021	December 31, 2020	
The Company	Inventec Corporation (Hong Kong) Ltd.	Trading	100.00%	100.00%	
"	Inventec Holding (North America) Corp.	Holding Company	100.00%	100.00%	
"	Inventec (Cayman) Corp.	Holding Company	100.00%	100.00%	
"	IEC (Cayman) Corporation	Holding Company	100.00%	100.00%	
"	Inventec (Czech), s.r.o.	Production and sales of computer products	100.00%	100.00%	
"	Inventec Development Japan Corporation	Trading	100.00%	100.00%	
"	Inventec Investments Co., Ltd.	Investment company	100.00%	100.00%	
"	AIMobile Co., Ltd.	Developing, production and sales of intelligent mobile devices	73.00%	73.00%	
"	Inventec Japan Corporation	Trading and management services	100.00%	100.00%	
"	Inventec Appliances Corp.	Intelligent device products	100.00%	100.00%	
The Company, Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Sales of solar cells and medical equipment	47.65%	47.65%	Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. As of December 31, 2021, the court has not yet announced the result of the ruling.
The Company and Inventec Investments Co., Ltd.	Inventec Manufacturing (India) Private Limited	Trading	- %	100.00%	Inventec Manufacturing (India) Private Limited decided to dismiss on July 7, 2021. It is currently in liquidation process.
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	100.00%	100.00%	
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00%	100.00%	
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Sales of computer products	100.00%	100.00%	
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00%	100.00%	
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00%	100.00%	
"	Inventec (Pudong) Technology Corp.	Production and sales of computer products	100.00%	100.00%	
"	Inventec Hi-Tech Corp.	Sales of computer products	100.00%	100.00%	
"	Inventec Huan Hsin (Zhejiang) Technology Co., Ltd.	"	- %	100.00%	The cancellation of registration process was completed on January 18, 2021.
"	Inventec (Chongqing) Service Co., Ltd	"	100.00%	100.00%	
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corp.	Production and sales of computer products	100.00%	100.00%	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Leasing	78.00%	78.00%	
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management	100.00%	100.00%	
Inventec (Pudong) Technology Corp.	SQ Technology (Sanghai) Corporation	Production and sales of computer products	100.00%	- %	Inventec (Pudong) Technology Corp. invested it on January 6, 2021.

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INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2021 and 2020
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Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2021	December 31, 2020	
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Services of computer products	100.00%	100.00%	
"	Inventec Manufacturing (North America) Corporation	"	100.00%	100.00%	
"	Inventec Configuration (North America) Corporation	Production and sales of computer products	100.00%	100.00%	
"	Inventec Distribution (North America) Corporation	"	100.00%	100.00%	
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	Production and sales of computer products	100.00%	100.00%	
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00%	100.00%	
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00%	100.00%	
"	Inventec Appliances Corporation USA, Inc.	Sales service	100.00%	100.00%	
"	Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	100.00%	100.00%	
"	Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	100.00%	100.00%	
"	Inventec Appliances (Jiangning) Corp.	"	100.00%	100.00%	
"	Inventec Appliances (Nanjing) Corp.	"	100.00%	100.00%	
"	Inventec Appliances (XI'AN) Corporation	House leasing	100.00%	100.00%	
"	Inventec Appliances (Nanchang) Corporation	Development of intelligent devices	100.00%	100.00%	
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Business management	100.00%	100.00%	
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	"	100.00%	100.00%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	100.00%	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	"	100.00%	100.00%	
"	Inventec Easy Doctor Corporation	Production and sales of medical devices	100.00%	-	% Inventec Easy Doctor Corporation was established on July 1, 2021.

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

(d) Foreign currencies

1. Foreign currency transactions

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

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

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2. Foreign operations

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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(f) Cash and cash equivalents

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

(g) Financial instruments

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

1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

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5) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

The Group discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be

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reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate or a joint venture is reduced, while the entity continues to apply the equity method, the Group reclassifies the proportion of the gain or loss, that had previously been recognized in other comprehensive income relating to that reduction in ownership interest, to profit or loss.

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

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

(j) Property, plant, and equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

(k) Investment property

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

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

When investment property is reclassified to the property, plant and equipment due to change of use, reclassified at the carrying value at the time of change of use.

The estimated useful lives of investment property for current and comparative are as follows:

Buildings	25years
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(l) Leases

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

1.As a lessee

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

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

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

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

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

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

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

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

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

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

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

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As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- 4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2.As a lessor

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

(m) Intangible assets

1.Recognition and measurement

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

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

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

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

2.Subsequent expenditure

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

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3. Amortization

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

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

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

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

(n) Impairment of non-financial assets

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

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

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

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

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

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

(o) Provisions

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

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1. Warranties

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

2. Onerous contracts

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

3. The Group has periodically assessed the obligation of all litigation and claims and relative legal costs based on historical experience. If settling present obligation is probable and the amount can be reasonably estimated, the Group recognizes a provision for legal claims.

(p) Revenue from contracts with customers

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

1. Sale of goods

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

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

2. Consulting services and Management services

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

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3. Financing components

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

(q) Employee benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Termination benefits

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

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4.Short-term employee benefits

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

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

(s) Income taxes

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

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

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

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

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

(u) Operating segments

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

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation

Uncertainty

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

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

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

(a) Valuation of inventories

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

(b) The value of an entity's assets without adopting a going concern accounting basis

When the management of the consolidated entity has no intention to continue its operation, it usually disposes of the assets to recover the economic benefit. The entity's assets are assessed and measured based on the recoverable amount; however, the evaluation method involves different assumptions (including orderly transactions, sufficient time to trade, and the expected number of market participants). When the creditors exercise right of claim, the entity's assets are estimated under abnormal market condition as a result of the forced sale or rapid liquidation. The estimated amount will be different from the amount under an orderly transaction with market participants that the entity could collect to sell assets, or need to pay to transfer liabilities, less directly attributable incremental cost of disposing of assets or cash-generating units.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	\$ 6,113	7,013
Demand deposits and checking accounts	28,473,081	27,934,618
Time deposits	6,308,718	5,009,964
Cash and cash equivalents in consolidated statement of cash flows	\$ 34,787,912	32,951,595

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

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(b) Financial instruments

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

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 28,391	13,606
Foreign exchange swap	163,696	237,568
Non-derivative financial assets		
Stocks of listed companies	67,540	145,460
Emerging stock	114,198	232,340
Unquoted financial instruments	1,831,498	1,033,760
Unsecured convertible bonds	32,507	31,210
Total	\$ 2,237,830	1,693,944
	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss		
Held-for-trading financial liabilities		
Forward exchange contracts	\$ 109,891	210,598
Foreign exchange swap	2,242	39,538
Total	\$ 112,133	250,136

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

1) Financial assets:

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 814,000	USD to TWD	2022.01.13~2022.06.17
Forward	USD 235,000	USD to TWD	2022.02.09~2022.03.29

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	December 31, 2020			
	Contract Amount (in thousands)	Currency	Maturity Period	
Foreign exchange swap	USD 715,000	USD to TWD	2021.01.07~2021.06.11	
Forward	USD 214,000	USD to TWD	2021.01.06~2021.06.09	

2) Financial liabilities:

	December 31, 2021			
	Contract Amount (in thousands)	Currency	Maturity Period	
Foreign exchange swap	USD 45,000	USD to TWD	2022.03.08~2022.03.14	
Forward	USD 624,000	USD to TWD	2022.01.13~2022.06.17	

	December 31, 2020			
	Contract Amount (in thousands)	Currency	Maturity Period	
Foreign exchange swap	USD 114,000	USD to TWD	2021.01.06~2021.03.25	
Forward	USD 615,000	USD to TWD	2021.01.07~2021.06.11	
Forward	USD 28,306	USD to CNY	2021.07.05	

2. Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 1,690,042	1,496,291
Stocks of unlisted companies	4,023,869	3,567,206
Total	\$ 5,713,911	5,063,497

1) Equity investments at fair value through other comprehensive income

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

WK Technology Fund IV Crop. was liquidated on October 29, 2021. The fair value of the residual property received by the Group was \$240, resulting in the Group to realize a loss of \$1,373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

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

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

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

(c) Note and trade receivables

	December 31, 2021	December 31, 2020
Accounts receivable- non-related parties	\$ 103,899,597	91,807,993
Accounts receivable- related parties	154	75,749
Less: Loss allowance	(104,130)	(72,433)
	\$ 103,795,621	91,811,309

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income. As of December 31, 2021 and 2020, the amounts of trade receivables measured at fair value through other comprehensive income were \$4,004,719 and \$2,035,693, respectively.

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

	December 31, 2021		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 102,820,512	0%~0.5%	76,184
1 to 180 days past due	1,053,698	0.04%~10%	2,405
More than 180 days past due	25,541	0.04%~100%	25,541
	\$ 103,899,751		104,130

As of February 28, 2022, the amount received in subsequent period by the Group is \$69,609,212.

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	December 31, 2020		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 90,849,182	0%~0.5%	57,719
1 to 180 days past due	1,031,417	0.04%~10%	11,802
More than 180 days past due	3,143	0.04%~100%	2,912
	\$ 91,883,742		72,433

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

	For the years ended December 31,	
	2021	2020
Balance at January 1	\$ 72,433	102,855
Impairment losses recognized (reversed)	33,783	(29,537)
Amounts written off	(424)	(986)
Foreign exchange (losses) gains	(1,662)	101
Balance at December 31	\$ 104,130	72,433

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

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

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

(Unit: Foreign currency/TWD in Thousands)

December 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ 36,612,816	USD 1,822	USD 1,323,195	-	0.86%~1.38%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				

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December 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	<u>\$ 26,692,929 USD</u>	<u>153,413 USD</u>	<u>937,252</u>	-	0.99%~1.45%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				

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

(d) Other receivables

	December 31, 2021	December 31, 2020
Other accounts receivable—related parties	\$ 2,471	66
Other accounts receivable—non-related parties	881,627	844,375
	\$ 884,098	844,441

(e) Inventories

	December 31, 2021	December 31, 2020
Raw materials and consumables	\$ 48,722,163	28,128,939
Work in process	5,824,908	6,541,004
Finished goods	6,547,660	5,518,187
Materials and supplies in transit	1,322,625	1,228,193
	\$ 62,417,356	41,416,323

For the years ended December 31, 2021 and 2020, the write-up of inventories amounted to \$392,358 and \$204,495, respectively. When the factor causing the net realized value to be lower than the cost is disappeared due to obsolescence or disposal, the increase of the net realizable value is recognized in deduction of operating cost. For the years ended December 31, 2021 and 2020, expenses of idle capacity amounted to \$137,923 and \$177,928, respectively.

