

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

INVENTEC BESTA CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Review Report
For the six months ended June 30,2021 and 2020

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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, 2021 and 2020, and the related consolidated statements of comprehensive income for the three and the six months ended June 30, 2021 and 2020, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, 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 \$26,908thousand and \$35,404thousand, constituting 2.48% and 3.48% of consolidated total assets as of June 30, 2021 and 2020, respectively, total liabilities amounting to \$7,286thousand and \$8,639thousand, constituting 2.08% and 2.15% of consolidated total liabilities as of June 30, 2021 and 2020, respectively.

and total comprehensive loss amounting to \$ 2,620thousand, \$1,530thousand, \$2,978thousand and \$2,922thousand, constituting (1.39) %,5.79%, (1.70) % and 7.59% of consolidated total comprehensive income(loss) constituting for the three and the six months ended June 30, 2021 and 2020, 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 \$5,688thousand as of June 30,2020 and its share of income(loss) of associates and joint ventures accounted for the using equity method on these investee companies of \$ 0thousand and \$102thousand for the three and the six months ended June 30, 2020, 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, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three and the six months ended June 30, 2021 and 2020 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' review report are Shu-Ling Lien and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China) August 09, 2021

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2021, December 31, 2020 and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

			June 30, 2021		December 31, 2020		June 30, 2020					June 30, 2021		December 31, 2020		June 30, 2020	
Assets			Amount	%	Amount	%	Amount	%	Liabilities and equity			Amount	%	Amount	%	Amount	%
Current assets :									Current Liabilities :								
1100	Cash and cash equivalents	(Note(6)(a))	\$ 484,250	45	283,230	31	227,884	22	2100	Short-term borrowings	(Note(6)(k)and(w))	\$ -	-	-	-	15,897	2
1140	Current contract assets	(Note(6)(q))	1,429	-	8,171	1	7,640	1	2130	Current contract liabilities	(Note(6)(q))	11,296	1	39,556	4	74,837	7
1150	Notes receivable, net	(Note(6)(c))	2,746	-	9,881	1	7,736	1	2150	Notes payable		874	-	1,744	-	-	-
1170	Accounts receivable, net	(Note(6)(c)and(7))	211,792	20	99,534	11	177,867	17	2170	Accounts payable		150,030	14	89,147	10	161,217	16
1200	Other receivables, net	(Note(6)(d))	53,113	5	33,142	4	77,933	8	2180	Accounts payable due from related parties, net	(Note(7))	58,925	5	75,769	9	113	-
1220	Current tax assets		107	-	235	-	233	-	2200	Other payables	(Note(7))	50,092	5	44,437	4	43,681	4
130X	Inventories	(Note(6)(e))	89,666	8	88,776	10	77,606	7	2280	Current lease liabilities	(Notes(6)(l),(w)and(7))	3,477	-	4,688	1	7,228	1
1476	Other current financial assets	(Note(8))	37,150	3	38,310	4	45,767	4	2300	Other current liabilities		9,916	1	6,853	1	4,975	-
1479	Other current assets others	(Note(6)(j))	19,761	2	27,729	3	38,169	4				284,610	26	262,194	29	307,948	30
			900,014	83	589,008	65	660,835	64									
Non-current assets :									Non-current liabilities:								
1517	Non-current financial assets at fair value through other comprehensive income	(Note(6)(b))	12,344	1	12,954	2	33,443	3	2570	Deferred tax liabilities		13,156	1	13,069	1	12,687	1
1550	Investments accounted for using equity method, net	(Note(6)(f))	-	-	-	-	5,688	1	2580	Non-current lease liabilities	(Note(6)(l),(w)and(7))	11,770	1	7,699	1	10,491	1
1600	Property, plant and equipment	(Note(6)(g))	129,714	12	269,707	30	269,134	27	2640	Net defined benefit liability, non-current	(Note(6)(m))	37,659	4	60,493	7	60,114	6
1755	Right-of-use assets	(Note(6)(h))	15,214	2	10,834	1	16,237	2	2670	Other non-current liabilities, others		2,278	-	3,179	-	10,694	1
1780	Intangible assets	(Note(6)(i))	10,469	1	10,094	1	9,702	1				64,863	6	84,440	9	93,986	9
1840	Deferred tax assets		3,189	-	3,189	-	3,189	-		Total liabilities		349,473	32	346,634	38	401,934	39
1980	Other non-current financial assets	(Note(8))	12,894	1	10,992	1	6,788	1		Equity attributable to owners of parent :	(Note(6)(o))						
1990	Other non-current assets others	(Note(6)(j))	1,086	-	262	-	12,583	1	3100	Share capital		623,663	58	623,663	69	623,663	61
			184,910	17	318,032	35	356,764	36	3200	Capital surplus		100,180	9	100,180	11	100,180	10
									3300	Retained earnings		120,539	11	(48,002)	(5)	(24,658)	(2)
									3400	Other equity interest		(108,931)	(10)	(115,435)	(13)	(83,520)	(8)
										Total equity		735,451	68	560,406	62	615,665	61
Total assets			\$ 1,084,924	100	907,040	100	1,017,599	100		Total liabilities and equity		\$ 1,084,924	100	907,040	100	1,017,599	100

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 For the three and the six months ended June 30, 2021 and 2020
 (Expressed in Thousands of New Taiwan Dollars)

