

(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 three months ended March 31,2020 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. (“Company”) and its subsidiaries (“Group”) as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance of 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 \$36,606 thousand and \$50,964 thousand, constituting 3.82% and 4.64% of consolidated total assets as of March 31, 2020 and 2019, respectively ; total liabilities amounting to \$7,869 thousand and \$15,939 thousand, constituting 2.48% and 4.62% of consolidated total liabilities as of March 31, 2020 and 2019, respectively ; and total comprehensive income(loss) amounting to \$(1,392) thousand, and \$1,789 thousand, constituting 11.56% and (667.54)% of consolidated total comprehensive income (loss) for the three months ended March 31, 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 \$5,682 thousand and \$6,933 thousand as of March 31, 2020 and 2019,

respectively, and its share of income( loss) of associates and joint ventures accounted for the using equity method on these investee companies of \$102 thousand and \$871 thousand for the three months ended March 31, 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 March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)

May 11, 2020.

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**March 31,2020,December 31,2019 and March 31,2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

			2020.03.31		2019.12.31		2019.03.31					2020.03.31		2019.12.31		2019.03.31	
<b>ASSETS</b>			<b>AMOUNT</b>	<b>%</b>	<b>AMOUNT</b>	<b>%</b>	<b>AMOUNT</b>	<b>%</b>	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			<b>AMOUNT</b>	<b>%</b>	<b>AMOUNT</b>	<b>%</b>	<b>AMOUNT</b>	<b>%</b>
<b>CURRENT ASSETS :</b>									<b>CURRENT LIABILITIES :</b>								
1100	Cash and cash equivalents	(Note(6)(a))	\$271,585	29	258,301	26	282,119	26	2100	Short-term borrowings	(Notes(6)(j)and(v))	\$15,897	2	50,000	5	51,800	5
1140	Current contract assets	(Note(6)(p))	9,078	1	8,794	1	-	-	2130	Current contract liabilities	(Note(6)(p))	12,495	1	11,329	1	11,227	1
1150	Notes receivable, net	(Note(6)(c))	1,702	-	19,113	2	1,459	-	2150	Notes payable		5,664	1	9,231	1	58	-
1170	Accounts receivable, net	(Notes(6)©)	159,074	17	171,410	17	275,397	25	2170	Accounts payable	(Note(7))	145,131	15	116,890	12	157,533	15
1180	Accounts receivable due from related parties, net	(Notes(6)(c)and(7))	2,465	-	2,432	-	15,226	2	2200	Other payables	(Note(7))	31,972	3	50,183	5	35,821	3
1200	Other receivables, net	(Note(6)(d))	69,985	7	71,364	7	90,057	8	2230	Current tax liabilities		-	-	-	-	84	-
1220	Current tax assets		224	-	202	-	242	-	2280	Current lease liabilities	(Notes(6)(k),(v)and(7))	8,416	1	8,772	1	13,734	1
130X	Inventories	(Note(6)(e))	77,680	8	70,214	7	46,878	4	2300	Other current liabilities		3,277	-	5,588	-	3,231	-
1476	Other current financial assets	(Note(8))	1,163	-	15,312	2	3,655	-									
1479	Other current assets others		22,187	2	28,107	3	7,393	1									
			615,143	64	645,249	65	722,426	66				222,852	23	251,993	25	273,488	25
<b>NON-CURRENT ASSETS :</b>									<b>NON-CURRENT LIABILITIES:</b>								
1517	Non-current financial assets at fair value through other comprehensive income	(Notes(6)(b))	33,030	4	44,030	4	42,808	4	2570	Deferred tax liabilities		13,013	2	12,677	1	14,025	1
1550	Investments accounted for using equity method, net	(Note(6)(f))	5,682	1	6,073	1	6,933	1	2580	Non-current lease liabilities	(Note(6)(k)(v)and(7))	11,283	1	12,812	2	24,376	2
1600	Property, plant and equipment	(Note(6)(g))	263,011	27	264,412	26	268,282	24	2640	Net defined benefit liability, non-current		60,713	6	61,566	6	60,414	6
1755	Right-of-use assets	(Note(6)(h))	18,157	2	20,070	2	36,528	3	2670	Other non-current liabilities, others		9,087	1	9,087	1	1,607	-
1780	Intangible assets	(Note(6)(i))	8,908	1	9,782	1	9,588	1				94,096	10	96,142	10	100,422	9
1840	Deferred tax assets		3,189	-	3,126	-	3,126	-	<b>TOTAL LIABILITIES</b>			316,948	33	348,135	35	373,910	34
1980	Other non-current financial assets	(Note(8))	11,890	1	9,290	1	7,828	1									
1990	Other non-current assets		34	-	243	-	-	-									
			343,901	36	357,026	35	375,093	34									
<b>TOTAL ASSETS</b>			<b>\$959,044</b>	<b>100</b>	<b>1,002,275</b>	<b>100</b>	<b>1,097,519</b>	<b>100</b>				<b>\$959,044</b>	<b>100</b>	<b>1,002,275</b>	<b>100</b>	<b>1,097,519</b>	<b>100</b>
									<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT:</b>								
									3100	Share capital	(Note(6)(n))	623,663	65	623,663	62	623,663	57
									3200	Capital surplus		167,858	18	167,858	17	198,959	18
									3300	Retained earnings		(66,799)	(7)	(67,678)	(7)	(33,836)	(3)
									3400	Other equity interest		(82,626)	(9)	(69,703)	(7)	(65,177)	(6)
										<b>TOTAL EQUITY</b>		642,096	67	654,140	65	723,609	66
<b>TOTAL ASSETS</b>			<b>\$959,044</b>	<b>100</b>	<b>1,002,275</b>	<b>100</b>	<b>1,097,519</b>	<b>100</b>	<b>TOTAL LIABILITIES AND EQUITY</b>			<b>\$959,044</b>	<b>100</b>	<b>1,002,275</b>	<b>100</b>	<b>1,097,519</b>	<b>100</b>