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

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(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Associates	\$ 300,127	211,643

1. Associate

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

	December 31, 2021	December 31, 2020
Individually insignificant associates	\$ 300,127	211,643

	For the years ended December 31,	
	2021	2020
The Group's share of profit (loss) of the associates		
Loss from continuing operations	\$ 38,329	(18,318)
Other comprehensive income	403	(17,285)
Total comprehensive income	\$ 38,732	(35,603)

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

2. Judgment on existence of substantial control over investee

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

(g) Loss of control over subsidiaries

Iveentec Manufacturing (India) Private Limited dismissed on July 7, 2021. It is currently in liquidation process. As a result, The Group lose control over it.

The details of assets and liabilities of the aferesaid subsidiary were as follows:

Cash and cash equipment	\$ 8,309
Notes Receivables	4,984
Other Payables	(196)
Carrying amount of net asset of the former subsidiary	\$ 13,097

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

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

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

(h) Property, plant and equipment

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

		Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Cost or deemed cost:										
Balance at January 1, 2021	\$	7,784,757	17,344,433	20,575,199	103,254	5,179,868	8,803,802	396,393	2,160,724	62,348,430
Additions		-	-	717,913	4,728	364,530	80,575	139,876	1,557,326	2,864,948
Disposals		-	(619,593)	(3,288,960)	(4,755)	(367,927)	(1,814,035)	(30,107)	-	(6,125,377)
Other		-	-	144,022	-	13,900	119,508	249,995	(481,516)	45,909
Effect of movements in exchange rates		-	(146,188)	(256,376)	(925)	(64,176)	(58,403)	(20,091)	(20,935)	(567,094)
Balance at December 31, 2021	\$	<u>7,784,757</u>	<u>16,578,652</u>	<u>17,891,798</u>	<u>102,302</u>	<u>5,126,195</u>	<u>7,131,447</u>	<u>736,066</u>	<u>3,215,599</u>	<u>58,566,816</u>
Balance at January 1, 2020	\$	7,884,298	20,800,616	24,774,688	103,832	5,325,639	10,517,913	665,838	1,851,731	71,924,555
Additions		-	3,730	928,886	261	379,645	201,185	11,323	1,019,096	2,544,126
Disposals		-	(1,934,553)	(2,728,309)	(535)	(427,344)	(1,941,375)	(2,372)	-	(7,034,488)
Other		(99,541)	(1,413,577)	(2,147,735)	-	3,293	107,073	(268,277)	(734,064)	(4,552,828)
Effect of movements in exchange rates		-	(111,783)	(252,331)	(304)	(101,365)	(80,994)	(10,119)	23,961	(532,935)
Balance at December 31, 2020	\$	<u>7,784,757</u>	<u>17,344,433</u>	<u>20,575,199</u>	<u>103,254</u>	<u>5,179,868</u>	<u>8,803,802</u>	<u>396,393</u>	<u>2,160,724</u>	<u>62,348,430</u>
Depreciation and impairment losses:										
Balance at January 1, 2021	\$	-	4,460,648	17,798,027	83,005	4,509,777	7,226,057	266,333	-	34,343,847
Depreciation for the period		-	369,522	944,240	10,402	371,511	330,684	51,817	-	2,078,176
Disposals		-	(293,181)	(3,194,065)	(4,495)	(350,395)	(1,564,122)	(23,708)	-	(5,429,966)
Impairment loss		-	-	135,914	129	-	409,832	785	-	546,660
Other		-	-	-	-	2,070	-	-	-	2,070
Effect of movements in exchange rates		-	(38,979)	(272,946)	(682)	(51,171)	(67,103)	(9,581)	-	(440,462)
Balance at December 31, 2021	\$	<u>-</u>	<u>4,498,010</u>	<u>15,411,170</u>	<u>88,359</u>	<u>4,481,792</u>	<u>6,335,348</u>	<u>285,646</u>	<u>-</u>	<u>31,100,325</u>

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	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Balance at January 1, 2020	\$ 10,231	6,653,767	20,714,397	71,883	4,683,815	8,540,656	520,348	-	41,195,097
Depreciation for the period	-	390,371	1,248,589	11,787	379,979	527,463	46,496	-	2,604,685
Disposals	-	(1,357,351)	(2,426,248)	(535)	(455,805)	(1,902,176)	(2,043)	-	(6,144,158)
Impairment loss	-	-	800,125	-	-	149,690	-	-	949,815
Other	(10,231)	(1,199,936)	(2,338,422)	-	(16,142)	(13,414)	(6,996)	-	(3,585,141)
Effect of movements in exchange rates	-	(26,203)	(200,414)	(130)	(82,070)	(76,162)	(291,472)	-	(676,451)
Balance at December 31, 2020	<u>\$ -</u>	<u>4,460,648</u>	<u>17,798,027</u>	<u>83,005</u>	<u>4,509,777</u>	<u>7,226,057</u>	<u>266,333</u>	<u>-</u>	<u>34,343,847</u>
Carrying amounts:									
Balance at December 31, 2021	<u>\$ 7,784,757</u>	<u>12,080,642</u>	<u>2,480,628</u>	<u>13,943</u>	<u>644,403</u>	<u>796,099</u>	<u>450,420</u>	<u>3,215,599</u>	<u>27,466,491</u>
Balance at January 1, 2020	<u>\$ 7,874,067</u>	<u>14,146,849</u>	<u>4,060,291</u>	<u>31,949</u>	<u>641,824</u>	<u>1,977,257</u>	<u>145,490</u>	<u>1,851,731</u>	<u>30,729,458</u>
Balance at December 31, 2020	<u>\$ 7,784,757</u>	<u>12,883,785</u>	<u>2,777,172</u>	<u>20,249</u>	<u>670,091</u>	<u>1,577,745</u>	<u>130,060</u>	<u>2,160,724</u>	<u>28,004,583</u>

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

The subsidiary of the Group, Inventec Solar Energy Corporation., resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. Since most creditors have obtained a ground of execution, the subsidiary's assets are measured in recoverable amounts considering that may force disposal. The impairment loss of \$546,660 had been recognized in the consolidated statements of comprehensive income.

The recoverable amount is based on a comprehensive analysis, which mainly relied on the cost method supplemented by the market value method and is classified as Level 3 fair value. The adjustment of residual value is analyzed by the utilization rate, physical life, economic life, and technical life of the equipment. In addition, the present value of the equipment is assumed to be reasonable based on the actual condition, availability, and market value of the equipment and considered the original acquisition information and the similar machine in the market.

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

Inventec (Pudong) Technology Corp. disposed its plant and property on April 27, 2021. For related information, please refer to Note 13 of the consolidated financial statement for the year ended December 31, 2021.

Inventec Hi-Tech Corp. disposed its plant and property on April 27, 2021. For related information, please refer to Note 13 of the consolidated financial statement for the year ended December 31, 2021.

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

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(i) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Others</u>	<u>Total</u>
Cost:					
Balance at January 1, 2021	\$ 2,501,251	1,372,877	15,351	620	3,890,099
Additions	160	179,107	5,546	1,152	185,965
Reductions	(57,267)	-	(4,350)	-	(61,617)
Effect of changes in foreign exchange rates	(32,868)	(82,307)	(74)	(26)	(115,275)
Balance at December 31, 2021	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Balance at January 1, 2020	\$ 2,594,248	1,199,936	15,368	5,087	3,814,639
Additions	4,427	96,228	3,193	-	103,848
Reductions	(188,602)	(17,578)	(181)	(4,432)	(210,793)
Others	76,078	103,651	(2,914)	-	176,815
Effect of changes in foreign exchange rates	15,100	(9,360)	(115)	(35)	5,590
Balance at December 31, 2020	\$ 2,501,251	1,372,877	15,351	620	3,890,099
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 115,716	360,840	9,042	610	486,208
Depreciation for the year	67,751	209,752	5,184	350	283,037
Reductions	(2,971)	-	(4,331)	-	(7,302)
Effect of changes in foreign exchange rates	(4,377)	(20,333)	(44)	(20)	(24,774)
Balance at December 31, 2021	\$ 176,119	550,259	9,851	940	737,169
Balance at January 1, 2020	\$ 87,481	174,934	4,658	1,440	268,513
Depreciation for the year	70,875	207,032	5,682	1,062	284,651
Reductions	(32,698)	(16,597)	(181)	(1,862)	(51,338)
Others	(10,768)	-	(1,053)	-	(11,821)
Effect of changes in foreign exchange rates	826	(4,529)	(64)	(30)	(3,797)
Balance at December 31, 2020	\$ 115,716	360,840	9,042	610	486,208
Carrying amounts:					
Balance at December 31, 2021	\$ 2,235,157	919,418	6,622	806	3,162,003
Balance at January 1, 2020	\$ 2,506,767	1,025,002	10,710	3,647	3,546,126
Balance at December 31, 2020	\$ 2,385,535	1,012,037	6,309	10	3,403,891

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(j) Investment property

	<u>Building and construction</u>
Cost or deemed cost:	
Balance at January 1, 2021	\$ -
Balance at December 31, 2021	<u>\$ -</u>
Balance at January 1, 2020	\$ 1,569,906
Reclassification	<u>(1,569,906)</u>
Balance at December 31, 2020	<u>\$ -</u>
Depreciation and impairment losses:	
Balance at January 1, 2021	\$ -
Balance at December 31, 2021	<u>\$ -</u>
Balance at January 1, 2020	\$ 876,591
Depreciation for the period	12,262
Impairment loss	<u>(888,853)</u>
Balance at December 31, 2020	<u>\$ -</u>
Carrying amounts:	
Balance at December 31, 2021	<u>\$ -</u>
Balance at January 1, 2020	<u>\$ 693,315</u>
Balance at December 31, 2020	<u>\$ -</u>
Fair value:	
Balance at December 31, 2021	<u>\$ -</u>
Balance at December 31, 2020	<u>\$ -</u>

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

In order to facilitate the future sale of the factory and owned buildings in Annan District, 2nd Rd. through deducting the land price by the rent paid, E-ton resolved to apply for the purchase of land No. 455 and 455-1 in the Science and Technology Section of Annan District. E-ton obtained the approval letter from the Industrial Development Bureau on January 3, 2020, at a price of \$687,108, resulting in the payable to be \$327,587 after deducting the rent paid and security deposit. E-ton entered into an agreement with its related party on January 31, 2020 and borrowed the amount of \$190,000 for land purchase on February 4, 2020. The Group has loss control over E-ton on March 26, 2020, therefore all investment properties are eliminated.