		For the three months ended June 30,				For the six months ended June 30,				
		2021		2020		2021		2020		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	(Note(6)(q)and(7))	\$ 244,684	100	237,292	100	460,300	100	523,427	100
5000	Operating costs	(Note(6)(e))	(215,370)	(88)	(206,575)	(87)	(399,620)	(87)	(433,943)	(83)
	Gross profit from operations		29,314	12	30,717	13	60,680	13	89,484	17
	Operating expenses :									
6100	Selling expenses		(29,002)	(12)	(25,273)	(11)	(53,020)	(12)	(52,800)	(10)
6200	Administrative expenses		(15,638)	(6)	(12,331)	(5)	(27,567)	(6)	(26,201)	(5)
6300	Research and development expenses		(20,389)	(8)	(16,797)	(7)	(38,155)	(8)	(34,755)	(7)
6450	Expected credit gain (loss)		(5,974)	(3)	(1,874)	(1)	(6,390)	(1)	(4,675)	(1)
	Total operating expenses		(71,003)	(29)	(56,275)	(24)	(125,132)	(27)	(118,431)	(23)
	Net-operating loss		(41,689)	(17)	(25,558)	(11)	(64,452)	(14)	(28,947)	(6)
	Non-operating income and expenses :									
7100	Interest income	(Note(6)(s))	339	-	619	-	686	-	1,451	-
7010	Other income	(Note(6)(s))	13,811	5	2,509	1	20,962	5	4,880	1
7020	Other gains and losses	(Note(6)(s))	239,528	98	(2,973)	(1)	241,247	52	(1,524)	-
7050	Finance costs	(Note(6)(s))	(225)	-	(134)	-	(307)	-	(416)	-
7060	Share of loss of associates accounted for using equity method	(Note(6)(f))	-	-	-	-	-	-	(102)	-
	Total non-operating income and expenses		253,453	103	21	-	262,588	57	4,289	1
7900	Profit(loss) from continuing operations before tax		211,764	86	(25,537)	(11)	198,136	43	(24,658)	(5)
7950	Less: Tax expense	(Note(6)(n))	29,550	12	-	-	29,595	6	-	-
	Profit(loss) for the period		182,214	74	(25,537)	(11)	168,541	37	(24,658)	(5)
	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		(601)	-	413	-	(601)	-	(10,587)	(2)
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		(601)	-	413	-	(601)	-	(10,587)	(2)
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Foreign operations – foreign currency translation differences		6,755	3	(1,639)	-	7,105	3	(2,999)	-
8370	Share of other comprehensive income of associates accounted for using equity method		-	-	6	-	-	-	(283)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to loss		-	-	(326)	-	-	-	(52)	-
	Total items that may be reclassified subsequently to profit or loss		6,755	3	(1,307)	-	7,105	3	(3,230)	-
	Other comprehensive income (loss) for the year net of tax		6,154	3	(894)	-	6,504	2	(13,817)	(2)
8500	Total comprehensive loss for the period		\$ 188,368	77	(26,431)	(11)	175,045	40	(38,475)	(7)
	Earnings per share	(Note(6)(p))								
9750	Basic earnings per share (dollars)		\$ 2.92		(0.41)		2.70		(0.40)	
9850	Diluted earnings per share (dollars)		\$ 2.88		(0.41)		2.66		(0.40)	

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Equity Attributable to Owners of Parent

	Capital Stock		Retained Earnings	Other Equity Interest		Total Equity
	Share Capital	Capital Surplus	Unappropriated Retained Earnings (Accumulated deficit)	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2020	\$ 623,663	167,858	(67,678)	41,667	(111,370)	654,140
Net income(loss) for the period	-	-	(24,658)	-	-	(24,658)
Other comprehensive income(loss) for the period	-	-	-	(3,230)	(10,587)	(13,817)
Total comprehensive income(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
Balance at January 1, 2021	\$ 623,663	100,180	(48,002)	39,965	(155,400)	560,406
Net income(loss) for the period	-	-	168,541	-	-	168,541
Other comprehensive loss for the period	-	-	-	7,105	(601)	6,504
Total comprehensive loss for the period	-	-	168,541	7,105	(601)	175,045
Balance at June 30, 2021	\$ 623,663	100,180	120,539	47,070	(156,001)	735,451

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, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2021	2020
Cash flows from operating activities :		
Profit(loss) before income tax	\$ 198,136	(24,658)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	6,918	7,948
Amortization expense	3,661	2,965
Expected credit loss / provisions for bad debt expenses	6,390	4,675
Interest expense	307	416
Interest income	(686)	(1,451)
Share of losses of associates and joint ventures accounted for using equity method	-	102
Gain on disposal of property, plant and equipment	(242,207)	-
Other adjustments	(6)	(10)
Total adjustments to reconcile profit	<u>(225,623)</u>	<u>14,645</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Current contract assets	6,847	1,055
Notes receivable	7,199	9,996
Accounts receivable	(118,675)	(5,326)
Other receivables	(20,422)	(8,704)
Inventories	(890)	(7,450)
Other current assets	7,923	(10,052)
Total changes in operating assets	<u>(118,018)</u>	<u>(20,481)</u>
Changes in operating liabilities :		
Notes payable	(870)	(9,231)
Accounts payable	60,883	44,460
Accounts payable due from related parties, net	(16,787)	18
Other payables	6,909	(11,876)
Contract liabilities	(28,260)	63,508
Other current liabilities	3,080	(563)
Net defined benefit liabilities	(22,834)	(1,452)
Decrease in deferred credits	-	-
Total changes in operating liabilities	<u>2,121</u>	<u>84,864</u>
Total changes in operating assets and liabilities	<u>(115,897)</u>	<u>64,383</u>
Total adjustments	<u>(341,520)</u>	<u>79,028</u>
Cash inflow (outflow) generated from operations	(143,384)	54,370
Interest received	993	1,609
Interest paid	(358)	(413)
Income taxes paid	(22,221)	(32)
Net cash flows used in operating activities	<u>(164,970)</u>	<u>55,534</u>
Cash flows from investing activities :		
Increase prepayments for investments	-	(12,732)
Acquisition of property, plant and equipment	(1,607)	(4,612)
Processes from disposal of property, plant and equipment	377,584	-
Acquisition of intangible assets	(3,811)	(2,002)
Increase in other financial assets	(764)	(28,391)
Decrease(increase) in other non-current assets	(824)	209
Increase in other non-current assets liabilities	-	1,160
Net cash flows used in investing activities	<u>370,578</u>	<u>(46,368)</u>
Cash flows used in financing activities:		
Decrease in short-term loans	-	(34,103)
Payment of lease liabilities	(3,653)	(3,737)
Increase(decrease) in other non-current liabilities	(901)	447
Net cash flows used in financing activities	<u>(4,554)</u>	<u>(37,393)</u>
Effect of exchange rate changes on cash and cash equivalents	(34)	(2,190)
Net decrease in cash and cash equivalents	201,020	(30,417)
Cash and cash equivalents at beginning of period	283,230	258,301
Cash and cash equivalents at end of period	<u>484,250</u>	<u>227,884</u>

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

INVENTEC BESTA CO., LTD., AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Six Months Ended June 30, 2021 and 2020
(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 09, 2021.

