

IN
SEARCH
OF
INCREDIBLE
△ 2019
ANNUAL
REPORT
IN
SEARCH
OF
INCREDIBLE
IN
SEARCH

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Luxemburg Stock Exchange: <http://www.bourse.lu>

VI. COMPANY WEBSITE

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I. Letter to Shareholders

Dear Shareholders:

I would like to begin by expressing my gratitude to all investors for your longstanding support for ASUS.

This past year marked our 30th anniversary, a significant milestone that coincided with a strategic corporate transformation. With the collective wisdom of our management team, we have evolved our brand vision and mission for the new digital era. It is our relentless mission to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone, as we aim to become the world's most admired innovative leading technology enterprise. The dedication of our entire workforce has led to our 7th consecutive victory as the Most Valuable International Brand from Taiwan, as ranked by Interbrand. This accomplishment reflects the timeless values instilled in our ASUS DNA: Focus on Fundamentals and Results, Lean Thinking, and Innovation and Aesthetics. Through multiple paradigm shifts in the tech industry, these founding principles have withstood the test of time and will forever remain valuable to the company.

From changes in the world economy and international politics, to adjusting to the conversion of value streams in the industry, 2019 was a year of both successes and challenges. However, with the commitment of our entire workforce, ASUS was able to respond appropriately to each challenge. Building on the solid foundation established through strategic changes in the first half of 2019, we returned to positive revenue growth in the second half of the year, and business operations continue to develop and progress on track.

By drawing upon the collective wisdom of the management team, we have established many clear, long-term indicators that will accumulate over time to contribute to the value growth of the ASUS brand. These indicators include customer loyalty, product quality, and multiple facets of innovation. We have also implemented a number of improvements in these areas, and significant positive user feedback has further strengthened our belief in cultivating long-term brand value. In terms of finances, 2019 was a year that moved us forward as a company. Our net profit for 2019 increased 187% from 2018, although quarterly profit fluctuated throughout the year.

The management team believes that there will be room for financial growth, and that we must balance short-term interests with long-term value in order to protect and maximize shareholder interest. Therefore, in terms of overall strategy, we must simultaneously consider the short term and the long term, and continuously create transformational innovations within our core business to achieve sustainable revenue and profit growth. In response to user needs and industry megatrends in the new digital era, we will focus on creating and accumulating long-term value by opening up new markets and new user segments as we proactively develop strategies in market categories such as AIoT, gaming, and commercial solutions.

The following is a summary of business operation results for 2019 and the outlook for 2020.

ASUS solidifies top brand-value status and expands global recognition as a leading technology enterprise known for innovation

The spirit of the ASUS In Search of Incredible brand promise continues to drive a passionate evolution of product innovation, customer satisfaction, user experience, social responsibility, and sustainable practices. As a result, ASUS continues to receive recognition from many of the world's most prestigious international media outlets and awards organizations. In 2019, along with being honored as Taiwan's most valuable international brand for the seventh consecutive year, ASUS ranked as one of Forbes' Global 2000 Best Regarded Companies and was recognized for the fifth time as one of Fortune's World's Most Admired Companies. The recognition from these highly esteemed international groups has further solidified our brand value, globally.

ASUS products won 22 iF Design awards, 21 Red Dot Design awards, and 13 Taiwan Excellence awards

in 2019. Over the course of the year, a number of industry-leading innovations were introduced, including the ultimate multitasking device that helps users increase productivity, ScreenPad Plus; ROG Phone II gaming smartphone; the detachable gaming laptop, ROG Mothership; the flagship TRX40 motherboard, ROG Zenith II Extreme; the world's first gaming graphics card to integrate water-cooled pumps and radiators, ROG Matrix GeForce® RTX 2080 Ti; and the ProArt series for content creators, including the StudioBook notebook, ProArt Station desktop and ProArt Display professional monitor. Three ASUS 30th anniversary special-edition products were also international award winners: ZenFone 6 smartphone, ZenBook notebook, and Prime X299 motherboard.

Building on a globally recognized commitment to sustainable business practices

ASUS has long been dedicated to sustainable business practices and to protecting the environment. We utilize data and scientific management methodologies to optimize sustainability practices via core competencies as part of a long-term strategy.

In 2019, ASUS received two global corporate sustainability awards, seven Taiwan corporate sustainability awards, an Asia Sustainability Reporting Award, and ISO 20400:2017 Sustainable Procurement certification. ASUS was also recognized in the Morgan Stanley (MSCI) Global Sustainability Index, FTSE4Good Emerging Index, and FTSE4Good TIP Taiwan ESG Index. ASUS headquarters opened the LiGong building in November of 2019 and it received the Leadership in Energy and Environmental Design (LEED) v4 Platinum certification for Building Design and Construction (BD+C), which is the highest level of the US-based LEED certification. Committed to taking continuous practical action, ASUS has implemented economic, environmental, and social responsibility aspects to our sustainability goals.

2019 financial summary

ASUS Group consolidated revenue for 2019 was NT\$351.3 billion, which was 1% less than 2018. Net profit after tax was NT\$13 billion, of which NT\$12.1 billion was net profit attributable to owners of the parent company, representing an increase of 187% from 2018. After-tax earnings per share (EPS) was NT\$16.3.

The combined revenue of ASUS brands for 2019 was NT\$332.5 billion (unaudited), which was a 6% decrease from 2018. Brand operating profit for 2019 was NT\$7.2 billion (unaudited), which was a 161% increase from 2018. In the first half of 2019, an imbalance in supply and demand for key components, significant fluctuations in the demand for virtual currency, and the implementation of fundamental transformations in business units led to lower profits. In the second half of 2019, after implementing strategies such as effectively executing development of product innovations, strengthening operations management, and setting up long-term brand value indicators, company revenue¹ returned to a positive trend in annual growth. Although profit fluctuated by quarter, overall profit has moved in an upward direction.

Leveraging collective wisdom to advance business operations through expansion across market segments with significant growth potential

ASUS completed a strategic corporate transformation in 2019, as management teams leveraged collective wisdom and embraced idea meritocracy while strengthening respective roles and responsibilities. The ASUS co-CEOs took steps to promote a number of top managers to fill key positions, including COO, General Manager of the Open Platform Business Group, General Manager of AIoT Business Group, and global vice presidents of major sales regions. Cementing these key roles strengthened the company's management teams and long-term strategy.

The outlook for 2020 has been impacted by the current COVID-19 pandemic, which will reduce

¹ Excluding phone business unit

commercial consumption and supply chain output in the first half of the year. Short-term impacts on the business are likely, but ASUS has a firm operational foundation, with consumer mindshare that is both strong and widespread. With our abundant talent and firm finances, we will maintain our long-term commitment to growth of business operations and brand value. Managers at all levels will make appropriate adjustments to operations and resource allocation and will continue to evolve while encouraging innovation in order to achieve sustained growth in our core business. The Systems and Open Platforms Business Groups have created growth targets, which may potentially be delayed due to uncontrollable factors related to the current pandemic, but our management team's mission and confidence in achieving these goals will not change. As we respond to industry megatrends and user needs in the new digital era, ASUS will establish new markets and user segments, and we will proactively develop market categories such as AIoT, gaming, and commercial solutions. By creating and accumulating long-term brand value, together we will turn products in these burgeoning segments into pillars of the ASUS brand.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonney Shih". The signature is fluid and cursive, with the first name "Jonney" and last name "Shih" clearly distinguishable.

ASUS Chairman

II. Introduction of the Company

I. Establishment date: April 2, 1990

II. Development history



April 1990	ASUS was incorporated at 2F, 14-2, Sec. 2, Chung-Young S. Road, Beitou District, Taipei City and collected a paid-in capital of NT\$30 million.
April 1990	Became a direct customer of Intel (U.S.A.)
May 1990	Cache 386/33 and 486/25 personal computer motherboards were popular. 486/25 was market launched with IBM and ALR synchronously and it was the milestone of computer development in Taiwan.
July 1990	ASUS completed the registration of the manufacturing facility and initiated production. The quality products made in-house were successful.
October 1990	The head office and manufacturing facilities were relocated to 4F, 10, Alley 25, Lane 425, Sec. 4, Chung-Young N. Road (changed name to "Li-Te Road" by Taipei City Government in 1993) with an area of 602 pings due to business expansion.
November 1990	EISA 486 motherboard, officially market-launched and shown at the COMDEX exhibition in early November, became a market-leading product.



March 1991	The profit of 486 in this month exceeded the profit of 386 for the first time, meaning that the 486 advanced products had become the major product of the company.
August 1991	The sales of high-unit-price EISA 486 product were satisfactory and this product helped the company generate millions of dollars of profit.



April 1992	Signed an agreement with AWARD for software authorization.
December 1992	Monthly production of motherboard and interface card exceeded 75,000 units, representing 132% growth from the same month of the prior year.



March 1993	Launched the PENTIUM (586) motherboard. ASIAN SOURCES Magazine recognized the company as one of the few manufacturers that was able to deliver this advanced 586-based mother board.
May 1993	Invested to set up a SMT production line.
June 1993	Increased the paid-in capital to NT\$308.45 million with retained earnings. Public offering was arranged accordingly.
November 1993	The company and the head engineer, Mr. Ted Hsu, were awarded with the "32-bit Personal Computer Milestone Award" of "Taiwan Personal Computer Ten-year Milestone Award" that was organized by Commonwealth Magazine, co-organized by the Institute for Information Industry, and sponsored by Intel for "having high-speed 486 advanced mother board developed successfully" and for being "the first Taiwanese information business to develop the fastest personal computer synchronized with the world that has helped Taiwan open up a path to the successes and helped define the competition of speed and flexibility in technology development."
November 1993	Mass production of PCI486 and Pentium motherboard was initiated. Pentium was

	the new generation of CPU and the PC with the highest speed.
December 1993	The first SMT production line was completed with pilot run and put into service. Another set of SMT was acquired in response to the expansion of production.



January 1994	ASIAN SOURCES Magazine ranked the company's technological innovation in the first place of The TOP-10 mother board manufacturers in Taiwan and ranked the company's quality in the second place.
February 1994	C.T.Mag. (Germany) had the company's PCI rated, and with the capacity and memory of PCI Pentium and 486, the company was awarded an honorary rating.
March 1994	Attended Cebit Show in Hanover, Germany, the only motherboard manufacturer demonstrating successful Dual Pentium and was recognized by the industry and Intel accordingly.
July 1994	ASUS's initial name was Hung-Shuo Computer Inc. In July, the company officially changed the name to ASUSTeK Computer Inc.
December 1994	Taipei Factory was certified with ISO 9002.
December 1994	Purchased Taoyuan Lu-Chu Plant with an area of 2,417 pings and constructed a manufacturing facility area of 1,200 level ground that was went into service in mid-1995.



January 1995	ASIAN SOURCES Magazine had the company's quality ranked in the first place and the company's technological innovation in the first place of the Top-10 mother board manufacturers in 1994.
May 1995	China Credit Information Service, Ltd. had the company's business performance ranked in the 5 th place of the TOP-500 Manufacturers in 1994.
May 1995	The Taoyuan Lu-Chu Plant was officially put into service for production.



January 1996	Purchased the head office on Li-Te Road and the building that was rented for Taipei Plant with an area of 3,159 level ground.
April 1996	Chung-Hua Institution for Economic Research awarded the company with "Product of the Year Award" and "Enterprise of the Year Award."
June 1996	China Credit Information Service Ltd. had the company's business performance ranked in the 1 st place of "The TOP-500 Manufacturers in 1995".
August 1996	SEC had the company authorized as Class II stock listing company.
November 1996	ASUS officially went public at Taiwan Stock Exchange Corporation.



January 1997	Taoyuan Lu-Chu Plant was certified with ISO-9002.
February 1997	Leased Taoyuan Nan-Kan Plant with an area of 4,400 pings ready for production.
February 1997	The ASUS P/I-P65UP5 was awarded with the "5 th Symbol of Excellence" award by TAITRA.
April 1997	Established the Nan-Kan Plant, with an area of 4,400 pings, right next to Lu-Chu Plant, for a total monthly production of 800,000 motherboards.
May 1997	Collected funds for US\$230 million with cash in the form of overseas depository receipt GDR.
October 1997	Purchased Quay-Sun Plant with an area of 7,900 pings for the production of new NB and CD-ROM.
November 1997	Held new product presentation including NB and CD-ROM.



February 1998	Asiamoney recognized the company as the “Best Managed Companies in Taiwan.”
April 1998	Finance Asia recognized the company as “Asia’s Strongest Companies.”
October 1998	Acquired automation SMT for expanding automatic production scale; production reaches with over one million motherboards manufactured monthly.
October 1998	Presented the lightest all-in-one NB.
November 1998	The company was certified with ISO-14000.
November 1998	Asia Week had the company ranked in the first place of The International Chinese Enterprises 500 & Top-10 Manufacturer in 1998.
November 1998	Asia Week had the company’s business performance in the first three quarters of 1998 ranked in the first place of The InfoTech 100.
November 1998	Business Week (U.S.A.) had the company ranked in the 18 th place worldwide and the first place in Asia of The InfoTech 100.
December 1998	Completed the construction of Lu-Chu Plant.



March 1999	Initiated the construction of Beitou II Plant for an area of 1,453 pings planned for use.
May 1999	Ranked in the 21 st place of Top-1000 Manufacturers in the special issue of <i>Commonwealth</i> Magazine. Ranked in the 2 nd place of Top-50 Enterprises 50 for three consecutive years (2007~2009) in the special issue of <i>Commonwealth</i> Magazine. Ranked in the 6 th place of Top-1000 Manufacturers as the most profitable operation in the special issue of <i>Commonwealth</i> Magazine (hit the mark of NT\$10 billion and become the leader of information and telecommunication industry). Ranked as one of the National Top-20 Private Businesses in the special issue of <i>Commonwealth</i> Magazine.
June 1999	China Credit Information Service Ltd. recognized the Company with the honorary citation of “1999 Taiwan TOP 500.” China Credit Information Service Ltd. ranked the Company in the fourth place as the most profitable business of “1999 Taiwan TOP 500.” China Credit Information Service Ltd. ranked the Company in the third place as the highest earnings business of “1999 Taiwan TOP 500.” China Credit Information Service Ltd. ranked the Company in the third place as the best assets-management business of “1999 Taiwan TOP 500.” China Credit Information Service Ltd. ranked the Company in the fourth place as the most productive employees of “1999 Taiwan TOP 500.” Increased the paid-in capital to NT\$11.449 billion with retained earnings.
July 1999	Presented ASUS super thin NB.



January 2000	Purchased the eight pieces of land of the 4 th lot, Fong-Nien Lot, Beitou District, Taipei, for business expansion with an area of 7,186 level ground. Asiamoney ranked the Company in the second place of “Best Managed Companies in Taiwan.”
May 2000	Completed the construction of Beitou II Plant with an unable area of 1,453 level ground.
August 2000	Ranked in the first place of Tech 200 by Globalviews Magazine.
September 2000	China Credit Information Service Ltd. ranked the Company’s business performance in the third place for Top-10 Manufacturers in 1990-1999.
October 2000	Commonwealth Magazine ranked the Company in the first place of Taiwan

	Electronics and in the seventh place nationwide.
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March 2001	ODC (ODC refers to the certification of environmental protection without using any material hazardous to Ozone layer) was awarded to ASUS.
November 2001	Business Week ranked ASUS in the 28 th place of The InfoTech 100.
November 2001	Completed the construction of Taipei Plant with a usable area of 9,073 pings.
December 2001	Readers of PC Magazine awarded ASUS with the “Product of the Year Award” for the motherboard, NB, CD-ROM, and VGA in 2001.



January 2002	Seventeen company products were awarded the “Symbol of Excellence” this year; therefore, the Company was the biggest winner of the 10 th national “Symbol of Excellence” award.
April 2002	Recognized as the Excellent Health and Safety Institute by Taipei City Government.
April 2002	Ranked in the Top-10 of Manufacturers 1000 by Commonwealth Magazine, the Top-3 of computer and elements, and the Top-3 of most profitable businesses.
June 2002	Launched MyPal A600, the first PDA supporting Intel’s 400MHz PXA250CPU; also, it was the most light-weight, thin, and functional pocket PC.
October 2002	Recognized as the Excellent Health and Safety institute nationwide.
October 2002	Asia Week ranked ASUS in the Top-10 of Chinese Businesses 500.
December 2002	The Company shipped 17 million mother boards this year; therefore, one out of six computers was built with ASUS mother board.



January 2003	Constructed Quay-Sun Plant with 16,976.8 level ground available for use.
February 2003	The design of super-thin portable dual CD-R & CD-REW SCB-2408-D was awarded by the International Forum (iF) in Germany.
March 2003	Based on the powerful R&D capability and the excellent cooperation with Intel, ASUS launched Centrino NB to great attention.
May 2003	After receiving the award of “Symbol of Excellence” with 20 citations, more than all other competitors, ASUS was awarded the “11 th Branding Taiwan” with three citations, compared with most other companies. This demonstrated the high quality and reputation of ASUS and its ability to compete in the world on behalf of Taiwan.
June 2003	Purchased the assets of Elite Group in Chungli, including land, manufacturing facilities and equipment, and specific raw material through the subsidiary, ASUSALPHA COMPUTER INCORPORATION
September 2003	Presented S200N Centrino NB; it weighed only 905g and was the lightest-weight NB in the world.
October 2003	Presented the first 3G foldable color phone J100.
November 2003	DiGiMatrix was awarded with “Taiwan Outstanding Design Award” in 2003.



April 2004	Setup TPC product line (thermal conduction, power, and chassis) to provide consumers with comprehensive system solution.
May 2004	ASUS W1 NB with built-in TV card and powerful multimedia software was market launched. The outstanding hair-like pattern design was awarded with

	multiple global awards.
June 2004	Presented the light-weight, big screen ASUS J101 phone.
June 2004	The industrial design team received eleven G-Mark in Japan, five iF awards and five Red Dot Design Awards in Germany.
December 2004	ASUS was the largest motherboard and VGA manufacturer; worldwide, one out of three computers was made with ASUS motherboards.
December 2004	ASUS became the Top-10 NB brands and the Top-5 NB manufacturers.



January 2005	ASUS was the biggest winner of “Symbol of Excellence” award for two consecutive years, with all forty nominated products receiving awards.
March 2005	ASUS W1 NB was awarded by iF (Germany) with the industrial design award that was known as Oscar Award in computer business. This was the first Chinese design awarded with iF. Invested in AzureWave Technologies Inc., which became a subsidiary, to manufacture office machine, electronic components, and computer and peripheral equipment, and to conduct the wholesales and retails sales of precision instrument and camera equipment.
October 2005	ASUS successfully developed the first environment-friendly mother board in Taiwan. Invested in AMA PRECISION INC., the subsidiary, to conduct computer elements R&D.
November 2005	ASUS was awarded with thirteen awards in the 2005 “Channel Award” competition, second to none. Invested in Enertronix, Inc., which also became a subsidiary, to conduct R&D and manufacture radio receiver and wireline communication equipment.
December 2005	The Company issued 59,592,835 stock shares in exchange for 15% stock shares of Advantech Co., Ltd. for of stock exchange and strategic alliance; the Company thus entered the industrial computer field. ASUS entered CES exhibition for the first time, introducing the concept of the “digital home.” W5A NB was awarded with CES Innovative Design & Technology Award.



January 2006	The Company and Advantech Co., Ltd. each acquired 50% shareholding of Advansus Corp. on January 3, 2006 with cash capitalization.
March 2006	The Company had stock exchanged with Askey Computer Corporation according to Merger Law with 73,662,961 shares issued for merger. Askey Computer Corporation had become a subsidiary of the Company.
May 2006	ASUS NB W2, W3, and V6 were nominated for “iF China Design award” Top-10. This was a great achievement for the Company; evidence of ASUS’s leading position of in the computer world.
June 2006	Business Weekly awarded ASUS with InfoTech 100 for eight consecutive years.
October 2006	ASUS, known for creating trust and sentiment was awarded the “2005 Top-10 Taiwan Brand Value” by Business Next Magazine.
December 2006	ASUS ATEC was awarded with the “7 th Management of Technology Award” by Chinese Society for Management of Technology.



January 2007	ASUS worked with Automobili Lamborghini to present the ASUS Lamborghini VX series NB high-speed version.
January 2007	ASUS AS-D770 and NB were crowned as Top-50 Industrial Purchasers in 2005

	by the Commercial Times newspaper in Taiwan. ASUS products were the first choice for the industry, professionals; and networking users.
February 2007	ASUS was awarded with three citations in MIS Best Choice by Institute for Information Industry: Barebones and server were ranked in the first place, and advanced NB was ranked in the second place.
March 2007	ASUS presented the first 3.5G NB in Taiwan that led consumers entering new mobile phone era.
June 2007	ASUS was awarded 39 citations in the 15 th Taiwanese Excellence Awards for its excellent quality and innovation; that was second to none.
July 2007	ASUS announced plans to have brand name business and OEM/ODM business divided at the press conference of SEC in July 2007. ASUS was divided into three divisions, where brand name business was the responsibility of ASUS and OEM/ODM was the responsibility of Pegatron Corporation and Uniha Corporation, as of January 1, 2008.
July 2007	ASUS was recognized by Business next Magazine as the “2007 Top-10 Brands Taiwan.” with a brand value of US\$1.196 billion, representing a growth of 166% from the year of 2003.
October 2007	ASUS Eee PC was launched to the market in Taiwan. ASUS Eee PC was popular worldwide and one Eee PC was sold in every five seconds.
November 2007	The environmental protection effort of ASUS was recognized for the first time; Oekom, an international reputable institute for environmental protection evaluation, ranked ASUS in first place for “2007 Environmental Protection.” Also, ASUS was the first Chinese IT industry to have received such an honor in the last fifty years.
December 2007	ASUS was ranked top in the “Sustainability Award” by the Executive Yuan, presented to the Chairman of ASUS by the Minister.
December 2007	Dr. Yahya AJJ Jammeh, President of the Republic of Gambia, and his 32 officers visited the head office of ASUS and showed strong interest in Eee PC.
December 2007	Chunghwa Telecom and ASUS announced a strategic alliance to integrate the resources for the construction of a perfect digital center and get involved in charity activity with 1,000 Eee PCs donated to schools in the remote area of northern, central, southern, and eastern Taiwan to narrow down Taiwan’s digital divide.
December 2007	ASUS entered the optical field for the first time through the presentation of BrightCam AF-200 and MF-200.



