

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Review Report
For the six months ended June 30,2020 and 2019

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

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Independent Auditors' Review Report

To the Board of Directors of Inventec Besta Co.,Ltd. :

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Besta Co., Ltd. and its subsidiaries as of June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three and the six months ended June 30, 2020 and 2019, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement on Auditing Standard No.65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note (4)(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$35,404 thousand and \$50,420 thousand, constituting 3.48% and 4.07% of consolidated total assets as of June 30, 2020 and 2019, respectively, total liabilities amounting to \$8,639 thousand and \$14,622 thousand, constituting 2.15% and 2.78% of consolidated total liabilities as of June 30, 2020 and 2019, respectively, and total comprehensive income of \$(1,530) thousand, \$1,184 thousand, \$(2,922) thousand and \$2,973 thousand, constituting 5.79%,(11.16)%, 7.59% and (27.34)% of consolidated total comprehensive income(loss) constituting for the three and the six months ended June 30, 2020 and 2019, respectively.

Furthermore, as stated in Note (6)(f), the other equity accounted investments of Inventec Besta Co., Ltd. and its subsidiaries in its investee companies of \$5,688 thousand and \$6,433 thousand as of June 30, 2020 and 2019, respectively, and its share of loss of associates and joint ventures accounted for the using equity method on these investee companies of \$0 thousand, \$564 thousand, \$ 102 thousand and \$1,435 thousand for the three and the six months ended June 30, 2020 and 2019, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Inventec Besta Co., Ltd. and its subsidiaries as of June 30, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three and the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' reviewreport are Shu-Ling Lien and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)

August 10, 2020.

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2020 and 2019

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30,2020,December 31,2019 and June 30,2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	2020.06.30		2019.12.31		2019.06.30		2020.06.30		2019.12.31		2019.06.30		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Current assets :													
1100 Cash and cash equivalents (Note(6)(a))	\$227,884	22	\$258,301	26	\$264,945	21	2100 Short-term borrowings (Notes(6)(k))and(w)	\$15,897	2	\$50,000	5	\$108,500	9
1140 Current contract assets (Note(6)(q))	7,640	1	8,794	1	\$1,354	-	2130 Current contract liabilities (Note(6)(q))	74,837	7	11,329	1	7,071	1
1150 Notes receivable, net (Note(6)(c))	7,736	1	19,113	2	9,139	1	2150 Notes payable	-	-	9,231	1	4,677	-
1170 Accounts receivable, net (Note(6)(c))	172,646	17	171,410	17	362,012	29	2170 Accounts payable (Note(7))	161,330	16	116,890	12	253,184	20
1180 Accounts receivable due from related parties, net (Notes(6)(c)and(7))	5,221	-	2,432	-	13,275	1	2200 Other payables (Note(7))	43,681	4	50,183	5	42,648	3
1200 Other receivables, net (Note(6)(d))	77,933	8	71,364	7	118,634	10	2280 Current lease liabilities (Notes(6)(l),(w)and(7))	7,228	1	8,772	1	8,691	1
1220 Current tax assets	233	-	202	-	163	-	2300 Other current liabilities	4,975	-	5,588	-	2,291	-
130X Inventories (Note(6)(e))	77,606	7	70,214	7	48,603	4		307,948	30	251,993	25	427,062	34
1476 Other Current financial assets (Note(8))	45,767	4	15,312	2	13,540	1	Non-current Liabilities :						
1479 Other current assets others (Note(6)(j))	38,169	4	28,107	3	45,367	4	2570 Deferred tax liabilities	12,687	1	12,677	1	13,764	1
	660,835	64	645,249	65	877,032	71	2580 Non-current lease liabilities (Notes(6)(l),(w)and(7))	10,491	1	12,812	2	16,720	1
Non-current Assets :							2640 Net defined benefit liability, non-current (Note(6)(m))	60,114	6	61,566	6	59,527	5
1517 Non-current financial assets at fair value through other comprehensive income (Notes(6)(b))	33,443	3	44,030	4	44,471	4	2670 Other non-current liabilities, others	10,694	1	9,087	1	9,084	1
1550 Investments accounted for using equity method (Note(6)(f))	5,688	1	6,073	1	6,433	-		93,986	9	96,142	10	99,095	8
1600 Property, plant and equipment (Note(6)(g))	269,134	27	264,412	26	266,435	21	Total Liabilities	401,934	39	348,135	35	526,157	42
1755 Right-of-use assets (Note(6)(h))	16,237	2	20,070	2	24,052	2	Equity attributable to owners of parent : (Note(6)(o))						
1780 Intangible assets (Note(6)(i))	9,702	1	9,782	1	9,207	1	3100 Share capital	623,663	61	623,663	62	623,663	50
1840 Deferred tax assets	3,189	-	3,126	-	3,126	-	3200 Capital surplus	100,180	10	167,858	17	167,858	14
1980 Other non-current financial assets (Note(8))	6,788	1	9,290	1	8,219	1	3300 Retained earnings	(24,658)	(2)	(67,678)	(7)	(13,891)	(1)
1990 Other non-current assets, others (Note(6)(j))	12,583	1	243	-	186	-	3400 Other equity interest	(83,520)	(8)	(69,703)	(7)	(64,626)	(5)
	356,764	36	357,026	35	362,129	29	Total equity	615,665	61	654,140	65	713,004	58
Total assets	\$1,017,599	100	\$1,002,275	100	\$1,239,161	100	Total liabilities and equity	\$1,017,599	100	\$1,002,275	100	\$1,239,161	100

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and the six months ended June 30, 2020 and 2019.