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

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

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements :

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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

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

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

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

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

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed 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, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements :

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio			Note
			2021.03.31	2020.12.31	2020.03.31	
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 1)
BESTA (CAYMAN) CO., LTD.	Besta (Kunshan) Co., Ltd.	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(Note 1)
"	Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA- related products	100%	100%	100%	
Besta (Kunshan) Co., Ltd.	Kunshan Besta Electronics Limited.	dictionaries and PDA- related products	100%	100%	100%	(Note 1)

Note 1: The financial statements of the non-significant subsidiaries 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 using the effective annual tax rate as forecasted by the management.

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 Assumptions, Judgments 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 financial statements for the year ended December 31,2020.

(6) 、 Explanation to Significant Accounts

(a) Cash and cash equivalents

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Cash on hand	\$ 354	433	457
Demand deposits	353,996	93,149	71,160
Foreign currency deposits	46,610	70,270	62,971
Cash equivalents -Time deposits	83,290	88,453	93,296
Cash equivalents -Bond	-	30,925	-
Total	<u>\$ 484,250</u>	<u>283,230</u>	<u>227,884</u>

Refer to Note 6(t) for the disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

The aforesaid financial assets were not pledged as collateral.

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

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Equity instruments at fair value through other comprehensive income :			
Stocks not listed on domestic market	<u>\$ 12,344</u>	<u>12,954</u>	<u>33,443</u>

As of June 30,2021, the balance of accumulate unrealized evaluation losses amounted to \$155,400.

The Group holds 6% of common shares of Anhui Raise Victa Technology Co., Ltd, and investing the amount of CNY 3,000 in 2020.The main operating activities of Anhui Raise Victa Technology Group does not have significant influence over Anhui Raise Victa Technology Co., Ltd.

The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, 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, 2021 and 2020.

For credit risk, please refer to Note 6(t), it's also including impairment of debt instruments, and market risk of the Group.

The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable, net

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 2,750	9,949	9,201
Account receivable	219,284	100,866	180,097
Long-term accounts (under Other non- current financial assets)	-	-	272
Less : Allowance for impairment	(7,495)	(1,394)	(3,678)
Unrealized Interest Revenue	(1)	(6)	(18)
	\$ 214,538	109,415	185,874

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.

To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information.

The loss allowance provision as of June 30, 2021 and 2020 were determined as follows :

	June 30, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 185,487	0.00%~0.74%	196
Less than 30 days past due	23,951	0.00%~2.25%	316
31 to 90 days past due	8,019	0.00%~37.97%	2,406
More than 90 days past due	4,577	0.00%~100.00%	4,577
	\$ 222,034		7,495

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	December 31,2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 101,175	0.00%~100.00%	1,285
Less than 30 days past due	9,640	0.00%~3.49%	109
	\$ 110,815		1,394

	June 30,2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 175,814	0.00%~1.45%	895
Less than 30 days past due	2,196	0.00%~3.87%	19
31 to 90 days past due	742	0.00%~27.12%	157
More than 90 days past due	10,818	0.00%~100.00%	2,607
	\$ 189,570		3,678

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

	For the six months ended June 30,	
	2021	2020
Balance at January 1,2021 and 2020	\$ 1,394	1,078
Impairment losses recognized (reversed)	6,351	2,600
exchange gains and losses	(250)	-
Balance at June 30,2021 and 2020	\$ 7,495	3,678

(d) Other receivables, net

	June 30, 2021	December 31,2020	June 30,2020
Other receivables	\$ 56,792	36,677	81,199
Less: Allowance for impairment loss	(3,679)	(3,535)	(3,266)
	\$ 53,113	33,142	77,933

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for other receivables as of June 30,2021, December 31,2020 and June 30,2020. 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 June 30,2021 and 2020 were determined as follows :

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	June 30, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 45,947	0.00%~0.74%	154
Less than 30 days past due	2,542	0.00%~1.45%	27
31 to 90 days past due	4,874	0.00%~1.85%	69
91 to 180 days past due	3,378	0.00%~100.00%	3,378
More than 181 days past due	51	0.00%~100.00%	51
	\$ 56,792		3,679

	December 31,2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 21,519	0.00%~0.74%	67
Less than 30 days past due	1,006	0.00%~1.45%	10
31 to 90 days past due	6,754	0.00%~1.85%	92
91 to 180 days past due	7,332	0.00%~45.00%	3,300
More than 181 days past due	66	0.00%~100.00%	66
	\$ 36,677		3,535

	June 30,2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	\$ 63,790	0.00%~0.14%	88
Less than 30 days past due	4,992	0.00%~0.14%	7
31 to 90 days past due	4,202	0.00%~0.84%	16
91 to 180 days past due	2,201	0.00%~0.84%	18
More than 181 days past due	6,014	0.00%~100.00%	3,137
	\$ 81,199		3,266

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

	For the six months ended June 30,	
	2021	2020
Balance at January 1,2021 and 2020	\$ 3,535	1,290
Impairment losses recognized	144	1,976
Balance at June 30,2021 and 2020	\$ 3,679	3,266