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(k) Intangible assets

	<u>Goodwill</u>	<u>Patent and trademark right</u>	<u>Software cost</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 980,719	-	1,173,014	2,153,733
Additions	-	-	250,596	250,596
Disposals	-	-	(119,804)	(119,804)
Effect of movements in exchange rate	-	-	(27)	(27)
Balance at December 31, 2021	\$ 980,719	-	1,303,779	2,284,498
Balance at January 1, 2020	\$ 980,719	456	1,122,935	2,104,110
Additions	-	-	118,581	118,581
Other	-	-	(68,586)	(68,586)
Disposals	-	(456)	-	(456)
Effect of movements in exchange rate	-	-	84	84
Balance at December 31, 2020	\$ 980,719	-	1,173,014	2,153,733
Amortization and impairment losses:				
Balance at January 1, 2021	\$ 172,299	-	1,105,633	1,277,932
Amortization for the period	-	-	158,952	158,952
Disposals	-	-	(119,804)	(119,804)
Effect of movements in exchange rate	-	-	(33)	(33)
Balance at December 31, 2021	\$ 172,299	-	1,144,748	1,317,047
Balance at January 1, 2020	\$ 172,299	456	1,050,581	1,223,336
Amortization for the period	-	-	123,559	123,559
Other	-	-	(68,586)	(68,586)
Disposals	-	(456)	-	(456)
Effect of movements in exchange rate	-	-	79	79
Balance at December 31, 2020	\$ 172,299	-	1,105,633	1,277,932
Carrying amounts:				
Balance at December 31, 2021	\$ 808,420	-	159,031	967,451
Balance at January 1, 2020	\$ 808,420	-	72,354	880,774
Balance at December 31, 2020	\$ 808,420	-	67,381	875,801

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

	For the years ended December 31,	
	2021	2020
Operating costs	\$ 6,649	7,466
Operating expenses	152,303	116,093
Total	\$ 158,952	123,559

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

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

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

	December 31, 2021	December 31, 2020
Refundable deposits	\$ 370,203	69,662
Prepayments to suppliers	44,445	21,581
Restricted assets	695,032	1,127,892
Payments on behalf of others	456,626	2,511,971
Deferred tax assets	1,659,287	1,767,526
Others	2,657,029	2,385,778
	\$ 5,882,622	7,884,410

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

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

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

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

	December 31, 2021	December 31, 2020
Provisions - Current	\$ 3,654,637	3,255,201
Temporary credits	6,120,642	5,452,614
Receipts under custody	2,384,309	3,027,071
Deferred tax liabilities	5,842,187	4,916,698
Others	534,000	445,585
	\$ 18,535,775	17,097,169

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(n) Long-term and short-term borrowings

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

December 31, 2021				
	Interest Rate	Currenc	Maturity Date	Amount
		<u>y</u>		
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 2,750,000
		CNY	2024.02.14	1,340,708
Unsecured bank loans	0.35%~6.07%	TWD	2021.11.30~2022.03.31	14,240,682
		USD	2021.11.30~2022.06.08	45,230,602
		EUR	2021.11.30	2,071
		CNY	2022.02.17~2022.03.07	2,169,454
Total				<u>\$ 65,733,517</u>
Current				\$ 61,942,809
Non-current				3,790,708
Total				<u>\$ 65,733,517</u>
Unused credit line				<u>\$ 53,788,358</u>
December 31, 2020				
	Interest Rate	Currenc	Maturity Date	Amount
		<u>y</u>		
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 3,050,000
		CNY	2024.02.14	544,825
Unsecured bank loans	0.48%~2.90%	TWD	2021.01.06~2021.05.31	9,320,106
		USD	2021.01.06~2022.10.14	28,293,818
		EUR	2021.05.31	3,575
Total				<u>\$ 41,212,324</u>
Current				\$ 32,221,499
Non-current				8,990,825
Total				<u>\$ 41,212,324</u>
Unused credit line				<u>\$ 70,541,804</u>

1. Please refer to Note 8 for details of the related assets pledged as collateral. Part of bank loans were pledged by machine as secondary collateral.

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2. Important borrowing restrictions

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

3. Others

Due to insolvency, Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. When the court grants the bankruptcy ruling, Inventec Solar Energy Corporation will start the legal procedures of bankruptcy. After the bank allocated the remaining balance offset by the related expenses, interests, and principles, Inventec Solar Energy Corporation recognized the borrowing as short-term and long-term loans within a year or a business cycle since the company borrowings have defaulted. Please refer to note 9 for details of the payment orders of each bank.

(n) Lease liabilities

The Group lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	<u>\$ 182,996</u>	<u>216,479</u>
Non-current	<u>\$ 693,497</u>	<u>748,035</u>

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2021	2020
Interests on lease liabilities	<u>\$ 26,038</u>	<u>29,006</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 39,988</u>	<u>44,532</u>
Expenses relating to short-term leases	<u>\$ 12,943</u>	<u>29,999</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 20,402</u>	<u>52,154</u>
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	<u>\$ 1,029</u>	<u>6,203</u>

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

	For the years ended December 31	
	2021	2020
Total cash outflow for leases	\$ 309,191	354,936

1. Real estate leases

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

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

2. Other leases

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

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

(p) Operating Leases

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

	December 31, 2021	December 31, 2020
Less than one year	\$ 191,230	189,758
One to two years	99,428	134,695
Two to three years	40,872	85,784
Three to four years	37,037	37,709
Four to five years	9,118	34,271
More than five years	269	8,649
Total undiscounted lease payments	\$ 377,954	490,866

The rental revenues incurred by leasing plants were \$244,350 and \$246,232 for the years ended December 31, 2021 and 2020, respectively.

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(q) Employee benefits

1. Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 1,721,329	1,768,018
Fair value of plan assets	(1,235,817)	(1,192,773)
Net defined benefit liabilities	\$ 485,512	575,245

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement. As of December 31, 2021 and 2020, the defined benefit plans amounted to \$104,407 and \$80,926, respectively, which were accounted as other current assets.

1) Composition of plan assets

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

The Group's pension reserve account in Bank of Taiwan amounted to \$1,235,817 at the end of December 31, 2021. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group on 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Defined benefit obligation at January 1	\$ 1,768,018	1,736,857
Current service costs and interest	21,191	26,212
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demographic assumption	43,068	-
— Experience adjustments arising on the actuarial gain or loss	(26,660)	47,255
— Actuarial loss (gain) arising from changes in financial assumptions	(20,091)	43,393
Benefits paid by the plan assets	(64,198)	(85,189)
Settlement	-	(510)
Defined benefit obligation at December 31	\$ 1,721,328	1,768,018

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group on 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Fair value of plan assets at January 1	\$ 1,192,773	1,155,255
Interest income	6,164	8,910
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	15,165	36,920
Contributions made	85,913	85,974
Benefits paid by the plan assets	(64,198)	(85,189)
Settlement	-	(9,097)
Fair value of plan assets at December 31	\$ 1,235,817	1,192,773

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group on 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
Current service costs	\$ 12,368	13,202
Net interest of net liabilities for defined benefit obligations	2,659	4,100
	\$ 15,027	17,302
Operating cost	\$ 1,426	1,757
Selling expenses	1,767	1,907
Administration expenses	3,788	4,367
Research and development expenses	8,046	9,271
	\$ 15,027	17,302

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

Present Value of defined benefit obligations:

	December 31, 2021	December 31, 2020
Discount rate	0.63%%	0.50%%
Future salary increases rate	1.63%~2.00%	1.63%~2.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date was \$87,186.

The weighted-average duration of the defined benefit obligation is 7.7~11.2 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2021 and 2020 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(40,012)	41,453
Future salary increasing rate	40,269	(39,074)

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	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate	(43,393)	45,029
Future salary increasing rate	43,681	(42,320)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

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

The pension costs incurred from the contributions to the to the Bureau of the Labour Insurance amounted to \$256,266 and \$256,097 for the years ended December 31, 2021 and 2020, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$828,669 and \$756,918 for the years ended December 31, 2021 and 2020, respectively.