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended June 30,				For the six months ended June 30,				
		2020		2019		2020		2019		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Sales revenue	(Note(6)(q)and(7))	237,292	100	310,303	100	523,427	100	659,636	100
5000	Operating costs	(Note(6)(e))	(206,575)	(87)	(262,373)	(85)	(433,943)	(83)	(558,134)	(85)
	Gross profit from operations		30,717	13	47,930	15	89,484	17	101,502	15
5920	Add: Realized profit (loss) on from sales		0	-	-	-	-	-	389	-
			30,717	13	47,930	15	89,484	17	101,891	15
	Operating expenses :									
6100	Selling expenses		(25,273)	(11)	(32,459)	(10)	(52,800)	(10)	(63,765)	(10)
6200	Administrative expenses		(12,331)	(5)	(13,783)	(4)	(26,201)	(5)	(28,377)	(4)
6300	Research and development expenses		(16,797)	(7)	(21,250)	(7)	(34,755)	(7)	(42,472)	(6)
6450	Expected credit gain (loss)		(1,874)	(1)	109	-	(4,675)	(1)	(78)	-
	Total operating expenses		(56,275)	(24)	(67,383)	(21)	(118,431)	(23)	(134,692)	(20)
	Net-operating loss		(25,558)	(11)	(19,453)	(6)	(28,947)	(6)	(32,801)	(5)
	Non-operating income and expenses :									
7100	Interest income	(Note(6)(s))	619	-	1,173	-	1,451	-	2,076	-
7010	Other income	(Note(6)(s))	2,509	1	6,699	2	4,880	1	13,206	2
7020	Other gains and losses	(Note(6)(s))	(2,973)	(1)	1,403	-	(1,524)	-	5,848	1
7050	Finance costs	(Note(6)(s))	(134)	-	(352)	-	(416)	-	(640)	-
7060	Share of loss of associates accounted for using equity method	(Note(6)(f))	-	-	(564)	-	(102)	-	(1,435)	-
	Total non-operating income and expenses		21	-	8,359	2	4,289	1	19,055	3
7900	Loss from continuing operations before tax		(25,535)	(11)	(11,094)	(4)	(24,658)	(5)	(13,746)	(2)
7950	Less: Tax expense	(Note(6)(n))	-	-	62	-	-	-	145	-
	Loss for the period		(25,535)	(11)	(11,156)	(4)	(24,658)	(5)	(13,891)	(2)
	Other comprehensive income (loss) :									
8310	Items that will never be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		413	-	1,663	-	(10,587)	(2)	2,638	-
8349	Less : Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss		413	-	1,663	-	(10,587)	(2)	2,638	-
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Foreign operations – foreign currency translation differences		(1,639)	-	(1,437)	-	(2,999)	-	1,112	-
8370	Share of other comprehensive income of associates accounted for using equity method		6	-	64	-	(283)	-	158	-
8399	Income tax related to components of other comprehensive income that will be reclassified to loss		(326)	-	(261)	-	(52)	-	890	-
	Total items that may be reclassified subsequently to profit or loss		(1,307)	-	(1,112)	-	(3,230)	-	380	-
	Other comprehensive income (loss) for the year net of tax		(894)	-	551	-	(13,817)	(2)	3,018	-
8500	Total comprehensive loss for the period		(26,429)	(11)	(10,605)	(4)	(38,475)	(7)	(10,873)	(2)
	Earnings per share	(Note(6)(p))								
9750	Basic earnings per share (dollars)			(0.41)		(0.18)		(0.40)		(0.22)
9850	Basic earnings per share (dollars)			(0.41)		(0.18)		(0.40)		(0.22)

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

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30,2020 and 2019.
(Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of Parent

	<u>Capital Stock</u>		<u>Retained Earnings</u>	<u>Other Equity Interest</u>		<u>Total Equity</u>
	<u>Share Capital</u>	<u>Capital Surplus</u>	<u>Unappropriated Retained Earnings</u>	<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 1,2019	\$ 623,663	198,959	(31,101)	45,923	(113,567)	723,877
Net income(loss) for the period	-	-	(13,891)	-	-	(13,891)
Other comprehensive income(loss) for the period	-	-	-	380	2,638	3,018
Total comprehensive income(loss) for the period	-	-	(13,891)	380	2,638	(10,873)
Other changes in capital surplus:						
Capital surplus used to offset accumulated deficits	-	(31,101)	31,101	-	-	-
Balance at June 30,2019	\$ 623,663	167,858	(13,891)	46,303	(110,929)	713,004
Balance at January 1,2020	\$ 623,663	167,858	(67,678)	41,667	(111,370)	654,140
Net income(loss) for the period	-	-	(24,658)	-	-	(24,658)
Other comprehensive loss for the period	-	-	-	(3,230)	(10,587)	(13,817)
Total comprehensive loss for the period	-	-	(24,658)	(3,230)	(10,587)	(38,475)
Other changes in capital surplus:						
Capital surplus used to offset accumulated deficits	-	(67,678)	67,678	-	-	-
Balance at June 30,2020	\$ 623,663	100,180	(24,658)	38,437	(121,957)	615,665

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2020 and 2019.

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2020	2019
Cash flows from operating activities :		
Loss before income tax	\$(24,658)	(13,746)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	7,948	8,496
Amortization expense	2,965	3,640
Expected credit loss / provisions for bad debt expenses	4,675	78
Interest expense	416	640
Interest income	(1,451)	(2,076)
Share of losses of associates and joint ventures accounted for using equity method	102	1,435
(Gain) on disposal of property, plant and equipment	-	(4,141)
Other adjustments	(10)	(3)
Total adjustments to reconcile profit	14,645	8,069
Changes in operating assets and liabilities :		
Changes in operating assets :		
(Increase) decrease in Current contract assets	1,055	(1,354)
(Increase) decrease in notes receivable	9,996	(5,497)
Increase in accounts receivable	(2,537)	(34,049)
Increase in accounts receivable due from related parties	(2,789)	(12,206)
(Increase) decrease in other receivables	(8,704)	12,667
(Increase) decrease in inventories	(7,450)	9,821
Increase in other current assets	(10,052)	(41,261)
Total changes in operating assets	(20,481)	(71,879)
Changes in operating liabilities :		
Decrease in notes payable	(9,231)	(20,419)
Increase (decrease) in accounts payable	44,478	(64,444)
Decrease in other payables	(11,876)	(9,419)
Increase (decrease) in contract liabilities	63,508	(5,037)
Decrease in other current liabilities	(563)	(2,839)
Decrease in net defined benefit liabilities	(1,452)	(964)
Decrease in deferred credits	-	(389)
Total changes in operating liabilities	84,864	(103,511)
Total changes in operating assets and liabilities	64,383	(175,390)
Total adjustments	79,028	(167,321)
Cash inflow (outflow) generated from operations	54,370	(181,067)
Interest received	1,609	2,085
Interest paid	(413)	(605)
Income taxes paid	(32)	(11)
Net cash flows used in operating activities	55,534	(179,598)
Cash flows from investing activities :		
Increase in current prepayments for investments	(12,732)	-
Acquisition of property, plant and equipment	(4,612)	(3,664)
Processes from disposal of property, plant and equipment	-	18,392
Acquisition of intangible assets	(2,002)	(2,478)
Increase in other financial assets	(28,391)	(12,592)
(Increase) decrease in other non-current assets	209	(186)
Increase in other non-current liabilities	1,160	7,477
Net cash flows used in investing activities	(46,368)	6,949
Cash flows used in financing activities:		
Increase (decrease) in short-term loans	(34,103)	108,500
Decrease in payment of lease liabilities	(3,737)	(2,679)
Increase in other non-current liabilities	447	527
Net cash flows used in financing activities	(37,393)	106,348
Effect of exchange rate changes on cash and cash equivalents	(2,190)	1,015
Net decrease in cash and cash equivalents	(30,417)	(65,286)
Cash and cash equivalents at beginning of period	258,301	330,231
Cash and cash equivalents at end of period	227,884	264,945

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

(1) Overview

Inventec Besta Co., Ltd. (“the Company”) was incorporated on February 17, 1989 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 10F, No.36, Ln. 513, Ruiguang Rd., Neihu Dist., and Taipei City, Taiwan. The Company and its subsidiaries (“the Group”) were engaged primarily in the design, research, development, and sale of electronic dictionaries, electrical dictionaries, digital products, ect, and cloud business. On August 21, 2007, the Taiwan Stock Exchange Corporation (TWSE) approved the IPO of the Company, and the Company’s first trading began on October 29 of the same year.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on August 10, 2020.