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

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**For the three months ended March 31, 2020 and 2019.**  
**(Expressed in Thousands of New Taiwan Dollars)**

		For the three months ended March 31,					
		2020		2019			
		AMOUNT	%	AMOUNT	%		
4000	Sales revenue	(Note(6)(p)and(7))		\$286,135	100	349,333	100
5000	Operating costs	(Note(6)(e))		(227,368)	(79)	(295,761)	(85)
	<b>Gross profit from operations</b>			<b>58,767</b>	<b>21</b>	<b>53,572</b>	<b>15</b>
5910	Less :Unrealized profit (loss) from sales			-	-	-	-
5920	Add: Realized profit (loss) on from sales			-	-	389	-
				<b>58,767</b>	<b>21</b>	<b>53,961</b>	<b>15</b>
	<b>Operating expenses :</b>						
6100	Selling expenses			(27,527)	(10)	(31,306)	(9)
6200	Administrative expenses			(13,870)	(5)	(14,594)	(4)
6300	Research and development expenses			(17,958)	(6)	(21,222)	(6)
6450	Expected credit gain (loss)			(2,801)	(1)	(187)	-
	<b>Total operating expenses</b>			<b>(62,156)</b>	<b>(22)</b>	<b>(67,309)</b>	<b>(19)</b>
	<b>Net-operating loss</b>			<b>(3,389)</b>	<b>(1)</b>	<b>(13,348)</b>	<b>(4)</b>
	<b>Non-operating income and expenses :</b>						
7010	Other income	(Note(6)(r))		3,198	1	3,363	1
7020	Other gains and losses	(Note(6)(r))		1,454	-	8,492	2
7050	Finance costs, net	(Note(6)(r))		(282)	-	(288)	-
7060	Share of loss of associates accounted for using equity method	(Note(6)(f))		(102)	-	(871)	-
	<b>Total non-operating income and expenses</b>			<b>4,268</b>	<b>1</b>	<b>10,696</b>	<b>3</b>
7900	Pofit(loss) from continuing operations before tax			879	-	(2,652)	(1)
7950	Less: Tax expense	(Note(6)(m))		-	-	(83)	-
	<b>Profit(loss) for the period</b>			<b>879</b>	<b>-</b>	<b>(2,735)</b>	<b>(1)</b>
	<b>Other comprehensive income (loss) :</b>						
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			(11,000)	(4)	975	-
8349	Less : Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			-	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>			<b>(11,000)</b>	<b>(4)</b>	<b>975</b>	<b>-</b>
8360	<b>Components of other comprehensive income(loss) that will be reclassified to profit or loss</b>						
8361	Exchange differences on translation of foreign financial statements			(1,360)	-	2,549	1
8370	Share of other comprehensive income of associates accounted for using equity method			(289)	-	94	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss			274	-	1,151	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			<b>(1,923)</b>	<b>-</b>	<b>1,492</b>	<b>1</b>
	<b>Other comprehensive income (loss) for the period, net of tax</b>			<b>(12,923)</b>	<b>(4)</b>	<b>-</b>	<b>1</b>
8500	<b>Total comprehensive loss for the period</b>			<b>\$(12,044)</b>	<b>(4)</b>	<b>(268)</b>	<b>-</b>
	<b>Earnings per share , net of tax</b>	(Note(6)(o))					
9750	<b>Basic earnings per share (dollars)</b>			<b>\$0.01</b>		<b>(0.04)</b>	
	<b>Diluted earnings per share (dollars)</b>			<b>\$0.01</b>		<b>(0.04)</b>	

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

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31,2020 and 2019.