January 2008	ASUS brand-name business and OEM/ODM business were officially divided. The brand-name business was the responsibility of ASUS while OEM/ODM was the responsibility of Pegatron Corporation and Uniha Corporation with each company focusing on creating their own value.
March 2008	The “Dual Hundred-Million-Plan” of ASUS was to have one hundred million NTD budgeted to win over the heart of one hundred million customers. The goal was to provide professional repair and maintenance and consulting service to more customers of ASUS.
April 2008	Intel and ASUS held the “Recycling Computer, Project of Hope” press conference to demonstrate collaboration between businesses and their determination and enterprise actions in saving energy and recycling for the good of the earth.
April 2008	ASUS Foundation was set up integrate resources effectively, give feedback society and fulfill social responsibility.
May 2008	ASUS Computer was awarded with the 16 th “Symbol of Excellence” this year and ASUS was the biggest winner. The excellent technological R&D, the humanity technology, and the innovation of ASUS resulted in fifty-one ASUS products awarded with the “Product of the year award” at the “Symbol of Excellence” this year. In particular Eee PC and R700t navigator were awarded with the “gold medal” award. Six products of ASUS were awarded with the “silver medal” awards. ASUS is second to none in the industry in the sense of quality and quantity.

July 2008	Enforced “Reverse Recycling Green Marketing Business Plan”
August 2008	ASUS was the designated hardware brand for Advanced Overlocking Championship (AOCC) in 2008, with the products receiving high praise. The combination of ASUS P5Q3 Deluxe, Striker II Extreme, and ENGTX280 had broken the record by performing successfully at the extreme temperature of 100°C below.
November 2008	ASUS Eee Family promoted new products including the all-in-one touch-panel screen computer Eee Top ET16 series with 15.6” touch big screen. The computer can be operated with screen touch for an effective interaction and operation with the device that is different from conventional table-top computers.
November 2008	The tough Japanese market was conquered by the easy-to-learn and easy-to-use Eee PC! According to the survey in November by the most creditable 3C survey company, Business Computer News (BCN), Eee PC was the champion in sales of Notebook and named the most popular product of the year by the Japanese lifestyle and fashion magazine DIME.
December 2008	ASUS Eee PC was named the product of the year by Forbes and Stuff Magazine in the U.K. The Japanese lifestyle and fashion magazine Dime honored Eee PC with top product. Sweeping from the west side to the east side of the Atlantic, America’s benchmark on-line retailer Amazon also selected Eee PC as the most popular Christmas gift, and it was recommended by 13 different media outlets as the best gift to give. All noted how consumers loved the high mobility of the Eee PC. Spanning Japan, Taiwan, Europe and the U.S., there is no place in the world that has not felt the effect of the Eee PC.



January 2009	ASUS was ranked top by the 24 th “consumers’ ideal brand” survey by Management Magazine V. 451 and the “businessman’s ideal brand” of Today V. 626.
February 2009	ASUS and the world leading GPS brand Garmin announced the establishment of a strategic alliance to launch a joint Garmin-ASU-brand smart phone that combines the leading smart phone and GPS technologies.
March 2009	Eee PC series had been selected the top-three models on the shopping list of the benchmark online mall “AMAZON” for multiple times. The newly launched 1000HE model of Eee PC™ had taken up the top-two spots with successful pre-order as an evidence of the popularity of Eee PC. ASUS owned the heart of American consumers with Eee PC™.
March 2009	Global design prize “Red Dot” was awarded in Germany. ASUS had been awarded “Product Design 2009 Winners” this year for five products including Eee PC S101, Eee Keyboard PC innovative computer, S121 notebook, P30 notebook, and innovative “chocolate keyboard.”
April 2009	ASUS was the biggest winner in the 3 rd Annual Taiwan Excellence Award competition for three consecutive years where a total of 53 products received the Excellence Award, including the Eee PC, which S101 was awarded the “Gold Award” this year while ASUS Bamboo U6V and P552w smart phone were awarded with “Silver Awards.”
April 2009	ASUS launched the energy-saving motherboards P5Q PRO Turbo and P5Q Turbo on the Earth Day. P5Q PRO Turbo and P5Q Turbo were designed with unique Xtreme Phase power design and ASUS 2 nd generation EPU smart energy-saving chips to save power consumption; They system monitors itself automatically, adjusts the power supply, reduces temperature, and increases power efficiency up to 96%.
April 2009	ASUS was held up to the world the gold standard for green products by CNN and TIME Magazine. Eee PC 1000HE was appraised by CNN in the program of “Your Green World.” ASUS Bamboo U6V was awarded “Green Design 100” by TIME Magazine for the artistic design and environmental protection value.
May 2009	ASUS introduced the thinnest mini notebook, Eee PC 1008HA Seashell! Seamless Eee PC 1008HA Seashell gave a sense of fashion, which was originated from the idea of seashell; weighted only 1.1kgs, presented a sexy, slim body only 18mm

	thick, and featured a 92% Baby Touch keyboard and a power-saving 10.1" LED display.
May 2009	ASUS was ranked No. 1 for "product and service quality" and "innovation" in the "Asian Business 200" by Wall Street Journal in Asia. ASUS received the highest ranking in the 3C industry under "domestic industry" in the "Asian Business 200."
June 2009	ASUS's pioneering motherboard was the first to pass Energy Star 5.0 certification. ASUS was certified for professional energy-saving for the second time since the initial recognition as the gold standard for green products manufacturer by CNN and TIME Magazine.
September 2009	ASUS introduced the brand new ASUS UL Series, demonstrating Turbo 33 duo-core effect, 12-hour long-lasting power, and a super-thin notebook that broke the myth of permanence and efficiency conflict and established a brand new standard for mobile computation.
October 2009	ASUS was recognized for innovation in energy-saving effort. ASUS computer was the first one in the world to receive third party validation of "Environmental Product Declaration (EPD)" and the first to win "carbon footprint (carbon neutrality)" certification. ASUS was the first enterprise in Taiwan to receive the gold environmental protection logo of EPEAT of the United States; the Company is also the first top-ten computer brand in the world to receive the "EU Flower" certification. ASUS has dedicated itself to the principles of green environment, carbon-reduction, and care for the Earth.



January 2010	ASUS P6X58D Premium was the first USB 3.0 motherboard in the world to receive USB-IF (USB Implementers Forum) certification and led consumers entering USB3.0 high-speed transmission era.
February 2010	The Company held its extraordinary shareholders' meeting on February 9, 2010, and passed a resolution for the spin-off of its ODM business. This resolution required the Company to spin off the ODM assets and business (the Company's 100%-owned long-term equity investment in Pegatron) to the Company's wholly owned existing subsidiary Pegatron International Investment Co., Ltd. Pegatron International Investment Co., Ltd. will issue new shares to the Company and the shareholders of the Company as consideration. The Company will have a capital reduction of \$36,097,609 or a capital reduction of approximately 85%. It is expected that the Company will acquire approximately 25% of the equity in Pegatron International Investment Co., Ltd. and that the shareholders of the Company will in total acquire approximately 75% of the equity in Pegatron International Investment Co., Ltd. The spin-off date is expected to be June 1, 2010.
February 2010	ASUS introduced the first Smart3 Garmin-Asua M10, the perfect smart phone for navigation, daily life, superpower community function, and a multi-functional Windows smart phone.
February 2010	ASUS introduced the first USB 3.0 ASUS N series mobile video flagship notebook with built-in SonicMaster sound technology. It is the gold standard of mobile video and audio theater.
March 2010	ASUS was awarded with international industrial design prizes again – the chocolate keyboard was awarded with the gold medal of iF design in Germany.
April 2010	Participated in Taiwan Pavilion Shanghai Expo2010 with the high-performance computer BA5190 exhibited for light screen performance, water table lamps, and window on Taiwan. The high-performance machines were used to display the beauty of Taiwan to the guests visiting the Taiwan Pavilion from all over the world.
April 2010	The 18 th "Symbol of Excellence" was awarded to ASUS, the biggest winner of the year. Gold Medal was awarded to Eee Keyboard PC including five nominations of Gold Medal and 36 "Symbol of Excellence" Awards. ASUS was the biggest winner of the "Symbol of Excellence" for seven consecutive years and awarded with the "Outstanding Award" of the year.
June 2010	The G51 3D notebook of ASUS was awarded the 2010 Taipei International Computer "Product of the Year Award" and "Display & Digital Entertainment Award." Eee PC™ 1015PE was awarded the Red Dot Design Award in Germany and "Green ICT

	Award” at COMPUTEX 2010. AP-N53 Mini Dual Band Wireless Router won the recognition of the review panel with its light, compact, portable, and powerful network shareware. AP-N53 Mini Dual Bank Wireless Router is the Best Choice, with four awards awarded consecutively.
August 2010	ASUS marketed the “Own SonicMaster and enjoy the sound of music” SonicMaster notebook. Mr. David Lewis of Bang & Olufsen was the designer. NX90 gave not only extreme video shock but also stylish classic design elements.
August 2010	In recognition of ASUS’s dedication to environmental protection, energy saving, and society involvement for years, ASUS was awarded with the 2010 Top-Ten Corporate Citizenship Award by <i>CommonWealth</i> Magazine.
September 2010	ASUS was awarded with the Top-Three Brands of the “2010 Top-Ten Taiwan Brands” by the MOEA, Foreign Trade Association, and Interbrand. The overall brand value had increased up by 5% from the year of 2009 for a record high of US\$1.285 billion.
October 2010	ASUS constructed “Florabot” technology view for the four chambers of the dream house at “Taipei Expo2010.”



January 2011	ASUS was recognized with eight awards at iF Product Design in Germany, and was the biggest winner of the year.
March 2011	ASUS introduced the Eee Pad Transformer of Android® 3.0 operating system. The Eee Pad Transformer featured the “deformation” function. Eee three-in-one base and multiple expansions, superior to any other TabletPC in market. Transformer also includes (USB 2.0/SD/micro SD slot) and 16-hour UPS.
March 2011	The first green brands chart was introduced in Taiwan, with a focus on ten industries and 155 brands to encourage the green brands for the good of the society taking as a whole. ASUS outperformed others and was recognized in the category of information industry with the “Super Green” award.
April 2011	ASUS participated in the largest design convention in the world: The design week in Milano Italy with the theme of “Senses Remix” embracing all kinds of sensory experience, directing visitors to explore how technology enrich hearing sense, sense of sight, and sense of touch. The exhibition center was the best ever.
April 2011	The Gold Medal and Silver Medal of the 19th “Symbol of Excellence” were awarded to the 45 products of ASUS, the biggest winner of the year.
April 2011	The 2011 Energy Star Certification was held in Washington D.C. in the United States. ASUS was awarded with “Excellence in Efficient Product Design”. The exclusive ASUS developed Super Hybrid Engine (SHE) with super energy-saving techniques has been appraised by the Environmental Protection Agency (EPA).
May 2011	ASUS Eee Pad Transformer won the 2011 Taipei Computex Best Choice Award in category of the Best Choice of the Year, Best Design Award and the Best Choice in “Computer and Systems.” The world’s first halogen-free monitor, VW247H-HF and Bamboo series notebooks, U43SD were awarded with the Green ICT Award. The o!Play Gallery high-speed USB 3.0 player was awarded Best Choice in the category of “Display and Digital Entertainment” while the Two-Way HDMI Streaming Media Center WAVI won the Best Choice in the “Telecommunication category.” ASUS outperformed the competition with seven awards.
June 2011	ASUS agreed to establish the Shou Yang Digital Technology Co., Ltd with AAEON Technology for M&A, based on the consolidation date of June 1 st , 2011. Shou Yang was the surviving corporation after the merger and acquisition, the Company was renamed AAEON Technology on July 4 th , 2011. ASUS Group is holding 65% of the integrated ownership.
June 2011	ASUS introduced its new branding vision “In Search of Incredible.” which was incorporated in the ASUS N series and debuted with Jay Chou’s special version of notebook, exhibiting the cross—boundary interaction of technology and arts.
July 2011	The TAITRA organized the “Top 100 Taiwan Brands” as part of the centennial celebration of the founding of Taiwan. ASUS products were recognized by the judges and consumers to be selected as one of the top 100 Taiwan products.
September 2011	ASUS was ranked as the top 3 international brands of Taiwan for the 9 th consecutive

	years and the market value of the brand is valued at NT1.637 billion.
October 2011	ASUS released of the latest ZENBOOK™ super-slim notebook in step with the world. Chairman Jonney Shih first released the product in New York, followed by London, Milan and Taipei. The synchronized global disclosure.
November 2011	ASUS cooperated with NVIDIA and launched the world's first 10.1-in Android-based TabletPC carrying NVIDIA® Tegra® 3 4-core processor. The product, equipped exclusively with the ASUS Eee keyboard base, inherits the concept and spirit of “transformation” from ASUS, and exhibits exceptional action and battery life.
November 2011	ASUS announced its major deployment in cloud computing by launching the “ASUS Private Clouding” to integrate clouding platform, enterprise application software, and comprehensive solutions for server systems, so that enterprises can quickly build exclusive private clouds with all-in-one convenience and safety.
December 2011	ASUS officially released the worlds' first 4-core processor carrying NVIDIA® Tegra® 3 while exhibiting the Google Android 4.0 ICS (Ice Cream Sandwich) based ASUS transformation TabletPC for the first time.



January 2012	ASUS won six product innovation awards in CES exhibition, in the categories of wireless portable, personal electronic products, audio equipment, computer hardware, and components. PadFone was awarded with the Best of Innovations Award in the category of wireless portable products, demonstrating ASUS's leadership in the field of digital life products.
January 2012	ASUS was the biggest winner for the 9 th consecutive year in the 20 th Taiwan Boutique Awards; a total of 50 products received awards.
January 2012	The National Center for High-Performance Computing adopted ASUS ESC4000 server to complete the establishment of the largest GPU super computer in Taiwan. It was the first time ASUS was listed (in 234 th place) in the global Top 500 super computers, and in the 37 th place in the Green 500 Super computers category.
April 2012	ASUS announced the series “Happiness 2.0” with new laptop standards, featuring the five dimensions in Beauty, Sound, Touch, Instant On, Instant Connect, and Cloud, which aim to comprehensively enhance user experience.
May 2012	ASUS was awarded with HSPM certificate (Hazardous Substance Process Management) from IECQ becoming the world's first computer company to receive the prestigious awarded.
June 2012	In the 2012 Best Choice competition, ASUS again won several awards in six categories. ASUS Transformer Pad Infinity and PadFone won the Best Choice Gold Awards in the Computer & System category, and Innovative and Smart Mobile Device categories. Eee Box EB1033 also won the Green ICT Award with recycling rates as high as 90%. The ASUS P1 LED Projectors and O!Play Smart TV were awarded with Best Choice in category of Display & Digital Entertainment. Moreover, EA-N66 Dual-Band Wireless-N900 Ethernet Adapter won Best Choice in category of Computex.
June 2012	For the first time, ASUS cooperated with Google to develop the Jelly Bean Nexus 7 Tablet with the latest Android 4.1 Jelly Bean operating system. Nexus 7 combines the robust hardware design power of ASUS and the latest Google software service, integrating the outstanding hardware/software combination to create market-changing advantages.
October 2012	ASUS released the PadFone™ 2 in Milan and Taipei in a synchronized global presentation. The phone is noted for being highly intuitive and convenient for consumers.
October 2012	ASUS released the latest series of products carrying Windows 8 operating system. Chairman Jonney Shih first released the product in New York, followed by CEO Shen Zhen in Taipei, driving new products such as ASUS TAICHI, ASUS Transformer AiO, and ASUS Transformer Book to new peaks.



January 2013	Fifteen ASUS products received Innovation Awards at the CES exhibition. The winning product categories covered innovative design and technological scope, including premium game hardware and accessories, computer hardware and components, computer peripherals and equipment, TabletPC, and e-readers, mobile computing devices, display, and wireless portable products.
February 2013	MWC listed the TabletPC product in its Global Mobile Awards 2013 for the first time and ASUS Nexus 7 was the first Taiwanese TabletPC to win the award from MWC.
April 2013	ASUS collaborated with Taipei City Government to build Taipei iCloud providing five cloud services, including “Citizen Cloud,” “Enterprise Cloud,” “Education Cloud,” “Health Cloud,” and “Open Data Cloud” to offer diverse and convenient cloud applications for Taipei citizens.
April 2013	ASUS collaborated with UniMax Electronics Inc. to develop the “Smart Navigation & Infotainment System.” The system was first introduced to Toyota electric vehicle through the “Sun Moon Lake Scenic Area Smart Electronic Vehicle Pilot Project.”
April 2013	ASUS was again the biggest winner in the 21st Taiwan Excellence Awards and has received the most awards in 11 consecutive years, with a total of 41 products receiving awards. Of particular note; PadFoneTM2 was awarded with Gold Award and ASUS TAICHITM awarded with Silver Award.
May 2013	ASUS joined Chunghwa Telecom to expand the cloud service market, offering innovative and diverse cloud services to consumers through personal cloud, family cloud, health cloud, and creativity cloud. ASUS also launched multi-monitor and digital content integration to upgrade cloud experience countrywide.
June 2013	ASUS presented “WE TRANSFORM” at Computex, stressing ASUS’s continuous innovation in leading digital reform, and conveying its pursuit of unparalleled brand spirit. ASUS launched an epoch-marking innovative transformer product, the ASUS Transformer Book Trio. Carrying Windows 8 and Android dual Operation Systems, it is the first transformer product in the world that integrates laptop, TabletPC and desktop computer in one.
June 2013	ASUS’s digital service was recognized by Digital Times and was awarded the “Digital Service Bench Enterprise.”
July 2013	ASUS launched a new-generation Nexus 7 with Google, which carries an innovative built-in wireless charging function and comes with 1920x1200 Full HD (323ppi) to become the leader of 7” TabletPC.
July 2013	ASUS ESC4000/FDR G2 Server was adopted by, two super computers, SANAM and Seneca Data Cluster ranked 52th and 364th place respectively in the TOP500 Supercomputer list in 2013, for high-powered performance and ultimate processing speed. At the same time, the two products comply with eco-friendly standards, receiving recognition through the 4th and 194th place on the green500 org list.
August 2013	Leading in the motherboard brand, ASUS re-established a new milestone by adopting Z870C motherboard with Intel Z87 chipset to become the world’s first certified motherboard for WINDOWS 8.1 WHQL.
September 2013	ASUS Transformer Book Trio was introduced during the Intel Developer Forum by Chairman Jonney Shih. The brand-new mainstream ASUS Transformer Book T100 is the first world’s first device integrating laptop, TabletPC and desktop PC all-in-one. The ASUS Transformer Book Trio was simultaneously introduced in San Francisco, USA.
September 2013	ASUS Foundation donated 2,000 TabletPC to digitally disadvantaged areas and families in Taiwan and overseas via the Ministry of Foreign Affairs, Ministry of Education and Tzu Chi Culture and Communication Foundation. All levels of education, libraries, residents in remote areas and children of low household income will benefit in nine allied countries from this donation.
September 2013	ASUS participated in the 2013 Taiwan Designers’ Week, with the ASUS Design Center featuring “Capture – In Search of the Moment” to explore surprising and touching beautiful moments in life through the pursuit of aesthetics whose context is hidden in both tangible and intangible things. Through a dynamic vision of technology progress, ASUS builds an imaginary blueprint of literacy and design, accomplishing ASUS’s brand spirit “In Search of Incredible.”

October 2013	ASUS was awarded with First Place for 2013 as the “Most Prestigious Benchmark Company in Taiwan” in the category of Appliances and Information Service Industry from <i>CommonWealth</i> Magazine. ASUS demonstrated outstanding performance in 10 competency indicators including forward-looking and innovation, talent fostering, customer experience, business performance, and citizen responsibility.
November 2013	ASUS ranked top in the “Ideal Brands for Business Elites” in category of laptop computer awarded by Business Today for the sixth consecutive year.
November 2013	ASUS was awarded the top 3 international brands in Taiwan for the 11th year in a row. In 2013, ASUS brand value again hit a record high, reaching \$1.711 billion US, establishing a new milestone for ASUS’s corporate philosophy of “In Search of Incredible.”
December 2013	In the 22th Taiwan Excellence Awards revealed in 2013, ASUS received the greatest number of awards for the 11th consecutive year. Among the 50 products awarded, six products received the Gold Award.