(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. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related and Concessions”	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB) but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 16” Property, Plant and Equipment-Proceeds before Intended Use”	January 1,2022
Amendments to IAS 37” Onerous Contracts-Cost of Fulfilling a Contract”	January 1,2022
Annual Improvements to IFRS Standards 2018-2020	January 1,2022
Amendments to IAS 17” Insurance contract”	January 1,2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretation on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2019. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2019.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2020.6.30	2019.12.31	2019.6.30	
The Company	INVENTEC BESTA (BVI) CO., LTD.	Investment management	100%	100%	100%	
”	BESTA (CAYMAN) CO., LTD.	Investment management	100%	100%	100%	
INVENTEC BESTA (BVI) CO., LTD.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100%	100%	100%	(note 3)
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	Investment management	-	-	100%	(note 1)

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

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

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2020.6.30	2019.12.31	2019.6.30	
"	Besta (Kunshan) Co., Ltd.	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(note 3)
"	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA- related products	100%	100%	100%	(note 2)
Besta (Kunshan) Co., Ltd.	Kunshan Besta Electronics Limited.	Sale of electronic dictionaries and PDA- related products	100%	100%	100%	(note 3)

Note 1: The boards of directors resolved to liquidate Pilot Success Ltd. on July 23, 2018, wherein the stocks were returned to the shareholders in September 2019. The liquidation process had been approved by the Investment Commission, MOEA in November 2019.

Note 2: The boards of directors resolved to reorganize the structure of the Group on July 23, 2018, resulting in the holding company of Besta Digital Technology Co., Ltd. to change from Pilot Success Ltd. to Besta (Cayman) Co., Ltd. The reorganization process had been approved by the Investment Commission, MOEA in September 2019.

Note 3: The company is a non-significant subsidiaries, its financial statements have not been reviewed.

2. List of subsidiaries which are not included in the consolidated interim financial statements: None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting. Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

When tax rate changes during the interim period, the effect of the change in tax rate relating to transactions recognized outside scope of profit or loss is recognized in full in the period in which the change in tax rate occurs. The effect of the change in tax rate relating to transactions recognized in profit or loss is incorporated into estimation of the average annual income tax rate, with corresponding effect recognized throughout the interim periods. Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate

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at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

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

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note 5 of the consolidated interim financial statements for the year ended December 31, 2019.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2020.06.30	2019.12.31	2019.06.30
Cash on hand	\$457	414	467
Demand deposits	71,160	26,362	44,919
Foreign currency deposits	62,971	56,211	60,692
Cash equivalents -Time deposits	93,296	142,126	146,386
Cash equivalents -Bond	-	33,188	12,481
Total	\$227,884	258,301	264,945

Please refer to Note 6(t) for the disclosure of interest rate risk and sensitivity analysis of the financial assets of the Group.

The aforesaid financial assets were not pledged as collateral.

(b) Non-current financial assets at fair value through other comprehensive income

	2020.06.30	2019.12.31	2019.06.30
Equity investments at fair value through other comprehensive income :			
Stocks not listed on domestic markets	\$33,443	44,030	44,471

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.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the six months ended June 30, 2020 and 2019.

Please refer to Note 6(t) for credit risk and market risk.

The aforesaid financial assets were not pledged as collateral.

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(c) Notes and accounts receivable, net

	2020.06.30	2019.12.31	2019.06.30
Notes receivable	\$9,201	19,197	9,161
Account receivable	180,097	174,880	376,012
Long-term accounts (under Other non-current financial assets)	272	680	2,523
Less : Allowance for impairment	(3,678)	(1,078)	(663)
Unrealized Interest Revenue	(18)	(49)	(87)
	\$185,874	193,630	386,946

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on June 30, 2020, December 31, 2019 and June 30, 2019. To measure the expected credit losses, notes and accounts receivable 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 provisions were determined as follows:

2020.06.30			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$175,814	0.00%~1.45%	895
Under 30 days	2,196	0.00%~3.87%	19
Overdue 31 to 180 days	742	0.00%~27.12%	157
Over 181 days past due	10,818	0.00%~100%	2,607
	\$189,570		3,678
2019.12.31			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$152,852	0.00%~0.84%	372
Under 30 days	30,085	0.00%~1.72%	492
Overdue 31 to 180 days	11,820	0.00%~2.21%	214
	\$194,757		1,078

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	2019.06.30		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$371,713	0.00%~0.84%	501
Under 30 days	13,811	0.00%~1.72%	122
Overdue 31 to 180 days	1,330	0.00%~2.12%	22
Over 181 days past due	842	1.72%~2.52%	18
	\$387,696		663

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

	For the six months ended June 30,	
	2020	2019
Balance at January 1, 2020 and 2019	\$1,078	691
Impairment losses recognized	2,600	(28)
Balance at June 30, 2020 and 2019	\$3,678	663

(d) Other receivables, net

	2020.06.30	2019.12.31	2019.06.30
Other receivables	\$81,199	72,654	119,257
Less: Allowance for impairment loss	(3,266)	(1,290)	(623)
	\$77,933	71,364	118,634

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on June 30, 2020, December 31, 2019 and June 30, 2019. 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 incorporate forward looking information. The loss allowance provision as of June 30, 2020, December 31, 2019 and June 30, 2019 were determined as follows:

	2020.06.30		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	\$34,364	0.00%~0.74%	47
Overdue 31 to 180 days	37,174	0.00%~0.74%	52
Over 181 days past due	9,661	0.85%~100.00%	3,167
	\$81,199		3,266

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	2019.12.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	\$18,774	0.00%~0.84%	54
Overdue 31 to 180 days	36,385	0.00%~0.84%	111
Over 181 days past due	17,495	1.12%~100%	1,125
	\$72,654		1,290
	2019.06.30		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	\$34,521	0.00%~1.95%	80
Overdue 31 to 180 days	59,627	0.00%~1.95%	171
Over 181 days past due	25,109	1.12%~4.35%	372
	\$119,257		623

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

	For the six months ended June 30,	
	2020	2019
Balance at January 1, 2020 and 2019	\$1,290	515
Impairment losses recognized	1,976	106
Foreign exchange loss	-	2
Balance at June 30, 2020 and 2019	\$3,266	\$623

(e) Inventories

	2020.06.30	2019.12.31	2019.06.30
Raw materials and consumables	\$16,284	10,404	9,656
Work in process	3,436	1,962	3,045
Finished goods	9,762	8,704	9,586
Merchandise	48,124	49,144	26,316
	\$77,606	70,214	48,603

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For the six months ended June 30, 2020 and 2019, the components of cost of goods sold were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Cost of goods sold	\$204,112	261,154	430,003	555,233
Provision (reversals) for inventory market price decline	2,463	(9,111)	3,940	(7,429)
Inventories obsolescence loss	-	10,330	-	10,330
Total	\$206,575	262,373	433,943	558,134

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

As of June 30, 2020, December 31, 2019 and June 30, 2019 the Group's inventories were not pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2020.06.30	2019.12.31	2019.06.30
Associates	\$5,688	6,073	6,433

1. Associates

Affiliates to the Group consisted of the followings:

Name of affiliates	Nature of the relationship with the Group	Main operating location / Registered Country of the Company	Proportion of shareholding and		
			2020.06.30	2019.12.31	2019.06.30
IKNOW PTE. LTD.	Associate under equity method	Singapore	47%	47%	47%

The Group's financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. This financial information is included in the consolidated financial statements.