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent					Total Equity
	Capital Stock		Retained Earnings	Other Equity Interest		
	Share Capital	Capital Surplus	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	
<b>Balance at January 1,2019</b>	\$623,663	198,959	(31,101)	45,923	(113,567)	723,877
Net income loss for the period	-	-	(2,735)	-	-	(2,735)
Other comprehensive income(loss) for the period	-	-	-	1,492	975	2,467
Total comprehensive income(loss) for the period	-	-	(2,735)	1,492	975	(268)
<b>Balance at March 31,2019</b>	<u>\$623,663</u>	<u>198,959</u>	<u>(33,836)</u>	<u>47,415</u>	<u>(112,592)</u>	<u>723,609</u>
<b>Balance at January 1,2020</b>	\$623,663	167,858	(67,678)	41,667	(111,370)	654,140
Net income for the period	-	-	879	-	-	879
Other comprehensive income(loss) for the period	-	-	-	(1,923)	(11,000)	(12,923)
Total comprehensive income(loss) for the period	-	-	879	(1,923)	(11,000)	(12,044)
<b>Balance at March 31,2020</b>	<u>\$623,663</u>	<u>167,858</u>	<u>(66,799)</u>	<u>39,744</u>	<u>(122,370)</u>	<u>642,096</u>

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 three months ended March 31, 2020 and 2019.

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2020	2019
<b>Cash flows from operating activities :</b>		
<b>Profit (loss) before income tax</b>	\$ 879	(2,652)
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation expense	3,790	4,896
Amortization expense	1,278	1,512
Expected credit loss	2,801	187
Interest expense	282	288
Interest income	(832)	(903)
Share of losses of associates and joint ventures accounted for using equity method	102	871
Gain on disposal of property, plant and equipment	-	(4,141)
Other adjustments	(10)	-
<b>Total adjustments to reconcile profit</b>	7,411	2,710
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Increase in Current contract assets	(385)	-
Decrease in notes receivable	17,493	2,202
Decrease in accounts receivable	9,557	52,215
(Increase) in accounts receivable due from related parties	(33)	(14,157)
Decrease in other receivables	1,255	41,533
(Increase) decrease in inventories	(7,492)	11,591
Decrease (increase) in other current assets	5,950	(2,565)
<b>Total changes in operating assets</b>	26,345	90,819
<b>Changes in operating liabilities :</b>		
Decrease in notes payable	(3,567)	(25,038)
Increase (decrease) in accounts payables	28,263	(160,224)
Decrease in other payable	(17,773)	(17,006)
Increase (decrease) in contract liabilities	1,166	(934)
Decrease in other current liabilities	(2,294)	(1,849)
Decrease in net defined benefit liabilities, non-current	(853)	(77)
Decrease in deferred credits	-	(389)
<b>Total changes in operating liabilities</b>	4,942	(205,517)
<b>Total changes in operating assets and liabilities</b>	31,287	(114,698)
<b>Total adjustments</b>	38,698	(111,988)
Cash inflow (outflow) generated from operations	39,577	(114,640)
Interest received	915	905
Interest paid	(289)	(223)
Income taxes paid	(22)	(6)
<b>Net cash flows used in operating activities</b>	40,181	(113,964)
<b>Cash flows from investing activities :</b>		
Acquisition of property, plant and equipment	(1,115)	(3,222)
Processes from disposal of property, plant and equipment	-	18,392
Acquisition of intangible assets	(343)	(736)
Decrease (Increase) in other financial assets	11,547	(2,312)
Decrease in other non-current assets	209	-
<b>Net cash flows from (used in) from investing activities</b>	10,298	12,122
<b>Cash flows from financing activities :</b>		
Decrease (increase) in short-term loans	(34,103)	51,800
Payment of lease liabilities	(1,826)	(991)
Decrease in other non-current liabilities	-	527
<b>Net cash flows from financing activities</b>	(35,929)	51,336
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,266)	2,394
<b>Net decrease in cash and cash equivalents</b>	13,284	(48,112)
<b>Cash and cash equivalents at beginning of period</b>	258,301	330,231
<b>Cash and cash equivalents at end of period</b>	271,585	282,119

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



**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**March 31, 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

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 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.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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 IAS 1 and IAS 8 “Definition of Material”	January 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:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
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, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**March 31, 2020 and 2019**

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

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
			2020.3.31	2019.12.31	2019.3.31	
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%	100%	(note 1)
"	Besta (Kunshan) Co., Ltd.	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(note 3)
"	Besta Digital Technology Ltd.	Sale of electronic dictionaries and PDA- related products	100%	100%	100%	(note 2)
Besta (Kunshan) Co., Ltd.	Kunshan Besta Electronics Limited.	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.

**INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**March 31, 2020 and 2019**

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

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 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.

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(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
Cash on hand	\$411	414	383
Demand deposits	41,232	26,362	40,429
Foreign currency deposits	61,715	56,211	63,867
Cash equivalents -Time deposits	138,037	142,126	146,600
Cash equivalents -Bond	30,190	33,188	30,840
Total	<b>\$271,585</b>	<b>258,301</b>	<b>282,119</b>

Please refer to Note 6(s) 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

	<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
Equity investments at fair value through other comprehensive income :			
Stocks listed on domestic markets	<b>\$33,030</b>	<b>44,030</b>	<b>42,808</b>

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 three months ended March 31, 2020 and 2019.