January 2014	At the 2014 CES, ASUS released the smart ZenFone with exceptional product personality; new transformer PadFone mini; the transformer PadFone X in joint cooperation with AT&T; the Transformer Book Duet (TD 300), and ROG Swift PG278Q WQHD monitors exclusively designed for computer gamers. T
February 2014	ASUS presented two major applications at the 2014 Mobile World Congress (WMC): the user interface of ASUS ZenUI smart mobile device and PixelMaster image processing technology. The intuitive ZenUI brings to consumers a brand-new system interface for user experience, while the PixelMaster image processing technology provides more exquisite and lively images.
March 2014	ASUS outperformed in the 2014 iF Awards, receiving awards for 11 products among the 4,352 products from 51 participating countries. ASUS also received highest honors in design for three major project categories.
March 2014	The list of 2014 Red Dot Design Awards showed that ZenFone and the ROG Maximus VI Formula motherboard outperformed 4,815 participating design works from 53 participating countries based on ASUS’ innovative design concept that encompasses ‘humanity’, ‘aesthetics’ and ‘performance’. These products were recognized by international experts with the Red Dot Award in the category of consumer electronic product design.
April 2014	ASUS held the global launch of the ZenFone series, including the ZenFone5, ZenFone 6 and PadFone mini, in National Taiwan University Sports Center, inviting over thousands of ZenFans to participate.
April 2014	The 22nd Taiwan Excellence Award of 2014 was announced, and it was the 12th consecutive year that ASUS won the most awards.
May 2014	ASUS held a Sports Day on its 25th anniversary, with over 6,000 employees and their families taking part in the event. ASUS Chairman Jonney Shih, Vice Chairman and President Jonathan Tsang, and CEO Jerry Shen jointly lit the opening fire, symbolizing hope, teamwork and sportsmanship, which drive ASUS towards becoming the world’s most admired company in the new digital era.
May 2014	ASUS held an ASUS Cloud Day and announced the ASUS Cloud strategy, establishing a common industry platform that integrates interdisciplinary resources and collaborates to expand local synergy to international market.
May 2014	ASUS, Show Chwan Health Care System, and Chung Hwa Telecom jointly promoted the release of Palau Health Cloud Service by providing local health care services to Palau residents, using the professional advantages afforded by integrating Taiwanese cloud technology, IT and healthcare. This resulted in the creation of the first transnational health cloud services.
June 2014	Three ASUS products received the Best Choice Award from Computex 2014. ASUS also received 17 Computex Design & Innovation Awards.
August 2014	Unimax, an ASUS subsidiary, and Hotai Motor jointly released the world’s first ‘Toyota smart driving system’, which seamlessly integrates an ASUS tablet with a vehicle to offer a smart driving experience.

September 2014	In cooperation with Google, ASUS released ZenWatch, the Company's first smartwatch using Android Wear at the 2014 IFA in Berlin, Germany. The exquisitely-crafted smartwatch features superior aesthetics, smart applications and wellness management to provide users with a sophisticated timepiece. ZenWatch marked the Company's official entrance into the wearable market.
October 2014	ASUS was recognized for being one of the best enterprises in the Home Appliance and Information Service Industry category by CommonWealth Magazine.
November 2014	ASUS design innovations were recognized with 17 Good Design Awards 2014 from the Japan Institute of Design Promotion (JDP). Awarded products included 7 laptop computers, 2 tablets, 3 desktop computers, plus motherboards, projectors, LED monitor, All-in-One PCs and a tablet cover. ZenBook UX305 laptop and the S1 mobile LED projector were further honored with inclusion in the annual Good Design Best 100 list.
December 2014	ZenFone 6 and the S1 projector were awarded with the highest prestige in IT monthly top 100 innovative products with recognition in "Innovation Gold Quality Award."
December 2014	An ASUS-powered supercomputer was awarded top position in the prestigious Green500 list of the world's most power-efficient supercomputers. The L-CSC computing cluster used 160 ASUS ESC4000 G2S servers, opening up a brand-new milestone for ASUS's In Search of Incredible brand benchmarking.
December 2014	11 ASUS products were selected as the "Gold Pin Design Award". In particular ASUS ZenBook UX301 laptop was awarded the prestigious Best Design of the Year Award.
December 2014	ASUS was recognized for the second consecutive year as the number-one Taiwanese brand in the Best Taiwan Global Brands Awards 2014, with a new record high for estimated brand value of US\$1,723 million.
December 2014	ASUS entered the wearable device market with ZenWatch, which was officially launched in the Taiwanese market.



January 2015	The ASUS 'Experience 2Morrow' event was held at the 2015 International CES press conference, with three breakthrough designs announced that combine performance, power and design aesthetics: Transformer Book Chi, ZenFone 2 and ZenFone Zoom.
January 2015	ASUS has sold over 500 million motherboards worldwide since its foundation in 1989; Placing side-by-side, these motherboards could circle the earth nearly four times.
January 2015	ASUS strengthened its comprehensive customer service program by launching the first 'one-hour mobile phone quick repair' service. This innovation helps create unrivaled customer satisfaction with fast, convenient customer-oriented services.
February 2015	ASUS was awarded the Medal of Diplomatic Contribution Award from the Ministry of Foreign Affairs, recognizing ASUS Foundation's commitment to reducing the digital gap in Asia Pacific and Central/South America.
February 2015	ASUS was awarded the Service Model Brand Award from the biggest 3C digital marketplace in Taiwan, Guang Hua 3C Purchase Magazine. Both laptop and motherboard products received Channel Model Brand Awards.
February 2015	ASUS released the world's fastest and most complete SuperSpeed+ USB 3.1 motherboard and expansion card.
February 2015	U.S. Forbes Magazine announced the 2014 World's Most Admired Company List and ASUS was ranked 6th in the computer industry category.
March 2015	ASUS is named 2nd place in the 3C category of the Power Brand survey conducted by Manager Today magazine in Taiwan.
April 2015	ASUS introduces the AiCam, a smart cloud-based camera.
April 2015	ASUS graphics cards sales reach 125 million and celebrate an industry-leading 8,000+ global awards since 1996.
April 2015	ASUS is the most recognized company at the Taiwan Excellence Awards for the 13th consecutive year. More than 40 ASUS products receive Taiwan Excellence certification.

April 2015	ASUS VivoWatch, the first ASUS wearable, designed with a focus on fitness and wellness, debuts at Milan Design Week.
May 2015	ASUS opens its first experiential shop in Syntrend Space in Taipei, with Zensation as its design theme.
June 2015	ASUS presents <i>Zensation</i> at the Computex press event and launches Zen-inspired products, including ZenPad, ZenFone Selfie, and Zen Aio, along with ROG gaming products.
June 2015	ASUS receives more Computex awards than competitors, including 6 Best Choice awards and 8 Computex d&i awards.
August 2015	ASUS introduces the Z170 motherboard series, with Intel 6th gen Core™ processors.
August 2015	ASUS holds the <i>Incredible Comes to Latin America</i> press event in San Paulo, launching the ZenFone in Latin America.
October 2015	ASUS Chairman Jonney Shih joins the Asian Leader Summit and is awarded Outstanding Leader by Future Magazine in Taiwan.
October 2015	ASUS achieves 2nd place in the 2015 Taiwan Innovative Enterprises survey, organized by the Ministry of Economic Affairs.
October 2015	UniMax, an ASUS subsidiary, receives the National Yushan Awards for its Intelligent Navigation System.
November 2015	ASUS introduces Chromebit, the world's smallest Chrome OS device; which transforms any HDMI-compatible TV or monitor into a Chrome OS desktop.
December 2015	ASUS introduces the world's fastest tri-band router, RT-AC5300.
December 2015	ASUS ranks No. 1 in notebook sales in Taiwan, with 54% of market share; the ASUS GTX graphics series reaches 35% of global market share.
December 2015	ASUS is recognized as the No. 1 Taiwanese brand for the 3rd consecutive year during the Best Taiwan Global Brands Awards, with estimated brand value of US\$1.78 billion.



January 2016	ASUS wins five 2016 CES Innovation Awards.
January 2016	At CES, ASUS announces a partnership with Google for creating innovative computing solutions for next-generation consumer IoT smart home products.
January 2016	ASUS ROG GX700, the first liquid-cooled gaming laptop, is launched in Taiwan.
February 2016	For the 2nd consecutive year, ASUSTeK is named among the World's Most Admired Companies by Fortune magazine.
February 2016	ASUS introduces the 970 PRO GAMING/AURA, the world's first 970 AMD gaming board with official NVIDIA® certification.
February 2016	ASUS introduces the world's first USB Type-C™ powered portable display, MB169C+.
February 2016	ASUS wins 13 iF Product Design awards, setting a new company record for wins during an iF Design event.
March 2016	In collaboration with Taipei City, Academia Sinica, and Realtek, ASUS Cloud introduces the first smart city air pollution monitoring project: Air Box PM2.5.
March 2016	ASUS wins the Channel NewsAsia Innovation Luminary award.
April 2016	ASUS wins 15 Red Dot Product Design awards, setting a new company record for wins during a Red Dot Design event.
April 2016	ASUS Design Center presents the Glow of Life exhibition during Milan Design Week in Italy. The exhibition features a forest of illuminated tree sculptures that visitors interact with using their smartphones to create mesmerizing displays of light and color.
April 2016	ASUS wins Taiwan Excellence Awards for the 14th consecutive year. A total of 47 products are awarded.
May 2016	ASUS initiates the Beyond VR Ready program, leveraging advanced engineering, research and cutting-edge technologies to create the best VR experiences. ASUS works closely with leading industry partners to ensure that all components and devices are compatible with the latest VR technology.

May 2016	ASUS hosts the Zenvolution press event at Computex 2016 to unveil Zenbo, the first ASUS robot, along with an advanced portfolio of third-generation mobile products designed to provide users with revolutionary functionality for pursuing their passions. The lineup includes the all-new ZenFone 3 Series, featuring ZenFone 3 Deluxe, ZenFone 3, and ZenFone 3 Ultra; ZenBook 3, an ultrasleek and lightweight notebook with a premium aluminum design; and ASUS Transformer 3 and ASUS Transformer 3 Pro, the world's most versatile PCs that feature an unrivalled combination of mobility, convenience and expandability.
May 2016	ROG hosts the Join the Republic press event at Computex 2016, celebrating its first decade of premium gaming innovation and market leadership — and unveiling a new lineup of elite gaming gear.
June 2016	ASUS is the first consumer IT headquarters in the world to complete UL's landfill waste diversion validation procedure and receive their Zero Waste to Landfill verification (UL ECVF 2799).
June 2016	ASUS opens the first ROG VR amusement pavilion — FuVision VR — in Taiwan.
July 2016	ASUS officially launches the beautifully designed ZenFone 3 series in Taiwan.
August 2016	ASUS unveils ZenWatch 3 at the IFA press event in Berlin.
August 2016	ASUS purchases a plot of land (5,710 square meters), where it will build its new headquarters.
September 2016	ASUS showcases two servers, ESC4000 and ESC500 G4, to demonstrate the latest in super computer technology at the NVIDIA GPU Technology Conference event.
September 2016	ASUS marks success in the Japanese market. As well as retaining its No. 1 position among Android tablet makers, the company captures majority market share for 2-in-1 computers and SIM-free smartphones.
October 2016	ASUS wins nine Good Design 2016 awards.
November 2016	ASUS Chairman Jonney Shih attends the 18 th Nikkei Global Management Forum to share the ASUS experience of navigating paradigm shifts.
November 2016	ASUS partners with Mika Ninagawa, a famous modern art photographer in Japan, to work on creative assets for ASUS ZenBook 3, ASUS ZenFone 3, ASUS ZenPad 3S and other Zen 3 Series products, and to produce limited-edition accessories that include her signature.
November 2016	ASUS wins eight CES 2017 Innovation awards.
November 2016	ASUS is ranked Taiwan's No. 1 international brand in the Best Taiwan Global Brands survey for the 4th consecutive year, with a brand value of US\$17.48 billion for 2016.
December 2016	ASUS wins ICT Month Innovative Elite Gold awards for ZenFone 3, ROG Swift PG348Q, and Reco Smart projects.
December 2016	ASUS ranks No. 1 for the 9th consecutive year in the Laptop Computer category of the Ideal Brands for Business Elites survey conducted by Business Today.
December 2016	ASUS introduces Aura Sync technology — the world's first RGB lighting that can synchronize and support all devices with Aura functionality, including motherboards, graphic cards, keyboards, mice and PC components and accessories developed by third-party hardware producers.
December 2016	ASUS wins the 2016 National Sustainable Development Award in the Enterprise category, as presented by the Executive Yuan. The award recognizes the company's commitment to energy conservation, environmental protection, green innovation, socially responsible supply chain management, employee care, and corporate social participation.
December 2016	ASUS holds a special event to unveil three major usage scenarios for Zenbo.



January 2017	In cooperation with the National Police Agency, ASUS announces that each ZenFone will be preloaded with a new Police Service app that offers convenient emergency services for users, starting in 2017.
January 2017	ASUS ROG wins seven Taiwan Esport Top Gear Awards.
February 2017	ASUS is the biggest winner of Taiwan Excellence Awards for the 15th consecutive year, with a total of 44 products receiving Excellence Awards.

February 2017	Social Value International certifies the SROI report issued by ASUS, marking the first time that a global consumer IT company receives SROI certification.
February 2017	ASUS wins 15 iF Product Design awards, setting a new company record for wins during an iF event.
March 2017	ASUS Chairman Jonney Shih visits a Zenbo customer in person to provide them with a unique customer service experience as well as to receive feedback about the user's experience with Zenbo.
April 2017	ASUS adopts a 500-meter coastal area in Bali, Taiwan, and together with its employees voluntarily cleans the area to assist the national Environmental Protection Administration in efforts to beautify Taiwan's coast.
April 2017	Laptop Magazine names ASUS the No. 2 laptop brand, worldwide, ranking it highest in design, value and selection.
April 2017	ASUS receives nine Red Dot design awards.
April 2017	To celebrate International Earth Day, ASUS organizes a team of volunteers to participate in environmental cleanup activities.
May 2017	ROG partners with worldwide League of Legends champions SK telecom T1 to bring new innovations and trends to the gaming market.
May 2017	ASUS partners with IBM in Taiwan to announce a new cloud strategy for a smart city and IOT development involving Watson, IBM's questing-answering computer system, and the ASUS Cloud OmniStor data center.
May 2017	ROG becomes official sponsor of the Asia division of Rift Rivals in the worldwide League of Legends competition held by Riot Games and Garena.
May 2017	ASUS receives 20 Computex awards, including eight Best Choice awards and 12 Computex d&i awards. Zenbo, ROG Swift PG27UQ, and Blue Cave all win Best Choice Golden awards.
May 2017	ASUS announces five new thin and lightweight laptops during the Computex 2017 press event, including ASUS ZenBook Pro, ZenBook 3 Deluxe, ZenBook Flip S, VivoBook Pro 15 and VivoBook S15.
May 2017	ROG unveils a full lineup of new gaming gear at Computex 2017, including the world's thinnest and most powerful gaming laptop, ROG Zephyrus.
June 2017	Acknowledging World Environment Day, ASUS announces that it recycled more than 10,935 tons of e-waste in 2016, representing approximately 12.2% of the total estimated weight of products sold over the year. The company sets new goals for 2020 and 2025, aiming to increase recycling rates to 15% and 20%, respectively.
July 2017	Askey, an ASUS Group subsidiary, collaborates with Taipei's Transportation Department to create the first smart bus station.
August 2017	ROG and Logitech co-establish a professional esports arena.
August 2017	ASUS ranks No. 6 in the Commonwealth Magazine survey that tracks CSR and sustainability efforts of large corporations.
August 2017	ROG launches new gaming gear at IFA 2017, including ROG Chimera gaming laptop and ROG Strix XG35VQ curved gaming monitor.
September 2017	Zenbo and Fengfu collaborate on Zenbo Baby+ project, with the goal of developing content that will help make Zenbo the smartest and friendliest partner for preschool children.
September 2017	ASUS Chairman Jonney Shih receives T3 Lifetime Achievement Award for his contributions to the global technology industry.
October 2017	ASUS and Qualcomm work with the city of Tainan, FarEasTone and Industrial Technology Research Institute to innovate a new method of mobile learning to provide teachers and students with a new medium for learning and an external teaching platform.
October 2017	ASUS hosts beach cleanup activities to demonstrate its commitment to caring for the environment.
October 2017	ROG teams up with 168inn to create Asia's first gaming ihotel.
October 2017	ASUS ranks No. 26 on Forbes Top Regarded Companies, and is the only Taiwanese company named in the top 100.
October 2017	ASUS is chosen to represent Taiwan in Facebook's Made by Taiwan brand advertisement campaign.
October 2017	ASUS participates in the Guandu Festival for the third consecutive year, celebrating local community and traditions.
October 2017	ASUS receives a Green award from Cannes Lions and PwC for dedication to the

	environment across global operations.
November 2017	ASUS receives 15 Good Design awards.
November 2017	Zenbo is released in China, and ASUS collaborates with TenCent on Zenbo Qrobot project to create smart home lifestyles.
November 2017	ASUS works with HsinChu city government to launch the first smart city public data platform.
November 2017	ASUS ranks No. 1 in Interbrand's survey of Taiwanese brands, with a brand value of US\$1.678 billion.
November 2017	Taiwan Institute for Sustainable Energy presents ASUS with an award in its Top 50 Corporate Sustainability Report category.
November 2017	ASUS hosts a night running event to encourage healthy lifestyles for its employees.
December 2017	ASUS receives 35 Taiwan Excellence awards, making it the largest winner for 16 consecutive years.
December 2017	In collaboration with Kaohsiung Medical University, Chung-ho Memorial Hospital, Crux-healthtec and National Sun Yat-sen University, ASUS launches the ASUS Healthcare platform to promote better healthcare management.



January 2018	ASUS receives Taipei City government's Youth Enterprise Award for efforts to provide career plans and opportunities for young professionals.
January 2018	ASUS RS700-E9 Series servers and WS C621E SAGE workstations are awarded for high performance across 18 different standards by the Standard Performance Evaluation Corporation.
January 2018	ASUS Cloud announces cooperation with 7-ELEVEN's ibon and FamilyMart's FamiPort to offer cloud services for printing, taking the lead by being the first cloud platform to offer this service to private enterprises.
January 2018	Fortune magazine names ASUS in its World's Most Admired Companies list.
January 2018	Thomson Reuters names ASUS in its Top 100 Global Technology Leaders list.
January 2018	ASUS CEO Jerry Shen leads 300 colleagues in the Standard Chartered Marathan to promote a healthy lifestyle for all employees.
February 2018	ASUS Foundation's 10th anniversary film receives three awards at the 2018 Taipei Golden Eagle Micro-Movie Festival.
February 2018	For the 15th consecutive year ASUS wins iF design awards for product innovation and design, setting a new record with 18 product awards.
March 2018	ASUS opens its first flagship store in Tokyo, providing Japanese consumers and tourists with immediate, high-quality service.
March 2018	ASUS subsidiary Unimax becomes a member of the SDL consortium which is tasked to create a unified infrastructure for smart car navigation systems.
March 2018	ASUS announces successful completion of its validation procedure in UL Environment's Circularity Facts program.
March 2018	ROG becomes official sponsor of the 107 National Intercollegiate Athletic Games.
April 2018	ASUS receives 16 Red Dot design awards.
April 2018	ASUS launches its first AI smartphone, ZenFone 5, for the Taiwan market.
April 2018	ASUS receives PwC Taiwan's Environmental Profit and Loss report, which measures supply chain impacts on the environment.
April 2018	ASUS and Flipkart, India's largest e-commerce marketplace, announce a long-term strategic partnership in which Flipkart becomes a premier ASUS partner and seller of smartphones, starting with models that have been specially designed to address local demand.
April 2018	The ASUS ROG "Republic of Gamers" has elected as the sole brand sponsor of MetalHogs PUBG League and PUBG SEA Championship.
April 2018	ASUS, Taiwan Mobile, and Quanta Computer Incorporated formed the "Taiwan Artificial Intelligence A Team" combining advantages of the three companies in AI field, and have won the "Project of Establishment for Cloud Services and Big Data Computation Facilities, and Integrated Hierarchy Storage System" from the National Center for High-Performance Computing.
May 2018	ASUS has won seven major awards in the Australian PC Awards, and the number of

	won awards is leading all the brands.
May 2018	ASUS has launched a new commercial management system, Zenbo Management Console (ZMC) and ASUS Zenbo have officially entered the commercial market.
June 2018	The ASUS Republic of Gamers (ROG) held the press conference “For Those Who Dare” in the 2018 Taipei International Computer Show (COMPUTEX) to launch brand new e-sports product line, including the first smartphone for e-sports, ROG Phone.
June 2018	ASUS’ Chairman Jonney Shih led a team to host the 2018 Taipei International Computer Show (COMPUTEX) press conference, to launch the new notebook series, including ASUS ZenBook and ASUS VivoBook, as well as the wearable blood pressure monitor, “ASUS VivoWatch BP.” It also announced to delegates that the famous Hollywood actress Gal Gadot shall be the brand ambassador for notebook computers and All-in-One products.
June 2018	ASUS’s products won 6 “Best Product Awards” and 11 “Innovative Design Awards” at the 2018 COMPUTEX.
June 2018	The ASUS ROG (Republic of Gamers) won 22 media ratings in 20 countries around the world, with the highest honor, the “No.1 E-sports brand,” voted by users.
June 2018	ASUS launched the world’s first external hard drive with E-sport lighting effect, ASUS FX.
June 2018	ASUS launched the large-power smart phone, ZenFone Max Pro, in Russia, and signed a memorandum of cooperation with MTS, the largest local telecommunication provider, for a long-term strategic partnership.
August 2018	The ASUS ROG (Republic of Gamers) demonstrated the flagship model G703GI at ChinaJoy 2018. The CINEBENCH R15 score for practical running exceeded 1646 points, becoming the No. 1 e-sports notebooks in the world.
August 2018	ASUS’s first four-sided narrow-framed notebook, VivoBook S13 was released in Taiwan.
August 2018	ASUS, the ROG (Republic of Gamers), and Far East University have collaborated, to set up the e-sports classroom for “Multimedia and Game Development Management Department,” the first academic facility aiming to cultivate “players.”
August 2018	ASUS has ranked among the top ten companies in the world for Corporate Citizenship Awards.
August 2018	ASUS released the world’s smallest notebook in the 2018 IFA, the brand new ASUS ZenBook series.
September 2018	The ASUS ROG (Republic of Gamers) was rated the Best E-sports Notebook by Laptop Magazine.
September 2018	The first e-sports mobile phone of The ASUS ROG (Republic of Gamers) - “ROG Phone” was released in Taiwan, leading the global market.
September 2018	The ASUS ROG (Republic of Gamers) has partnered with the world’s largest game publisher, Activision Publishing, Inc.
October 2018	ASUS Foundation welcomed its 10th anniversary.
October 2018	The world’s first 17-inch narrow-frame e-sports notebook, ROG Strix SCAR II, under the ASUS ROG (Republic of Gamers), was released.
October 2018	ASUS was selected as one of the most trustworthy companies by <i>Forbes</i> . It is the only selected Taiwanese company, ranked 52nd among all, and ranked second among global computer hardware manufacturers, only after Apple.
October 2018	The smallest 15-inch notebook in the world - ASUS ZenBook 15 was released in Taiwan.
October 2018	ASUS e-sports notebooks’ market shares in five Southeast Asian countries (Indonesia, Philippines, Vietnam, Malaysia and Thailand), are the highest in four of them (Indonesia, Philippines, Vietnam and Malaysia).
October 2018	ASUS was awarded nine awards in the Japanese Good Design Awards.
November 2018	ASUS’ e-sports notebooks have the largest market shares in 12 European countries (UK, France, Netherlands, Sweden, Portugal, Belgium, Czech Republic, Hungary, Romania, Serbia, Russia and Ukraine) in nearly 22 countries in Europe; with the holistic market share of nearly 24%, it becomes the leader in more than one-half of the European market.
November 2018	The first 802.11ax dual-band wireless router in the world, the ASUS RT-AX88U, was launched in Taiwan.
November 2018	ASUS LIFE CORPORATION under ASUS Group, worked with Show Chwan

	Health Care System to establish the precision medical services.
November 2018	ASUS was awarded 22 Taiwan Excellence Awards, and the number of awards led the peers for 17 consecutive years.
November 2018	ASUS was awarded the highest honor from the Ministry of Labor - "National Occupational Safety and Health Award - Corporate Benchmark Award."
November 2018	Ten product series, including ASUS motherboard, displays and e-sports notebooks, have won three European awards, including "European Hardware Association Community Award", "Hardware Info Community Award 2018" and "KitGuru Reader Award 2018."
November 2018	"Taiwan Artificial Intelligence A Team" formed by ASUS, Taiwan Mobile and Quanta Computer Incorporated, has created the first AI supercomputer, TAIWANIA 2. Its computation performance is ranked 20th in the world and the energy efficiency is ranked 10th in the world.
November 2018	ASUS won the highest honor of Taiwan Corporate Sustainability Awards (TCSA), "The Most Prestigious Sustainability Awards, Top Ten Domestic Corporates," as well as other seven awards, including "Supply Chain Management," "Social Inclusion," "Climate Leadership," "Growth through Innovation," "Circular Economy Leadership," and "Corporate Sustainability Report Award."
November 2018	ASUS LIFE CORPORATION under the ASUS Group engaged the pilot project of the Taipei City United Hospital for field testing, to establish a model of precision medical services.
November 2018	For 40 consecutive quarters, ASUS has led the Taiwanese LCD market in terms of market share.
December 2018	The Board of Directors of ASUS passed three proposals: (1) Setting up a Co-CEO; (2) The plan for strategic transformation of mobile phones; (3) AIOT new strategic business plan, to activate the team inheritance and transformation, committing to become the king of e-sports and the AIOT industry.
December 2018	ASUS launched the first e-sports computation mainframe, Gaming Station GS30.
December 2018	The ASUS ROG (Republic of Gamers) has been ranked first in global professional e-sports display for four consecutive years.