(r) Income taxes

1. The details of income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current tax expenses		
Current period	905,068	1,588,272
Other	208,859	816,680
Adjustment for prior periods	(385,611)	(114,742)
	728,316	2,290,210
Deferred tax expense		
Origination and reversal of temporary differences	926,616	1,303,593
Change in unrecognized deductible temporary differences	97,159	178,946
Recognition of previously unrecognized tax losses	-	(22)
	1,023,775	1,482,517
Income tax expense from continuing operations	1,752,091	3,772,727

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The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

	For the years ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (3,769)	10,746

Reconciliations between profit before tax and income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	2020
profit before tax	\$ 7,699,184	10,345,705
Income tax using the Company' s domestic tax rate	2,217,919	3,592,046
Permanent differences	(274,830)	(202,801)
Tax-exempt income	(10,635)	(7,272)
Tax incentives	(152,900)	(86,797)
Current-year losses for which no deferred tax asset was recognized	82,357	199,760
Changes in unrecognized temporary differences	95,792	881,345
(Over) under provision in prior periods	(385,611)	(114,742)
(Over) under provision of temporary differences	(16,472)	334,433
Undistributed earnings additional tax	-	3,865
Other	281,906	180,718
Effect of loss carry forward	(85,435)	(1,007,828)
Income tax expense	\$ 1,752,091	3,772,727

2. Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Assets

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

	December 31,	December 31,
	2021	2020
Tax effect of deductible Temporary Differences	\$ 1,423,064	1,117,423
The carryforward of unused tax losses	1,100,822	774,311
	\$ 2,523,886	1,891,734

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

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

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

As of December 31, 2021 and 2020, the Group estimated that the part of the temporary differences have slight chance to realize in the visible future, so they were not recognized as deferred tax assets.

Each company is taxed in accordance with the income tax law of their respective jurisdiction. Unused operating loss carry-forwards can be applied to offset against profit in the future after being examined by the Tax Authority. As of December 31, 2021, the company that have loss carry forwards which can be used to offset profit were as follow. Among the taxable losses, \$0 were recognized as deferred tax assets.

As of December 31, 2021, the Group did not recognized its prior years' loss carry-forwards as deferred tax assets, whose expiry years were as follows:

	Unused loss	Expiry year
The carryforward of unused losses	\$ 4,723,443	2022~2031

Due to the unstable economic environment recovery, the realizability of tax assets of the tax losses, which amounted to \$4,723,443, is doubtful. Therefore, the Group has recognized the partial tax losses as deferred tax assets. If the sales grow continuously, the Group would recognize the aforementioned tax losses in the future and generate the additional tax benefits.

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2) Recognized Deferred Tax Assets and Liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Gain (loss) on investment	Other	Total
Deferred Tax Liabilities:			
Balance at January 1, 2021	\$ 4,886,835	29,863	4,916,698
Recognized in profit or loss	872,859	52,630	925,489
Balance at December 31, 2021	\$ 5,759,694	82,493	5,842,187
Balance at January 1, 2020	\$ 3,320,241	8,375	3,328,616
Recognized in profit or loss	1,566,594	21,488	1,588,082
Balance at December 31, 2020	\$ 4,886,835	29,863	4,916,698

	Warranty expense	Defined Benefit Plans	Others	Total
Deferred Tax Assets:				
Balance at January 1, 2021	\$ 896,514	74,819	796,193	1,767,526
Recognized in profit or loss	25,710	(10,040)	(113,956)	(98,286)
Recognized in other comprehensive income	-	(3,769)	-	(3,769)
Effect of movements in exchange rate	-	-	(6,184)	(6,184)
Balance at December 31, 2021	\$ 922,224	61,010	676,053	1,659,287
Balance at January 1, 2020	\$ 846,426	73,545	733,177	1,653,148
Recognized in profit or loss	50,088	(9,472)	64,949	105,565
Recognized in other comprehensive income	-	10,746	-	10,746
Effect of movements in exchange rate	-	-	(1,933)	(1,933)
Balance at December 31, 2020	\$ 896,514	74,819	796,193	1,767,526

3. Income Tax approval

The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

4. Business income tax administrative remedies

The Group adopted the transfer pricing method on income tax declaration from year 2013 to 2015. As the calculation had a conflict with the opinion of the tax authority, the Group applied for administrative relief after paying the approved additional tax. The administrative appeal and litigation procedures are in progress.

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(s) Capital and other equity

As of December 31, 2021 and 2020, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital	\$ 2,891,959	2,891,959
Other	7,633	7,325
	\$ 2,899,592	2,899,284

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

2. Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors, should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; then such distribution shall be submitted to the shareholder's meeting.

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1) Legal reserve

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

2) Special reserve

In accordance by the Financial Supervisory Commission a special reserve equal to the contra account of other shareholders' equity is appropriated from the current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

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

	2020		2019	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.85	6,636,829	1.30	4,663,718

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

On March 15, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings as follows:

	2021	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 1.40	5,022,465

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests
Balance at January 1, 2021	\$ (2,467,365)	565,440	(93,916)
Exchange differences on foreign operations	(572,517)	-	(2,136)
Exchange differences on subsidiaries accounted for using equity method	2,914	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(242,078)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(2,365)	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373	-
Profit attributable to non-controlling interest	-	-	(590,672)
Others	-	-	114
Balance at December 31, 2021	<u>\$ (3,036,968)</u>	<u>322,370</u>	<u>(686,610)</u>
Balance at January 1, 2020	(2,005,134)	183,129	1,700,080
Exchange differences on foreign operations	(461,592)	-	4,275
Exchange differences on subsidiaries accounted for using equity method	(639)	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	365,376	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(16,523)	-
Disposal of investments in equity	-	19,258	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	14,200	-
Profit attributable to non-controlling interest	-	-	(975,007)
Others (Note)	-	-	(823,264)
Balance at December 31, 2020	<u>\$ (2,467,365)</u>	<u>565,440</u>	<u>(93,916)</u>

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

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(t) Share-Based payments

1. AIMobile Co. Ltd

As of December 31, 2021, share-based payments of AIMobile Co. Ltd are as follows:

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

1) Determining the fair value of equity instruments granted

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

	<u>2021</u> <u>Employee Stock</u> <u>Option Plan</u>
Fair value at grant date	2.28 / 2.77 / 3.29
Share price at grant date	10.4
Exercise price	10
Expected volatility(%)	30.971% / 34.193% / 36.901%
Expected life of the option (year)	2.60 / 3.30 / 4.15
Expected dividend yield rate	-%
Risk free interest rate (%)	0.574% / 0.597% / 0.621%

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

2) Expenses and liabilities resulted from share-based payments

As of December 31, 2021 and 2020, expense and liability resulted from share-based payments are accounted as follow:

	<u>2021</u>	<u>2020</u>
Expenses resulting from granted employee stock option	<u>\$ 422</u>	<u>1,235</u>

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(u) Earnings per share

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

	For the years ended December 31	
	2021	2020
Basic earnings per share:		
Profit attributable to ordinary shareholders	\$ 6,537,765	7,547,985
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Basic earnings per share (NT dollars)	\$ 1.82	2.10
Diluted earnings per share:		
Profit attributable to ordinary shareholders (diluted)	\$ 6,537,765	7,547,985
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	28,459	32,907
Weighted average number of ordinary shares (diluted)	3,615,934	3,620,382
Diluted earnings per share (NT dollars)	\$ 1.81	2.08

(v) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31, 2021		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 51,514,149	297	51,514,446
USA	355,513,671	11,116	355,524,787
Japan	4,319,623	-	4,319,623
Hong Kong, Macao and Mainland China	64,395,784	-	64,395,784
Other countries	43,977,408	-	43,977,408
	\$ 519,720,635	11,413	519,732,048
Major products			
Computer products	\$ 518,945,327	-	518,945,327
Services	775,308	-	775,308
Others	-	11,413	11,413
	\$ 519,720,635	11,413	519,732,048

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	For the years ended December 31, 2020		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 32,249,613	767,482	33,017,095
USA	345,570,121	104,146	345,674,267
Japan	7,723,625	-	7,723,625
Hong Kong, Macao and Mainland China	68,334,265	212,354	68,546,619
Other countries	53,236,397	96,195	53,332,592
	\$ 507,114,021	1,180,177	508,294,198

Major products			
Computer products	\$ 506,413,658	-	506,413,658
Services	700,363	-	700,363
Others	-	1,180,177	1,180,177
	\$ 507,114,021	1,180,177	508,294,198

2. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and Accounts receivable (included related parties)	\$ 103,899,751	91,883,742	88,594,198
Less: Loss allowance	(104,130)	(72,433)	(102,855)
Total	\$ 103,795,621	91,811,309	88,491,343
Contract liabilities	\$ 7,562,873	7,828,232	6,449,213

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

The amount of revenue recognized for the years ended December 31, 2021 and 2020 were \$3,118,347 and \$7,431,819, respectively.

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

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(w) Remunerations of employees and directors

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

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

The remuneration of employees amounted to \$558,931 and \$675,529 and the remuneration of directors amounted to \$83,422 and \$123,674 for the years ended December 31, 2021 and 2020, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2021 and 2020. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2021 and 2020 and the amounts stated in the individual reports.