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

The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable, net

	<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
Notes receivable	\$1,704	19,197	1,462
Account receivable	165,302	174,880	291,725
Long-term accounts (under Other non-current financial assets)	477	680	1,808
Less : Allowance for impairment	(3,737)	(1,078)	(974)
Unrealized Interest Revenue	(31)	(49)	(141)
	<b>\$163,715</b>	<b>193,630</b>	<b>293,880</b>

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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 March 31, 2020, December 31, 2019 and March 31, 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 provision were determined as follows:

<b>2020.03.31</b>			
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$136,001	0.00%~1.31%	850
Under 30 days	6,253	0.00%~3.77%	135
Overdue 31 to 180 days	10,359	0.00%~100%	1,053
Over 181 days past due	14,870	0.00%~100%	1,699
	<b>\$167,483</b>		<b>3,737</b>
<b>2019.12.31</b>			
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$194,757</b>		<b>1,078</b>
<b>2019.03.31</b>			
	<b>Gross carrying amount</b>	<b>Expected loss rate</b>	<b>Loss allowance provision</b>
Not past due	\$241,301	0.00%~0.84%	508
Under 30 days	38,728	0.00%~1.72%	444
Overdue 31 to 180 days	13,924	0.00%~2.12%	2
Over 181 days past due	1,042	1.72%~2.52%	20
	<b>\$294,995</b>		<b>974</b>

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

	For the three months ended March 31,	
	2020	2019
Balance at January 1, 2020 and 2019	\$1,078	691
Impairment losses recognized	2,659	283
Balance at March 31, 2020 and 2019	<b>\$3,737</b>	<b>974</b>

(d) Other receivables, net

	2020.03.31	2019.12.31	2019.03.31
Other receivables	\$71,316	72,654	90,479
Less: Allowance for impairment loss	(1,331)	(1,290)	(422)
	<b>\$69,985</b>	<b>71,364</b>	<b>90,057</b>

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 March 31, 2020, December 31, 2019 and March 31, 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 March 31, 2020, December 31, 2019 and March 31, 2019 were determined as follows:

	2020.03.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	\$11,160	0.00%~0.74%	14
Overdue 31 to 180 days	44,173	0.00%~0.74%	73
Over 181 days past due	15,983	0.85%~100.00%	1,244
	<b>\$71,316</b>		<b>1,331</b>
	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
	<b>\$72,654</b>		<b>1,290</b>

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	2019.03.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	\$9,873	0.00%~1.95%	19
Overdue 31 to 180 days	70,727	0.00%~1.95%	220
Over 181 days past due	9,879	1.12%~4.35%	183
	<b>\$90,479</b>		<b>422</b>

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

	For the three months ended March 31,	
	2020	2019
Balance at January 1, 2020 and 2019	\$1,290	515
Impairment losses (recognized) reversed	41	(96)
Foreign exchange loss	-	3
Balance at March 31, 2020 and 2019	<b>\$1,331</b>	<b>\$422</b>

(e) Inventories

	2020.03.31	2019.12.31	2019.03.31
Raw materials and consumables	\$13,070	10,404	15,621
Work in process	2,042	1,962	3,202
Finished goods	13,978	8,704	10,219
Merchandise	48,590	49,144	17,836
	<b>\$77,680</b>	<b>70,214</b>	<b>46,878</b>

For the three months ended March 31, 2020 and 2019, the components of cost of goods sold were as follows:

	For the three months ended March 31,	
	2020	2019
Cost of goods sold	\$225,891	294,079
Loss on inventory valuation and obsolescence	1,477	1,682
Total	<b>\$227,368</b>	<b>295,761</b>

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.

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As of March 31, 2020, December 31, 2019 and March 31, 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:

	<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
Associates	<b>\$5,682</b>	<b>6,073</b>	<b>6,933</b>

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		
			<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
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.

	<b>2020.03.31</b>	<b>2019.12.31</b>	<b>2019.03.31</b>
Summarized financial information to the carrying amount of Individually insignificant associates	<b>\$5,682</b>	<b>6,073</b>	<b>6,993</b>

For the three months ended March 31,

	2020	2019
The Group's share of associates :		
Net loss	(\$102)	(871)
Other comprehensive income	(289)	94
Comprehensive income	(\$391)	(777)

In order to develop the market in Singapore, Malaysia, and Indonesia, the Group invested in Iknow Pte. Ltd. and owns 47% shares Iknow of Pte. Ltd. in 2010. The investment cost was SGD 2,749 (approximately \$62,641) as of March 31, 2020.



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2. Pledged

As of March 31, 2020, December 31, 2019 and March 31, 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 March 31, 2020	\$146,274	103,068	2,183	11,486	263,011
Balance at January 1, 2019	\$154,042	113,526	1,887	14,966	284,421
Balance at March 31, 2019	\$146,274	106,459	1,785	13,764	268,282

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 equipment.