January 2019	The ASUS light and thin notebook series has been No. 1 in terms of market share for seven consecutive years.
January 2019	ASUS ROG (Republic of Gamers) won four CES 2019 Innovation Awards.
January 2019	ASUS and Taiwan Mobile have jointly launched the "Enterprise Storage Cloud" service.
January 2019	ASUS has been selected among the world's most respected companies in <i>Fortune</i> magazine for the fourth time.
February 2019	The ASUS ROG (Republic of Gamers) has formed an alliance with the ESL One 2019 E-sports Tournament, becoming the only officially designated partner of computers and screens in the world.
February 2019	ASUS CLOUD CORPORATION was invited as the keynote speaker in the innovation conference in 4 Years From Now(4YFN), the World Mobile Communications Conference in Barcelona. ASUS was the only representative from Taiwan to participate the EU PULSE project, and shared the experience of smart medical development.
March 2019	The ASUS notebook computer has become the sales champion in the Taiwanese market for 16 consecutive years.
March 2019	The conceptual film of ASUS, "Sustainability 2020" was awarded with the "Excellent Environmental Resources" and "Excellent Management" awards at the 2019 Taipei Golden Eagle Micro-movie Festival. The Corporate Social Responsibility Report was awarded with the "Asia Sustainability Report" Award.
March 2019	ASUS has won 22 awards in the 2019 iF design awards.
March 2019	The world's smallest flip notebook, ASUS ZenBook Flip 13 was released in Taiwan.
April 2019	ROG Zephyrus S was selected as the first place among the world's top ten best

	e-sports notebooks by TechRadar 2019; ROG G703GI and ROG Strix GL502 were the fifth and seventh place, respectively.
April 2019	ASUS was awarded 21 awards in the 2019 German Red Dot Design Award.
April 2019	The ASUS ProArt™ series introduced the first professional display supporting Dolby Vision PA32UCX/PQ22UC in the world.
April 2019	The ROG Zephyrus S e-sports notebook won the T3 award.
May 2019	In the eastern Europe market as a whole, ASUS continues to be the champion of market share, where we received the award of “Best laptop brand 2018” from the largest local IT media “Connect Magazine” in Romania. In terms of gaming laptops, our ROG Zephyrus GX501 won the “2018 Best gaming product award.”
May 2019	Official launch of ASUS ZenBook S13 (UX392) in Taiwan with the world’s highest screen-to-body ratio of 97%.
May 2019	In the TWCCcon jointly held by ASUS, Quanta, and Taiwan Mobile, the trial run of Taiwan AI supercomputer that set new record of world ranking was announced.
May 2019	Mr. Jonney Shih, the ASUS Chairman announced the new generation of ASUS ZenFone 6 smartphone, the first product with notch-less design that combined with the innovative flip-up camera.
May 2019	At COMPUTEX 2020, ASUS won a total of 17 awards, including 6 Best Choice Awards and 11 COMPUTEX d&i Awards. Product launch of 30th-Anniversary special edition: Smartphone- ASUS ZenFone 6 Edition 30, laptop computer- ASUS ZenBook Edition 30, motherboard- ASUS PRIME X299 Edition 30 and conceptual motherboard- ASUS PRIME Utopia.
June 2019	The world’s first Wi-Fi 6 Mesh network system- ASUS AiMesh AX6100 tri-band Wi-Fi system launched in Taiwan.
June 2019	Alliance between ROG (Republic of Gamers) and Tencent Game to build ROG Phone 2 for joint-improvement of gaming experience on mobile phones.
June 2019	ASUS was selected by the “LAPTOP Magazine” as 2nd in “Best global laptop brand of the year” and 1st in “Innovation.”
June 2019	ASUS launched a full series of ASUS ZenBook laptops in Brazil, including the first ZenBook laptop- ZenBook 14 (UX433) Made in Brazil.
July 2019	ROG became the official hardware sponsor for ESPN EXP series competition.
July 2019	ROG Phone II was launched and became the world’s first gaming mobile phone equipped with the latest Qualcomm® Snapdragon™855+ high-frequency computing platform.
July 2019	Alliance between ASUS Cloud and Certis Group from Singapore for development of intelligent security application and cooperation in global promotion.
August 2019	ASUS received the CHR (Corporate Health Responsibility) Award 2019.
August 2019	The world’s largest and fastest 4K UHD FreeSync 2 HDR gaming monitor- ROG Strix XG438Q launched in Taiwan.
August 2019	ASUS, Quanta, and Taiwan Mobile cooperated again to acquire the “AI big data mainframe computer establishment” for the National Center for High-Performance Computing.
August 2019	In IFA Berlin 2019, ASUS introduced the diversified digital solution exclusively customized for business professionals, health/ fitness training lovers and gamers, where the ASUS ProArt creator series were promoted to the strategic position of subsidiary brand.
September 2019	Limited edition of ROG’s demountable gaming laptop Mothership (known as aircraft carrier in gaming) launched in Taiwan.
September 2019	ASUS signed a Memorandum of cooperation with the NCSIST (National Chung-Shan Institute of Science & Technology) for joint-development in cloud computing and AI applications.
September 2019	ASUS 1P & 2P servers made 246 world records in the standard test under SPEC (Standard Performance Evaluation Corporation).
September 2019	Mr. Jonney Shih, the ASUS Chairman led team members to New Delhi for the grand announcement of our latest gaming mobile phone “ROG Phone II” and its exclusive all-around expansion kit.
September 2019	The ASUS “RS500A-E10-12U” server proudly ranked 1st under numerous AMD platform tests.
September 2019	ASUS obtained 4 Good Design awards in Japan.
October 2019	Official commercial operation of Taiwan’s first national AI cloud computing

	platform- “TWCC AI Cloud” constructed by the National Center for High-Performance Computing together with ASUS, Quanta and Taiwan Mobile for investing in top-tier server, cloud and AI technology application.
October 2019	Mr. Jonney Shih, the ASUS Chairman personally visited Brazil for the announcement of our latest ZenFone 6 and ROG Phone II.
October 2019	ASUS was listed among top 20 global brands in Taiwan for 7 consecutive years.
October 2019	Official launch of the new ASUS ProArt creator series in Taiwan.
November 2019	The world’s first ROG Zephyrus S with display at a renewing rate of 300Hz underwent premier sale in Taiwan.
November 2019	ASUS honored with 11 CES 2020 Innovation Awards.
November 2019	Official commencement of ASUS headquarter “LiGong Building” that received LEED v4 BD+C (new building category) platinum certificate from USGBC (US Green Building Council).
November 2019	ASUS won 13 Taiwan Excellence Awards and the ASUS ZenBeam S2 portable projector won a Silver Award.
November 2019	ASUS received 9 Global and Taiwan Corporate Sustainability Awards. Among them, Mr. Jonney Shih, the ASUS Chairman received the GCSA Excellence Award.
December 2019	ASUS received the world’s first performance appraisal certificate as per ISO 20400- Sustainable Procurement Guidance from SGS.
December 2019	ASUS Cloud and AI R&D Center stationed in Tainan to build intelligent city with the Government.



January 2020	In CES 2020, ASUS announced innovative new products in fashion, commercial and gaming series, covering numerous laptop computers, motherboards, desktop computers, monitors, routers and AIoT appliances.
January 2020	In CES 2020, ROG announced whole new series of innovative gaming products including 14-inch ultra slim gaming laptop computer ROG Zephyrus G14 boasting with most powerful computing capacity in the world, as well as gaming peripherals over ROG Swift 360Hz and ROG Swift PG32UQX monitors, ROG Pugio II and ROG Strix Impact II Wireless mice, as well as ROG Z11 ITX case.
January 2020	From January to November 2019, ASUS stood solid as head of macro and regional markets over the EMEA (Europe Middle East and Africa) area. For November in particular, we even secured a landslide leading position with almost 50% of market share in the UK, Hungary, and Finland.
January 2020	For the fifth time, ASUS was listed among the world’s most admired companies by Fortune Magazine.
January 2020	The world’s fastest gaming monitor, ASUS TUF Gaming VG279QM at 280Hz launched in Taiwan.
February 2020	ASUS received 13 iF design awards including the 5 top design awards, namely the BEST OF Taiwan, TOP 3 Computer, TOP 10 Asia, TOP 10 Companies and TOP 10 Inhouse Design Teams.
February 2020	ASUS has been a sales champion in Taiwan for 17 consecutive years in laptop and desktop computers.
March 2020	ASUS ranked as 1st in Taiwanese market share for 16 seasons over gaming laptop computers, where we stood solid as a leading gaming brand.
March 2020	ASUS cooperated with the Taoyuan General Hospital by applying ASUS ZenFone Max Pro and ASUS VivoWatch into the fight against coronavirus pandemic. Furthermore, the remote conference kit and work-from-home solutions were introduced, where the strength of technology built a solid shield for pandemic prevention.
March 2020	ASUS has been a sales champion in Taiwan for 15 consecutive years in laptop computers.
March 2020	ASUS servers made 578 world records, the best results ever in SPEC (Standard Performance Evaluation Corporation) standard test. The quantity of our champion items were way ahead of competitors by 30%, which secured us as the leading

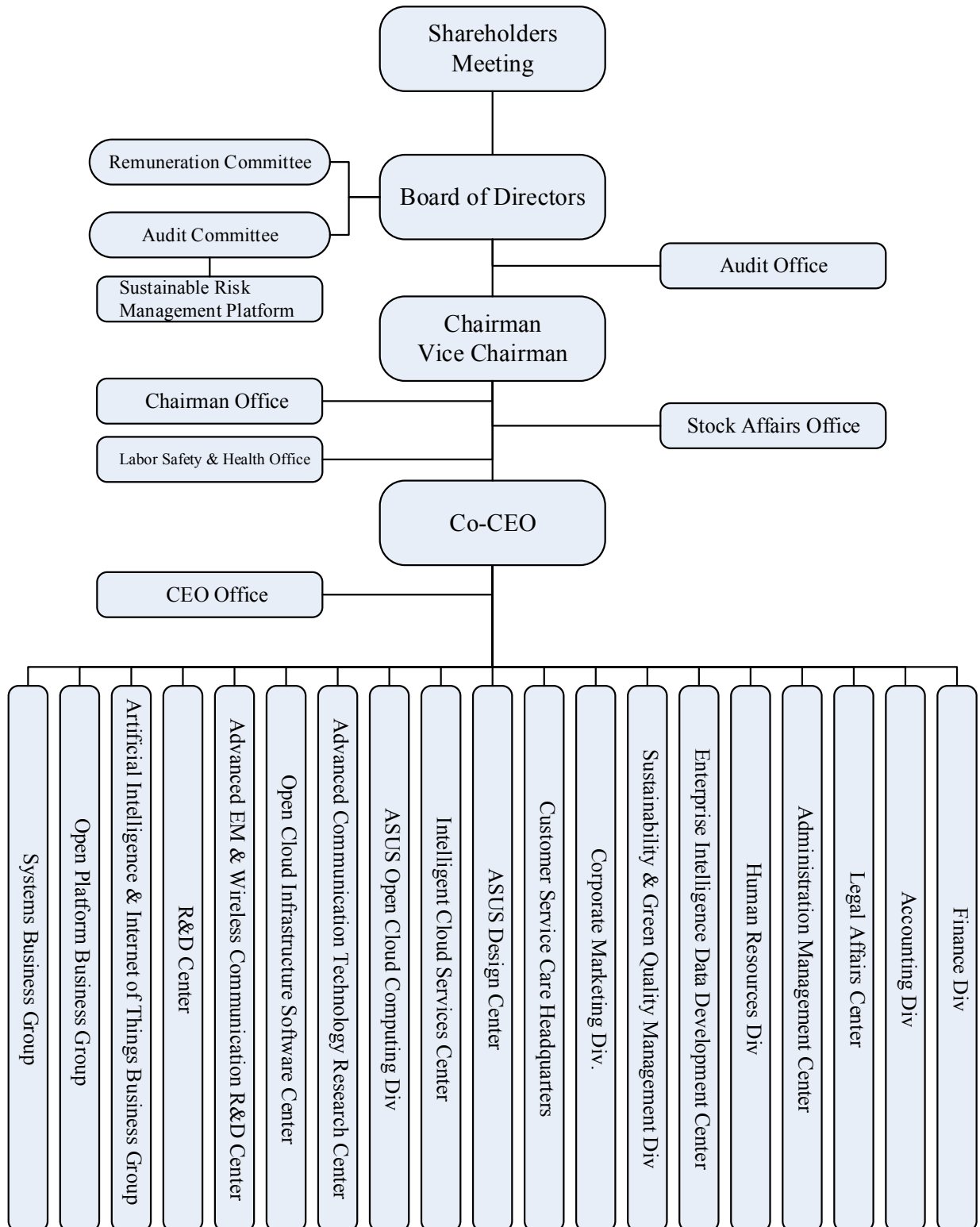
	brand in the server system and its motherboard, as well as workstation and its motherboard.
March 2020	The world's first 43-inch DSC gaming monitor ROG Swift PG43UQ launched in Taiwan.
April 2020	ASUS received 26 Red Dot design awards in 2020 in Germany. The number of awards set a new record.

III. Corporate governance report

I. Corporate Organization

(I) Organization Chart

Effective date: 2019.12.31



(II) Department Function Description

CEO

Plan and manage the Company's strategies, draft up operating objectives, direct and supervise the operation of business units.

Audit Office

Audit the Company's system and the enforcement of internal regulations, procedures, and authorization with corrective actions offered.

Stock Affairs Office

Responsible for managing the Company and its subsidiaries' stock affairs; also arrange and execute the shareholders' meetings, the board meetings and functional committee and related matters.

Labor Safety & Health Office

Conduct occupational health and safety management through the Plan-Do-Check-Act Cycle.

Systems Business Group

Responsible for managing the R&D and operation of system related product lines.

Open Platform Business Group

Responsible for managing the R&D and operation of component related product lines.

Artificial Intelligence & Internet of Things Business Group

Responsible for managing the R&D and operation of component related product lines.

R&D Center, Advanced EM & Wireless Communication R&D Center, Open Cloud Infrastructure Software Center, Intelligent Cloud Services Center, Advanced Communication Technology Research Center, ASUS Open Cloud Computing Div and ASUS Design Center
Develop the common R&D technology need by business units.

Sustainability & Green Quality Management Div

Integrate green environment, social charity, and international enterprise ongoing protocol to construct the core competence of an enterprise for long-lasting business operation.

Integrate overall and companywide product R&D and customer service; also, offer suggestions and guidance for process improvement and establishment in order to upgrade product quality.

Customer Service Care Headquarters

Provide customers with comprehensive service and total solutions.

Cooperate Marketing Division

Responsible for total brand management and corporate marketing planning & implementation.

Enterprise Intelligence Data Development Center

Plan and implement IT infrastructure to support business strategy and growth.

Human Resources Division

Responsible for global talent management and managing employee satisfaction.

Administration Management Center, Legal Affairs Center, Accounting Div and Finance Div

Arrange the planning and enforcement of the Company's finance, accounting, regulatory, administration, and public works.

II. Directors, President, Vice President, Junior VP, and department heads

1. Directors

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Base Date: April 11, 2020						Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship				
							Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding							Shareholding by Nominee Arrangement	
							Shares	%	Shares	%	Shares	%						Shares	%
Chairman	R.O.C.	Jonny Shih	Male	2019.06	3	1994.05	30,093,638	4.05	30,093,638	4.05	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Note 1	Director	Jonathan Tsang, 2nd consanguinity		
Vice Chairman	R.O.C.	Ted Hsu	Male	2019.06	3	1993.06	7,346,683	0.99	7,346,683	0.99	1,988,142	0.27	0	EMBA, National Chiao Tung University Vice President of Pegatron	Note 2	None	None		
Director	R.O.C.	Jonathan Tsang	Male	2019.06	3	1999.04	1,423,093	0.19	1,423,093	0.19	0	0	0	MBA of Houston University Chairman of ASGL	Note 3	Chairman	Jonney Shih 2nd consanguinity		
Director	R.O.C.	S. Y. Hsu	Male	2019.06	3	2011.06	107,019	0.01	107,019	0.01	8,233	0.00	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Note 4	None	None		
Director	R.O.C.	Samson Hu	Male	2019.06	3	2012.06	100,592	0.01	100,592	0.01	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Note 5	None	None		
Director	R.O.C.	Eric Chen	Male	2019.06	3	2008.06	157,527	0.02	157,527	0.02	12,275	0.00	0	Department Of Mathematics, Tamkang University Corporate Vice President of ASGL	Note 6	None	None		
Director	R.O.C.	Joe Hsieh	Male	2019.06	3	2011.06	0	0.00	0	0.00	805	0.00	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Note 7	None	None		
Director	R.O.C.	Jackie Hsu	Male	2019.06	3	2016.07	20,353	0.01	21,000	0.01	0	0	0	M.S. in Information Management, National Chengchi University Corporate Vice President of ASGL	Note 8	None	None		
Director	R.O.C.	Jerry Shen	Male	2019.06	3	2002.05	3,370,309	0.45	2,417,309	0.33	405,313	0.05	0	Electrical Engineering Graduate Institute, National Taiwan University General Manager of ACER	Note 9	None	None		
Director	R.O.C.	Tze-Kaing Yang	Male	2019.06	3	2016.07	0	0.00	0	0.00	0	0	0	Ph.D of Business Management, National Cheng Chi University Political Deputy Minister, the Ministry of Finance, R.O.C.	Note 10	None	None		
Independent Director	R.O.C.	Chung-Hou Tai	Male	2019.06	3	2016.07	36,459	0.01	36,459	0.01	0	0	0	M.S. in Management Sciences , Tamkang University Co-founder of Acer	Note 11	None	None		
Independent Director	R.O.C.	Ming-Yu Lee	Male	2019.06	3	2016.07	0	0.00	0	0.00	0	0	0	M.S. in Accounting, National Chengchi University Accountant of ROC	Note 12	None	None		
Independent Director	R.O.C.	Chun-An Sheu	Male	2019.06	3	2016.07	0	0.00	0	0.00	0	0	0	MBA , Rider University (USA) National Tax Administration of Soutem Taiwan Province,Ministry of Finance	Note 13	None	None		

Note 1: Chairman of the following companies: Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., ASUSTOR INC., ASUS INTERNATIONAL LIMITED, ASUS HOLLAND B.V., CHANNEL PILOT LIMITED, and NEXT SYSTEM LIMITED.
 Director of the following companies: ASKEY, SHINEWAVE INTERNATIONAL INC., ASUS TECHNOLOGY INCORPORATION, AAEON TECHNOLOGY INC., iMotion Group Inc., GAIUS HOLDINGS LIMITED, Youngmen Computer Co., Ltd., TeYang Tech Inc., Ming-Chun Computer(*) and eCrowd Media, Inc.

Note 2: Chairman of eBizprise Inc. and Director of ASMEDIA TECHNOLOGY INC., ADVANTECH CO., LTD., EUSOL Biotech Co., Ltd. and iMotion Group Inc..