(x) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2021	2020
Interest income from bank deposits	\$ 1,075,960	1,186,629

2. Other income

The details of other income were as follows:

	For the years ended December 31	
	2021	2020
Rent income	\$ 244,350	246,232
Dividend income	133,902	30,069
	\$ 378,252	276,301

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3. Other gains and losses

The details of other income and losses were as follows:

	For the years ended December 31	
	2021	2020
Foreign exchange losses	\$ (351,570)	(461,964)
(Losses) gains on disposal of investments	(47,269)	24,435
Net gains on financial assets (liabilities) measured at fair value through profit or loss	1,032,208	1,114,261
Gains (losses) on disposal of property, plant and equipment	1,458,999	4,773,910
Impairment losses on property, plant and equipment	(546,660)	(949,815)
Other impairment losses	(4,043)	(2,407)
Others	678,781	1,015,831
	\$ 2,220,446	5,514,251

4. Finance costs

The details of finance expenses were as follows:

	For the years ended December 31	
	2021	2020
Interest expenses		
Bank borrowings	\$ 455,843	609,087
Others	282,594	445,157
	\$ 738,437	1,054,244

(y) Financial instruments

1. Credit risks

1) Credit risks exposure

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

2) Condition of credit risk concentration

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

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

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

As of December 31, 2021 and 2020, 60% and 63% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

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

	Carrying amounts	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,090,708	4,393,692	201,243	199,555	398,544	2,312,741	1,281,609
Unsecured bank loans	61,642,809	61,728,151	61,728,151	-	-	-	-
Accounts payable	84,907,477	84,907,477	84,907,477	-	-	-	-
Other payables	10,524,706	10,524,706	10,524,706	-	-	-	-
Lease liabilities	876,493	955,665	103,414	101,797	187,361	375,356	187,737
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	\$ 162,154,326	162,397,558	157,352,858	301,352	585,905	2,688,097	1,469,346
December 31, 2020							
Non-derivative financial liabilities							
Secured bank loans	\$ 3,594,825	3,871,406	182,167	181,354	447,247	1,462,220	1,598,418
Unsecured bank loans	37,617,499	39,026,892	33,256,306	29,234	5,741,352	-	-
Accounts payable	74,370,226	74,370,226	74,370,226	-	-	-	-
Other payables	11,595,245	11,595,245	11,595,245	-	-	-	-
Lease liabilities	964,514	1,100,855	115,403	134,958	171,981	394,867	283,646
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	210,598	(18,092,129)	(18,092,129)	-	-	-	-
Inflow	-	17,881,531	17,881,531	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	39,538	(3,209,668)	(3,209,668)	-	-	-	-
Inflow	-	3,170,130	3,170,130	-	-	-	-
	\$ 128,392,445	129,714,488	119,269,211	345,546	6,360,580	1,857,087	1,882,064

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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risks

1) Exposure to currency risks

The Group's significant exposure to foreign currency risks from its foreign currency denominated financial assets and liabilities was as follows:

		December 31, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,675,602	USD : TWD 27.67	184,713,907
		549,375	USD : CNY 6.38	15,201,206
		119,462	USD : CZK 21.94	3,305,514
CNY		1,192,315	CNY : USD 0.16	5,174,528
JPY		5,855	JPY : TWD 0.24	1,396
<u>Non-monetary items</u>				
USD		68,148	USD : TWD 27.67	1,885,659
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		5,699,357	USD : TWD 27.67	157,701,208
		1,158,418	USD : CNY 6.38	32,053,426
		132,624	USD : CZK 21.94	3,669,706
CNY		735,012	CNY : USD 0.16	3,189,879

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		December 31, 2020			
		Foreign currency (In thousand)	Exchange rate		TWD
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	5,480,099	USD : TWD	28.48	156,073,220
		433,993	USD : CNY	6.52	12,360,121
		317,555	USD : CZK	21.38	9,043,960
CNY		3,553,701	CNY : USD	0.15	15,511,194
JPY		7,167	JPY : TWD	0.27	1,935
<u>Non-monetary items</u>					
USD		57,844	USD : TWD	28.48	1,647,427
<u>Financial Liabilities</u>					
<u>Monetary items</u>					
USD		4,480,491	USD : TWD	28.48	127,604,384
		242,494	USD : CNY	6.52	6,906,229
		396,525	USD : CZK	21.38	11,293,032
CNY		345,548	CNY : USD	0.15	1,508,248

2) Sensitivity analysis

The Group's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$53,011 and \$179,933, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on foreign exchange

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, the foreign exchange loss, including realized and unrealized, amounted to \$351,570 and \$461,964, respectively.

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4. Interest rate analysis

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

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

If the interest rate increases or decreases by 0.5%, the Group's profit will decrease or increase by \$11,000 and \$12,200 for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate in borrowings and time deposits.

5. Fair value of financial instruments

1) Fair value hierarchy

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

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

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

	December 31, 2021				Total
	Book Value	Fair Value			
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 192,087	-	192,087	-	192,087
Non-derivative financial assets mandatorily measured at fair value through profit or loss	2,045,743	181,738	-	1,864,005	2,045,743
Subtotal	2,237,830	181,738	192,087	1,864,005	2,237,830

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	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	32,951,595	-	-	-	-
Accounts receivable and other receivables	92,655,750	-	-	-	-
Subtotal	125,607,345	-	-	-	-
Total	<u>\$ 132,364,786</u>	<u>1,798,269</u>	<u>326,996</u>	<u>4,632,176</u>	<u>6,757,441</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 250,136	-	250,136	-	250,136
Financial liabilities measured at amortized cost					
Bank loans	41,212,324	-	-	-	-
Account payable	74,370,226	-	-	-	-
Other payable	11,595,245	-	-	-	-
Lease liabilities	964,514	-	-	-	-
Subtotal	128,142,309	-	-	-	-
Total	<u>\$ 128,392,445</u>	<u>-</u>	<u>250,136</u>	<u>-</u>	<u>250,136</u>

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

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

(2.1) Non-derivative financial instruments

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

(2.2) Derivative financial instruments

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

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3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2021.

As of May 29, 2020, Entire Technology Co., Ltd. listed its equity shares on Taiwan Stock Exchange, and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy as of June 30, 2020.

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

	At fair value through profit or loss	Fair value through other comprehensive income
Balance as of January 1, 2021	\$ 1,064,970	3,567,207
Total gains and losses recognized in		
Profit or loss	70,628	-
Other comprehensive income	-	(289,028)
Purchase	833,425	752,249
Disposals	(103,824)	(240)
Proceeds from capital reduction	-	(4,838)
Effect of movements in exchange rates	(1,194)	(1,481)
Balance as of December 31, 2021	\$ 1,864,005	4,023,869
Balance as of January 1, 2020	\$ 3,717,254	2,114,517
Total gains and losses recognized in		
Profit or loss	78,434	-
Other comprehensive income	-	206,885
Purchase	7,617,410	1,258,524
Disposals	(10,159,972)	(14,150)
Transfers out of Level 3	(74,980)	-
Effect of movements in exchange rates	(113,176)	1,431
Balance as of December 31, 2020	\$ 1,064,970	3,567,207

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For the years ended December 31, 2021 and 2020, the total gains and losses included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the years ended December 31,	
	2021	2020
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 69,414	(5,737)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(289,023)	206,885

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

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

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through profit or loss—financial instruments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Discounted Rate (2.40%~3.60% on December 31, 2021 and 3.20% on December 31, 2020) 	<ul style="list-style-type: none"> • The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • Not applicable
Financial assets at fair value through profit or loss—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (1.37~2.58) • Discount due to Lack of Market liquidity (30%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • Market Multiple (0.58~5.09) • Discount due to Lack of Market liquidity (30%~45%) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income—equity instruments investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> • Net Asset Value 	<ul style="list-style-type: none"> • Not applicable

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

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2021						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 6,674	(6,674)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	20,087	(20,087)
December 31, 2020						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 13,709	(13,709)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	17,790	(17,790)

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

6. Offsetting financial assets and financial liabilities

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

The Group also performs transactions not compliance with offsetting term of statement, but the Group has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

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

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December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 391,122,834	390,805,219	317,615	-	-	317,615
Derivative financial instruments	103,916	-	103,916	-	-	103,916
Total	\$ 391,226,750	390,805,219	421,531	-	-	421,531

December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 109,968	-	109,968	-	-	109,968

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 390,039,674	389,593,639	446,035	-	-	446,035
Derivative financial instruments	72,194	-	72,194	-	-	72,194
Total	\$ 390,111,868	389,593,639	518,229	-	-	518,229

December 31, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 182,068	-	182,068	-	-	182,068

Note: Master netting arrangements are included.

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(z) Financial risk management

1. Overview

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

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

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

2. Risk management framework

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

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

3. Credit risk

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

4. Liquidity risk

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

The Group use actual cost to estimate the cost of its products and services to better assist the Group's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2021, the capital and working funds of the Group are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$53,778,358 and \$70,541,804, respectively.

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5. Market risk

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

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

1) Currency risk

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

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

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

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

2) Interest rate risk

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

(aa) Capital Management

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

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

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

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

	December 31, 2021	December 31, 2020
Total Liabilities	\$ 191,217,328	156,270,694
Less: cash and cash equivalents	(34,787,912)	(32,951,595)
Net debt	\$ 156,429,416	123,319,099
Total Equity	\$ 56,398,094	57,890,743
Adjusted Capital	\$ 56,398,094	57,890,743
Debt to capital ratio	277.37%	213.02%

According to the Company's management, there were no changes in the Group's approach to capital management as of December 31, 2021.

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

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

1. For right-of-use assets under leases, please refer to Note 6(i).
2. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,990,825	2,043,430	(7,217,500)	(26,047)	3,790,708
Short-term borrowings (including current portion of long-term borrowings)	32,221,499	22,864,212	7,217,500	(360,402)	61,942,809
Lease liabilities (Note)	964,514	(209,820)	185,965	(64,166)	876,493
Total liabilities from financing activities	\$ 42,176,838	24,697,822	185,965	(450,615)	66,610,010

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

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

(7) Related Parties Transactions

(a) Names and relationships with related parties

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

Names of related party	Relationships with the Group
Inventec Besta Co., Ltd.	Associates
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of associates
Gainia Intellectual Asset Services, Inc.	Associates
Good Future Biomedical Technology Corp.	Associates
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Kou-I Yeh	Director of the Board of the Company
Ching-Sung Chang	Director of the Board of the Company

(b) Significant transactions with related parties

1. Sale revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 60,419	88,274
Other related parties	1,546	310
	<u>\$ 61,965</u>	<u>88,584</u>

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

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2. Purchase

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

	For the years ended December 31	
	2021	2020
Associates	\$ 811	6,672

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

3. Accounts receivable from related parties

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

Account	Related Party Categories	December 31, 2021	December 31, 2020
Accounts receivable	Associates	\$ 154	75,749
Other receivables	Associates	2,471	66
		\$ 2,625	75,815

4. Accounts payable to related parties

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

Account	Related Party Categories	December 31, 2021	December 31, 2020
Accounts payable	Associates	\$ -	678
Other payables	Associates	2,816	1,046
"	Other related parties	300,000	300,000
		\$ 302,816	301,724

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

5. Property transactions

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

For the years ended December 31, 2021 and 2020, the Group purchased equipment, intangible assets and other assets from Inventec Besta Co., Ltd. and paid the amount of \$10,390 and \$12,620, respectively.