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	2020.06.30	2019.12.31	2019.06.30
Summarized financial information to the carrying amount of Individually insignificant associates	\$5,688	6,073	6,433

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
The Group's share of associates :				
Net loss	\$-	(546)	(102)	(1,435)
Other comprehensive income	6	64	(283)	158
Comprehensive income	\$6	(500)	(385)	(1,277)

In order to develop the market in Singapore, Malaysia, and Indonesia, the Group invested in Iknow Pte. Ltd. and owns 47% shares of Iknow Pte. Ltd. in 2010. The investment cost was SGD 2,749 (approximately \$62,641) as of June 30, 2020.

2. Pledged

As of June 30, 2020, December 31, 2019 and June 30, 2019, the investments accounted for using equity method were not pledged as collateral.

3. The unviewed financial statements of investments accounted for using equity method
Investments were accounted for by the equity method, the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Property, Plant and Equipment

	Land	Building and Construction	Machinery and Equipment	Other Facilities	Total
Carrying amounts :					
Balance at January 1, 2020	\$146,274	103,866	2,329	11,943	264,412
Balance at June 30, 2020	\$146,274	102,252	2,038	18,570	269,134
Balance at January 1, 2019	\$154,042	113,526	1,887	14,966	284,421
Balance at June 30, 2019	\$146,274	105,652	1,777	12,732	266,435

The boards of directors of the Inventec Besta Co., Ltd. resolved to enter into an agreement for the sale of its real estate on February 15, 2019. In which, the net disposal proceeds of the contract amounted to \$18,363, resulting in the gain on disposal of \$4,112, to be recognized as "Other gains and losses" in Inventec Besta Co., Ltd.'s financial report. All the above receivables had been collected.

There were no significant additions, disposal, or impairment in property, plant and

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equipment. For the six months ended June 30, 2020 and 2019. The details of depreciation are disclosed in Note 12(a). For other information about the property, plant and equipment, please refer to Note 6(g) for the year ended December 31, 2019.

(h) Right-of-use assets

The movements in the cost and depreciation of the leased buildings and construction and equipment were as follows:

	Buildings and Construction	Machinery and equipment	Total
Cost:			
Balance at January 1, 2020	\$17,910	9,884	27,794
Others	(169)	-	(169)
Balance at June 30, 2020	<u>\$17,741</u>	<u>9,884</u>	<u>27,625</u>

Cost:			
Balance at January 1, 2019	\$20,195	18,775	38,970
Leases reducing	(2,045)	(8,891)	(10,936)
Others	60	-	60
Balance at June 30, 2019	<u>\$18,210</u>	<u>9,884</u>	<u>28,094</u>

Accumulated depreciation and impairment losses :

	Buildings and Construction	Machinery and equipment	Total
Balance at January 1, 2020	\$3,026	4,698	7,724
Depreciation for the year	1,477	2,223	3,700
Others	(36)	-	(36)
Balance at June 30, 2020	<u>\$4,467</u>	<u>6,921</u>	<u>11,388</u>
Balance at January 1, 2019	\$-	-	-
Depreciation for the year	1,564	2,475	4,039
Others	3	-	3
Balance at June 30, 2019	<u>\$1,567</u>	<u>2,475</u>	<u>4,042</u>

Carrying amounts :

Balance at June 30, 2020	<u>\$13,274</u>	<u>2,963</u>	<u>16,237</u>
Balance at June 30, 2019	<u>\$16,643</u>	<u>7,409</u>	<u>24,052</u>

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The Company adjusted part of the amount of the lease contract as of March 31, 2019, in which right- of-use assets on a reassessment were reduced to \$10,936.

(i) Intangible assets

Carrying amounts:

	Goodwill	Royalties	Software	Total
Balance at January 1,2020	\$6,312	2,838	632	9,782
Balance at June 30, 2020	\$6,312	2,230	1,160	9,702
Balance at January 1,2019	\$6,312	3,335	717	10,364
Balance at June 30, 2019	\$6,312	2,614	281	9,207

1. Amortization and Impairment

For the six months ended June 30,2020 and 2019, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Operating costs	\$55	5	60	11
Operating expenses	\$1,632	2,123	2,905	3,629

2. Impairment loss and subsequent reversal

The Group conducts impairment tests where there is an indication of impairment of intangible assets. The recoverable amount is determined based on the value in use. The accumulated impairment losses on other royalties to \$47,865 as of June 30, 2020.

(j) Other assets- current and non-current

	2020.06.30	2019.12.31	2019.06.30
Prepayments	\$34,868	27,302	41,338
Prepayments for investments	12,549	-	-
Net Input VAT	1,096	330	1,848
Payment on behalf of others	1,377	251	-
Others	862	467	2,367
Total	\$50,752	28,350	45,553

In May 2020, Besta Digital Technology Co., Ltd.'s investment in Raise Victa Technology Co., Ltd. amounted to CNY \$3,000 (NT\$ 12,627 thousand). Because the registration of this investment had not been completed as of June 30, 2020 an amount was temporarily "accounted for under" prepayments for investments.

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(k) Short-term borrowings

	2020.06.30	2019.12.31	2019.06.30
Unsecured bank loans	\$15,897	50,000	108,500
Unused credit facility	\$347,682	353,241	187,040
Range of interest rates	1.25%	1.43%~1.50%	1.43%~1.45%

For the details of related assets pledged as collateral, please refer Note 8; For the interest expense, please refer to Note 6(s).

(l) Lease liabilities

Lease liabilities of the Group carrying amounts were as follows:

	2020.06.30	2019.12.31	2019.06.30
Current	\$7,228	8,772	8,691
Non-current	\$10,491	12,812	16,720

Maturity analysis please refers to Note 6(t).