For the three months ended March 31, 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:

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	Buildings and Construction	Machinery and equipment	Total
Cost:			
Balance at January 1,2020	\$17,910	9,884	27,794
Others	(76)	-	(76)
Balance at March 31, 2020	<u>\$17,834</u>	<u>9,884</u>	<u>27,718</u>

Cost:			
Balance at January 1,2019	\$20,195	18,775	38,970
Others	137	-	137
Balance at March 31,2019	<u>\$20,332</u>	<u>18,775</u>	<u>39,107</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	740	1,111	1,851
Others	(14)	-	(14)
Balance at March 31, 2020	<u>\$3,752</u>	<u>5,809</u>	<u>9,561</u>

Balance at January 1,2019	\$-	-	-
Depreciation for the year	842	1,734	2,576
Others	3	-	3
Balance at March 31,2019	<u>\$845</u>	<u>1,734</u>	<u>2,579</u>

Carrying amounts :

	Buildings and Construction	Machinery and equipment	Total
Balance at January 1,2020	<u>\$14,884</u>	<u>5,186</u>	<u>20,070</u>
Balance at March 31, 2020	<u>\$14,082</u>	<u>4,075</u>	<u>18,157</u>
Balance at January 1,2019	<u>\$20,195</u>	<u>18,775</u>	<u>38,970</u>
Balance at March 31,2019	<u>\$19,487</u>	<u>17,041</u>	<u>36,528</u>

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(i) Intangible assets

Carrying amounts:

	Goodwill	Royalties	Software	Total
Balance at January 1,2020	\$6,312	2,838	632	9,782
Balance at March 31, 2020	\$6,312	2,190	406	8,908
Balance at January 1,2019	\$6,312	3,335	717	10,364
Balance at March 31,2019	\$6,312	2,777	499	9,588

1. Amortization and Impairment

For the three months ended March 31,2020 and 2019, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the three months ended March 31,	
	2020	2019
Operating costs	\$5	6
Operating expenses	\$1,273	1,506

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 March 31, 2020.

(j) Short-term borrowings

	2020.03.31	2019.12.31	2019.03.31
Unsecured bank loans	\$15,897	50,000	26,800
secured bank loans	-	-	25,000
Total	\$15,897	50,000	51,800

  

	2020.03.31	2019.12.31	2019.03.31
Unused credit facility	\$348,112	353,241	218,200
Range of interest rates	1.50%	1.43%~1.50%	1.45%

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(k) Lease liabilities

Lease liabilities of the Group carrying amounts were as follows:

	2020.03.31	2019.12.31	2019.03.31
Current	\$8,416	8,772	13,734
Non-current	\$11,283	12,812	24,376

Maturity analysis please refers to Note 6(s).

The amounts recognized in profit or losses were as follows:

	For the three months ended March 31,	
	2020	2019
Interest on lease liabilities	\$102	67
Expenses relating to short-term leases	\$65	69

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

	For the three months ended March 31,	
	2020	2019
Total cash outflow for leases	\$1,993	1,127

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.

(l) 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.

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

	For the three months ended March 31,	
	2020	2019
Operating cost	\$9	9
Selling expenses	86	120
Administration expenses	51	60
Research and development expenses	56	86
Total	\$202	275

2. Defined contribution plans

	For the three months ended March 31,	
	2020	2019
Operating cost	\$85	83
Selling expenses	752	1,615
Administration expenses	471	419
Research and development expenses	721	1,195
Total	\$2,029	3,312

(m) Income taxes

1. Income tax expense

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

	For the three months ended March 31,	
	2020	2019
Current income tax expense		
Current period incurred	\$ -	83
Tax expense from continuing operations	\$ -	83

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

	For the three months ended March 31,	
	2020	2019
Items that be reclassified subsequently to profit or loss :		
Exchange differences on translation of foreign financial statements	\$274	1,151

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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.

(n) 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 three months ended March 31, 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 percent of the paid-in 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 March 23, 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

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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	(1,675)	-
Exchange differences on associates accounted for using equity method	(248)	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(11,000)
Balance at March 31, 2020	<u>\$39,744</u>	<u>(122,370)</u>
Balance at January 1,2019	\$45,923	(113,567)
Exchange differences on foreign operations	1,433	-
Exchange differences on associates accounted for using equity method	59	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	975
Balance at March 31,2019	<u>\$47,415</u>	<u>(112,592)</u>

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(o) Earnings per share

The basic earnings per share was calculated as follows:

	For the three months ended March 31,	
	2020	2019
Basic earnings per share		
(Loss) profit attributable to common stockholders of the Company	\$879	(2,735)
Weighted-average number of ordinary shares (thousand shares)	62,366	62,366
Basic earnings per share (NT dollars)	\$0.01	(0.04)
Diluted earnings per share		
(Loss) profit attributable to common stockholders of the Company	\$879	(2,735)
Weighted-average number of ordinary shares (thousand shares)	62,366	62,366
Diluted earnings per share (NT dollars)	\$0.01	(0.04)

(p) Revenue from contracts with customers

1. Disaggregation of revenue

	For the three months ended March 31,	
	2020	2019
Primary geographical markets :		
Taiwan	\$93,791	180,903
Japan	114,344	131,239
Mainland China	7,163	15,229
America and Malaysia	29,142	2,401
Czechia	15,974	1,604
Other Countries	25,721	17,957
	\$286,135	349,333
Major products :		
Sale of electronic products	\$247,007	316,893
Business Services	39,128	32,440
	\$286,135	349,333