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(e) Inventories

	<u>June 30,2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Raw materials and consumables	\$ 10,836	9,734	16,284
Work in process	4,713	2,261	3,436
Finished goods	14,451	11,493	9,762
Merchandise	59,666	65,288	48,124
	<u>\$ 89,666</u>	<u>88,776</u>	<u>77,606</u>

For the three and the six months ended June 30,2021 and 2020, the components of cost of goods sold were as follows :

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost of goods sold	\$ 215,350	204,112	397,267	430,003
Provision on (reversals of) inventory market price decline	(4,224)	2,463	(1,891)	3,940
Inventories obsolescence loss	4,244	-	4,244	-
Total	<u>\$ 215,370</u>	<u>206,575</u>	<u>399,620</u>	<u>433,943</u>

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 30,2021, December 31,2020 and June 30,2020 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 :

	<u>June 30,2020</u>
Associates	<u>5,688</u>

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1. Associates

Affiliates to the Group consisted of the followings :

<u>Name of affiliates</u>	<u>Nature of the relationship with the Group</u>	<u>Main operating location / Registered Country of the Company</u>	<u>Proportion of shareholding and June 30,2020</u>
IKNOW PTE. LTD.	Associate under equity method	Singapore	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.

	<u>June 30,2020</u>	
Summarized financial information to the carrying amount of		
Individually insignificant associates		<u>5,688</u>
	<u>For the three months ended June 30, 2020</u>	<u>For the six months ended June 30, 2020</u>
The Group's share of associates :		
Net loss	\$ -	(102)
Other comprehensive income	<u>6</u>	<u>(283)</u>
Comprehensive income	<u>\$ 6</u>	<u>(385)</u>

The boards of directors resolved to liquidate Iknow Pte. Ltd. in June 2020; the liquidation process had been approved by Singapore government in November 2020.

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

2. Pledged

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

3. The unreviewed financial statements of investments accounted for using the equity method.

Investments were accounted for by the equity method, and 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.

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(g) Property, Plant and Equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows :

	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery and equipment</u>	<u>Others</u>	<u>Total</u>
Cost or deemed cost:					
Balance at January 1,2021	\$ 146,274	151,145	28,800	57,526	383,745
Additions	-	-	-	175	175
Disposals	(85,324)	(82,778)	(192)	(614)	(168,908)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rate	-	(10)	(6)	(1)	(17)
Balance at June 30, 2021	<u>\$ 60,950</u>	<u>68,357</u>	<u>28,796</u>	<u>56,892</u>	<u>214,995</u>
Balance at January 1,2020	\$ 146,274	151,102	36,760	47,154	381,290
Additions	-	-	65	9,128	9,193
Disposals	-	-	(3,374)	(1,406)	(4,780)
Effect of movements in exchange rate	-	(405)	(375)	(78)	(858)
Balance at June 30,2020	<u>\$ 146,274</u>	<u>150,697</u>	<u>33,076</u>	<u>54,798</u>	<u>384,845</u>
Depreciation and impairment losses:					
Balance at January 1,2021	\$ -	50,082	27,245	36,711	114,038
Depreciation for the period	-	1,042	262	3,482	4,786
Disposals	-	(32,725)	(192)	(614)	(33,531)
Reclassification	-	-	194	(194)	-
Effect of movements in exchange rate	-	(5)	(6)	(1)	(12)
Balance at June 30, 2021	<u>\$ -</u>	<u>18,394</u>	<u>27,503</u>	<u>39,384</u>	<u>85,281</u>
Balance at January 1,2020	\$ -	47,236	34,431	35,211	116,878
Depreciation for the period	-	1,410	343	2,495	4,248
Disposals	-	-	(3,374)	(1,406)	(4,780)
Effect of movements in exchange rate	-	(201)	(362)	(72)	(635)
Balance at June 30,2020	<u>\$ -</u>	<u>48,445</u>	<u>31,038</u>	<u>36,228</u>	<u>115,711</u>

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	Land	Building and Construction	Machinery and equipment	Others	Total
Balance at January 1,2021	<u>\$ 146,274</u>	<u>101,063</u>	<u>1,555</u>	<u>20,815</u>	<u>269,707</u>
Balance at June 30, 2021	<u>\$ 60,950</u>	<u>49,963</u>	<u>1,293</u>	<u>17,508</u>	<u>129,714</u>
Balance at January 1,2020	<u>\$ 146,274</u>	<u>103,866</u>	<u>2,329</u>	<u>11,943</u>	<u>264,412</u>
Balance at June 30,2020	<u>\$ 146,274</u>	<u>102,252</u>	<u>2,038</u>	<u>18,570</u>	<u>269,134</u>

The boards of directors of The Group resolved to enter into an agreement for the sale of its real estate with non-relative party on April 26,2021 in which the net disposal proceeds of the contract amounted to \$377,584, resulting in the gain on disposal of \$242,207, to be recognized as “Other gains and losses” in Inventec Besta Co., Ltd.’ s financial report, to be collect all the above receivables on June,2021.

(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 1,2021	\$ 15,175	9,884	25,059
Additions	6,515	-	6,515
Others	(5)	-	(5)
Balance at June 30,2021	<u>\$ 21,685</u>	<u>9,884</u>	<u>31,569</u>
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>
Accumulated depreciation and impairment losses :			
Balance at January 1,2021	\$ 5,082	9,143	14,225
Depreciation for the year	1,391	741	2,132
Others	(2)	-	(2)
Balance at June 30, 2021	<u>\$ 6,471</u>	<u>9,884</u>	<u>16,355</u>

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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	\$	4,467	6,921	11,388
Carrying amount:				
Balance at June 30, 2021	\$	15,214	-	15,214
Balance at June 30,2020	\$	13,274	2,963	16,237

The Group increased the lease contract in April 2020, and increased right- of - use assets amount of \$6,515.