The amounts recognized in profit or losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Interest on lease liabilities	\$66	78	168	145
Expenses relating to short-term leases	\$69	82	134	151

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

	For the six months ended June 30,	
	2020	2019
Total cash outflow for leases	\$4,039	2,975

1. Real estate leases

The leases of office space typically run of a period for 1 to 5 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other lease information

The Group leases machinery equipment which typically run of a period for 1 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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(m) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial results as of December 31, 2019 and 2018.

The details of the Group's expenses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Operating cost	\$8	10	17	19
Selling expenses	85	121	171	241
Administration expenses	52	61	103	121
Research and development expenses	57	86	113	172
Total	\$202	278	404	553

As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group recognized the amount to \$60,114, \$61,566 and \$59,527 as the net defined benefit liability.

2. Defined contribution plans

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Operating cost	\$86	82	171	165
Selling expenses	816	859	1,568	2,474
Administration expenses	353	271	824	690
Research and development expenses	407	1,478	1,128	2,673
Total	\$1,662	2,690	3,691	6,002

(n) Income taxes

1. Income tax expense

The details of the Group's income tax expenses were as follows:

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	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Current income tax expense				
Current period incurred	\$-	62	-	145
Tax expense from continuing operations	\$-	62	-	145

The amount of income tax expense recognized in other comprehensive income was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Items that be reclassified subsequently to profit or loss :				
Exchange differences on translation of foreign financial statements	(\$326)	(261)	(52)	890

2. Status of approval of income tax

The Company's tax returns for the years through 2017 have been examined and approved by the Taipei National Tax Administration.

(o) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital stock and other equity components for the six months ended June 30, 2020 and 2019. For other information about the stockholders' equity please refer to Note 6(o) of the consolidated financial statements for the year ended December 31, 2019.

1. Capital surplus

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. 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 which are presented in the annual stockholders' meeting by the Board of Directors. The Company should distribute dividends and bonus, or all or part of the legal reserve (only the portion of legal reserve which exceeds 25 % of the paid-in

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capital) and capital surplus, stipulated by the Company Act, as cash dividends based on the resolution of the Board of Directors with two-thirds directors present and approved by one-half of the present directors. The Board of Directors submitted to the stockholders' meeting for approval.

As of June 18, 2020, the Company's board of directors' meeting resolved to offset accumulated deficits the 2019 deficits. As of June 18, 2019 the shareholders' meeting resolved to offset accumulated deficits the 2018 deficits. These deficits were offside as follows :

	2019	2018
Offset accumulated deficits:		
Capital surplus used to offset accumulated deficits	\$67,678	31,101

2. Other equity, net of tax

	Exchange difference 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	\$41,667	(111,370)
Exchange differences on foreign operations	(2,986)	-
Exchange differences on associates accounted for using equity method	(244)	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(10,587)
Balance at June 30, 2020	\$38,437	(121,957)
Balance at January 1,2019	\$45,923	(113,567)
Exchange differences on foreign operations	270	-
Exchange differences on associates accounted for using equity method	110	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	2,638
Balance at June 30,2019	\$46,303	(110,929)

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(p) Earnings per share

1. Basic losses per share

The basic earnings per share was calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Basic earnings per share (Loss) profit attributable to common stockholders of the Company	(\$25,537)	(11,156)	(24,658)	(13,891)
Weighted-average number of ordinary shares (thousand shares)	62,366	62,366	62,366	62,366
Basic earnings per share (NT dollars)	(\$0.41)	(0.18)	(0.40)	(0.22)

2. Diluted losses per share

For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019 were net losses. The company do not disclose diluted losses per share because of no dilution effect.

(q) Revenue from contracts with customers

1. Disaggregation of revenue

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Primary geographical markets :				
Taiwan	\$109,348	154,688	203,139	335,591
Japan	61,637	73,911	175,981	205,150
Mainland China	5,418	16,201	12,581	31,430
The United States and				
Canada	939	7,999	30,081	10,400
Czechia	23,553	20,769	39,527	22,373
Other Countries	36,397	36,735	62,118	54,692
	\$237,292	310,303	523,427	659,636
Major products :				
Sale of electronic products	\$216,265	299,034	463,272	615,927
Business Services	21,027	11,269	60,155	43,709
	\$237,292	310,303	523,427	659,636

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2. Contract balances

	2020.06.30	2019.12.31	2019.06.30
Accounts receivable	\$189,552	194,708	387,609
Less: Allowance for impairment	(3,678)	(1,078)	(663)
Total	\$185,874	193,630	386,946
Contract asset	\$7,755	8,810	1,354
Less: Allowance for impairment	(115)	(16)	-
Total	\$7,640	8,794	1,354
Contract liabilities	\$74,837	11,329	7,071

Please refer to Note 6(c) for details on accounts receivable and allowance for impairment.

The amounts of revenue recognized for the three months and the six months ended June 30, 2020 and 2019 that were included in the contract liability balance at the beginning of the period were \$1,189 and \$ 2,851, \$7,459 and \$8,673 respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation that the Group derived from the transfer of a good or service to the customer to be satisfied and the payment to be received.

(r) Remuneration of employees and directors

In accordance with the Articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Group incurred income before tax for the six months ended June 30, 2020, according to Articles of Incorporation, Company's net earnings should first be used to offset the prior years' deficits and loss before tax for the six months ended June 30, 2019.

There are no estimated expenses of employee compensation and directors' and supervisors' remuneration. The related information can be assessed from the Market Observation Post System on the web site.

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(s) Non-operating income and expenses

1. Interest income

The components of interest income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Interest income from				
bank deposits	\$535	961	1,151	1,722
Other	84	212	300	354
	\$619	1,173	1,451	2,076

2. Other income

The components of other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Rental income	\$2,362	2,457	4,728	4,917
Other income	147	4,242	152	8,289
	\$2,509	6,699	4,880	13,206

3. Other gains and losses

The components of other gains and losses are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Foreign exchange gains				
(losses), net	(\$2,973)	1,403	(1,524)	1,707
Gains on disposal of property,				
plant and equipment	-	-	-	4,141
	(\$2,973)	1,403	(1,524)	5,848

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4. Finance costs

The components of finance cost were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Interest expense				
Bank borrowings	\$68	271	238	492
Others	66	81	178	148
	<u>\$134</u>	<u>352</u>	<u>416</u>	<u>640</u>

(t) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2019.

1. Credit risk

(1) Credit risk of accounts receivable and equity security

Please refer to Note 6(c) for notes and accounts receivable of credit risk exposure. Please refer to Note 6(d) for impairment of financial assets at amortized cost including other receivables, etc.

Please refer to Note 6(b) of details on investments and financial instruments at fair value through other comprehensive income including private stock, etc.

2. Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

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	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Balance at June 31, 2020							
Non-derivative financial liabilities							
Unsecured bank loans	\$15,897	15,902	15,902	-	-	-	-
Accounts payable	161,330	161,330	161,330	-	-	-	-
Other payables	39,709	39,709	39,709	-	-	-	-
Lease Liabilities	17,719	18,346	5,118	2,301	3,115	7,812	-
Receipts under custody (accounting for other current liabilities)	2,098	2,098	2,098	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	2,057	2,057	369	446	-	1,242	-
	<u>\$238,810</u>	<u>239,442</u>	<u>224,526</u>	<u>2,747</u>	<u>3,115</u>	<u>9,054</u>	<u>-</u>
Balance at December 31, 2019							
Non-derivative financial liabilities							
Unsecured bank loans	\$50,000	50,177	30,170	20,007	-	-	-
Notes payable	9,231	9,231	9,231	-	-	-	-
Accounts payable	116,890	116,890	116,890	-	-	-	-
Other payables	49,328	49,328	49,328	-	-	-	-
Lease Liabilities	21,584	22,388	5,226	3,812	3,884	9,466	-
Receipts under custody (accounting for other current liabilities)	1,220	1,220	1,220	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	1,611	1,611	6	881	-	724	-
	<u>249,864</u>	<u>250,845</u>	<u>212,071</u>	<u>24,700</u>	<u>3,884</u>	<u>10,190</u>	<u>-</u>
Balance at June 30, 2019							
Non-derivative financial liabilities							
Unsecured bank loans	\$108,500	108,500	108,500	-	-	-	-
Notes payable	4,677	4,677	4,677	-	-	-	-
Accounts payable	253,184	253,184	253,184	-	-	-	-
Other payables	41,149	41,149	41,149	-	-	-	-
Lease Liabilities	25,411	26,403	5,159	3,839	6,181	9,619	1,605

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Receipts under custody (accounting for other current liabilities)	1,254	1,254	1,254	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	1,608	1,608	530	6	348	724	-
	<u>\$435,783</u>	<u>436,775</u>	<u>414,453</u>	<u>3,845</u>	<u>6,529</u>	<u>10,343</u>	<u>1,605</u>

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

3. Market risk

(1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

		2020.06.30		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$9,918	USD : TWD 29.4700		292,283
	19	USD : CNY 7.0452		560
CNY	33	CNY : TWD 4.1830		138
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	4,607	USD : TWD 29.4700		135,768
		2019.12.31		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$7,829	USD : TWD 30.04		235,183
	168	USD : CNY 6.9779		5,047
CNY	24	CNY : TWD 4.305		103
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD	1,495	USD : TWD 30.04		44,910
	84	USD : CNY 6.9779		2,523

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	2019.06.30		
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$11,391	USD : TWD 31.0800	354,032
	288	USD : CNY 6.8731	8,951
CNY	31	CNY : TWD 4.5220	140
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	5,474	USD : TWD 31.0800	170,132
	138	USD : CNY 6.8731	4,289

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payments that are denominated in foreign currency.

A 0.5% appreciation or depreciation of the TWD against the USD as at June 30, 2020 and 2019, would have increased or decreased net income by \$786 thousand and \$945 thousand, respectively. This analysis that all other variables remain constant. The analysis is performed on the same basis as for the six months ended June 30, 2020 and 2019, respectively.

(2) Foreign gains or losses on monetary item

As Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarize as a single amount, including realized and unrealized, and uses the TWD as the parent's functional currency (the same as the reporting currency of the Group), information about exchange rate was as follows:

	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Foreign exchange gains	Average exchange rate	Foreign exchange gains	Average exchange rate
TWD	(\$1,581)	1.000	1,831	1.000
CNY	57	4.244	(124)	4.5005

4. Interest risk

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments at the reporting date. If the

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interest rate increases / decreases by 0.5%, the Group's net losses will decrease / increase by \$2 and \$1 for the six months ended June 30, 2020 and 2019, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's bank loan in variable rate and time deposit.

5. Fair value of financial instruments

(1) Fair value hierarchy

The Group measured its financial assets at fair through other comprehensive income on a recurring basis. The carrying amount and fair value of the Group financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is 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, disclosure of fair value information is not required:

	2020.06.30				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	\$33,443	-	-	33,443	33,443
Financial assets at amortized cost					
Cash and cash equivalents	227,884	-	-	-	-
Notes receivable, accounts receivable and other receivables	263,536	-	-	-	-
Other financial assets	52,555	-	-	-	-
Subtotal	543,975	-	-	-	-
Total	\$577,418	-	-	33,443	33,443
Financial liabilities at amortized cost					
Bank loans	\$15,897	-	-	-	-
Notes payable, accounts payable and other payables	205,011	-	-	-	-
Lease liabilities	17,719	-	-	-	-
Receipts under custody (accounting for other current liabilities)	2,098	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	2,057	-	-	-	-

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Total	\$242,782	-	-	-	-
		2019.12.31			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	\$44,030	-	-	44,030	44,030
Financial assets at amortized cost					
Cash and cash equivalents	258,301	-	-	-	-
Notes receivable, accounts receivable and other receivables	264,319	-	-	-	-
Other financial assets	24,602	-	-	-	-
Subtotal	547,222	-	-	-	-
Total	\$591,252	-	-	44,030	44,030
Financial liabilities at amortized cost					
Bank loans	\$50,000	-	-	-	-
Notes payable, accounts payable and other payables	176,304	-	-	-	-
Lease liabilities	21,584	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,220	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	1,611	-	-	-	-
Total	\$250,719	-	-	-	-
		2019.06.30			
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	\$44,471	-	-	44,471	44,471
Financial assets at amortized cost					
Cash and cash equivalents	264,945	-	-	-	-
Notes receivable, accounts receivable and other receivables	503,060	-	-	-	-
Other financial assets	21,759	-	-	-	-
Subtotal	789,764	-	-	-	-

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Total	\$834,235	-	-	44,471	44,471
	2019.06.30				
	Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	\$108,500	-	-	-	-
Notes payable, accounts payable and other payables	300,509	-	-	-	-
Lease liabilities	25,411	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,254	-	-	-	-
Guarantee deposits received (accounting for other non-current liabilities)	1,608	-	-	-	-
Total	\$437,282	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

The fair value of financial instruments are evaluated by using the valuation technique or prices of financial instruments of comparable peers that are publicly traded. The fair value acquired through valuation technique may refer to other financial instruments with substantially similar conditions and characteristics; discounted cash flow analysis or other valuation technique, including the market information can be obtained on the consolidated balance sheet date and calculated using the model.

The stocks of listed companies are financial assets and financial liabilities with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.

Equity instrument that has no quoted prices : The comparable listed companies' method is used to estimate fair values. The main assumption for the model is the earnings before interests, taxes, depreciation and amortization and the earnings multiplier derived from comparable listed companies.

The estimate has adjusted the impact of the lack of market liquidity of the equity securities. Fair value is a quoted price in an active market if the markets for financial instruments have quoted price.