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2) In 1999, the Group sold property, deferred assets, assets stated under expense, and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2021 and 2020, the unrealized other revenues are both \$1,211.

3) Disposal of property, plant, equipment, intangible assets and other assets

For the year ended December 31, 2021, the Group sold its other assets to Inventec Besta Co., LTD. with a total price and gain on disposal amounted to \$1,060 thousand.

6. Others

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

	For the years ended December 31	
	2021	2020
Associates	\$ 6,003	6,206

2) Donations to other related parties were as follows:

	For the years ended December 31	
	2021	2020
Other related parties	\$ 10,000	10,000

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

	For the years ended December 31	
	2021	2020
Associates	\$ 3,125	3,935

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	\$ 444,314	494,902
Post-employment benefit	7,218	6,192
	\$ 451,532	501,094

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(8) Pledged Assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 370,203	69,662
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	695,032	1,127,892
Land, buildings, structures, machinery and equipment (Property, plant and equipment and right-of-use assets)	Current portion long-term borrowings, as well as long-term borrowings and credit line	8,945,371	8,438,458
Total		<u>\$ 10,010,606</u>	<u>9,636,012</u>

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Unused standby letters of credit were as follows:

	December 31, 2021	December 31, 2020
EUR	\$ -	360
USD	-	56
TWD	-	25,345

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

	December 31, 2021	December 31, 2020
TWD	\$ 22,120,465	21,940,262
USD	1,813,400	1,776,400

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(b) Payment orders and other significant disclosures

1. On December 13, 2021, Inventec Solar Energy Corporation received a civil ruling from the Taiwan Taipei District Court. On June 28, 2021, Inventec Solar Energy Corporation was ordered to pay Mega International Commercial Bank Co., Ltd. ("Mega Bank") TWD 603,670 with interest of promissory note in the amount of TWD 609,000, issued by Inventec Solar Energy Corporation. On January 5, 2022, Inventec Solar Energy Corporation sent a letter to Mega Bank indicating that Mega Bank had allocated proportionally the remaining balance of the working capital supervisory special account held by Inventec Solar Energy Corporation to each creditor bank. The amount distributed to Mega Bank was TWD 22,553. Accordingly, the claim amount of Mega Bank should be reduced to TWD 581,117 instead of the amount set out in the promissory note ruling.
2. On December 24, 2021, Inventec Solar Energy Corporation received a civil payment order from the Taiwan Taoyuan District Court. Inventec Solar Energy Corporation was requested to pay CTBC Bank Co., Ltd. TWD 150,000 with the interest and penalty as shown in the application. Inventec Solar Energy Corporation filed an objection on January 5, 2022.
3. On January 26, 2022, Inventec Solar Energy Corporation received a civil payment order from the Taiwan Taoyuan District Court. Inventec Solar Energy Corporation was requested to pay Taiwan Land Bank Co., Ltd. TWD 58,338 with the interest and penalty as shown in the application. Inventec Solar Energy Corporation has no objection.
4. On February 11, 2022, Inventec Solar Energy Corporation received a civil payment order from the Taiwan Taoyuan District Court. Inventec Solar Energy Corporation was requested to pay Changhua Commercial Bank Co., Ltd. TWD 30,744, EUR 67 thousand, USD 2,149 thousand with the interest and penalty as shown in the application. Inventec Solar Energy Corporation has no objection.
5. On February 16, 2022, Inventec Solar Energy Corporation received a civil payment order from the Taiwan Taoyuan District Court. Inventec Solar Energy Corporation was requested to pay the Bank of Taiwan TWD 90,901, USD 3,903 thousand with the interest and penalty as shown in the application. Inventec Solar Energy Corporation has no objection.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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(12) Other

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

By function By item	For the nine months ended September 30, 2021			For the nine months ended September 30, 2020		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	8,162,075	8,934,465	17,096,540	8,860,268	8,666,824	17,527,092
Labor and health insurance	760,960	786,195	1,547,155	778,575	696,797	1,475,372
Pension	599,946	500,016	1,099,962	608,446	421,871	1,030,317
Others	541,914	308,288	850,202	506,400	268,056	774,456
Depreciation	1,544,474	816,739	2,361,213	1,894,677	1,006,921	2,901,598
Amortization	192,549	709,059	901,608	220,322	731,620	951,942

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XT'AN) Corporation	Other receivables	Y	83,353	60,760	34,720	3.045%	2	-	Working Capital	-	None	-	356,573	356,573
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	259,140	130,200	130,200	3.045%	2	-	"	-	"	-	1,614,887	1,614,887
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,600,000	1,245,150	751,526	1.20%	2	-	"	-	"	-	1,569,836	3,139,673
4	Inventec (Pudong) Corp.(Note 4)	Inventec Hi-Tech Corp.	Other receivables	Y	87,740	-	-	-	2	-	"	-	"	-	4,179,252	4,179,252

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
4	Inventec (Padong) Corp.(Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	2,764,160	1,388,800	1,388,800	5.225%	2	-	Working Capital	-	None	-	1,671,700	1,671,700

Note 1: Purpose of fund financing for the borrower:

- (1) Those with business contact, please fill in 1.
- (2) Those necessary for short term financing, please fill in 2.

Note 2: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the Company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 3: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

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

Note 4: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsement to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.D.E.R.L. DE C.V.	2	28,542,352	278,400	276,700	-	-	0.48%	28,542,352	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,924,591	1,164,141	1,128,866	832,863	-	14.38%	3,924,591	N	N	N

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

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

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

Note 3: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 4: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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3. Securities held at the reporting date (excluding investment subsidiaries, associates and joint ventures) :

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value (Note1)	Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)			
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	1,521,476	0.96%	1,521,476	0.96%	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	16,630	0.05%	16,630	0.05%	
"	Arima Communications Corp.	-	"	21,114	845	10.15%	845	10.15%	
"	Tomorrow Studio Co., Ltd.	-	"	29	156	0.20%	156	0.20%	
"	Tai Yi Precision Corporation	-	"	2,540	-	6.67%	-	6.67%	
"	New E Materials Co., Ltd.	-	"	1,760	8,941	16.00%	8,941	16.00%	
"	Rasilient Systems, Inc. preference share	-	"	3,632	-	6.20%	-	6.20%	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	45,054	3.72%	45,054	3.72%	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	-	2.95%	-	2.95%	
"	QEEXO, Co. preferred stock	-	"	568	22,750	3.09%	22,750	3.09%	
"	Rescale, Inc. preferred stock	-	"	355	12,385	1.17%	12,385	1.17%	
"	Sensel, Inc. preferred stock	-	"	532	-	3.37%	-	3.37%	
"	ASOCS LTD. preferred stock	-	"	360	-	1.44%	-	1.44%	
"	Atayalan, Inc. preferred stock	-	"	1,553	13,895	3.65%	13,895	3.65%	
"	ZT Group Int'l, Inc.	-	"	70	2,031,072	10.00%	2,031,072	10.00%	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	17,712	- %	17,712	- %	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	495	17,464	6.75%	17,464	6.75%	
"	Entire Technology Co., Ltd.	-	"	3,260	114,198	4.13%	114,198	4.13%	
"	E-TON Solar Tech. Co., Ltd.	-	"	94,889	540,866	29.70%	540,866	29.70%	
"	Imedtac Co., Ltd.	-	"	1,200	54,480	9.42%	54,480	9.42%	
"	TM Technology Inc.	-	"	2,857	57,200	8.00%	57,200	8.00%	
"	Enflex Corporation	-	"	750	4,747	0.99%	4,747	0.99%	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)		
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,465,197	13.17%	1,465,197	13.17%	
Saint Investment Consulting Corporation	Testron Technology (JiangSu) Co., Ltd.	-	"	2,778	68,571	10.00%	68,571	10.00%	
"	Hunan Titanium Xpower Integrated Circuits Co., LTD.	-	"	417	43,399	4.00%	43,399	4.00%	
"	Shanghai Starfive Technology Co., Ltd.	-	"	17	2,775	0.66%	2,775	0.73%	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	84,023	0.66%	84,023	0.73%	
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,948	206,435	2.96%	206,435	2.96%	
Inventec Hi-Tech Corp.	SCSB Winners Zun Chong Jun Xiang Financial Product	-	"	-	433,992	- %	433,992	- %	
"	SCSB Winners Yijing Ling Financial Product	-	"	-	216,995	%	216,995	%	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Pension CNY Financial products	-	"	-	52,947	- %	52,947	- %	
Inventec Electronics (Tianjin) Co., Ltd.	ICBC Wealth Management Corporation Tian Libao No. 2 Net Worth Management Product	-	"	-	156,237	- %	156,237	- %	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	12,347	16.00%	12,347	16.00%	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	67,540	0.13%	67,540	0.16%	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	12,303	5.00%	12,303	0.05%	
"	Sagacity Tech. Co., Ltd.	-	"	79	391	15.00%	391	15.00%	
"	Living Pattern Technology Inc.	-	"	4	530	13.70%	530	13.70%	
"	E-TON Solar Tech. Co., Ltd	-	Non-current financial assets at fair value through profit or loss	15,813	90,135	4.95%	90,135	4.95%	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note1)		
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	151,091	7.32%	151,091	7.32%	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38%	-	9.38%	
"	Tai Yi Precision Corporation	-	"	635	-	1.67%	-	1.67%	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15%	-	0.15%	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	11.76%	1,000	11.76%	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12%	-	0.12%	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80%	-	4.80%	
"	3GTMobile Corporation	"	"	314	-	2.88%	-	2.88%	
"	Line Global Inc. (Proximiant, Inc.) preferred stock	-	"	594	-	5.30%	-	5.30%	
"	Molekule, Inc. preferred stock	-	"	1,603	152,800	1.50%	152,800	1.57	
"	XMEMS LABS INC	-	"	2,974	46,280	3.62%	46,280	4.53%	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	14,795	- %	14,795	- %	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.	-	Non-current financial assets at fair value through other comprehensive income	99	-	0.03%	-	0.03%	
"	Leadtone Limited(Class B preferred stock)	-	"	1,250	-	2.36%	-	2.36%	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)	-	"	446	-	2.08%	-	2.08%	