(i) Intangible assets

	<u>Goodwill</u>	<u>Royalties</u>	<u>Other intangible assets</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1,2021	\$ 6,312	2,190	1,592	10,094
Balance at June 30, 2021	\$ 6,312	3,201	956	10,469
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

1. Amortization and Impairment

For the six months ended June 30,2021 and 2020, the amortization of intangible assets was respectively included in the statement of comprehensive income :

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating costs	\$ 86	55	171	60
Operating expenses	\$ 2,045	1,632	3,490	2,905

2. Impairment loss and subsequent reversal

The accumulated impairment losses on other royalties to \$47,865 as of June 30, 2021, December 31,2020 and June 30,2020.

(j) Other assets- current and non-current

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The other assets- current and non-current was as follows:

	June 30, 2021	December 31,2020	June 30,2020
Prepayment to suppliers	\$ 17,680	25,754	34,868
Prepayment for investments	-	-	12,549
Overpaid sales tax	1,993	1,739	1,096
Payment on behalf of others	247	39	1,377
Others	927	459	862
Total	\$ 20,847	27,991	50,752

As of May 2020, the Besta Digital Technology Co., Ltd. 's investment in Raise Victa Technology Co., Led. amounted to CNY \$3,000.

(k) Short-term borrowings

	June 30, 2021	December 31,2020	June 30,2020
Unsecured bank loans	\$ -	-	15,897
Unused credit facility	\$ 378,099	446,857	347,682
Range of interest rates	-	-	1.25%

The Group's short-term borrowing were not pledged as collateral, the interest expense, please refer to Note 6(s).

(l) Lease liabilities

Lease liabilities of the Group carrying amounts were as follows:

	June 30, 2021	December 31,2020	June 30,2020
Current	\$ 3,477	4,688	7,228
Non-current	\$ 11,770	7,699	10,491

Maturity analysis please refers to Note 6(t).

The Group terminated the lease contract in September 2020, and decreased lease liabilities amount of \$1,975.

The amounts recognized in profit or losses were as follows :

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 63	66	97	168
Expenses relating to short-term leases	\$ 120	69	273	134

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

	For the six months ended June 30,	
	2021	2020
Total cash outflow for leases	\$ 4,023	4,039

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1. Real estate leases

The Group leases buildings for its office space. 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. The leases of machinery equipment 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.

(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, 2020 and 2019.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Operating cost	\$ 8	8	17	17
Selling expenses	44	85	87	171
Administration expenses	37	52	74	103
Research and development expenses	33	57	65	113
Total	\$ 122	202	243	404

As of June 30, 2021, December 31,2020 and June 30,2020, the Group recognized the amounted to \$37,659 、\$60,493 and \$60,114 as the net defined benefit liability.

2. Defined contribution plans

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Operating cost	\$ 87	86	174	171
Selling expenses	693	816	2,482	1,568
Administration expenses	317	353	636	824
Research and development expenses	773	407	1,992	1,128
Total	\$ 1,870	1,662	5,284	3,691

(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,	
	2021	2020	2021	2020
Current income tax expense				
Current period incurred	\$ 29,550	-	29,595	-
Prior years income tax adjustment				
Income tax expense	\$ 29,550	-	29,595	-

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,	
	2021	2020	2021	2020
Items that be reclassified subsequently to profit or loss :				
Exchange differences on translation of foreign financial statements	\$ -	(326)	-	(52)

2. Status of approval of income tax

The Company's tax returns for the years through 2018 were 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 Company's capital stock and other equity components for the six months ended June 30, 2021 and 2020. For other information about the stockholders' equity please refer to Note 6(n) of the consolidated financial statements for the year ended December 31, 2020.

1. Retained earnings

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.

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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 May 10, 2021, the board of director's meeting resolved the Proposal for 2020 deficits Compensation. As of June 18, 2020, the shareholders' meeting resolved to offset accumulated deficits the amount of \$67,678 for 2019 deficits Compensation.

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, 2021	\$ 39,965	(155,400)
Exchange differences on foreign operations	7,105	-
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(601)
Balance at June 30, 2021	<u>\$ 47,070</u>	<u>(156,001)</u>
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	<u>\$ 38,437</u>	<u>(121,957)</u>

(p) Earnings per share

The basic earnings per share was calculated as follows :

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1. Basic earnings per share

(1) Profit(loss) attributable to common stockholders of the Company

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Profit(loss) attributable to common stockholders of the Company	\$ 182,214	(25,537)	168,541	(24,658)

(2) Weighted-average number of ordinary shares

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Weighted-average number of ordinary shares (basic)	62,366	62,366	62,366	62,366
Basic earnings per share (NT dollars)	\$ 2.92	(0.41)	2.70	(0.40)

2. Diluted earnings per share:

(1) Profit attributable to common stockholders of the Company (diluted)

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
(Loss) profit attributable to common stockholders of the Company	\$ 182,214	(25,537)	168,541	(24,658)

(2) Weighted-average number of ordinary shares

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Weighted-average number of ordinary shares (basic)	62,366	62,366	62,366	62,366
Effect of employee stock compensation	1,009	-	1,009	-
Weighted-average number of ordinary shares (diluted)	63,375	62,366	63,375	62,366
Diluted earnings per share (NT dollars)	\$ 2.88	(0.41)	2.66	(0.40)

(q) Revenue from contracts with customers

1. Disaggregation of revenue

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	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Primary geographical markets :				
Taiwan	\$ 158,907	109,348	302,674	203,139
Japan	53,510	61,637	81,696	175,981
Czechia	9,575	23,553	21,289	39,527
Singapore and Malaysia	8,900	6,820	18,167	15,724
the United States and Canada	6,314	939	14,598	30,081
Other Countries	7,478	34,995	21,876	58,975
	\$ 244,684	237,292	460,300	523,427
Major products :				
Sale of goods	\$ 238,861	216,265	442,358	463,272
Sale of services	5,823	21,027	17,942	60,155
	\$ 244,684	237,292	460,300	523,427

2. Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Accounts receivable	\$ 222,033	110,809	189,552
Less: Allowance for impairment	(7,495)	(1,394)	(3,678)
Total	\$ 214,538	109,415	185,874
Contract asset	\$ 1,431	8,278	7,755
Less: Allowance for impairment	(2)	(107)	(115)
Total	\$ 1,429	8,171	7,640
Contract liabilities	\$ 11,296	39,556	74,837

Please refer to Note 6(c) for details on accounts receivable and allowance for impairment. The amounts of revenue recognized for the three and the six months ended June 30, 2021 and 2020 that were included in the contract liability balance at the beginning of the period were \$106、\$1,189、\$32,810 and \$7,459, respectively.