Note 3: Chairman of the following companies: ASUS TECHNOLOGY PTE. LIMITED, ASUS GLOBAL PTE. LTD. and ASUS EUROPE B.V..

Note 4: Chairman of the following companies: UNIMAX ELECTRONICS INC., AAEON TECHNOLOGY INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., and KARTIGEN BIOMEDICINE INC.

Note 4: Chairman of UPI Semiconductor Corp.; Director of the following companies: AAEON TECHNOLOGY INC., AAEON TECHNOLOGY CO., LTD. and ASUS COMPUTER INTERNATIONAL.

Note 5: Chairman of JOTECH LTD.
 Director of ASUS CLOUD CORPORATION, ASUS TECHNOLOGY INCORPORATION, Hua-Min Investment Co., Ltd., ASKEY, and ASUS COMPUTER INTERNATIONAL.

Note 6: Director of ASUS LIFE CORPORATION.

Note 7: Director of the following companies: ASUS LIFE CORPORATION, ASUS Technology (Suzhou) Co. Ltd., ASUS COMPUTER INTERNATIONAL, GOING CHAMPION ENTERPRISE CO., LTD., NATIONAL FIBER TECHNOLOGY(*), CHUN-SHIIH NATIONAL(*) and Shine Mao Invest Inc.

Note 8: Director of the following companies: ASUS CLOUD CORPORATION, KUO-CHENG ENTERPRISE CO., LTD.(*) and SHUN-MAO INVESTMENT(*).

Note 9: Chairman of ASUS AUSTRALIA PTY LIMITED.

Note 9: Chairman of the following companies: iMotion Group Inc., i-Waylink Inc., ASMEDIA TECHNOLOGY INC. and INTERNATIONAL UNITED TECHNOLOGY CO., LTD.
 Director of PortWell Inc.

Note 10: Director of the following companies: Huiyang Private Equity Fund Co., Ltd, CHEN KUO CONSTRUCTION CO., LTD., Airtii Inc., Pegatron Corporation and TTY BIOPHARM COMPANY LIMITED.
 Chairman of Yangtze Associates; Independent Director of DBS BANK.

Note 11: Chairman of the following companies: InveStar Corporation and DIGITIMES.
 Director of the following companies: Fullerton, WAFER WORKS CORPORATION, Chief Telecom Inc., Lumens Digital Optics Inc., Jasper Display Corp., GTTW, 21ViaNet Group, Inc., and WAFER WORKS.
 Independent Director of NAFCO.

Note 12: Independent Director of Casetek Holdings Limited; Supervisor of Arphic Technology co., LTD.

Note 13: Independent Director of TA CHEN INTERNATIONAL, INC. and TA CHEN STAINLESS PIPE COMPANY LIMITED.

Note 14: Since the tenure of the Vice Chairman Ted Hsu had been suspended 8 years from the 2008 to 2016, the average tenure of the Board of Directors is 10.92 years.

Note 15: The shareholdings stated in the table exclude trust shareholdings that are with the "rights to use" reserved.

Note 16: Chairman and General Manager or equivalent positions of the Company not served by the same individual, nor are they spouses or first-degree kinship to each other.

Note 17: (*) Standards for the English transliteration of company's name or individual's name.

2. Education and training of directors

Title	Name	Date	Sponsor	Course Title	Hours
Chairman	Jonney Shih	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Vice Chairman	Ted Hsu	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	Jonathan Tsang	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	S.Y. Hsu	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	Samson Hu	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	Eric Chen	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	Joe Hsieh	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3

Director	Jackie Hsu	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Dec 18, 2019	The Institute of Internal Auditor-Chinese Taiwan	Methods of interpreting operation performance and risks from IFRS Financial Report	6
Director	Jerry Shen	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Director	Tze-Kaing Yang	Aug 27, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Legal Spectrum of Digitalization Development in Taiwan	3
		Sep 24, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Practical risk management on anti-money laundry and bribing	3
Independent Director	Chung-Hou Tai	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Independent Director	Ming-Yu Lee	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Independent Director	Chun-An Sheu	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3

3. Professional qualifications and independence of directors

Criteria Name	With over five years of job experience and the following business qualification			Independence Criteria(Note)												Also an independent director of other public company
	Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salespersons passed national exam & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8	9	10	11	12	
Jonney Shih			✓							✓		✓		✓	✓	0
Ted Hsu			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Jonathan Tsang			✓			✓		✓		✓		✓		✓	✓	0
S.Y. Hsu			✓			✓		✓		✓		✓	✓	✓	✓	0
Samson Hu			✓			✓		✓		✓		✓	✓	✓	✓	0
Eric Chen			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Joe Hsieh			✓			✓		✓		✓		✓	✓	✓	✓	0
Jackie Hsu			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Jerry Shen			✓	✓		✓	✓	✓		✓		✓	✓	✓	✓	0
Tze-Kaing Yang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chung-Hou Tai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ming-Yu Lee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chun-An Sheu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Directors and supervisors who have qualified the following conditions two years before being elected and during the term are to tick the box (“✓”) of the corresponding condition.

- (1) Not an employee of the Company or any related party;
- (2) Not a director or supervisor of the Company or any related company (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (3) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);
- (4) Not a spouse, relative within second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer listed in (1) or personnel listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (6) Not a director, supervisor, or employee of other company that is the same person controlling a majority of the company's director seats or voting shares (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (7) Not a director (or governor), supervisor, or employee of other company or institution, who is the same person acting as, or is spouse of the company's chairperson, general manager or equivalent position (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);

- (8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent, where such specified company or institution holds more than 20% but less than 50% of the company's distributed shares);
- (9) Not a professional individual, sole proprietor, partner, or company/ institution owner, director, supervisor, manager and spouse that provides auditing services, or relevant services in commercial, legal, financial, accounting aspects with cumulative remuneration not exceeding NT\$500,000 over the past 2 years to the company or related company. (Not applicable to a member of the salary/ remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to relevant regulations under the Securities and Exchange Act or Business Mergers and Acquisitions Act.)
- (10) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual;
- (11) Free of any of the behaviors as defined in Article 30 of Company Act;
- (12) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

4. State the name and shareholdings ratio of the directors and supervisors who are an institutional shareholder; also, the name and shareholding ratio of the top-ten shareholders: Not applicable since the Company's directors and supervisors are nature persons.

(II) Information of the management

Title	Nationality/ Country of Origin	Gender	Name	Date Elected	Base Date: April 11, 2020						Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement						
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Branding Officer	R.O.C.	Male	Jonney Shih	Apr 30, 1994	30,093,638	4.05	0	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Reference to Director Information	None	None	None
Chief Strategy Officer	R.O.C.	Male	Ted Hsu	May 1, 2016	7,346,683	0.99	1,988,142	0.27	0	0	EMBA, National Chiao Tung University Vice President of Pegatron	Reference to Director Information	None	None	None
CO-Chief Executive Officer	R.O.C.	Male	S.Y. Hsu	Mar 10, 2008	107,019	0.01	8,233	0.00	0	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Reference to Director Information	None	None	None
CO-Chief Executive Officer	R.O.C.	Male	Samson Hu	Sep 10, 2008	100,592	0.01	0	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Reference to Director Information	None	None	None
Chief Operating Officer	R.O.C.	Male	Joe Hsteh	Mar 10, 2008	0	0.00	805	0.00	0	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Reference to Director Information	None	None	None
Corporate Vice President	R.O.C.	Male	Henry Yeh	Sep 10, 2008	48,781	0.01	245	0.00	0	0	Department of Electrical Engineering, National Taiwan University V.P. of TwinHead	Note 1	None	None	None
Corporate Vice President	R.O.C.	Male	Alex Sun	Jul 1, 2010	12,786	0.00	316	0.00	0	0	Ph. D of Electronic Engineering, University of Southern California Deputy-researcher, Chung-Shan institute of Science and Technology	None	None	None	None
Corporate Vice President	R.O.C.	Male	Taiyi Huang	Oct 15, 2018	0	0.00	0	0.00	0	0	Ph. D of Department of Information Science (and Engineering), University of Illinois at Urbana-Champaign Microsoft Principal Group Engineer Manager	None	None	None	None
Corporate Vice President	R.O.C.	Male	Albert Chang	Non 1, 2019	0	0.00	0	0.00	0	0	Ph. D of Electrical Engineering, National Taiwan University Motherboard Business Unit Product R&D Center AVP, ASUS	None	None	None	None
Corporate Vice President	R.O.C.	Male	Tenlong Deng	Non 1, 2019	182	0.00	0	0.00	0	0	Master of Communications Engineering, National Chiao Tung University Senior manager, the Industrial Technology Research Institute	None	None	None	None

Corporate Vice President	R.O.C.	Male	Chih-Peng, Wu	Non 1, 2019	88,306	0.00	0	0.00	0	0	Department of Electronic Engineering, Chun Yuan Christian University Multimedia Business Unit AVP, ASUS	Note 2	None	None	None
Corporate Vice President	R.O.C.	Male	Kent Chien	Non 1, 2019	745	0.00	0	0.00	0	0	Master of Business Administration, National Cheng Kung University Project manager of China Productivity Center	Note 3	None	None	None
Corporate Vice President	R.O.C.	Male	Vincent Chiou	Non 1, 2019	126	0.00	0	0.00	0	0	Institute of Computer Science, National Chiao Tung University Display Business Unit AVP	None	None	None	None
Chief Financial Officer	R.O.C.	Male	Nick Wu	Aug 11, 2015	457	0.00	161	0.00	0	0	MBA, Vanderbilt University The specialist of China Development Industrial Bank	Note 4	None	None	None
Comptroller	R.O.C.	Female	Winnie Liu	Aug 11, 2015	649		0	0	0	0	Institute of Accounting, Soochow University Audit Director of TAIWAN MOBILE	Note 5	None	None	None

Note 1: Director of Power eXponent, Ltd.

Note 2: Director of UNIMAX ELECTRONICS INC.; Executive director of Quantum Could International Pte.Ltd.

Note 3: Director of UNIMAX ELECTRONICS INC.; Executive director of QC Serve AB.

Note 4: Supervisor of the following companies: Hua-Min Investment Co., Ltd. and Hua-Cheng Venture Capital Corp.

Note 5: Director of Askey Technology (Jiangsu) Limited.

Note 6: The shareholdings stated in the table exclude trust shareholdings that are with the “rights to use” reserved.

Note 7: The Company did not have stock option issued up to the date of the annual report issued; therefore, the Company’s management did not have stock option shares.

Note 8: Chairman and General Manager or equivalent positions of the Company not served by the same individual, nor are they spouses or first-degree kinship to each other.

Education and training of the management

Title	Name	Training Date		Sponsor	Course Title	Hour
		Start	End			
Chief Financial Officer	Nick Wu	May 7, 2019	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3
		Nov 13, 2019	Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3
Comptroller	Winnie Liu	Feb 21, 2019	Feb 22, 2019	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Issuer Securities Dealer Accounting Supervisor Continuing Education Course	12
		May 7, 2019	May 7, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Technology innovations	3

Title	Name	Training Date		Sponsor	Course Title	Hour
		Start	End			
		Nov 13, 2019	Nov 13, 2019	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Recent update of tax laws in Taiwan- Returning Capital Act and industrial innovation clauses	3

Note: For education and training of managers who are also directors, refer to the “Education and Training of the Directors” on this annual report.

(III) Remuneration of Directors, Supervisors, President, and Vice President

1. Remuneration of Directors

Title	Name	Director's Remuneration						Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of part-time employees					Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary	
		Base Compensation (A)		Severance Pay (B) (Note 1)		Remuneration to Directors (C)		Allowances (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Remuneration to Employee (G)				
		From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	Cash amount	Stock amount	Companies in the financial statements		
Chairman	Jonney Shih																	
Vice Chairman	Ted Hsu																	
Director	Jonathan Tsang																	
Director	S.Y. Hsu																	
Director	Samson Hu	0	0	0	41,725 thousand	41,725 thousand	0	0	85,440 thousand	432 thousand	756 thousand	18,131 thousand	30,187 thousand	0	1.2%	1.7%	None	
Director	Erie Chen																	
Director	Joe Hsieh																	
Director	Jackie Hsu																	
Director	Jerry Shen																	
Director	Tze-Kaing Yang																	
Independent Director	Chung-Hou Tai																	
Independent Director	Ming-Yu Lee	3,000 thousand	0	0	6,000 thousand	6,000 thousand	0	38 thousand	0	0	0	0	0	0	0.07%	0.08%	None	
Independent Director	Chun-An Sheu																	

1. Please provide clear statement on payment policy, system, standard and structure for remuneration of independent director, as well as relationship with amount of remuneration payment according to factors such as duties undertaken, risks and time invested: All independent directors of the Company served as member in the audit committee and salary/ remuneration committee with fixed director remuneration; additionally, a share in distributed director remuneration is entitled according to the level and contribution in participating company operation.
2. Further to disclosure in table above, the remuneration received by company directors over recent years for services provided to all companies in the financial report (e.g. serving as non-employed consultant): None.

Remuneration Bracket

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements (H)	The Company	Invest in other companies (I)
Below 2,000,000				
1,000,000(included)~2,000,000(not included)				
2,000,000(included)~3,500,000(not included)	Jerry Shen, Tze-Kaing Yang, Ming-Yu Lee, Chung-Hou Tai, Chun-An Sheu	Jerry Shen, Tze-Kaing Yang, Ming-Yu Lee, Chung-Hou Tai, Chun-An Sheu	Jerry Shen, Tze-Kaing Yang, Ming-Yu Lee, Chung-Hou Tai, Chun-An Sheu	Jerry Shen, Tze-Kaing Yang, Ming-Yu Lee, Chung-Hou Tai, Chun-An Sheu
3,500,000(included)~5,000,000(not included)	S.Y. Hsu, Samson Hu, Joe Hsieh, Eric Chen, Jackie Hsu	S.Y. Hsu, Samson Hu, Joe Hsieh, Eric Chen, Jackie Hsu	Eric Chen, Jackie Hsu	
5,000,000(included)~10,000,000(not included)	Jonney Shih, Ted Hsu, Jonathan Tsang	Jonney Shih, Ted Hsu, Jonathan Tsang	Jonathan Tsang	
10,000,000(included)~15,000,000(not included)				
15,000,000(included)~30,000,000(not included)			Jonney Shih, Ted Hsu, Joe Hsieh	Jonney Shih, Ted Hsu, Jonathan Tsang, Joe Hsieh, Eric Chen, Jackie Hsu
30,000,000(included)~50,000,000(not included)			S.Y. Hsu, Samson Hu	S.Y. Hsu, Samson Hu
50,000,000(included)~100,000,000(not included)				
Over 100,000,000				
Total				

Note 1: No actual payout for pension funds for that year. It is a provision for pension.

Note 2: The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

2. Remuneration of President and Vice President

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Remuneration to Employee (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Cash amount	Stock amount	Companies in the financial statements	The Company	Companies in the financial statements	
Chief Branding Officer	Jonney Shih													
Chief Strategy Officer	Ted Hsu													
CO-Chief Executive Officer	S.Y. Hsu	51,576 thousand	51,576 thousand	1,292 thousand	1,292 thousand	113,371 thousand	113,371 thousand	32,944 thousand	32,944 thousand	0	32,944 thousand	0	1.64%	None
CO-Chief Executive Officer	Samson Hu													
Chief Operating Officer	Joe Hsieh													
Corporate V.P.	Henry Yeh													

Corporate V.P.	Alex Sun																			
Corporate V.P.	Taiyi Huang																			
Corporate V.P.	Albert Chang																			
Corporate V.P.	Tenlong Deng																			
Corporate V.P.	Chih-Peng Wu																			
Corporate V.P.	Kent Chien																			
Corporate V.P.	Vincent Chiou																			

Note: Jerry Shen and Jerry Chao have resigned before the date of the annual report printed.

Remuneration Bracket

Range of Remuneration	Name of President and Vice President	
	The Company	Invest in other companies (E)
Below 2,000,000		
1,000,000(included)~2,000,000(not included)		
2,000,000(included)~3,500,000(not included)		
3,500,000(included)~5,000,000(not included)	Henry Yeh	Henry Yeh
5,000,000(included)~10,000,000(not included)	Alex Sun	Alex Sun
10,000,000(included)~15,000,000(not included)	Jonney Shih, Ted Hsu, Tenlong Deng, Chih-Peng Wu, Kent Chien, Vincent Chiou	Jonney Shih, Ted Hsu, Tenlong Deng, Chih-Peng Wu, Kent Chien, Vincent Chiou
15,000,000(included)~30,000,000(not included)	S.Y. Hsu, Samson Hu, Joe Hsieh, Taiyi Huang, Albert Chang	S.Y. Hsu, Samson Hu, Joe Hsieh, Taiyi Huang, Albert Chang
30,000,000(included)~50,000,000(not included)		
50,000,000(included)~100,000,000(not included)		
Over 100,000,000		
Total		

Note 1: No actual payout for pension funds for that year. It is a provision for pension.

Note 2: The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

3. Names of managers receiving remuneration to employees, and status of allocation thereof

	Title	Name	Stock Amount	Cash Amount (estimated amount)	Total	Ratio of Total Amount to Net Income (%)
Managers	Chief Branding Officer	Jonney Shih	0	34,925 thousand	34,925 thousand	0.29%
	Chief Strategy Officer	Ted Hsu				
	CO-Chief Executive Officer	S.Y. Hsu				
	CO-Chief Executive Officer	Samson Hu				
	Chief Operating Officer	Joe Hsieh				
	Corporate V.P.	Henry Yeh				
	Corporate V.P.	Alex Sun				
	Corporate V.P.	Taiyi Huang				
	Corporate V.P.	Albert Chang				
	Corporate V.P.	Tenlong Deng				
	Corporate V.P.	Chih-Peng Wu				
	Corporate V.P.	Kent Chien				
	Corporate V.P.	Vincent Chiou				
	Chief Financial Officer	Nick Wu				
	Comptroller	Winnie Liu				

(IV) Compare and state the ratio of total remuneration paid to the Company's Directors, Supervisors, President, and V.P. by the Company and the companies in the consolidated financial statements to net income in the last two years; also, describe the policy, standard, and combination of remuneration paid; moreover, the procedure of defining remuneration and its relation to business performance and future risks.

A. Analyze the ratio of the total remuneration paid to the Company's Directors, Supervisors, President, and V.P. in the last two years to net income:

Year (Note 1)	Ratio of the total remuneration paid to the Company's Directors, Supervisors, President, and V.P. in the last two years to net income
2018	4.15%
2019	2.56%

Note 1: It meant for the year of the income generated.

B. In terms of the Company's remuneration policy, a reasonable remuneration is based on the salary level of the industry and the responsibility and contribution of each employee.

III. Corporate governance Implementation

(I) Board of Directors

The 11th Board of Directors convened 3 meetings and 12th Board of Directors convened 4 meetings (A), total 7 meetings in 2019. The following is the attendance of the directors:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Jonney Shih	7	0	100%	
Vice Chairman	Ted Hsu	7	0	100%	
Director	Jonathan Tsang	7	0	100%	
Director	S.Y. Hsu	7	0	100%	
Director	Samson Hu	7	0	100%	
Director	Eric Chen	6	0	85.71%	1 leave
Director	Joe Hsieh	7	0	100%	
Director	Jackie Hsu	6	0	85.71%	1 leave
Director	Jerry Shen	6	0	85.71%	1 leave
Director	Tze-Kaing Yang	7	0	100%	
Independent Director	Chung-Hou Tai	7	0	100%	
Independent Director	Ming-Yu Lee	7	0	100%	
Independent Director	Chun-An Sheu	7	0	100%	

Other mentionable items:

1. If any of the following circumstances happens in the operation of the Board of Directors, it shall describe the date, term, agenda, opinion of independent directors and the Company's treatment of these opinions:

(1) The provision of the Securities and Exchange Act, Article 14-3:

BOD	Subjects	Opinions of independent directors	Company's treatment of the pinions.	Resolution results
The 19 th time of the 11 th term Mar 20, 2019	The amendment for "Procedures or Acquisition or Disposal of Assets" of the Company.	None	None	The matter is approved by all the attendees
The 3 th time of the 12 th term Aug 13, 2019	The amendment for "the internal control and audit systems" of the Company.	None	None	The matter is approved by all the attendees
The 4 th time of the 12 th term Nov 13, 2019	Capital loan and extension from ASTP (ASUS subsidiary) to ASGL	None	None	The matter is approved by all the attendees

- (2) In addition to the previous provisions, other resolutions of the Board meeting against which independent directors make objections or reserve opinions or submit written statements:
None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting shall be specified: None.
3. Evaluation of the functions of the board of directors in the current year and last year: The Company's board of directors operates in accordance with the Company's "Rules of Procedure for Board Meetings" and related laws. The executive financial officers and chief auditors will also attend a directors' meeting and produce relevant reports to directors for reference. Meanwhile, in order to upgrade the board members' competency, the Company will invite external trainers to give lessons and arrange advanced studies for the board members.
4. The Attendance of the independent directors at board of directors' meetings in 2019:
(V: Attendance in Person; *: By Proxy; X: Absent / Leave)

Name	First Jan 22, 2019	Second May 20, 2019	Third May 7, 2019	Fourth Jun 18, 2019	Fifth Jul 16, 2019	Sixth Aug 13, 2019	Seventh Nov 13, 2019
Chung-Hou Tai	V	V	V	V	V	V	V
Ming-Yu Lee	V	V	V	V	V	V	V
Chun-An Sheu	V	V	V	V	V	V	V

5. Implementation of the Board's evaluation

Evaluation cycle	Evaluation period	Evaluation field	Evaluation method	Evaluation content
Perform once a year	Jan 1, 2020~ Dec 31, 2020	Board of Directors and individual directors	Internal self-assessment on board of directors and board members	(1) Performance assessment on board of directors at least includes participation level in company operation, quality of board decision, board composition and structure, as well as election, advanced study and internal control of director. (2) Performance assessment on individual board members at least includes participation level in company operation, operation and communication of internal relationships, as well as election, advanced study and internal control of director.