Note 1: The value of listed company is market value, and the value of unlisted company is net asset value. The net asset value uses recent audited or unaudited financial statements.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name (Note 1)	Account name (Note 1)	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd. common shares	Non-current financial assets at fair value through other comprehensive income	Cash Capital Increase	Non-related parties	20,000	1,175,931	10,000	289,266	-	-	-	-	30,000	1,465,197
Inventec Hi-Tech Corp.	SCSB Winners Zan Chong Jun Xiang Financial Product	Non-current financial assets at fair value through other comprehensive income	Bank of Shanghai	"	-	-	-	433,992	-	-	-	-	-	433,992

Note 1: The ending balance includes adjustments of valuation.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
IEC TECHNOLOGIES, S. DER. L. DEC. V.	Engaging others to build on the company's own land	August 10, 2021	USD 75,900	13%	FERRROMINIO DISEÑO Y CONSTRUCCION S.A. DE C.V. etc.	Non-related parties	-	-	-	-	N/A	Engaging others to build on the company's own land	N/A

6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Types of property	Transaction Date	Original Acquisition Date	Book value	Transaction amount (Note 1)	Receipt Terms	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Price reference	Other terms
Inventec (pudong) Technology Corp.	Land and Building	April 27, 2021	2006	327,952	1,482,932	100%	1,080,844	Shanghai Chengye Apartment Management Co., Ltd	Non-related parties	Optimize assets	Negotiated based on the valuation report with the amount of RMB318,576 and RMB311,780	None
Inventec Hi-Tech Corp.	Land and Building	April 27, 2021	2006	52,426	759,634	100%	664,487	Shanghai Tianfang Apartment Management Co., Ltd	Non-related parties	Optimize assets	Negotiated based on the valuation report with the amount of RMB167,148 and RMB158,520	None

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	78,253,326	17.75%	105 days	-	No general trading partner can be compared.	31,814,854	30.62%	
"	Inventec (Czech), s.r.o.	Subsidiary	Sales	24,182,011	5.48%	105 days	-	"	3,655,074	3.52%	
"	AIMobile Co., Ltd.	"	Sales	126,159	0.03%	60 days	-	"	19,206	0.02%	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	329,539,123	74.67%	90-105 days	-	"	(68,023,513)	58.13%	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	332,244	0.08%	90 days	-	"	(41,698)	0.04%	
"	Inventec Holding (North America) Corp.	Subsidiary	Purchases	272,247	0.06%	105 days	-	"	(640,011)	0.55%	
"	Inventec (Czech), s.r.o.	"	Purchases	6,374,456	1.44%	105 days	-	"	(260,946)	0.22%	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	78,253,326	91.84%	105 days	-	"	(31,231,633)	98.08%	
"	The Company	"	Sales	272,247	0.35%	105 days	-	"	265,477	2.25%	
"	Inventec (Pudong) Technology Corp.	Associates	Sales	260,657	0.34%	105 days	-	"	208	-	%
"	SQ Technology (Shanghai) Corporation	"	Sales	361,682	0.47%	105 days	-	"	268,798	2.28%	
"	Inventec (Czech), s.r.o.	"	Sales	299,299	0.39%	105 days	-	"	-	-	%
"	Inventec (Czech), s.r.o.	"	Purchases	177,769	0.23%	105 days	-	"	-	-	%
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	24,182,011	95.65%	105 days	-	"	(3,655,074)	99.05%	
"	The Company	"	Sales	6,374,456	32.33%	105 days	-	"	260,946	9.79%	
"	Inventec Holding (North America) Corp.	Associates	Purchases	299,299	1.26%	105 days	-	"	-	-	%
"	Inventec Holding (North America) Corp.	"	Sales	177,769	0.90%	105 days	-	"	-	-	%
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	Sales	329,539,123	100.00%	90-105 days	-	"	68,023,513	53.97%	
"	Inventec (Pudong) Technology Corp.	Associates	Purchases	27,541,156	8.36%	105 days	-	"	(6,592,888)	5.23%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	12,286,557	3.73%	105 days	-	"	(4,992,920)	3.96%	
"	Inventec (Chongqing) Corp.	"	Purchases	289,711,410	87.91%	90 days	-	"	(56,437,706)	44.77%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	Sales	27,541,156	53.35%	105 days	-	No general trading partner can be compared.	6,592,888	51.79%	
"	Inventec (Shanghai) Corp.	"	Sales	8,927,664	17.29%	105 days	-	"	29,047	0.23%	
"	SQ Technology (Shanghai) Corporation	"	Sales	12,575,075	24.36%	105 days	-	"	5,795,040	45.52%	
Inventec (Pudong) Technology Corp.	Inventec Holding (North America) Corp.	"	Purchases	260,657	0.58%	105 days	-	"	(208)	-	%
"	SQ Technology (Shanghai) Corporation	"	Purchases	183,548	0.40%	105 days	-	"	(183,071)	1.66%	
Inventec (Shanghai) Corp.	Inventec (Pudong) Technology Corp.	"	Purchases	8,927,664	39.67%	105 days	-	"	(29,047)	0.49%	
"	SQ Technology (Shanghai) Corporation	"	Purchases	13,576,729	60.33%	105 days	-	"	(5,739,082)	96.25%	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	289,711,410	99.78%	90 days	-	"	56,437,706	99.71%	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	12,286,557	24.23%	105 days	-	"	4,992,920	26.67%	
"	Inventec (Shanghai) Corp.	"	Sales	13,576,729	26.77%	105 days	-	"	5,739,082	30.66%	
"	Inventec (Pudong) Technology Corp.	"	Sales	183,548	0.36%	105 days	-	"	183,071	0.98%	
"	Inventec (Pudong) Technology Corp.	"	Purchases	12,575,075	17.69%	105 days	-	"	(5,795,040)	25.51%	
"	Inventec Holding (North America) Corp.	"	Purchases	361,682	0.64%	105 days	-	"	(268,798)	1.18%	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	"	Purchases	22,755,398	78.73%	1-2 months	-	"	(7,037,783)	86.19%	
"	Inventec Appliances (Jiangning) Corp.	"	Purchases	1,201,076	4.16%	1-2 months	-	"	(185,364)	2.27%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	665,462	2.30%	1-2 months	-	"	(59,560)	0.73%	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	510,042	1.76%	1-2 months	-	"	(270,985)	3.32%	
"	Inventec Appliances (USA) Distribution Corp.	"	Purchases	997,740	3.40%	1-2 months	-	"	235,787	3.19%	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	Associates	Purchases	997,740	100.00%	1-2 months	-	No general trading partner can be compared.	(235,787)	100.00%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	"	Sales	22,755,398	96.60%	1-2 months	-	"	7,037,783	96.76%	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	491,258	2.09%	1-2 months	-	"	225,811	3.10%	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	"	Sales	484,048	0.33%	1-2 months	-	"	(243,919)	3.67%	
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	"	Sales	1,201,076	26.46%	90 days	-	"	185,364	21.11%	
"	The Company	Parent	Sales	332,244	7.38%	90 days	-	"	41,698	4.75%	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	665,462	99.15%	60 days	-	"	59,560	97.68%	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	491,258	75.53%	1-2 months	-	"	(225,811)	95.22%	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	"	Sales	510,042	51.63%	1-2 months	-	"	270,985	52.55%	
"	Inventec Appliances (Pudong) Corp.	"	Sales	484,048	48.28%	1-2 months	-	"	243,919	47.30%	
AIMobile Co., Ltd.	The Company	Parent	Purchases	126,159	57.02%	60 days	-	"	(19,206)	32.50%	

Note 1: Based on the negotiated price while trading.

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

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

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	31,814,854	3.23	6,506,965	Received in the subsequent period	14,337,974	-
"	Inventec (Czech), s.r.o.	Subsidiary	3,655,074	3.31	397	Received in the subsequent period	2,142,143	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	57,988,820	-	3,963,832	Received in the subsequent period	42,771,214	-
Inventec Holding (North America) Corp.	The Company	Parent	265,477	1.66	30,221	Received in the subsequent period	50,729	-
"	SQ Technology (Shanghai) Corporation	Associates	268,798	2.69	87	Received in the subsequent period	259,663	-
Inventec (Czech), s.r.o.	The Company	Parent	260,946	31.90	-		260,946	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	68,023,513	5.73	1,311,706	Received in the subsequent period	57,427,681	-
"	Inventec (Pudong) Technology Corp. (Note)	Associates	3,144,201	-	280,597	Received in the subsequent period	2,364,730	-
"	SQ Technology (Shanghai) Corporation (Note)	Associates	14,390,816	-	3,683,235	Received in the subsequent period	1,165	-
"	Inventec (Chongqing) Corp. (Note)	Associates	40,453,802	-	-		40,405,318	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	6,592,888	3.69	-		1,343,241	-
"	SQ Technology (Shanghai) Corporation	Associates	5,795,040	4.34	4,888,395	Received in the subsequent period	5,641,167	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	56,437,706	6.09	-		56,081,341	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	4,992,920	4.92	1,311,706	Received in the subsequent period	3,100	-
"	Inventec (Shanghai) Corp.	Associates	5,739,082	4.73	-		3,929,816	-
"	Inventec (Pudong) Technology Corp.	Associates	183,071	2.01	126,417	Intensive follow-up on collection	-	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Subsidiary	235,787	6.39	-		132,760	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,037,783	2.83	-		3,758,763	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	225,811	3.51	-		-	-
Inventec Appliances (Jiangning) Corp.	Inventec Appliances Corp.	Associates	185,364	5.44	-		185,067	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	270,985	3.76	-		270,985	-
"	Inventec Appliances (Pudong) Corp.	Associates	243,919	3.97	-		208,019	-