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2. Contract balances

	2020.03.31	2019.12.31	2019.03.31
Accounts receivable	\$167,452	194,708	294,854
Less: Allowance for impairment	(3,737)	(1,078)	(974)
Total	<u>\$163,715</u>	<u>193,630</u>	<u>293,880</u>
Contract asset	\$9,195	8,810	-
Less: Allowance for impairment	(117)	(16)	-
Total	<u>\$9,078</u>	<u>8,794</u>	<u>-</u>
Contract liabilities	<u>\$12,495</u>	<u>11,329</u>	<u>11,227</u>

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

The amounts of revenue recognized for the three months ended March 31, 2020 and 2019, that were included in the contract liability balance at the beginning of the period were \$6,270 and \$ 5,822, 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.

(q) 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 three months ended March 31, 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 three months ended March 31, 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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(r) Non-operating income and expenses

1. Other income

The details of other income are as follows:

	For the three months ended March 31,	
	2020	2019
Interest income		
Bank deposit	\$616	761
Other income	216	142
Rental income	2,366	2,460
	<u>\$3,198</u>	<u>3,363</u>

2. Other gains and losses

The details of other gains and losses are as follows:

	For the three months ended March 31,	
	2020	2019
Foreign exchange gains (losses), net	\$1,449	304
Gains on disposal of property, plant and equipment	-	4,141
Others	5	4,047
	<u>\$1,454</u>	<u>8,492</u>

3. Finance costs

The details of finance cost are as follows:

	For the three months ended March 31,	
	2020	2019
Interest expense		
Bank borrowings	\$170	221
Others	112	67
	<u>\$282</u>	<u>288</u>

(s) 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.

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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:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5years
Balance at March 31, 2020							
Non-derivative financial liabilities							
Unsecured bank loans	\$15,897	15,962	15,962	-	-	-	-
Notes payable	5,664	5,664	5,664	-	-	-	-
Accounts payable	145,131	145,131	145,131	-	-	-	-
Other payables	9,608	9,608	9,608	-	-	-	-
Lease Liabilities	19,699	20,396	5,243	3,386	3,128	8,639	-
Receipts under custody (accounting for other current liabilities)	1,035	1,035	1,035	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,611	1,611	360	9	-	1,242	-
	<u>\$198,645</u>	<u>199,407</u>	<u>183,003</u>	<u>3,395</u>	<u>3,128</u>	<u>9,881</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	13,580	13,580	13,580	-	-	-	-
Lease Liabilities	21,584	22,388	5,226	3,812	3,884	9,466	-

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	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5years
Receipts under custody (accounting for other current liabilities)	1,220	1,220	1,220	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,611	1,611	6	881	-	724	-
	214,116	215,097	176,323	24,700	3,884	10,190	-
<b>Balance at March 31,2019</b>							
<b>Non-derivative financial liabilities</b>							
Unsecured bank loans	\$26,800	26,800	26,800	-	-	-	-
Secured bank loans	25,000	25,000	25,000	-	-	-	-
Notes payable	58	58	58	-	-	-	-
Accounts payable	157,533	157,533	157,533	-	-	-	-
Other payables	12,536	12,536	12,536	-	-	-	-
Lease Liabilities	38,110	39,358	7,894	6,223	11,796	10,753	2,692
Receipts under custody(accounting for other current liabilities)	1,289	1,289	1,289	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,607	1,607	1,607	9	348	183	-
	262,933	264,181	232,717	6,232	12,144	10,936	2,692

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

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3. Market risk

(1) Currency risk

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

<b>2020.03.31</b>			
	<b>Foreign currency (In thousand)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$9,007	USD : TWD 30.19	271,921
	120	USD : CNY7.1035	3,623
CNY	33	CNY : TWD4.25	140
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	3,266	USD : TWD 30.19	98,601
<b>2019.12.31</b>			
	<b>Foreign currency (In thousand)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$7,829	USD : TWD 30.04	235,183
	168	USD : CNY6.9779	5,047
CNY	24	CNY : TWD4.305	103
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	1,495	USD : TWD 30.04	44,910
	84	USD : CNY6.9779	2,523

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<b>2019.03.31</b>			
	<b>Foreign currency (In thousand)</b>	<b>Exchange rate</b>	<b>TWD</b>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$8,487	<b>USD : TWD 30.84</b>	261,739
	248	<b>USD : CNY6.7366</b>	7,648
CNY	43	<b>CNY : TWD4.578</b>	197
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	2,547	<b>USD : TWD 30.84</b>	78,549
	139	<b>USD : CNY6.7366</b>	4,287

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 for the three months ended March 31, 2020 and 2019 and \$885 and \$934, respectively. The analysis is performed on the same basis for both periods.

(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:

	2020.03.31		2019.03.31	
	Foreign exchange gains	Average exchange rate	Foreign exchange gains	Average exchange rate
TWD	\$1,381	1.000	499	1
CNY	68	4.2775	(195)	4.5285

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 interest rate increases / decreases by 0.5%, the Group's net losses will

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decrease/increase by \$22and \$0 for the three months ended March 31, 2020 and 2019, assuming all other variable factors remain constant.