The major changes in the balance of contract assets and liabilities were the difference between the time frame in performance obligation 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

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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 remunerations to employees amounted to \$11,297 thousand and \$11,297 thousand, respectively, for the three-months period and the six-months period ended June 30, 2021.

These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the reporting date, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The Company incurred losses before tax for the three months ended June 30, 2020 and 2019, therefore, there were no remuneration allocated to employees, directors and supervisors. The Group incurred losses before tax December 31, 2020 and 2019, therefore, there were no remuneration allocated to employees, directors and supervisors. The related information can be assessed from the Market Observation Post System on the web site.

(s) Non-operating income and expenses

1. Interest income

The details of interest income are as follows :

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Interest income				
Bank deposit	\$ 318	535	632	1,151
Others	21	84	54	300
	\$ 339	619	686	1,451

2. Other income

The details of other income are as follows :

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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Rental income	\$ 3,138	2,362	5,951	4,728
Government grants	10,582	-	14,902	-
Other income-others	91	147	109	152
	\$ 13,811	2,509	20,962	4,880

3. Other gains and losses

The details of other gains and losses are as follows :

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Foreign exchange gains (losses), net	\$ (2,669)	(2,973)	153	(1,524)
Others	(10)	-	(1,113)	-
Gains on disposal of property, plant and equipment	242,207	-	242,207	-
	\$ 239,528	(2,973)	241,247	(1,524)

4. Finance costs

The details of finance cost are as follows :

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Interest expense				
Bank borrowings	\$ 161	68	205	238
Others	64	66	102	178
	\$ 225	134	307	416

(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(s) of the consolidated financial statements for

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the year ended December 31,2020.

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 the impact of netting arrangements :

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5years</u>
Balance at June 30, 2021							
Non-derivative financial liabilities							
Notes payable	\$ 874	874	874	-	-	-	-
Accounts payable	208,955	208,955	208,955	-	-	-	-
Other payables	44,115	44,115	44,115	-	-	-	-
Lease Liabilities	15,247	15,923	1,782	1,907	3,814	7,425	995
Receipts under custody	1,327	1,327	1,327	-	-	-	-
(accounting for other current liabilities)							
Refund liabilities	2,278	2,278	155	9	701	1,413	-
(accounting for other non-current liabilities)							
	<u>\$ 272,796</u>	<u>273,472</u>	<u>257,208</u>	<u>1,916</u>	<u>4,515</u>	<u>8,838</u>	<u>995</u>

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Balance at December

31,2020

Non-derivative financial

liabilities

Notes payable	\$	1,744	1,744	1,744	-	-	-	-
Accounts payable		164,916	164,916	164,916	-	-	-	-
Other payables		43,835	43,835	43,835	-	-	-	-
Lease Liabilities		12,387	12,858	3,493	1,330	2,678	5,357	-
Receipts under custody		1,809	1,809	1,809	-	-	-	-
(accounting for other								
current liabilities)								
Refund liabilities		3,179	3,179	161	9	724	2,285	-
(accounting for other								
non-current liabilities)								
	\$	227,870	228,341	215,958	1,339	3,402	7,642	-

Balance at June 30,2020

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		2,098	2,098	2,098	-	-	-	-
(accounting for other								
current liabilities)								
Refund liabilities		2,057	2,057	369	446	-	1,242	-
(accounting for other								
non-current liabilities)								
	\$	238,810	239,442	224,526	2,747	3,115	9,054	-

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 exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows :

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		June 30, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	8,121	USD : TWD 27.9000	226,576
		35	USD : CNY 6.4658	976
CNY		28	CNY : TWD 4.3150	121
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		3,680	USD : TWD 27.9000	102,672
		December 31, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,852	USD : TWD 28.0950	192,507
		74	USD : CNY 6.5065	2,079
CNY		38	CNY : TWD 4.3180	164
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		1,131	USD : TWD 28.0950	31,775
		88	USD : CNY 6.5065	2,472
		June 30, 2020		
		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

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 of June 30, 2021 and 2020, would have increased or decreased the net loss after tax for the six months ended June 30, 2021

and 2020 by \$625 and \$786, 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 :

	June 30, 2021		June 30,2020	
	Foreign exchange gains(losses)	Average exchange rate	Foreign exchange gains(losses)	Average exchange rate
TWD	\$ 182	1.000	(1,581)	1.000
CNY	(29)	4.3165	57	4.2440

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 decrease/increase by \$0 and \$ 2 for the six months ended June 30,2021 and 2020, assuming all other variable factors remain constant.

This is mainly due to the Group's time deposits and 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 :

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		June 30, 2021			
		Fair Value			
Book	Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
	Unquoted equity instruments	\$ 12,344	-	-	12,344
Financial assets at amortized cost					
	Cash and cash equivalents	484,250	-	-	-
	Notes receivable, accounts receivable and other receivables	267,651	-	-	-
	Other financial assets	50,044	-	-	-
	Subtotal	801,945	-	-	-
	Total	\$ 814,289	-	-	12,344
Financial liabilities at amortized cost					
	Notes payable, accounts payable and other payables	\$ 259,921	-	-	-
	Lease liabilities	15,247	-	-	-
	Receipts under custody (accounting for other current liabilities)	1,327	-	-	-
	Refund liabilities (accounting for other non-current liabilities)	2,278	-	-	-
	Total	\$ 278,773	-	-	-
		December 31, 2020			
		Fair Value			
Book	Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
	Unquoted equity instruments	\$ 12,954	-	-	12,954
Financial assets at amortized cost					
	Cash and cash equivalents	283,230	-	-	-
	Notes receivable, accounts receivable and other receivables	142,557	-	-	-
	Other financial assets	49,302	-	-	-
	Subtotal	475,089	-	-	-
	Total	\$ 488,043	-	-	12,954