(II) The operation of the Audit Committee:

The 2019 Audit Committee convened 4 meetings (A). The following is the attendance of the Independent Director:

Title	Identity	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Independent Director	Chung-Hou Tai	4	0	100%	
Member	Independent Director	Ming-Yu Lee	4	0	100%	
Member	Independent Director	Chun-An Sheu	4	0	100%	

Other mentionable items:

I. The operation of the Committee has the following matters as the major works of the year:

- (1) Fair presentation of the financial statements.
- (2) The delegation (discharge), independence and performance of the CPAs.
- (3) The delegation (discharge), independence and performance of the CPAs.
- (4) Compliance with the relevant laws and regulations by the Company.
- (5) Control over the existing or potential risks of the Company.

II. Operation of the Committee in 2019:

Audit Committee	Subjects	Securities and Exchange Act, Article 14-5	Resolution results
The 12 th time of the 1 st term Mar 20, 2019	2018 Status report on operating risk control & management platform of the Company		The matter is approved by all the attendees
	Audit report of the Company		
	Assessment of CPA's independence for 2018.		
	Ratification of the annual business report and financial statement for 2018.	V	
	Profit distribution of 2018.		
	Presentation of the "Annual Internal Control System Statement for 2018."		
	Amendment to the "Procedures For Acquisition or Disposal of Assets."	V	
The 13 th time of the 1 st term May 7, 2019	Audit report of the Company		The matter is approved by all the attendees
	Presentation of the consolidated financial statements for Q1, 2019.		
	Relevant matters on Company intention of procuring real estate	V	
The 1 st time of the 2 nd term August 13, 2019	Report of subsidiary company's investment on fixed income commodities		The matter is approved by all the attendees
	Audit report of the Company		
	Ratification of the consolidated financial statements for Q2, 2019.	V	
	The amendment for "the internal control and audit systems" of the Company.	V	
The 2 nd time of the 2 nd term November 13, 2019	Audit report of the Company		The matter is approved by all the attendees
	Presentation of the consolidated financial statements for Q3, 2019.		
	Presentation of "2020 Annual Audit Plan."		

Note: Other resolutions not passed by the Audit Committee, however, approved by two third of the Board of Directors: None.

III. The avoidance of conflict of interest on the side of the independent directors: None.

IV. The communication between the independent directors and the internal audit managers and accountants shall include the essential events, ways and results of the Company's finance and business condition:

- i. Audit on communication channel between superintendents and independent directors
 - a. Based on the status of executing the annual audit plan, submit the audit report from the previous month at each month's end, compile quarterly improvement tracking report and hand it to each committee member for reference. In case of any doubt, communicate via telephone and mails at all times.
 - b. In the Audit Committee meeting and board meeting held quarterly, report significant audit business of the company and subsidiary company to the committee members. In case of major abnormalities, immediate report shall be made and notified to each committee member for review. Up till the most recent meeting, no particular incident raised.
 - c. During normal times, direct contact with the independent director could be made via telephone, mails, messages or in person as needed and the communication was well.

2019 Summary of communication between independent director and internal audit superintendent:

Date	Communication focus	Communicate results
Mar 20, 2019	1. 2018 Report on Q4 audit tasks and improvement tracking status	No comment
	2. 2018 Resultant report on overall self-assessment of internal control and implementation at operation level	No comment
May 7, 2019	2019 Report on Q1 audit tasks and improvement tracking status	No comment
August 13, 2019	2019 Report on Q2 audit tasks and improvement tracking status	No comment
October 4, 2019	The independent director reviewed report on subsidiary company and reminded on escalating expense of out-sourced communication product and software R&D over the years: 1. Whether the arrangement of software R&D shall integrate resources, improve comprehensive effect and cut down expense. 2. Will software/ hardware synchronization and client demands be considered as per resources of communication product R&D to avoid resource wastage?	The auditing superintendent has informed the management of subsidiary company Askey to join the project report in the next Audit Committee/ Board of Directors meeting.
November 13, 2019	Askey management has submitted the project report on "Arrangement of software R&D." The auditing superintendent has reminded the independent director of a key company of software out-sourcing service and investigation on its operation status.	The independent director has requested that Askey must establish a project management mechanism on software out-sourcing service for monitoring and practical execution of the results.
	2019 Report on Q3 audit tasks and improvement tracking status	No comment
	The 2020 Audit plan and work focus was submitted with description on risk assessment results.	No comment

ii. Communication matters and methods between accountant and independent director:

- a. After a written description from the accountant on the review of financial report or reviewed matters, the independent director also replied in writing. In addition, relevant results from critical reviewed matters on the financial report of the year were communicated in conference and the communication went well
- b. Letter with attachment of financial report from the accountant to the independent director for review is one of the communication methods. In case of any doubt, communicate sufficient via telephone, mails and messages at all times.

2019 Summary of communication between independent director and internal audit superintendent:

Date	Communication focus	Communicate results
Mar 20, 2019	The subject and nature were set as 2018 Review on compiled and individual finance report	No opinion
May 7, 2019	The subject and nature were set as 2019Q1 Review on compiled and individual finance report	No opinion
August 13, 2019	The subject and nature were set as 2019Q2 Review on compiled and individual finance report	No opinion
Nov 13, 2019	The subject and nature were set as 2019Q3 Review on compiled and individual finance report	No opinion

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
2. Shareholding structure & shareholders’ rights (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		
3. Composition and Responsibilities of the Board of Directors			Compliant with the Code of “the Corporate Governance

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Illustration	
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) Article 20 of our “Best practice principles of corporate governance” has set diversity policy regarding members in the board of directors, which includes basic conditions, professional knowledge, professional skills and industrial experience. The members among directors were nominated according to the Company constitution and elected from strict nominating protocols. At present, there are a total of 13 seats on the board of directors, each equipped with professional knowledge and skills covering backgrounds such as industrial operation, technological R&D, finance & accounting, as well as tax management. Among members in the board of directors, 61.54% of them are employees and 38.46% are non-employees. The duration of service for all 3 independent directors is between 3-6 years. The Board of directors as a whole has been equipped with various capacities required for duty execution. See Note 1 for the implementation of each Board.	Best-Practice Principles for TWSE/TPEX Listed Companies”
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) The Company also established the GreenASUS and SERASUS management committee, as well as the risk management platform, personal information protection committee and information security management committee. Each committee drafts relevant topics for analytical discussion, inter-department communication, coordination and execution.	
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) From the salary/ remuneration committee, the Company measures the overall operation of the board or director with reference to level of participation contributed by each director regarding the company operation, where performance assessment is implemented biannually. The Company plans to complete setting measures of performance assessment on board of directors by 2020, where regular performance assessment shall be performed before Q1 of next year.	
(4) Does the Company regularly evaluate the independence	V		(4) Every year, the Company evaluates independence and	

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	
of CPAs?			competence of the certified public accountant according to the “Independence statement” issued by the accounting institute of such an accountant. Should the result of evaluation indicate compliance with the independence standard of the Company that such an individual is qualified to act as certified public accountant for the Company, the results of relevant evaluation will be submitted to the audit committee and board of directors’ meetings for review and approval. See Note 2 for the criteria of independence evaluation.
4. Does the Company allocate competent and suitable number of administrators, as well as appointing administration managers in charge of relevant affairs to company administration (including but not limited to providing data required for director execution, assisting directors to comply with legal regulations, legally conducting relevant affairs on board of directors and shareholders meetings, as well as producing minutes for such meetings)?	V		<p>The stock affair office of the Company serves as the exclusive unit of administration. The establishment of administration manager is planned to be submitted in the board of directors meeting by 2020 for approval.</p> <p>The specific unit for company administration is in charge to conduct the following affairs:</p> <ol style="list-style-type: none"> 1. Relevant matters on directors’ meeting, functional committee meeting and shareholders’ meeting were conducted as per legal requirements. 2. Minutes of the directors’ meeting, functional committee meeting and shareholders’ meeting were produced. 3. Assistance offered for director inauguration and advanced study. 4. Assistance offered to provide data required for director execution. 5. Assistance offered to directors for adhering with relevant legal regulations. 6. Disclosure of submitted resolution from directors’ meeting or shareholders’ meeting. 7. Relevant matters on company registration and amendment of registration were conducted. 8. Other matters that shall be conducted as per competent authority’s request. <p>Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”</p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	
5. Does the Company setup communication channels between the investors (including but not limited to the shareholders, employees and suppliers), establish the Investor Relation area on the Company’s website and respond to the issues of corporate social responsibilities concerned by the investors?	V		The Company has setup the investor communication channel on the CSR website, established the Investor Relation area on the official website and appropriately responded to the issues in the CSR report.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company assigns KGI Securities registrar to handle the stock affairs and AGM affairs.
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance	V		(1) The Company has established a website of investor relations http://www.asus.com/tw/Investor/ for regular disclosure of relevant information on financial business and company administration.
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conferences)?	V		(2) The Company establishes specialist in charge of information collection and disclosure with implementation of spokesperson system as the external communication. The corporate conference process will also displayed at the Company website.
(3) Does the Company publish and declare its annual financial report within two months after the end of the accounting year, as well as publish and declare financial report of Q1, Q2, Q3 and monthly operation status prior to specified deadlines?	V		(3) The Company publishes financial report and monthly operation status according to regulations under Article 36 of the Exchange Act.
8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) For information regarding employees’ rights and care for employees, please refer to the section on “Labor-Employer Relation” of this annual report. (2) The Company has built up the Investor Relations area on its official website. (3) The Company has established related information of the liability insurance for all directors and supervisors in the Company’s Article of Incorporation. The insurance amount, coverage, rate and other important information will be reported to the Board on a regular basis. (4) To improve the supervision and management function of

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			<p>the Board of the Directors, the Company follows the “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” promulgated by competent authority and develops the “Board of the Directors Meeting Standards” with arrangement of advanced study for the directors to pursue advanced study from time to time. (Please refer to “Education and Training of Directors” in this annual report)</p> <p>(5) The Company establishes maintenance office and consumer hotlines worldwide to protect the rights of the consumers. The Company also signs contract with clients to provide relevant products and services.</p> <p>(6) The Company follows the laws and regulation with emphasis on labor-employer relation, providing employment opportunity, creating own branding, expanding export, and fulfilling social responsibilities.</p> <p>(7) In the succession planning program, the successor not only must have the outstanding capabilities in the technology industry, but also acknowledge the Company’s operation philosophy and implement it. Their personality traits must include “humbleness, honesty, hard-working, cleverness, and courage,” or the five virtues of ASUS, while being trustworthy, innovative, and trusted by clients.</p> <p>In order to introduce new management concepts, the Company allows the open discussions before making decisions, and selects the most correct decision. The reshaping of the company culture and management philosophy has been activated, by referring the innovative management concepts of international companies, and taking “leverage the collective wisdom, select the best creativity” as the core. The Company also continues to train the young generation of the management team, as a talent succession plan for the future management team.</p> <p>The training programs for senior management successors are divided as vision leadership, operating decision-making, strategy execution, driving innovation, and talent</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			inheritance. Through the above-mentioned “five forces for executive leadership,” to train their professional management capabilities and integrated application, for developing their capability in decision-making and judgement. (8) Other company: The governance matters are gradually implemented, taking consideration of the current situation of the Company and regulations.	
9. The Company shall describe the improvements with reference to the corporate governance evaluation results issued by the CG Center of Taiwan Stock Exchange Corporation, and shall make available the prioritized enhanced measures for the matters that have not been improved.	V		ASUS particularly disclosed the information on our website to meet the corporate governance requirements. The Company will make improvement progressively according to the plan to be made for the matters that have not been improved.	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Note 1: Individual directors for diversification of Board members

Diversification Item Name	Gender	Professional background	Operational judgment	Accounting and financial analysis	Business management	Crisis management	International market view	Leadership	Decision-making
Jonney Shih	Male	Industrial management, technology R & D	V	V	V	V	V	V	V
Ted Hsu	Male	Industrial management, technology R & D	V	V	V	V	V	V	V
Jonathan Tsang	Male	Industrial management, marketing management	V	V	V	V	V	V	V
S.Y. Hsu	Male	Industrial management, technology R & D	V	V	V	V	V	V	V

Diversification Item Name	Gender	Professional background	Operational judgment	Accounting and financial analysis	Business management	Crisis management	International market view	Leadership	Decision- making
Samson Hu	Male	Industrial management, technology R & D	V	V	V	V	V	V	V
Eric Chen	Male	Industrial management, marketing management	V	V	V	V	V	V	V
Joe Hsieh	Male	Industrial management, technology R & D	V	V	V	V	V	V	V
Jackie Hsu	Male	Industrial management, marketing management	V	V	V	V	V	V	V
Jerry Shen	Male	Industrial management, technology R & D	V	V	V	V	V	V	V
Tze-Kaing Yang	Male	Industrial management, financial accounting	V	V	V	V	V	V	V
Chung-Hou Tai	Male	Industrial management, technology R & D, marketing management	V	V	V	V	V	V	V
Ming-Yu Lee	Male	Financial accounting, Tax management	V	V	V	V	V	V	V
Chun-An Sheu	Male	Financial accounting, tax management	V	V	V	V	V	V	V

Note 2: Assessment criteria of accountant's independence

Assessment	2019 assessment result (Y/N)	Independence (Y/N)
1. The designated accountant does not have direct or indirect financial interest relationship with the Company.	Y	Y
2. The designated accountant does not have a financing or guarantee relationship with the Company or any director or supervisor of the Company.	Y	Y
3. The designated accountant does not take into account the possible loss of the client to affect his/her auditing task.	Y	Y
4. The designated accountant does not have close business relationship or potential employment relationship with the Company.	Y	Y
5. The designated accountant does not have contingent fees related to his/her auditing task.	Y	Y
6. The designated accountant does / did not currently/ in the recent two years serve as a director, supervisor, or manager of the Company or play a role having significant influence on the audit case.	Y	Y
7. The non-audit service that the firm of the designated accountant offered to the Company does not have direct influence on any important items of the audit case.	Y	Y
8. The designated accountant does not promote or act as an intermediate for the shares or other securities issued by the Company.	Y	Y
9. The designated accountant does not serve as the advocate of the Company nor as the representative of the Company to mediate the dispute between the Company and any third party.	Y	Y
10. The designated accountant does not have kinship with any director, supervisor, or manager of the Company or the person having significant influence on the audit service.	Y	Y
11. No former partner of the designated accountant serves as a director, supervisor, or manager of the Company or in a position having significant influence on the audit case within one year after relieved of his/her office.	Y	Y
12. The designated accountant did not receive any gift or present of great value from the Company or any director, supervisor, or manager of the Company.	Y	Y
13. The designated accountant did not accept any inappropriate selection of accounting policies or inappropriate disclosure.	Y	Y

(IV) Compensation Committee Operations:

1. Formation and Responsibilities of ASUS Compensation Committee :

(1) Formation of Committee :

The Member of Committee consists of three people appointed by the BOD resolution, whereas one of them is the convener. The professional qualification and independence of the members comply with the provisions set forth in Article 5 and Article 6 of Guidelines for Functions in Compensation Committee.

(2) Responsibilities of Committee :

The Committee shall fact as good administrator to truthfully fulfill the following functions and to submit recommendations to the BOD for discussion. Nonetheless the recommendations on supervisor's salary and remuneration submitting to the BOD for discussion are limited to the specification of Articles of Association for Supervisor salary and remuneration or shareholder resolution with authorization to BOD for processing:

- i. Periodically review the guidelines and propose recommendation for revision.
- ii. Formulate and periodically review the performance appraisal for ASUS directors, supervisors and managers with policy, system, standards, and structure for salary and remuneration.
- iii. Periodically evaluate and specify the salary and remuneration for ASUS directors, supervisors and managers.

The Committee fulfilling the aforementioned functions shall comply with the following principles :

- i. Ensure the arrangement of salary and remuneration in line with relevant laws and regulations that are sufficient to attract outstanding personnel.
- ii. The performance appraisal and salary/remuneration for directors, supervisor and managers shall refer to common peer standards for payout with consideration of personal performance and company salary/remuneration concept, business performance and rationality of future risk association.
- iii. Directors and managers shall not be misled with introduction of pursuit of salary/remuneration to engage in conducts exceeding the risk appetite of the Company.
- iv. The proportion of bonus to directors and senior managers in short-term performance and the payout time for some changing salary and remuneration shall be determined with consideration of industry characteristics and the business nature.

2. The Members of ASUS Compensation Committee:

Title	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salespersons passed national exam & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Li, Ming-Yu	v	v	v	v	v	v	v	v	v	v	v	v	v	2	
Independent Director	Tai, Chung-Ho			v	v	v	v	v	v	v	v	v	v	v	1	
Independent Director	Sheu, Chun-An	v		v	v	v	v	v	v	v	v	v	v	v	2	

Note : The members who have qualified the following conditions two years before being elected and during the term are to tick the box (“√”) of the corresponding condition.

- (1) Not an employee of the Company or any related party;
- (2) Not a director or supervisor of the Company or any related company (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (3) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);
- (4) Not a spouse, relative within second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer listed in (1) or personnel listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (6) Not a director, supervisor, or employee of other company that is the same person controlling a majority of the company's director seats or voting shares (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (7) Not a director (or governor), supervisor, or employee of other company or institution, who is the same person acting as, or is spouse of the company's chairperson, general manager or equivalent position (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent);
- (8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company (except for case of independent directors appointed in accordance with the Act or legal regulations of local country by, and concurrently serving as such at, the Company and its parent, subsidiary or a subsidiary of the same parent, where such specified company or institution holds more than 20% but less than 50% of the company's distributed shares);
- (9) Not a professional individual, sole proprietor, partner, or company/ institution owner, director, supervisor, manager and spouse that provides auditing services, or relevant services in commercial, legal, financial, accounting aspects with cumulative remuneration not exceeding NT\$500,000 over the past 2 years to the company or related company. (Not applicable to a member of the salary/ remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to relevant regulations under the Securities and Exchange Act or Business Mergers and Acquisitions Act.)
- (10) Free of any of the behaviors as defined in Article 30 of Company Act.

3. Operations of ASUS Compensation Committee:

- (1) The members of the Remuneration Committee of the Company: 3 people.
- (2) Period of the 3rd term: July 28, 2016 to July 27, 2019.
Period of the 4th term: June 18, 2019 to June 17, 2022.
- (3) The Salary and Remuneration Committee convened 3 meetings in 2019 (A). The

qualification of the members and their attendance are as below:

Title	Identify	Name	Attendance (Times) (B)	Proxy	Frequency of attendance (%) (B/A)	Remark
Convener	Independent Director	Li, Ming-Yu	3	0	100%	The members in the 3 rd term are same as the 4 th term
Committee	Independent Director	Kenneth Tai	3	0	100%	
Committee	Independent Director	Sheu, Chun-An	3	0	100%	
Other mentionable items: 1. The board of directors decline to adopt, or will modify, a recommendation of the Remuneration Committee: None 2. Any member’s objection to or reservations about motion resolved by the Remuneration Committee: None 3. The treatment to the Compensation Committee by the Company: No special opinion expressed by any members in the year.						