The fair values of equity instrument listed companies and debt instruments quoted price in active market are based on published price in

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the mainly active securities exchange and Central Government Bonds (CGBs) in the OTC market. If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

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

	Financial assets at fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
Balance at January 1, 2020	\$44,030
Total gains and losses recognized	
In other comprehensive income	(10,587)
Balance at June 30, 2020	<u>\$33,443</u>
Balance at January 1, 2019	\$41,833
Total gains and losses recognized	
In other comprehensive income	2,638
Balance at June 30, 2019	<u>\$44,471</u>

For the six months ended June 30, 2020 and 2019, total gains and losses that were included in “ other gains and losses” and “ unrealized gains and losses from fair value through other comprehensive income” were as follows:

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	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Total gains and losses recognized in other comprehensive income (recognized as “unrealized gains and losses from Financial assets at fair value through other comprehensive income ”)	\$413	1,663	(10,587)	2,638

(4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – equity investments”.

The Group’s financial assets at fair value through other comprehensive income–equity investments without an active market have more than one significant unobservable input. The significant unobservable inputs of financial assets at fair value through other comprehensive income–equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

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Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Comparable listed companies method	<ul style="list-style-type: none"> • Multiplier of price- to- book ratio (As of June 30, 2020, December 31, 2019 and June 30, 2019 were 1.81、1.47 and 1.27) 	<ul style="list-style-type: none"> • The higher the PB, the higher the fair value
		<ul style="list-style-type: none"> • Market illiquidity discount (As of June 30, 2020, December 31, 2019 and June 30, 2019 were 15%) 	<ul style="list-style-type: none"> • The higher the illiquidity discount rate, the lower the fair value.

(5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. 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 of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
June 30, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$1,672	(1,672)
Equity investments without an active market	Market illiquidity discount	5%	1,967	(1,967)
			<u>\$3,639</u>	<u>(3,639)</u>
December 31, 2019				
Financial assets at fair value through other comprehensive income				

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Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$2,201	(2,201)
Equity investments without an active market	Market illiquidity discount	5%	<u>2,590</u>	<u>(2,590)</u>
			<u>\$4,791</u>	<u>(4,791)</u>
June 30, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$2,223	(2,223)
Equity investments without an active market	Market illiquidity discount	5%	<u>2,616</u>	<u>(2,616)</u>
			<u>\$4,839</u>	<u>(4,839)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(u) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note 6(u) of the consolidated financial statements for the year ended December 31, 2019.

(v) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2019; There were no significant changes in the quantified factors of capital management as compared to the consolidated financial for the year ended December 31, 2019. For other information about the capital management, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2019.

(w) Investing and financing activities not effecting current cash flow

The Group has no investing and financing activities which did not affect the current cash flow for the six months ended June 30, 2020 and 2019.

Reconciliation of liabilities arising from financing activities was as follows:

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	2020.01.01	Cash flows	No-cash changes		2020.06.30
			other	Foreign exchange movement	
Short-term loans	\$50,000	(34,103)	-	-	15,897
Lease liabilities	21,584	(3,737)	-	(128)	17,719
Total liabilities from financing activities	\$71,584	(37,840)	-	(128)	33,616

	2019.01.01	Cash flows	No-cash changes		2019.06.30
			other	Foreign exchange movement	
Short-term loans	\$ -	108,500	-	-	108,500
Lease liabilities	38,970	(2,679)	(10,936)	56	25,411
Total liabilities from financing activities	\$38,970	105,821	(10,936)	56	133,911

(7) Related-Party Transactions

(a) The Company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Inventec Corporation	Investor using equity-method
Inventec Solar Energy Corporation	Subsidiary of Inventec Corporation
Inventec Appliances Corp.	"
E-Ton Solar Tech. Co., Ltd.	"
Inventec Appliances (XI'AN) Corporation	Sub-subsidiary of Inventec Corporation
Inventec (Pudong) Technology Corp.	"
IKNOW PTE. LTD.	Corporation invested using equity-method

(c) Related-party transactions

1. Sales

The amounts of significant sales by the Group to related parties were as follows:

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	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Associates	\$8,703	7,943	11,483	22,741

The sales prices and collection terms aren't the same as those with other customers. The collection terms are within 30 and 90 days except for Iknow Pte. Ltd. which is within 30 days after arrival.

2. Purchase

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

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Associates	\$1,001	586	3,209	1,523

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 under conditions of purchase.

3. Account receivables from related parties

The amounts of account receivables between the Group and related parties were as follows:

Financial Statement Account	Related Party Categories	2020.06.30	2019.12.31	2019.06.30
Accounts receivable	Associates			
	Inventec Corporation	\$5,083	340	6,159
	Inventec Appliances Corp.	138	2,092	6,981
	Other	-	-	135
		\$5,221	2,432	13,275

4. Account payables from Related Parties

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

Financial Statement Account	Related Party Categories	2020.06.30	2019.12.31	2019.06.30
Accounts payable	Associates	\$113	84	713
Other payables	Associates	-	1	-
		\$434	85	713

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5. Other expense and revenue

Financial Statement Account	Related Party Categories	For the three months ended June 30,		For the six months ended June 30,	
		2020	2019	2020	2019
Other expenses	Associates	\$-	-	3	102
Interest income	Associates	\$-	30	-	69

1. Others

- (1) The Group paid \$335 to its associates for prepayment as of December 31, 2019.
- (2) The Group paid \$75, \$77 and \$81 to its associates for the refundable deposits as of June 30, 2020, December 31, 2019 and June 30, 2019.
- (3) The Group paid \$1,032, \$1,079 and \$1,079 to its associates for the guaranteed notes in deposit as of June 30, 2020, December 31, 2019 and June 30, 2019.

2. Leases

In April 2016 and October 2017, the Group rented an office building from Inventec Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was \$16,716. For the three months and six months ended June 30, 2020 and 2019, the Group recognized the amount of \$26, \$32, \$55 and \$66 as interest expense. As of June 30, 2020, December 31, 2019 and June 30, 2019, the balance of lease liabilities amounted to \$7,070, \$7,703 and \$8,442.

In March 2018, the company rented an IDC from Inventec Corporation. A one-year lease contract was signed. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. The total value of the contract was \$6,640. The group adjusted part of the lease contract amount on March 1, 2019 and recalculate decrease lease liabilities amount \$10,936. For the three months and the six months ended June 30, 2020 and 2019, the Group recognized the amount of \$24, \$17, \$41 and \$50 as interest expense. As of June 30, 2020, December 31, 2019 and June 30, 2019, the balance of lease liabilities amounted to \$6,549, \$9,112 and \$11,545.

In January 2019, the Group rented an office building from Inventec Appliances (XI'AN) Corporation. The rental fee is determined based on nearby office rental rates. The total value of the contract was RMB1,027. For the three months and the six months ended June 30, 2020 and 2019, the group recognized the amount of \$15, \$29, \$33 and \$29 as interest expense. As of June 30, 2020, December 31, 2019 and June 30, 2019, the balance of lease liabilities amounted to \$3,469, \$3,975 and \$4,590.