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Financial liabilities at amortized cost

Notes payable, accounts payable and other payables	\$ 259,921	-	-	-	-
Lease liabilities	15,247	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,327	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	2,278	-	-	-	-
Total	<u>\$ 278,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

June 30, 2020

	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	<u>52,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>543,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 577,418</u>	<u>-</u>	<u>-</u>	<u>33,443</u>	<u>33,443</u>

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	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	2,057	-	-	-	-
Total	<u>\$ 242,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(2.1) Non-derivative financial instruments

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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.

For equity instruments that have no quoted prices, the comparable listed companies method is used to estimate their 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 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 :

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	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1,2021	\$ 12,954
Total gains and losses recognized	
In other comprehensive income	(601)
Effect of movements in exchange rate	(9)
Balance at June 30, 2021	<u>\$ 12,344</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>

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For the six months ended June 30, 2021 and 2020, 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		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Total gains and losses				
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 ”)	\$	(601)	413	(601)
				(10,587)

(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">• Multiplier of price-to-book ratio (As of June 30, 2021, December 31,2020 and June 30,2020 were 3.72~8.87 、 4.31~9.37 and 1.81)• Market illiquidity discount(As of June 30, 2021, December 31,2020 and June 30,2020 were 15%~20% 、 15%~20% and 15%)	<ul style="list-style-type: none">• The higher the PB, the higher the fair value• 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 :

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		Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss	
				Favorable Change	Unfavorable Change
June 30, 2021					
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Multiplier of price-to-book ratio		5%	\$ 617	(617)
Equity investments without an active market	Market illiquidity discount		5%	<u>772</u>	<u>(772)</u>
				<u>\$ 1,389</u>	<u>(1,389)</u>
December 31, 2020					
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Multiplier of price-to-book ratio		5%	\$ 1,986	(1,986)
Equity investments without an active market	Market illiquidity discount		5%	<u>2,164</u>	<u>(2,164)</u>
				<u>\$ 4,150</u>	<u>(4,150)</u>
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%	<u>1,967</u>	<u>(1,967)</u>
				<u>\$ 3,639</u>	<u>(3,639)</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.

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(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(t) of the consolidated financial statements for the year ended December 31,2020.

(v) Capital management

There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31,2020. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial for the year ended December 31,2020. For other information about the capital management, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31,2020.

(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 30,2021 and 2020.

Reconciliation of liabilities arising from financing activities was as follows :

	2021.01.01	Cash flows	No-cash changes		2021.06.30
			other	Foreign exchange movement	
Lease liabilities	\$ 12,387	(3,653)	6,515	(2)	15,247
Total liabilities from financing activities	<u>\$ 12,387</u>	<u>(3,653)</u>	<u>6,515</u>	<u>(2)</u>	<u>15,247</u>

	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	<u>\$ 71,584</u>	<u>(37,840)</u>	<u>-</u>	<u>(128)</u>	<u>33,616</u>

(7) 、 Related-Party Transactions

(1) The Company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) 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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<u>Name of related party</u>	<u>Relationship with the Group</u>
Inventec Corporation	The entity with significant influence over the Group
Inventec Appliances Corp.	An associate
AIMobile Co., Ltd.	"
Inventec Appliances (XI'AN) Corporation	"
Inventec (Pudong) Technology Corp.	"

(3) Related-party transactions

1. Sales

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Associates	\$ 1,897	8,703	3,072	11,483

The sales prices and collection terms aren't the same as those with other customers. The collection terms are within 30 and 90 days.

2. Purchase

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Associates				
AIMobile Co., Ltd. \$	30,460	-	56,110	-
Others	401	1,001	3,337	3,209
	30,861	1,001	59,447	3,209

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	June 30,2021	December 31,2020	June 30,2020
Accounts receivable	Associates	\$ 828	1,715	5,221

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	June 30,2021	December 31,2020	June 30,2020
Accounts payable	Associates			
	AIMobile Co., Ltd.	\$ 58,916	75,749	-
	Others	9	20	113
Others payable	Associates	-	66	-
		\$ 58,925	75,835	113

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,	
		2021	2020	2021	2020
Other expenses	Associates	\$ 4	-	12	3

6. Others

(1) The Group paid \$77 、\$224 and \$75 to associates for the refundable deposits as of June 30, 2021, December 31,2020 and June 30,2020.

(2) The Group paid \$160 、\$ 952 and \$ 1,032 to its other related-parties for the guaranteed notes in deposit as of June 30, 2021, December 31,2020 and June 30,2020.

7. Leases

In October,2017 and April,2016, the company had entered into various lease contracts for buildings for its office space with Inventec Corporation. The Group extended expiration date in December,2020, the total value of the contract amounted to \$19,956 which was determined based on nearby office rental rates. The Group terminated the lease contract in September 2020 and decrease lease liabilities amount of \$1,975. For the three and the six months ended June 30, 2021 and 2020, the Group recognized the amount of \$15 、\$26 、\$31 and \$55 as interest expense. As of June 30,2021, December 31,2020 and June 30,2020, the balance of lease liabilities amounted to

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\$3,817、\$4,346 and \$7,070.

In March 2018, the Group rented an IDC, in March 2019 and March 2018 entered into Supplementary Agreement 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 \$16,568. For the three and the six months ended June 30, 2021 and 2020, the Group recognized the amount of \$7、\$24、\$17 and \$41 as interest expense. As of June 30, 2021, December 31, 2020 and June 30, 2020, the balance of lease liabilities amounted to \$1,770、\$4,224 and \$6,549.