4. Discussion of the cause and resolution result of ASUS Compensation Committee recently:

Date	Operation	Resolution results
Jan 22, 2019 The 8 th time of the 3 rd term	1. Approved the Company's motion for allocation of year-end bonus to managers in 2018. 2. Passage of the proposal for adjusting remunerations to CO-CEO.	The matter is approved by all the attendees
Mar 20, 2019 The 9 th time of the 3 rd term	Approved the motion for allocation of remuneration to directors and employee bonus from earnings of 2018.	The matter is approved by all the attendees
Jul 16, 2019 The 1 st time of the 4 th term	1. Passage of the proposal for compensation distribution to directors for 2018. 2. Approved the Company's motion for allocation of mid-year bonus to managers in 2019.	The matter is approved by all the attendees
Jan 17, 2020 The 2 nd time of the 4 th term	Approved the Company's motion for allocation of year-end bonus to managers in 2019.	The matter is approved by all the attendees
Mar 18, 2020 The 3 rd time of the 4 th term	Approved the motion for allocation of remuneration to directors and employee bonus from earnings of 2019.	The matter is approved by all the attendees

(V) Corporate Social Responsibility and deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	
1. Does the Company follow a significant principle to conduct risk assessment on the environment, society and administration related to the company operation, as well as setting relevant risk management policy or strategy?	V		ASUS has provided the sustainable risk management platform that follows AA 1000 SES standard to conduct discussion with interested parties, review topics such as external sustainability frame, request of social investment and trend of international development, as well as analyzing risks affecting ASUS. At the same time, ASUS sets measures for corporate risk management, which applies management strategy on major risks to strengthen corporate resilience.
2. Does the Company establish an exclusive (concurrent) unit to promote corporate social responsibility, where high-tier management is authorized by the board of directors for handling and reporting the status to the board?	V		The Company has established a permanent unit known as the Sustainable & green quality managing division in charge of promoting policies and actions related to corporate social responsibility. GreenASUS and SERASUS (Social and Environmental Responsibility) management committee meetings are held regularly with the CEO serving as the managing representative to promote sustainability affairs and monitor the results, as well as reporting annual plan and performance of sustainability to the board of directors.
3. Environmental issues	V		Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
(1) Did the Company establish a suitable system of environmental management according to its industrial characteristics?	V		(1) The Company has passed the ISO14001 Environmental management certification since 1998. Up till now, we still follow the PDCA (Plan, Do, Check, Act) system and request proper control.
(2) Is the Company striving in promoting efficiency of utilizing various resources, as well as regenerated materials that impose low impact to the environment?	V		(2) In order to effectively utilize resources and reduce emission of greenhouse gas during transportation, we have designed a special patented packaging structure that reduces packaging weight, volume of packaging materials and introduced the use of regenerated materials. In future, ASUS will continue to reduce wastage, control the total amount of packaging materials used and improve packaging affinity, as well as introducing sustainable materials.
(3) Did the Company evaluate climate change on potential risks and opportunities for corporate at present and in future, as	V		(3) The Company supports and adopts the TCFD (Task Force on Climate-related Financial Disclosures) issued by FSB

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
well as taking correspondent measures on climate-related topics?			(Financial Stability Board), which discloses financial influence caused by climate change based on administration, strategy, risk management, indexes and target frame. For relevant information, please refer to our corporate sustainability report and ASUS CSR website.	
(4) Over the past two years, did the Company take statistics on total mass of greenhouse gas emission, water consumption and waste, as well as setting policy on energy conservation together with reduction of carbon, greenhouse gas, water consumption or other waste management?	V		(4) We reduced environmental footprint according to the environmental management policy, where our headquarter received LEED platinum certificate from USGBC. Furthermore, annual statistics on greenhouse gas emissions, water consumptions and waste weight for setting reduction targets and gradual optimization of environmental performance every year.	
4. Social issues	V		(1) The Company has drafted and disclosed policy on declaration of human rights according to the “Universal Declaration of Human Rights” under the UN, as well as setting the internal standard.	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
(1) Did the Company set relevant management policy and procedures according to related legal regulations and the “International Bill of Human Rights”?	V		(2) Every year, the Company would refer to information such as price standard in Taiwan and salary standard in the same industry for reasonable adjustment of monthly salary. The amount of bonus and level of individual occupation interlinks with the company/ unit/ personal performance. Performance appraisal is conducted at each year-end, in addition to acknowledge performance of excellent staff and promote development via the appraisal system, the Company also adheres with social responsibility of teammate caring by assisting staff with falling performance to achieve goals via the performance improvement program. Regarding daily work duty, all staff are entitled to flexible work hours and specified days of personal/ sick leaves with full salary except for certain staff due to the work nature. In addition to special leaves per annum, all staff are entitled to another 7 days of happy leave. The Company has established regulations such as	
(2) Did the Company set and implement reasonable measures of staff welfare (including remuneration, leave and other welfare), and adequately reflect operation performance or achievement in the staff remuneration?	V			

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	
(3) Did the Company provide staff with a safe and healthy work environment, as well as implementing regular training on safety and health?	V		<p>“Work rules,” “Duty management measures” and “Vehicle/ Motorcycle parking management measures” that specify items that staff shall adhere with and welfare entitled.</p> <p>(3) In addition to legal provision of exclusive occupational safety and health units, the Company continued to approve the OHSAS 18001 labor safety and health management system. All new, current and out-sourced personnel shall receive the occupational safety and health training for personal safety and health.</p>
	V		<p>(4) The Company fully promotes the “Learning & Growth Plan,” where the superintendents assist staff to develop capacity required, as well as providing feasible solutions that comply with organizational and personal development. We hold the concept of “aptitude-based teaching” that takes core-value of the Company and occupational capacity required at each level as foundation to assess the need in personal work. The superintendents would discuss and plan with staff on their personal learning program for the year, which makes learning more systematic and more efficient.</p>
(5) Regarding client health, safety, privacy, marketing and labelling on product and services, does the Company follow relevant legal regulations and international criteria, as well as setting relevant policy and appealing procedures on protection of consumers’ interests?	V		<p>(5) ASUS has passed verification for the ISO 9001 Quality management system and ISO 14001 Environmental management system to ensure that product and services comply with relevant legal regulations and criteria worldwide. At the same time, the consumer appears procedures and methods have been established, which are available through our technical hotline 0800-093-456/ email or website for technical support (http://support.asus.com.tw).</p>
(6) Did the Company set policy of supplier management that requests suppliers to follow relevant specifications on topics such as environmental protection, occupational safety and health or human right of labors, as well as disclosing the	V		<p>(6) ASUS is a full member of RBA (Responsible Business Alliance). We adopted the RBA code and other international standards as the foundation of our supply chain management, which covered five aspects, namely</p>

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	
status of implementation?			labor, safety & health, environment, ethics and management system, as well as strengthening protection for women and youth laborers. We request all suppliers to adhere with rules of conduct, where the level of practice is reviewed via auditing. Additionally, the ISO 20400 sustainable procurement management has been promoted with third-party-certified sustainability management introduced to procurement policy and practice, where we head towards the goal of sustainable operation covering administrations, environmental protections, labor rights, safety and health.
5. Does the Company refer to report editing criteria or guidance that are common internationally for producing CSR report and report that discloses non-finance information of the Company? Did the above-mentioned report receive assurance or guaranteed comments from the third-party verification unit?	V		The 2018 Corporate sustainability report published in 2019 was based on the structure of GRI Standards Core Option, where SGS (Taiwan) was commissioned to adopt AA1000AS Type II High level guarantee and PwC Taiwan to execute independent limited assurance on selected indicators according to no. 1 “Assurance case of non-historical finance information verification or review” under the ROC assurance criteria gazette, which complied with inclusive, sustainable, significant and thorough principles of report, as well as covering quality principles on accuracy, balance, clarity, comparability and time-effect.
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation:			Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices:			
Please refer to the business sustainability report and website of ASUS at http://csr.asus.com/chinese/index.aspx#120			

(VI) Corporate Social Responsibility

In August 2019, the 181 CEO's of corporate roundtable conferences mutually signed the statement that committed to lead corporations for benefitting all interested parties including clients, staff, suppliers, communities and shareholders. The new statement replaced the administration direction in part and outlined the modern standard of corporate responsibilities.

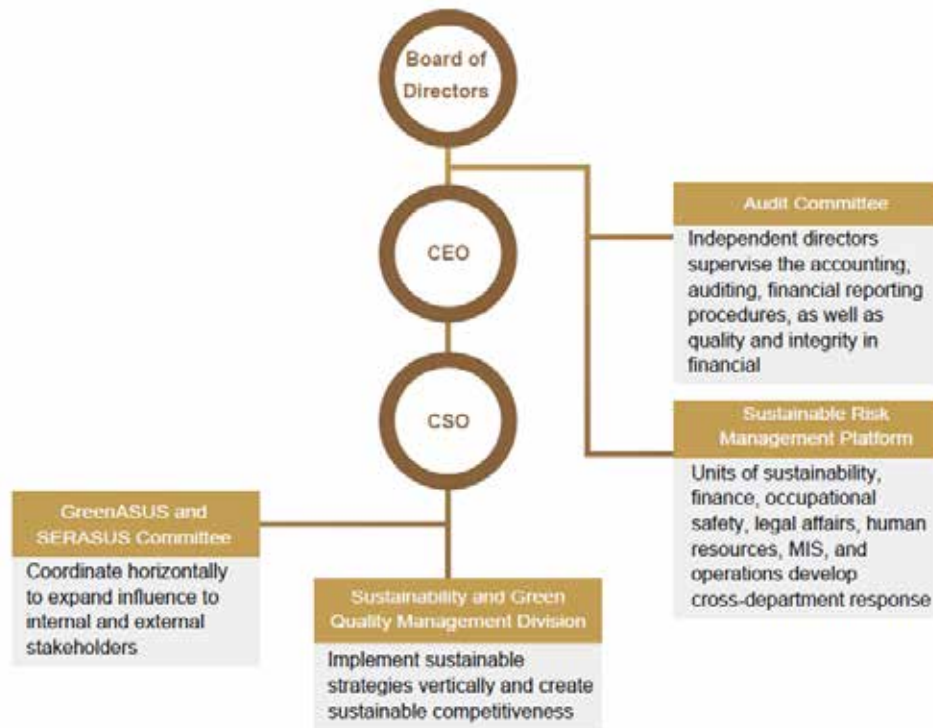
With 30 years since its establishment, ASUS went through numerous operative transformations, where the public focus on ASUS capability of generating financial profit also extended to overall performance on environmental protection, culture of caring and taking social responsibilities that helped achieve our economic growth. It is a significant subject for ASUS on how to utilize the sustainability strategy for promoting innovation and becoming a better corporate.

We believe that sustainability should not be a mere PR (Public Relations) method to vamp up the corporate image. Instead, it shall allow us to carry the social responsibility by solving problems in societies and the environment, as well as seeking humankind well-being while pursuing our operation growth at the same time. Therefore, ASUS has merged sustainability with operation concept by starting from ethical honesty. Each of our decision processes included consideration on environmental and social aspects, which were expected to provide genuine contribution to humankind together with our partners and clients.

In 2009, ASUS established an exclusive unit for sustainable development, which deals with sustainability topics such as grasp global trends on sustainable development, analytical administration, environment and society. By combining the operation core, product innovation and service, the direction of strategic sustainability was set together with project promotion. Along with initiation of a reconstruction program by the organization, the sustainable unit was reformed as the "Sustainable & green quality managing division." The unit was provided with the position of Sustainability Director in charge of grasping and analyzing global trends in sustainability, managing goals and practical actions under sustainability policy, as well as regularly submit annual critical plans of sustainability and result from performance to the board of directors for review.

In order to perform lateral inter-unit coordination on critical topics such as product, supply chain and organizational operation with high influence in the corporate, we have established the "GreenASUS and SERASUS management committee" in addition, where CEO authorized the sustainability director as the representative with meeting held bi-monthly. The committee members come from departments of business operation, procurement, customer service, administration and legal affairs. Lateral inter-unit communication and coordination are conducted for effective resource allocation, so all ASUS staff may contribute consistent effort on sustainability, which

properly combines sustainability with operation cores and become part of the corporate competitiveness.



2019 Results of sustainable governance:

- (1) Selected as a component of the MSCI Global Sustainability Indexes for six consecutive years (2014-2019).
- (2) Selected as a component of the FTSE4Good Emerging Index for four consecutive years (2016-2019).
- (3) Selected as a component of FTSE4Good Emerging Index and TIP Taiwan ESG Index for three consecutive years (2017-2019).
- (4) The most trusted company in the world selected by Forbes. The only top 100 enterprises in Taiwan that has been selected for three consecutive year (2017-2019).
- (5) First electronic company in the world that obtained the ISO 20400 Sustainable procurement certificate in 2019.
- (6) 2019 GCSA (Global Corporate Sustainability Award): Global sustainability excellence award and Global best practice award.
- (7) 2019 TCSA (Taiwan Corporate Sustainability Award): 7 awards including the supply chain management award, social inclusion award, climate leader award, innovative growth award, circular economy leader award, Top 50 comprehensive performance award in service industry under corporate sustainability and gold award in service industry under corporate sustainability.
- (8) 2018 Asia Sustainability Reporting Award: Acquisition of Asia's Best Supply Chain Reporting and nominated for Asia's Best SDG Reporting.
- (9) For 2017 and 2018, the Company was selected among the Top Ten Corporate Citizen Award by Commonwealth Magazine for two consecutive years.

Sustainability focus

ASUS referred to the “Defining materiality” published by GRI & ROECOSAM for establishing a significance process. After selecting major subjects on sustainable risks or influence that can be elaborated among extensive topics, we identified the significant topics that impose great influence and focus. Opinions from interested parties in different fields help with plotting clear vision, which confirms the role ASUS shall undertake in the society and solve challenges faced.

1. Circular economy and product responsibility

At ASUS, we see the circular economy as the key towards sustainable operation. From passive pollution prevention in the past and compliance with legal regulations, we changed to initiative and preemptive measures with the goal of detaching operation growth from resource consumption. From the product life cycle of “cradle to grave,” we extended it as “cradle to cradle,” which formed a circulating model of “resources, products and then regenerated resources.”

We are well aware that the model of a circular economy could not be achieved with one step. Therefore, we analyzed the trend of international development and referred to the research report from Accenture. Combining our proud digital technology while fusing mindset of circular economy into product design and service, we started from the five models, namely “circular supply chain,” “extension of product life cycle,” “Product as a Service (PaaS),” “sharing platform” and “recycle for regeneration,” where we adopted numerous measures to improve resource efficiency.

Initiative strategy of prohibiting hazardous chemicals

Certain chemicals display acceptable risks currently, but may be determined as control necessity in future, which interrupts the possibility of product or part circulation. ASUS has taken an initiative management strategy that precedes legal requirements by restricting over 300 types of chemicals. In addition to preventing influences on laborers and the environment, such action also helps circulated usage of resources.

Non-usage of halogen flame retardants at 86% of parts

Halogen flame retardants cause hazard to the environment and human health from incomplete combustion. Furthermore, the parts containing halogen cannot be reused due to encroachment under halogen acid, which is against the interest of the circular economy. ASUS has adopted the halogen-free policy since 2010, where we commit in reducing usage of halogen flame retardants, provided that alternative technology and economy are feasible without affecting the product performance and quality.

Product from use of recycled plastics

From 2019, all commercial computers from ASUS contain more than 5% of recycled plastics. For certain screens, the recycled plastics were even obtained from recycled products.

After overcoming the technical, material stabilizing and cost thresholds in future, we will be committed to increase the percentage of utilizing recycled plastics and extend to other products.

Recycling service provided among 70% of the sales market worldwide, where the recycling amount reached 14% of global sales.

ASUS provided recycling service in Taiwan, Europe, North America, China and India. Through recycling and resource circulation, replaced electronic products were given new value and life, which created the next wave of opportunity for economic development and became the key of the circular economy.

Eco Product sales at 71.1% of turnover

The Green Mark helps consumers to identify products or services with environmental quality better than the legal requirements. It is deemed as one of the most suitable methods to realize circular economy. In 2019, ASUS acquired a total of 7 Green Marks in Europe, North America and Asia for maximizing resource benefits, promoting energy conservation and reducing emission of greenhouse gases.

The milestones of GreenASUS are outlined as following:

- (1) The first corporate worldwide that acquired the UL certification on Circularity Facts Program in 2018.
- (2) In 2016, we received the “Zero Waste to Landfill” certificate from UL (internationally renowned certification institute), which made us the first corporate in the electronic consumable industry worldwide to receive such certification.
- (3) ASUS was awarded the HSPM certificate (Hazardous Substance Process Management) by IECQ in 2012 and became the first computer company to win such honor in the world. This reflects that the efforts spent by ASUS in environmental protection and green action were recognized again.
- (4) The first receiving the electronic information products pollution control voluntary certification (rohs) certificate for notes as awarded by China Quality Certification Center in 2012.
- (5) Since ASUS received the first notebook EPEAT gold medal in Taiwan and the first notebook EU Flower mark in the world in 2008, ASUS has continued and worked hard to boost the green environmental protection products to demonstrate its excellent green design concept. In 2011, the EPEAT environmental protection marks received by ASUS extended to EeePC, EeeBox and monitors. Meanwhile, it promoted the registration of EPEAT in other countries.
- (6) Received the China Environmental Labelling Certificate for multiple series of notebooks, desktops and PC in 2011.
- (7) Received Best Choice Award in 2011 and Green ICT Award for VW247H-HF and U43SD in 2011.
- (8) Received Best Choice Award, and Green ICT Award for Eee PC 1015PE in 2010.

- (9) Greenpeace organized an Electronics Survey in 2010, with respect to the use of chemical substance in a product, energy efficiency, extension of the life cycle of products and other issues. The Company's VW247H-HF won 7.5 points out of 10, ahead of the other brands, and ranked 1st for the monitor products. Meanwhile, the notebook UL30A also ranked 1st for notebooks. Accordingly, the Company became the only manufacturer to receive the championship for two products at the same time.
- (10) The Company was invited to take part in the Electronics Take Back Coalition in the U.S.A. in 2012, and achieved remarkable performance in the area of computers.
- (11) The Company's U30Jc notebook received Japan Eco Mark in 2012 and became the first one of the global top 10 IT suppliers, which received such honor.
- (12) The Company's U30Jc received Korean Eco-Label in 2010.
- (13) The Company released the first halogen-free motherboard (P7P55D-E/HF) and the first 920x1080 halogen-free LED monitor (VW247-HF) in the world in 2010.
- (14) The Company released halogen-free series in 2009, including notebooks, PADs, LCD monitors, EeePC, and VGA, etc.
- (15) The Company's notebook U series and EeeBox received EU Flower and Czech environmental protection mark in 2009.
- (16) The first notebook in Taiwan, the Company's notebook N series, received EU Flower and Czech environmental protection mark in 2008.
- (17) The first notebook in Taiwan, the Company's notebook N series, received EPEAT gold medal in 2008.
- (18) The Company received the excellent achievement, B+, for the "computer and peripheral devices" of Oekom international environmental performance competition in Germany in 2007, ranking 1st place among the international own-brand manufacturers participating the competition with respect to computer and peripheral devices.

2. Climate activity

The climate change is a contemporary global issue that has far-reaching implications and challenges for human ecology and the global environment. Therefore, the 21st session of the Conference of the Parties (COP21) was held in Paris, France in 2015, which officially revealed the low-carbon future that must be faced by the world and declared the coming of the low carbon and sustainability era. As the Paris Agreement carries out the low-carbon transformation, aiming to control the temperature increase within two Celsius degrees, the Financial Stability Board (FSB) has released the "Climate-Related Financial Disclosure Proposal, Recommendations of the Task Force on Climate-related Financial Disclosures" providing financial exposure guidance related to global corporate climate change.

ASUS supports the TCFD structure to disclose the financial risks and opportunities derived from the climate change, as well as core information such as governance, strategy, risk management, indicators and targets.

Governance	
Oversight of the Board of Directors to risks and opportunities related to climate change	<ul style="list-style-type: none"> - The ASUS Enterprise Sustainable Development Policy was approved by the Chairman. As the highest responsible person for the Group's sustainability issues, the Chairman includes and is responsible for approving the corresponding climate change strategies. - The annual sustainability report will be presented to the board of directors, including the implementation results of the 2020 Sustainable Target and the progress of the greenhouse gas reduction target - A sustainable risk management platform has been established, belonging to the Audit Committee, and consists of sustainability, finance, occupational safety, legal affairs, HR, MIS and operating units. It is responsible for developing the cross-department treatment for issues related to major risks.
The authorities and duties of management to assess and manage risks and opportunities related to climate change	<p>The CEO is the highest responsible executive for climate change and sustainable management. The following units were established for promoting topics on climate actions and target management with regular report submitted to the board of directors annually:</p> <ul style="list-style-type: none"> - The Office of Sustainability and Green Quality Management is the dedicated unit for sustainability issues, and led by the Chief Sustainability Officer (CSO). The Office is responsible for analyzing the global sustainability pulses, implementing related sustainability projects, and reporting to the Chief Operating Officer. - The GreenASUS and SERASUS Management Committee with the sustainability director serving as representative and report to the CEO. In charge of lateral inter-department coordination and cooperation, where topics of sustainable strategy and climate action are carried out on product, operation and value chain management. Bi-monthly committee meeting. - The sustainable risk management platform manages the risks and opportunities related to climate change, and reports the management progress to the audit committee every year and forwards it to the board of directors.

Strategy	
Short, medium and	ASUS assesses risks based on the Company's internal

long-term risks and opportunities identified	<p>objectives of operational management; a short-term is defined as one-year period, a medium-term as one to five years, and a long-term as five-year or longer.</p> <p>Risk:</p> <table border="1" data-bbox="659 353 1425 689"> <tr> <td data-bbox="659 353 826 517">Short-term</td><td data-bbox="826 353 1425 517">Increased demands and needs for energy efficiency/low carbon products; increased severity of extreme weather events such as typhoons and floods</td></tr> <tr> <td data-bbox="659 517 826 568">Mid-term</td><td data-bbox="826 517 1425 568">Voluntary advocates</td></tr> <tr> <td data-bbox="659 568 826 689">Long-term</td><td data-bbox="826 568 1425 689">Mandatory product and service regulations, market uncertainties, using renewable energies</td></tr> </table> <p>Opportunity:</p> <table border="1" data-bbox="659 734 1425 992"> <tr> <td data-bbox="659 734 826 824">Short-term</td><td data-bbox="826 734 1425 824">Development or expansion of low-carbon products and services</td></tr> <tr> <td data-bbox="659 824 826 947">Mid-term</td><td data-bbox="826 824 1425 947">Development and innovation of new products and services, diversified operations.</td></tr> <tr> <td data-bbox="659 947 826 992">Long-term</td><td data-bbox="826 947 1425 992">New market partnership</td></tr> </table>	Short-term	Increased demands and needs for energy efficiency/low carbon products; increased severity of extreme weather events such as typhoons and floods	Mid-term	Voluntary advocates	Long-term	Mandatory product and service regulations, market uncertainties, using renewable energies	Short-term	Development or expansion of low-carbon products and services	Mid-term	Development and innovation of new products and services, diversified operations.	Long-term	New market partnership
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How climate change-related risks and opportunities affect operations, strategy and financial planning for the organization	<p>ASUS integrates climate change related issues into its operating strategy, and identifies the risks and opportunities around the life cycle for five aspects, including: products and services, supply chain, adaptation and mitigation activities, R&D investment and operations.</p> <p>The Company further analyzes the financial impact of key climate change-related risks and opportunities to operating costs, sales revenue, assets and capital investment, and assesses the management costs required to implement the countermeasures, while grasping the financial exposures and impact related to climate change, in order to benefit future decision-making.</p>												
Impacts to organizational operations, strategies and financial planning in different climate change scenarios	<p>ASUS checked potential financial risk exposure and resilience of corporate correspondence via scenario model. We adopted scenario 2.6 and 8.5 under RCPs (Representative Concentration Pathways) to simulate impacts such as cost of raw materials, loss from disasters and violations.</p> <ul style="list-style-type: none"> - Energy Technology Perspectives 2017 estimates that in 2DS, the global energy usage growth rate should be reduced from 3% to 1.5% per year. Based on this, ASUS establishes a simulated scenario to estimate the needed energy efficiency of products to achieve the 2DS target, and evaluates potential risks, financial impacts, operating opportunities and strategic adjustments in this scenario. - Taiwan's NDC target is that "by 2030, greenhouse 												

	gas emissions are reduced for 50% of BAU.” Although ASUS is not in a high-emission, high-energy-consuming industry, it is also responsible for reducing greenhouse gas emissions and saving energy, and sets the absolute goal of “50% greenhouse gas reduction by 2025.”
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Risk Management	
Procedures for the organization to identify and assess risks associated with climate change	The Risk Management Platform under the Audit Committee of the Board of Directors, is responsible for managing the overall risks of ASUS, including climate change risks. According to the TCFD risk structure, the impact and potential opportunities from the transformation risks and physical risks faced in each stage of the value chain are analyzed.
Procedures for the organization to manage risks associated with climate changes	Regarding major climate risks and opportunities, ASUS develops management measures to mitigate, transfer or control these risks and opportunities, from the aspect of product and service, supply chain and self-operations, the main actions include: <ul style="list-style-type: none"> - Products and services: Introducing a green design platform, continuously investing in research and development of innovative energy, and improving the efficiency of energy use for soft- and hardware. - Supply chain: Under the continuous RBA audit mechanism, facilitating suppliers to strengthen their resilience to respond to climate change and drive the supply chain to transform to low-carbon manufacturing. - Operations: Introducing the ISO 50001 energy management system, identifying high energy consuming hotspot areas and equipment, and gradually improving their energy efficiency.
Describe how procedures for identifying, assessing, and managing risk associated with climate change are integrated into the overall risk management structure of the organization	ASUS recognizes that climate change is an urgent issue, and affects economics, environment and society. Therefore, the “Office of Sustainability and Green Quality Management” has been established as a dedicated unit, to promote countermeasures versus relevant risks and opportunities based on the corporate sustainable governance structure.