(d) Key management personnel compensation

Key management personnel compensation comprised:

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	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Short-term employee benefits	\$5,112	4,447	11,006	9,807
Post-employment benefits	81	54	162	108
	\$5,193	4,501	11,168	9,915

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2020.06.30	2019.12.31	2019.06.30
Other current financial assets	Performance bond, guaranteed loan			
	Customs duty	\$16,068	8,913	13,540
Other non-current financial assets	Guarantee, performance bond and etc.	6,517	8,615	5,699
		\$22,585	17,528	19,239

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Promissory notes issued for bank credit and lease are as follows:

	2020.06.30	2019.12.31	2019.06.30
Notes issued as guarantee	\$414,119	581,672	455,978

2. For part of the material royalty contracts, the Group paid based on sales volume and minimum guaranteed payment:

	2020.06.30	2019.12.31	2019.06.30
TWD	\$1,123	438	1,123
USD	\$247	214	65

3. The Group's significant outstanding sale commitments for sale contract are as follows:

	2020.06.30	2019.12.31	2019.06.30
Order backlog of promised	\$303,292	83,947	147,293

4. The Group's significant outstanding purchase commitments for Signed project contract are as follows:

	2020.06.30	2019.12.31	2019.06.30
Purchase order of promised	\$248,348	83,779	126,683

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(b) Contingency: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Others

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

By item	For the three months ended June 30,2020			For the three months ended June 30,2019		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	1,529	31,958	33,487	1,529	36,123	37,652
Labor and health insurance	139	2,498	2,637	136	3,261	3,397
Pension	94	1,770	1,864	92	2,876	2,968
Others employee benefits	21	1,235	1,256	25	1,386	1,411
Depreciation	2,434	1,724	4,158	1,754	1,846	3,600
Amortization	55	1,632	1,687	5	2,123	2,128

Nature	for the six months ended June 30,2020			For the six months ended June 30,2019		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	3,217	67,849	71,066	3,174	74,638	77,812
Labor and health insurance	274	5,400	5,674	271	6,484	6,755
Pension	188	3,907	4,095	184	6,371	6,555
Others employee benefits	46	2,569	2,615	53	2,838	2,891
Depreciation	4,404	3,544	7,948	4,739	3,757	8,496
Amortization	60	2,905	2,965	11	3,629	3,640

(13) Other disclosures

(a) Information on significant transactions

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The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2020.

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as balance sheet data (excluding investment subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Notes
				Shares/Unit	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Inventec Solar Energy Corporation	Associates	Non-current financial assets at fair value through other comprehensive income	15,450,000	33,443	4.78%	33,443	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.
5. Accumulated of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of TWD\$100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant intercompany transactions: None.

(b) Information on investees:

For the six months ended June 30, 2020, the following was the information on investees (excluding investees in Mainland China):

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Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	INVENTEC BESTA (BVI) CO., LTD.	B.V.I.	Investment management	318,993	318,993	10,258,000	100.00%	45,782	(1,785)	(1,785)	Subsidiary
"	BESTA (CAYMAN) CO., LTD.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00%	124,287	(2,062)	(2,062)	"
"	IKNOW PTE. LTD.	Singapore	Sales of electronic dictionaries and PDA-related products	62,641	62,641	683,850	47.00%	5,688	(218)	(102)	Associate under equity method

Note 1: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

Note 2: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date.

The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

(c) Information on investment in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

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Name of investee	Main business and product	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow						
Inventec Besta (XiAn) Co., Ltd	Design and research of consumer electronic products	191,555	(2)	181,241	-	-	181,241	(1,459)	100%	(1,459)	18,054	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	353,640	(2)	353,640	-	-	353,640	(100)	100%	(100)	74,576	-
Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	265,230	(2)	265,230	-	-	265,230	(1,463)	100%	(1,463)	8,711	-
Kunshan Besta Electronics Limited	Sales of electronic dictionaries and PDA-related products	1,255	(3)	-	-	-	-	(409)	100%	(409)	5,335	-

5. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd	1,492,656	1,492,656	-

Note 1: There are four modes of investments as following:

1. Directly invest in China Company.
2. Invest in China Company by the company which set up in third area by the Company.
3. Others.

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

Note 3: If aforementioned amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

Note 4: In accordance with the regulation of amended limitation calculation of Investment Commission in August 29, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore, there is no need to calculate the limitation.

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Note 5: Golden Electronics China Co., Ltd. and iSing Music Technology (Beijing) Co., Ltd. were liquidated in 2004 and 2018, respectively, wherein both liquidation procedures had been approved by the Investment Commission, MOEA. Since both companies have no capital to be remitted back to their parent companies in Taiwan after the liquidation process, the initial investment of both companies amounting to \$294,700 and \$397,845 respectively, have already been included in the Accumulated Investment in Mainland China.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

6. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the six months ended June 30, 2020, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

Shareholding	Shares	Percentage
Shareholder's Name		
Inventec Corporation	23,404,962	37.52%

Note (1) The information on major shareholders is based on the number of ordinary share and special shares held by shareholders with ownership of 5% or more that have been issued without physical registration (including treasury shares) by the Company as of March 31, 2020. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration due to different preparation basis.

Note (2) Regarding the above matter, if the shareholders deliver the shares to the trust company, those shares will be disclosed by the trustee who open the trust count separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of shares held by shareholders include the number of shares held by themselves, plus, the number of shares delivered by the shareholders to the trust which has discretion over the use of the trust assets. The Information of insider trading would be available at the Market Observation Post System.

(14) Segment Information

(a) General information

The Group's reportable segments are Taiwan department. Taiwan department leads the development of the Group's products and is responsible for sales in Taiwan.

(b) Information about reportable segments and their measurement and reconciliations. The classification of the Group's reportable segments is based on sales regions and the function. There was no material difference between the accounting policies of the operating segment and the accounting policies. The Group's regional financial information was as follows:

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	For the three months ended June30, 2020			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue :				
Revenue from external customers	\$232,141	5,151	-	237,292
Total revenue	\$232,141	5,151	-	237,292
Reportable segment net operating income (loss)	(\$25,537)	(3,894)	3,894	(25,537)
	For the three months ended June 30, 2019			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue :				
Revenue from external customers	\$294,475	15,828	-	310,303
Total revenue	\$294,475	15,828	-	310,303
Reportable segment net operating income (loss)	(\$11,156)	62	-	(11,094)
	For the six months ended June30, 2020			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue :				
Revenue from external customers	\$511,113	12,314	-	523,427
Total revenue	\$511,113	12,314	-	523,427
Reportable segment net operating income (loss)	(\$24,658)	(6,869)	6,869	(24,658)
	For the six months ended June 30,2019			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue :				
Revenue from external customers	\$627,178	32,458	-	659,636
Total revenue	\$627,178	32,458	-	659,636
Reportable segment net operating income (loss)	(\$13,891)	145	-	(13,746)