This is mainly due to the Group's bank loan in variable rate.

**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:

	2020.03.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments	\$33,030	-	-	33,030	33,030
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	271,585	-	-	-	-
Notes receivable, accounts receivable and other receivables	233,226	-	-	-	-
Other financial assets	13,053	-	-	-	-
Subtotal	517,864	-	-	-	-
Total	\$550,894	-	-	33,030	33,030
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$15,897	-	-	-	-
Notes payable, accounts payable and other payables	182,767	-	-	-	-
Lease liabilities	19,699	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,035	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,611	-	-	-	-
Total	\$221,009	-	-	-	-

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	2019.12.31				
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments	\$44,030	-	-	44,030	44,030
<b>Financial assets at amortized cost</b>					
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
<b>Financial liabilities at amortized cost</b>					
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	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,611	-	-	-	-
Total	\$250,719	-	-	-	-
		2019.03.31			
	Book Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through other comprehensive income</b>					
Unquoted equity instruments	\$42,808	-	-	42,808	42,808
<b>Financial assets at amortized cost</b>					
Cash and cash equivalents	282,119	-	-	-	-
Notes receivable, accounts receivable and other receivables	382,139	-	-	-	-
Other financial assets	11,483	-	-	-	-
Subtotal	675,741	-	-	-	-
Total	\$718,549	-	-	42,808	42,808



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	2019.03.31				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$51,800	-	-	-	-
Notes payable, accounts payable and other payables	193,412	-	-	-	-
Lease liabilities	38,110	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,289	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,607	-	-	-	-
Total	\$286,218	-	-	-	-

(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 the mainly active securities exchange and Central Government

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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
	Unquoted equity instruments
<b>Balance at January 1,2020</b>	<b>\$44,030</b>
Total gains and losses recognized	
In other comprehensive income	(11,000)
<b>Balance at March 31, 2020</b>	<b>\$33,030</b>
<b>Balance at January 1,2019</b>	<b>\$41,833</b>
Total gains and losses recognized	
In other comprehensive income	975
<b>Balance at March 31,2019</b>	<b>\$42,808</b>

For the three months ended March 31, 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:

	For the three months ended March 31,	
	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")	(\$11,000)	975

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- (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:

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"> <li>• Multiplier of price- to- book ratio (As of March 31, 2020, December 31, 2019 and March 31, 2019 were 1.27 、 1.47 and 1.16)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the PB, the higher the fair value</li> </ul>
		<ul style="list-style-type: none"> <li>• Market illiquidity discount (As of March 31, 2020, December 31, 2019 and March 31, 2019 were 15%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the illiquidity discount rate, the lower the fair value.</li> </ul>

- (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:

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	Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
March 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$1,652	(1,652)
Equity investments without an active market	Market illiquidity discount	5%	1,943	(1,943)
			<u>\$3,595</u>	<u>(3,595)</u>
December 31, 2019				
Financial assets at fair value through other comprehensive income				
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%	2,590	(2,590)
			<u>\$4,791</u>	<u>(4,791)</u>
March 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	\$2,140	(2,140)
Equity investments without an active market	Market illiquidity discount	5%	2,518	(2,518)
			<u>\$4,658</u>	<u>(4,658)</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.

(t) 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.

(u) Capital management

The Group's objectives, policies, and processes for capital management were

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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.

(v) 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 March 31, 2020, December 31,2019 and March 31,2019.

Reconciliation of liabilities arising from financing activities was as follows:

	2020.01.01	Cash flows	No-cash changes		2020.03.31
			other	Foreign exchange movement	
Short-term loans	\$50,000	(34,103)	-	-	15,897
Lease liabilities	21,584	(1,826)	-	(59)	19,699
Total liabilities from financing activities	\$71,584	(35,929)	-	(59)	35,596

	2019.01.01	Cash flows	No-cash changes		2019.03.31
			other	Foreign exchange movement	
Short-term loans	\$ -	51,800	-	-	51,800
Lease liabilities	38,970	(991)	-	131	38,110
Total liabilities from financing activities	\$38,970	50,809	-	131	89,910

(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

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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:

	For the three months ended March 31,	
	2020	2019
Associates	\$2,780	14,798

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 March 31,	
	2020	2019
Associates	\$2,208	937

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:

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Financial Statement Account	Related Party Categories	2020.03.31	2019.12.31	2019.03.31
Accounts receivable	Associates			
	Inventec Corporation	\$2,465	340	5,904
	Inventec Appliances Corp.	-	2,092	9,182
	Other related-parties	-	-	140
		<u>\$2,465</u>	<u>2,432</u>	<u>15,226</u>

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	2020.03.31	2019.12.31	2019.03.31
Accounts payable	Associates	\$425	84	1,621
Other payables	Associates	9	1	340
		<u>\$434</u>	<u>85</u>	<u>1,961</u>

5. Other expense and revenue

Financial Statement Account	Related Party Categories	For the three months ended March 31,	
		2020	2019
Other expenses	Associates	\$3	102

6. Others

- (1) The Group paid \$335 to its associates for prepayment as of December 31, 2019.
- (2) The Group paid \$76、\$77 and \$82 to its associates for the refundable deposits as of March 31, 2020, December 31, 2019 and March 31, 2019.
- (3) The Group paid \$1,032、\$1,079 and \$1,079 to its associates for the guaranteed notes in deposit as of March 31, 2020, December 31, 2019 and March 31, 2019.