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

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

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

10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Intercompany Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	78,253,326	Negotiated price	15%
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Accounts Receivable	31,814,853	105 days	13%
	"	Inventec (Czech), s.r.o.	1	Sales	24,182,011	Negotiated price	5%
	"	"	1	Accounts Receivable	3,655,074	105 days	1%
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	329,539,123	Negotiated price	63%
	"	"	1	Other Receivables	57,988,820	90-105 days	23%
	"	"	1	Accounts Payable	68,023,513	"	27%
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	27,541,156	Negotiated price	5%
	"	"	3	Accounts Payable	6,592,888	105 days	3%
	"	"	3	Accounts Receivable	3,144,201	"	1%
	"	SQ Technology (Shanghai) Corporation	3	Purchases	12,286,557	Negotiated price	2%
	"	"	3	Accounts Payable	4,992,920	105 days	2%
	"	"	3	Accounts Receivable	14,390,816	"	6%
	"	Inventec (Chongqing) Corp.	3	Purchases	289,711,410	Negotiated price	56%
	"	"	3	Accounts Payable	56,437,706	90 days	23%
	"	"	3	Accounts Receivable	40,453,802	"	16%
2	Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Co., Ltd.	3	Sales	8,927,664	Negotiated price	2%
	"	SQ Technology (Shanghai) Corporation	3	Sales	12,575,075	Negotiated price	2%
	"	"	3	Accounts Receivable	5,795,040	105 days	2%
3	SQ Technology (Shanghai) Corporation	Inventec (Shanghai) Co., Ltd.	3	Sales	13,576,729	Negotiated price	3%
	"	"	3	Accounts Receivable	5,739,082	105 days	2%
4	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	22,755,398	Negotiated price	4%
	"	"	3	Accounts Payable	7,037,783	1-2 months	3%

Note 1: Company numbering as follows:

1. Parent company - 0.
2. Subsidiaries starts from 1.

Note 2: The numbering of the relationship between transaction parties as follows:

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

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

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(b) Information on investments:

The following is the information on investees for the year ended December 31, 2021 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53%	251,731	37.53%	109,291	41,015	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00%	389,244	100.00%	27,093	27,093	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	353,743	159,003	2,001	100.00%	1,496,415	100.00%	59,949	59,949	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00%	8,618,636	100.00%	157,700	157,700	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00%	25,340,228	100.00%	4,892,191	4,892,191	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00%	1,426,351	100.00%	276,704	276,704	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00%	166,344	100.00%	59,237	59,237	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00%	87,874	100.00%	(39,996)	(39,996)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45%	(633,253)	33.45%	(1,057,139)	(337,049)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00%	19,018	100.00%	(746)	(746)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00%	3,044	100.00%	300	300	"
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	182,500	182,500	18,250	73.00%	76,620	73.00%	(62,961)	(45,969)	"
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64%	(93,579)	4.64%	(1,057,139)	-	Associate Company

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	5,522,230	5,522,230	199,575	100.00%	15,494,150	100.00%	(925,513)	-	Associate Company
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,400	6,400	205	38.90%	977	38.90%	(914)	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	-	9,120	30.00%	22,233	30.00%	(5,798)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57%	(192,960)	9.57%	(1,057,139)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	22,136	22,136	400	100.00%	90,952	100.00%	909	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,384	1,384	10	100.00%	13,434	100.00%	808	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	801,843	470,503	121,000	100.00%	499,655	100.00%	(288,490)	-	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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

(c) Information on investments in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the years	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	317,799	(2)	55,340	-	-	55,340	(873)	100.00%	100.00%	(873)	251,825	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	27,670	(2)	27,670	-	-	27,670	(397)	100.00%	100.00%	(397)	39,416	-
Inventec (Pudong) Co., Ltd.	Sales of computer products	1,383,500	(2)	1,383,500	-	-	1,383,500	75,879	100.00%	100.00%	75,879	4,179,252	-

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the years	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec (Shanghai) Co., Ltd.	Sales of computer products	2,075,220	(2)	816,265	-	-	816,265	24,325	100.00%	100.00%	24,325	1,872,913	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,075,250	(2)	2,075,250	-	-	2,075,250	2,315,700	100.00%	100.00%	2,315,700	9,326,398	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,621,233	(2)	1,383,500	-	-	1,383,500	2,288,343	100.00%	100.00%	2,318,301	8,716,981	321,599
Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	138,350	(2)	117,598	-	-	117,598	11,918	100.00%	100.00%	11,918	241,208	149,517
Inventec (Beijing) Electronics Technology Co., Ltd.	Electronic product software development	40,122	(2)	40,122	-	-	40,122	2,268	100.00%	100.00%	2,268	79,191	-
Inventec Hi-Tech Corporation	Sales of computer products	1,383,500	(2)	1,383,500	-	-	1,383,500	563,662	100.00%	100.00%	563,662	1,697,375	-
Inventec Asset-Management (Shanghai) Corporation	Leasing	1,858,367	(3)	-	-	-	-	(22,694)	78.00%	78.00%	(17,701)	1,348,794	-
Saint Investment consulting corporation	Business management	216,995	(3)	-	-	-	-	210	100.00%	100.00%	210	217,240	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	216,995	(3)	-	-	-	-	536,144	100.00%	100.00%	536,144	754,864	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	130,197	(3)	-	-	-	-	(4,255)	20.00%	20.00%	(851)	25,186	-
Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	1,427,772	(2)	1,331,426	-	-	1,331,426	(146,365)	100.00%	100.00%	(146,365)	1,614,887	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,130,590	(2)	2,130,590	-	-	2,130,590	(707,488)	100.00%	100.00%	(1,063,560)	7,710,943	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	1,881,560	(2)	1,162,140	-	-	1,162,140	300,401	100.00%	100.00%	300,525	5,562,737	1,636,736
Inventec Appliances (Nanjing) Corp.	Production and sales of intelligent devices	138,350	(2)	248,518	-	-	248,518	14,665	100.00%	100.00%	14,665	395,537	85,353
Inventec Appliances (XI'AN) Corporation	House leasing	110,680	(2)	110,680	-	-	110,680	11,394	100.00%	100.00%	11,394	61,898	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	58,107	(2)	58,107	-	-	58,107	(43,694)	100.00%	100.00%	(43,694)	36,959	-
APEX Business Management & Consulting (Shanghai) Co., Ltd.	Business management	2,178	(3)	-	-	-	-	24,673	100.00%	100.00%	24,673	108,309	-

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the years	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec Appliances (Shanghai) Enterprise	Business management	34,719	(3)	-	-	-	-	(3,138)	100.00%	100.00%	(3,138)	22,092	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	260,395	(3)	-	-	-	-	(101,103)	100.00%	100.00%	(101,103)	3,663	-
Inventec Easy Doctor Corporation	Production and sales of medical devices	43,399	(3)	-	-	-	-	(1,010)	100.00%	100.00%	(1,010)	42,386	-

2. Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	7,340,851	7,340,851	-
Inventec Appliances Corp.	5,103,123	5,103,123	4,709,509

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

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

Note 2: The recognition of investment income (loss) is based on the financial statements audited by CPA of the investee company.

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

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

Note 5: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 6: The amount of foreign currencies was translated into New Taiwan Dollars at historical exchange rates.

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

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

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2021, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" .

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

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(14) Segment Information

(a) General information

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

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

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

	For the year ended December 31, 2021			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 519,720,635	11,413	-	519,732,048
Intersegment revenues	-	-	-	-
Total revenue	\$ 519,720,635	11,413	-	519,732,048
Interest expenses	\$ 703,142	35,295	-	738,437
Depreciation and amortization	3,123,244	139,577	-	3,262,821
Other material non-cash item				
Asset Impairment	-	550,703	-	550,703
Reportable segment profit (loss)	\$ 8,756,323	(1,057,139)	-	7,699,184
Reportable segment assets	\$ -	-	-	-
	For the year ended December 31, 2020			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 507,114,021	1,180,177	-	508,294,198
Intersegment revenues	-	-	-	-
Total revenue	\$ 507,114,021	1,180,177	-	508,294,198
Interest expenses	\$ 1,006,066	48,178	-	1,054,244
Depreciation and amortization	3,383,282	470,258	-	3,853,540
Other material non-cash item				
Asset Impairment	-	952,222	-	952,222
Reportable segment profit (loss)	\$ 12,065,474	(1,719,769)	-	10,345,705
Reportable segment assets	\$ -	-	-	-

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)
For the years ended December 31, 2021 and 2020

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

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

The operating segment's accounting policies are similar to those described in Note 2 "Significant accounting policies". Reportable segment profit or loss is measured by operating profit or loss before taxation, and is used as the base of performance evaluation.

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

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

(c) Product and service information

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

Products and Services	For the years ended December 31,	
	2021	2020
Computer product	\$ 518,945,327	506,413,658
Rendering of services	775,308	700,363
Others	11,413	1,180,177
Total	\$ 519,732,048	508,294,198

(d) Geographical information

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

By region	For the years ended December 31,	
	2021	2020
Revenue from external customers:		
Taiwan	\$ 51,514,446	33,017,095
USA	355,524,787	345,674,267
Japan	4,319,623	7,723,625
Hong Kong, Macao and Mainland China	64,395,784	68,546,619
Other countries	43,977,408	53,332,592
Total	\$ 519,732,048	508,294,198

<u>By region</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current assets		
Taiwan	\$ 14,112,999	15,677,635
Mainland China	15,670,130	16,105,546
USA	948,632	364,272
Other countries	1,301,679	1,036,387
Total	<u>\$ 32,033,440</u>	<u>33,183,840</u>

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

(e) Major customers: Revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
A	<u>\$ 337,445,382</u>	<u>333,461,728</u>

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