In January 2019, the Group entered into various lease contracts for buildings for its office space with Inventec Appliances (XI'AN) Corporation which lease term is 5 years. The total value of the contract amounted to RMB \$1,027 which was determined based on nearby office rental rate. For the three and the six months ended June 30, 2021 and 2020, the Group recognized the amount of \$5、\$15、\$13 and \$33 as interest expense. As of June 30, 2021, December 31, 2020 and June 30, 2020, the balance of lease liabilities amounted to \$ 2,736、\$3,164 and \$3,469.

(d) Key management personnel compensation

Key management personnel compensation comprised :

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 6,181	5,112	11,717	11,006
Post-employment benefits	81	81	583	162
	\$ 6,262	5,193	12,300	11,168

(8) 、 Pledged Assets

The carrying values of pledged assets were as follows :

Pledged assets	Object	June 30, 2021	December 31, 2020	June 30, 2020
Other current financial assets	Performance bond	\$ 5,916	7,652	16,068
Other non-current financial assets	Customs duty guarantee, performance bond and etc.	12,894	10,992	6,517
		\$ 18,810	18,644	22,585

(9) 、 Significant Commitments and Contingencies

(a) Major Commitments :

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

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Notes issued as guarantee	<u>\$ 401,137</u>	<u>498,310</u>	<u>414,119</u>

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

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
TWD	<u>\$ 1,919</u>	<u>724</u>	<u>1,123</u>
USD	<u>\$ 80</u>	<u>178</u>	<u>247</u>

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

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Amount of promised sales with undelivered goods	<u>\$ 83,384</u>	<u>158,744</u>	<u>303,292</u>

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

	<u>June 30, 2021</u>	<u>December 31,2020</u>	<u>June 30,2020</u>
Amount of promised purchase with unreceived goods	<u>\$ 26,449</u>	<u>98,001</u>	<u>248,348</u>

(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 function	For the three months ended June 30,2021			For the three months ended June 30,2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Nature						
Employee benefits						
Salary	1,635	31,835	33,470	1,529	31,958	33,487
Labor and health insurance	148	2,993	3,141	139	2,498	2,637
Pension	95	1,897	1,992	94	1,770	1,864

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Others employee benefits	25	1,153	1,178	21	1,235	1,256
Depreciation	1,598	1,383	2,981	2,434	1,724	4,158
Amortization	86	2,045	2,131	55	1,632	1,687

By function Nature	For the six months ended June 30,2021			For the six months ended June 30,2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	3,296	64,105	67,401	3,217	67,849	71,066
Labor and health insurance	294	5,734	6,028	274	5,400	5,674
Pension	191	5,336	5,527	188	3,907	4,095
Others employee benefits	45	2,242	2,287	46	2,569	2,615
Depreciation	4,014	2,904	6,918	4,404	3,544	7,948
Amortization	171	3,490	3,661	60	2,905	2,965

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30,2021.

- Loans to other parties: None.
- Guarantees and endorsements for other parties: None.
- 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	-	4.78%	-	
Besta Digital Technology Co., Ltd.	Anhui Raise Victa Technology Co., Ltd	-	"	319,149	12,344	6.00%	12,344	

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4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
5. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter party	Nature of relationship	Purpose of disposal	Price reference	Other terms
The Company	Land and Building	April 26, 2021	February 10, 1999	135,377	377,584	All received	242,207	Natural person 、 Jump Hope Co., Ltd.	Non-related parties	Increase operating budget	Appraisal report of Honda Real Estate Group	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, 2021, the following was the information on investees (excluding investees in Mainland China) :

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%	36,738	(4,062)	(4,062)	Subsidiary
"	BESTA (CAYMAN) CO., LTD.	Cayman	"	1,137,242	1,137,242	35,502,000	100.00%	124,006	403	403	"

Note 1: The abovementioned 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.

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(c) Information on investment in Mainland China :

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

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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	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	181,350	(2)	171,585	-	-	171,585	(3,905)	100.00%	(3,905)	10,584	-
Besta Digital Technology Co.,	Sale of electronic dictionaries and PDA-related products	334,800	(2)	334,800	-	-	334,800	(295)	100.00%	(295)	76,041	-
Besta (Kunshan) Co., Ltd.	Sale of consumer electronics and related products	251,100	(2)	251,100	-	-	251,100	927	100.00%	927	9,038	-
Kunshan Besta Electronics Limited	Sales of electronic dictionaries and PDA-related products	1,295	(2)	-	-	-	-	1,617	100.00%	1,617	7,763	-

2. Limitation on investment in Mainland China :

Name of company	Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by investment Commission, MOEA	Upper limit on Investment
Inventec Besta Co., Ltd	1,413,135	1,413,135	-

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 parent companies in Taiwan after the liquidation process, the initial investment of both companies amounting to \$279,000 and \$376,650 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 : None.

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(d) Major shareholders :

Shareholder's Name	Shareholding	Shares	Percentage
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%. 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.

(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 account separately. As for the shareholders conducting an insider equity declaration in accordance with the Securities Exchange Act, the number of 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 for the three and the six months ended June 30, 2021 and 2020.was as follows :

	<u>For the three months ended June 30,2021</u>			
	<u>Taiwan department</u>	<u>Others</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
Revenue :				
Revenue from external customers	\$ 243,362	3,741	(2,419)	244,684
Inter-company revenue	23	-	(23)	-
Total revenue	\$ 243,385	3,741	(2,442)	244,684
Reportable segment net operating income (loss)	\$ 211,763	(6,978)	6,979	211,764

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	For the three months ended June 30,2020			
	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 six months ended June 30,2021			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue :				
Revenue from external customers	\$ 453,659	12,774	(6,133)	460,300
Inter-company revenue	84	-	(84)	-
Total revenue	\$ 453,743	12,774	(6,217)	460,300
Reportable segment net operating income (loss)	\$ 198,090	(6,885)	6,931	198,136
	For the six months ended June 30,2020			
	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)