7. Leases

In April, 2016 and October, 2017, the company has entered into various lease contracts for buildings for its office space with Inventec Corporation. The total value of the contract amounted to \$16,716 which was determined based on nearby office rental rates. For the three months ended March 31, 2020 and 2019, the Group recognized the amount of \$29 and \$34 as interest expense. As of March 31, 2020, December 31, 2019 and March 31, 2019, the balance of lease liabilities amounted to \$7,443、\$7,703 and \$8,809. In March, 2018, the company rented an IDC from Inventec Corporation. The leases of its offices and IDC typically run of a period for 1 year, some leases include an option to renew the lease for an additional period of

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the same duration after the end of the contract term.

For the three months ended March 31, 2020 and 2019, the Group recognized the amount of \$17 and \$ 33 as interest expense. As of March 31, 2020, December 31, 2019 and March 31, 2019, the balance of lease liabilities amounted to \$7,888, \$9,112 and \$ 23,602. 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 ended March 31, 2020 and 2019, the Group recognized the amount of \$18 and \$ 0 as interest expense. As of March 31, 2020, December 31, 2019 and March 31, 2019, the balance of lease liabilities amounted to \$3,725, \$3,975 and \$ 4,854.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2020	2019
Short-term employee benefits	\$5,894	5,360
Post-employment benefits	81	54
	\$5,975	5,414

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2020.03.31	2019.12.31	2019.03.31
Other current financial assets	Performance bond, guaranteed loan			
	Customs duty	\$1,163	8,913	3,655
Other non-current financial assets	guarantee, performance bond and etc.	11,417	8,615	6,029
		\$12,580	17,528	9,684

(9) Significant Commitments and Contingencies

(a) Major Commitments:

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

	2020.03.31	2019.12.31	2019.03.31
Notes issued as guarantee	\$551,485	581,672	369,279

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



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	2020.03.31	2019.12.31	2019.03.31
TWD	\$1,528	438	1,466
USD	\$214	214	110

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

	2020.03.31	2019.12.31	2019.03.31
Order backlog of promised	\$90,043	83,947	57,384

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

	2020.03.31	2019.12.31	2019.03.31
Purchase order of promised	\$56,693	83,779	52,113

5. 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 \ By function	For the three months ended March 31, 2020			For the three months ended March 31, 2019		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	1,688	35,891	37,579	1,645	38,515	40,160
Labor and health insurance	135	2,902	3,037	135	3,223	3,358
Pension	94	2,137	2,231	92	3,495	3,587
Others employee benefits	25	1,334	1,359	28	1,452	1,480
Depreciation	1,970	1,820	3,790	2,985	1,911	4,896
Amortization	5	1,273	1,278	6	1,506	1,512

(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	33,030	4.78%	33,030	

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 three months ended March 31, 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%	47,114	(535)	(535)	Subsidiary
"	BESTA (CAYMAN) CO., LTD.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00%	127,062	(630)	(630)	"
"	IKNOW PTE. LTD.	Singapore	Sales of electronic dictionaries and PDA-related products	62,641	62,641	683,850	47.00%	5,678	(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 March 31, 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	196,235	(2)	185,669	-	-	185,669	(797)	100%	(797)	19,013	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	362,280	(2)	362,280	-	-	362,280	(418)	100%	(418)	75,455	-
Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	271,710	(2)	271,710	-	-	271,710	(595)	100%	(595)	9,724	-
Kunshan Besta Electronics Limited	Sales of electronic dictionaries and PDA-related products	1,275	(3)	-	-	-	-	(121)	100%	(121)	5,710	-

**2. Limitation on investment in Mainland China:**

Name of company	Accumulated Investment in Mainland China as of March 31, 2020	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd	1,529,124	1,529,124	-

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.

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

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parent companies in Taiwan after the liquidation process, the initial investment of both companies amounting to \$300,400 and \$405,540 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.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 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 March 31, 2020			
	Taiwan department	Others	Adjustment and Elimination	Total
<b>Revenue :</b>				
Revenue from external customers	\$278,972	7,163	-	286,135
Total revenue	\$278,972	7,163	-	286,135
Reportable segment net operating income (loss)	\$879	(2,795)	2,795	879
	For the three months ended March 31, 2019			
	Taiwan department	Others	Adjustment and Elimination	Total
<b>Revenue :</b>				
Revenue from external customers	\$332,703	16,630	-	349,333
Total revenue	\$332,703	16,630	-	349,333
Reportable segment net operating income (loss)	(\$2,735)	2,817	(2,734)	(2,652)