Indicators and targets	
Disclose the indicators	ASUS sets key performance indicators based on the

used by the organization to assess climate change related risks and opportunities when setting strategies and managing risks	<p>locations of climate change shocks:</p> <ul style="list-style-type: none"> – Operating aspect: Greenhouse gas emissions (tonnes) – Product aspect: Total annual energy consumption (kWh), and percentage (%) of the revenue contributed by Eco-Products – Supply chain: proportion of key suppliers to complete RBA audits and facilitation by third-party units (%)
Disclose Category 1, 2 and 3 greenhouse gas emissions and related risks.	<p>Continue to carry out greenhouse gas inventory. For the inventory information of the past years, please refer to the ASUS Corporate Social Responsibility Report and official website:</p> <p>Refer to the “Greenhouse Gas Inventory Protocol – Second Edition of Corporate Accounting and Reporting Standards” to establish the detail list of greenhouse gas emissions inventory.</p> <p>For suppliers and OEM vendors with significant greenhouse gas emissions, the greenhouse gas inventory is conducted in accordance with the “Enterprise Value Chain Category Three Accounting and Reporting Standards.” In addition, the category three emissions of employee travel are also inventoried continuously.</p>
Objectives for managing climate change-related risks and opportunities by the organization, and the deviation between the performance and objectives	<p>In 2019, greenhouse gas emissions decreased by 15% compared to the baseline of 2008; energy efficiency of products increased by 34% comparing to 2013; we continue to move toward the goal.</p>

Significant milestones of other climate actions over recent years are briefly described as follows:

- (1) The new ASUS headquarter “LiGong Building” received LEED (new building category) platinum certificate from USGBC.
- (2) Since 2013, all our laptop computers have complied with the latest efficiency standard of Energy Star. Despite numerous revisions of Energy Star that raised the bar of energy efficiency, ASUS always met the requirements with excellent performance. In 2019, our laptop computers were 100% compliant with regulations and the average efficiency was 26% better than the standard value.
- (3) In 2016, ASUS headquarters received LEED platinum certificate from USGBC and diamond certificate under Taiwan green building.
- (4) In 2016, our headquarter acquired the silver standard among existing buildings under Taiwan Intelligent Green Building.
- (5) In 2016, we passed the certification of ISO 50001 Energy management system.
- (6) In 2013, we were honored with the “Energy conservation label among commercial buildings in Taipei City.”

- (7) As per carbon footprint standard PAS 2050:2008 announced by BSI, we completed the life cycle CFV (Carbon Footprint Verification), where the Company received the first laptop computer certificate issued by DNV (international verification company) with carbon footprint certification according to PAS 2050:2008. ASUS further analyzed the CFV result and derived the ecological design, where we launched the laptop computer U53SD-Bamboo version with the concept of green innovation. In addition to natural bamboo that replaced conventional material of plastic, our U53SD was equipped with the exclusive SHE (Super Hybrid Engine) technology for energy conservation, which improved the product carbon footprint with material replacement and efficiency improvement from energy consumption. As per carbon neutralization standard PAS 2060:2010 announced by BSI, we achieved the product status of carbon neutralization in 2012 via replacing residual carbon emission after product reduction in carbon credit transactions, where the Company received the carbon neutralization certificate issued by DNV (international verification company) according to PAS 2060.
- (8) In 2011, we were honored with “Excellence in Efficient Product Design” among 2011 Energy star awards held by the US EPA (Environmental Protection Agency) due to the development on ultra-energy saving technology that could effectively reduce power consumption together with workmanship dependent by monitor products that were easy to recycle and energy saving.
- (9) In 2010, we were rated by the Taiwan EPA as excellent corporate with energy saving and carbon reducing actions, where we were honored with the “Energy saving and carbon reducing label.”
- (10) In 2010, our U53Jc bamboo model received the PAS 2050 / ISO14067 “Carbon footprint” certificate.
- (11) In 2009, we were the first laptop computer manufacturer in the world that received the “Type III EPD (Environmental Product Declaration)” and “Product carbon footprint” certificates.

3. Sustainable supply chain management

ASUS acknowledges that sustainability not only concerns the organization per se but also covers the suppliers in the entire value chain during the life cycle of a product, including procurement of down-stream raw materials, production, and use of products and waste of products. With respect to the problems seen at each stage, including the stage of procurement of raw materials, such as mineral conflicts, use of hazardous substances correspondent to the stage of production, laborers’ human rights, and electronic waste goods control at the stage of waste of goods, ASUS defined different countermeasures to be taken by the suppliers, ranging from the ISO under the PDCA framework constructed by the organization internally to international organizations attended by the Company externally to integrate external resources to control and manage the risk jointly.

The ASUS supply chain management operates in two stages. All the suppliers who are qualified to cooperate with ASUS must pass the quality audit of new supplies in the first stage, we also acquired the ISO 9001 and 14001 certificates, where the ASUS Code of Conduct Compliance Declaration was signed. A sustained risk management mechanism is established in the second stage to manage the transaction risks on an ongoing basis. It requires all the suppliers to sign a statement of compliance with the code of conduct, commit themselves to observance of human rights, health and safety, environment, ethics, and management system requirements, and cooperate with ASUS to implement the annual risk management, including the self-evaluation and audit of social responsibilities, regulatory audit of Green Mark, investigation of carbon and water footprints, and investigation of conflict minerals.

he EICC (Electronic Industry Citizenship Coalition) is a nonprofit organization of the global electronic industry dedicated to fulfilling corporate social responsibility. It was renamed as Responsible Business Alliance (RBA) in 2017. Through formulating the standard Code of Conduct, RBA implements the human rights and environmental protection. As a member of RBA, ASUS is committed to follow the Code of Conduct and further refers to the requirements of other voluntary international standards (e.g. SA8000 and PAS7000) to establish the stricter Supply Chain Code of Conduct. In addition to ensuring more protection of the child labor, compulsory labor as well as female and pregnant employees, the purpose of this code of conduct is to create a healthy and safe working environment, promote environment-friendly processes, and encourage suppliers to direct more resources toward the topics of social responsible and continual improvement.

To monitor the ongoing risk management performance of the supply chain, ASUS carries out identification of suppliers based on the features of the industries in the supply chain, purchase modes, and geographic relationships. Management measures are determined depending on the level of the risk. For the suppliers identified as higher risk, an independent third party will work together with our internal audit department to conduct on-site audit according to the Supply Chain Code of Conduct. The results of the audit will be incorporated into the QBR (Quarterly Business Review) report and used as an important basis for the management to allocate resources and make decisions on continuous cooperation.

In order to improve and focus on the management capability of the supply chain, a supply chain plenary session is held every year to communicate the supply chain management systems and requirements of ASUS, give a lecture on the latest international laws and regulations, and share the best practices in the industry. A global supply chain management platform is established to provide an official outward communication channel, create a mechanism for approval of materials and finished products in terms of their compliance, and collect supply chain investigation information.

In addition to the above-mentioned major topics, we also disclosed the following topics concerned by other interested parties:

1. Care for employees

ASUS adheres to the management philosophy for “training, cherishing and caring employees to enable ASUS folks to exert their potential to the utmost”. ASUS identifies employees as its most important assets. Each of them is talent who needs to be treated diligently. Therefore, ASUS is dedicated to establishing the well-founded management system and environment, and integrates internal and external resources to create well-founded caring system and communication platform. The integration of resources is intended to transform the Company’s strengths into ASUS cultural assets to be preserved, communicated, and memorized in each ASUS employee’s mind, so that employees may exert their potential without limitation and keep pursuing organizational and individual growth and objectives.

Employee Care Website

The Company extends care via the website to share and ease the work pressure together with employees, help employees’ self-management and achievement of balanced development of work and life. The contents of the website include release of work pressure, positive thinking, and other information helpful for the employees’ personal work or life.

Diversified communication channels

ASUS has boosted the electronic promotional materials and blogs in the territories of Taiwan in the past years. The two-way open communication model between employees and supervisors have been implemented for years, in addition to the other fair communication channels between employees, work teams and high-rank management internally and externally, such as ASUS intranet EIP, DigiTrend magazine, corner promotional materials, 24-hour emergency service hotline ext. 22119 for ASUS employees, humane care hotline ext. 21799.

Disaster relief

The Company has planned a care program for employees who suffer from material disasters to provide support to employees and their family members in case of serious disaster or emergency, and to extend care, assistance and record employees and their family members who suffer diseases or accidents, so that employees and their family members may feel ASUS’s family love and care. Meanwhile, ASUS will manage the safety care for the employees of ASUS’s subsidiaries all over the world, and employees who take business travel or are expatriated at the workplace, in order to ensure their safety.

2. Social participation

ASUS is used to valuing and pursuing the orientations and objectives including “shortening the digital gap”, “upgrading innovative ability”, “training of technology talents”, “contributing to industrial-academic cooperation” and “promoting environmental protection and energy saving”. In 2008, ASUS founded ASUS Foundation in hopes of “utilizing ASUS resources, caring for people, protecting the earth, creating learning opportunities, providing pre-job training, and remedying the digital divide”. It calls on people to take actions for the public welfare and care the communities more positively in the hope to give feedback to society on a specific and ongoing basis, extend the range of service, and be conscientious to take corporate social responsibilities.

ASUS Foundation, through the connection and cooperation with governments and non-profit-making organizations everywhere, encourages and invites the public to value and concern the society-related issues in various manners and via various activities. Meanwhile, it also hopes to accumulate the collective energy through more concrete action force, and extends to more diversified platforms, feed more benefits back to society via connection with different organizations, upgrade the global information education and promote the exchange and development in the world, in order to become a global digital education portal dedicated to providing software and hardware integration service and achieve ASUS’s vision for the global citizen.

Social and public welfare results:

(1) Refurbished computer digital training plan

Since establishment in 2008, shortening digital divide has been the purpose of ASUS Foundation. Through cooperation between NPO (Non-Profit Organization), volunteer groups and government units, digital learning centers were set up worldwide to assist in solving local problems of digital divide. We contributed to society with practical and continuous actions, where we expected to cultivate international talents and realize ASUS ideals as a global citizen.

The ASUS digital inclusion program covers three major strands, namely “establish fundamental hardware and reduce digital divide,” “improve education for talent cultivation and create digital opportunity,” as well as “culture conservation and transmission for realizing digital inclusion.” The living quality of minorities was improved by information technology with preservation of traditional cultures locally.

The number of recycled computer donations, including the overseas donations, in 2019 was 2,693(including overseas) and accumulatively amounted to a total number of 15,921 to this day. The number of nonprofit organizations that have

received the donations is 1,800, including the organizations in 38 foreign countries. The groups served by the donated non-profit-making organizations are primarily volunteer workers, cram schools for disadvantaged child students, seniors, physically and mentally handicapped, and new inhabitants. Meanwhile, the recipients who received the refurbished computers may also apply the software programs and services provided by ASUS Foundation, e.g. set-up of social community, control over files, paperwork, promotional portal, so as to upgrade its administrative capability and extend its global view and create competitiveness in the future. Such software and teaching materials are expected to benefit a total of 27,000 persons directly and indirectly. When the recipient's ability is upgraded, the partners who receive its service may also be benefited therefor. For example, few teachers are willing to serve in the cram schools in remote areas because of lack of learning resources and the students in the schools seldom have chance to see the outside world. The students have no digital capability and have no chance to improve their schooling via the digital learning portals prevailing in urban areas. Through the cooperation with the ASUS Foundation under its refurbished computer digital training plan, these disadvantaged students have applied distance learning via video on demand by utilizing refurbished computers. The students will not feel lonely in the process of learning, as they may learn mathematics and Chinese language on line through integration of software and hardware resources.

ASUS uses the SROI (Social Return on Investment) approach to determining the benefits of the recycled computer training program on a monetization basis, and acquires the first global SRIO certification report in Asian technology industry and Taiwan. The monetization approach is helpful for ASUS to assess the CSR program and ensure that NPOs, volunteer organizations, and digital learning centers use our resources adequately. The project produces an economic benefit of 1:3.61, meaning that an investment of 1 dollar produces a value of 3.61 dollars, and has a great influence on the society.

With the digital divide remediation as our mission, the ASUS Foundation has worked together with the ASUS Volunteer Club since 2015 to give digital teaching services to the organizations that have received the recycled computer donations. The practical service allows ASUS to understand the actual needs of users and give feedback to the design of the product and service to improve the positive relationship between the ASUS products and end users.

The ASUS Foundation has a special page on the Facebook to promote the communication between the recipients and share the benefits of the recycled computers.

ASUS "Recycled Computer Donation" Love Earth Project, you can visit at the following website:

<https://www.facebook.com/asusecopc/>

For more details about the “Refurbished computer digital training plan”, you may access them at the following website:

<http://www.asusfoundation.org>

(2) Digital opportunity center

Since 2009, the ASUS Foundation has participated in the ADOC 2.0, a project of APEC, and worked with the Ministry of Foreign Affairs to help local nonprofit organizations in ADOC member states and in the countries having formal diplomatic relationship with Taiwan establish digital learning centers, promote learning of digital applications, and remedy digital divides between countries, townships, cities, ages, and sexes in the hope to allow people to live a more convenient and happier life.

Since 2009, the ASUS Foundation had the support of the ADOC (APEC Digital Opportunity Center) and the Ministry of Foreign Affairs. In addition to recycled and brand new computer donations, ASUS IT volunteers have made efforts to promote digital learning, improve the digital capability of the children in remote areas, poor young students, women, and aged people, and provide practical training opportunities. In the past decade, we have assisted more than 38 countries to establish digital opportunity centers, with more than 500 computer classrooms, and donated a total of 15,000 information devices such as new ASUS computers, recycled computers and tablets. Other than donating computers, the information volunteer services has been applied to promote the digital learning, to enhance the digital capabilities of rural children, poor young students, women and seniors, as well as to provide internship. The number of benefitted people from the program exceeded 550,000.

Since 2015, the program has been renamed as Taiwan Digital Opportunity Center (TDOC). In 2019, ASUS Foundation, TDOC and the Latin American Division of the Ministry of Foreign Affairs jointly donated 597 brand new computer devices in Taiwan and overseas, as well as 2,693 recycled computers to the rural schools and institutions domestically and 24 foreign countries. Through the power of the government and private enterprises, we share Taiwan’s love and resources with the rural or disadvantaged groups around the world, and help local disadvantaged children and academic institutions to enhance their digital capabilities.

The countries that received donations from 2009 until now:

10 countries in the Asia Pacific	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, China, Malaysia, Shuguo, Myanmar
4 countries in Central Asia	India, Sri Lanka, Turkey, Nepal
7 countries in	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya, Nigeria,

Africa	Burkina Faso
15 countries in Central and South America	Ecuador, Paraguay, Panama, Nicaragua, Dominica, Honduras, Belis, Haiti, Peru, Saint Vincent, Saint Kitts and Nevis, Mexico, El Salvador, Guatemala, St Lucia
2 countries in European	Netherlands, Russia

(3) ASUS international volunteer worker project

In 2019, the ASUS Foundation worked with 10 international volunteer squads and 141 international volunteers selected from universities, colleges, student advisor areas, and ASUS to give IT and communications training, Chinese language education, ecological conservation, technological training, and other similar training services to the people in remote areas of the Malaysia, Indonesia, Thailand, Burma, Vietnam, Nepal, Tanzania and Philippines. ASUS encourages the employees to participate in volunteer activities and supports the volunteers with two weeks of official business leave and costs for their meals and accommodations in the hope to arouse the potential capability of the ASUS folks and take social responsibilities conscientiously. The ASUS Foundation shared the service process of the volunteers and their interesting or moving stories using videos, pictures and textual records in the results sharing activity and on the Facebook and volunteer' website. The volunteers served 5,663 people and interacted with a total of 273,725 people with the stories and information shared on the Facebook in 2019.

Volunteer service results

http://www.asusfoundation.org/article_achievements.aspx?id=3

(4) ASUS local volunteer worker project

ASUS will select international volunteer workers each year and assign them to provide service in the remote areas of foreign countries, and will care for domestic disadvantaged groups. In addition to encouraging employees to participate in various volunteer workers' services or public welfare event, ASUS will provide each employee with the volunteer worker's leave for two day per year and reimbursement for the expenditure of event.

The volunteering activities in 2019 included Otto robotic learning camp for orphans, Zenbo digital learning camp for Sanhe Elementary School (Longtan District, Taoyuan City) and Sanhu Campus of Baoshan Elementary School (Hsinchu County), Secret-base digital learning camp for Danshui children, Digital learning camp for automatic vehicle by Yuli Bookstore (Hualien County), 3D printing and Otto robotic camp for ASUS children, APP inventor2 design camp for TFCF Youth Corner, Digital learning summer camp for 2 remote schools (Fazhi Elementary School in Renai Township, Nantou County and Tongan Elementary School in Fenyuan Township, Changhua County), TFCF winter give-away, Genesis Social Welfare Foundation and Charity sales at Guandu Festival.

Since 2017, ASUS has adopted a 500-meter coastline in Bali District, New Taipei City. ASUS employees and their families have been invited to join the beach-cleaning voluntary service from time to time. In the past three years, an accumulation of 2,500 kilograms of marine garbage has been retrieved. In all ASUS events, the engagements of ASUS volunteers are seen. Not only the enthusiasm of ASUS employees to engage in social welfare event is demonstrated, but also the employees' self-values and achievements are upgraded. In 2019, the total hours of domestic voluntary service were 7,152 hours.

Domestic Volunteer Service Achievements:

http://www.asusfoundation.org/article_achievements.aspx?id=8

(5) “Heartfelt 99” project under Taiwan PTS (Public Television Service)

The “99-second (pronounced the same as “lasting” in Mandarin) film selection campaign co-organized by ASUS Foundation and Taiwan PTS started in 2009 and headed towards the 10th campaign this year. The campaign was the first activity in Taiwan that allowed youths to tell stories via films, so the younger generation could express their caring towards the society through the film selection. The theme of “Heartfelt 99” film selection was always set by following global trends and topics under social attention. The past themes such as “Environmental protection- Lasting beauty of Earth,” “Heartfelt 99- Discovery of vital force in Taiwan,” “Heartfelt 99- Discovery of sincerity, kindness and beauty in Taiwan,” “Heartfelt 99- My home,” “Heartfelt 99- Happiness campaign,” “Heartfelt 99- Shimmering silver-lining,” “Heartfelt 99- My descendants” and “Heartfelt 99- Chang in progress” were set with the expectation that participants could be initiated to care about their surroundings from the process of personal filming, where they could discover the most genuine touching feeling in life accordingly.

The participating teams in 10th Competition extended from elementary schools to post-graduate institutes, which summed up to a total of 83 facilities throughout Taiwan. Some hearing-impaired schools and medical schools even started from their own experiences, disclosing daily challenges they faced in an attempt to induce change in others with their own strengths.

(6) Community service and cultural & educational activities

ASUS and ASUS Foundation continue to sponsor art and cultural activities to care the locals, have the whole world in view and fulfill corporate social responsibility, in hopes of enhancing investment of resources in arts and cultures to upgrade the national spirit life quality, in the capacity of a citizen.

a. Business and Enterprise College

ASUS and National Taiwan University of Science and Technology launched a long-term Business and Enterprise College Program in 2015 to training

talents for the country using the resources of ASUS. The students of the Business and Enterprise College Program come from different departments and are selected on a filtering-off basis. They are led to understand more about the actual situation of the industry via courses, visits, contests, and simulated cross-department and cross-industry working modes. ASUS's officers and executors experienced in the career act as instructors to help the students minimize the gap in their understanding of the industry, establish a clear direction toward their career, and improve the employment rate. This is also helpful for the instructors to improve their professional capability by planning the curricula

b. ASUS Campus Executive Officer Program

ASUS has provided the ASUS Campus Executive Officer Program since the 4th quarter of 2005. Elites from colleges and universities were selected to serve as front line personnel for marketing campaigns, so that they can understand the product of ASUS and the spirit of its brand, and accumulatively improve their professional capability in the career. The program has been implemented for more than 10 years and continuously nurtured talents for ASUS and the country. ASUS also employs the graduates who have participated in the program and met the employment requirements. The students who did not join ASUS are yet excellent workers in the industry and will surely create value for the country and society.

c. Kuandu Arts Festival

ASUS has developed in Kuandu for more than 20 years, but connected with this area to a minimum extent. With this in the mind, ASUS worked with Taipei National University of the Arts, which is also located in Kuandu", to jointly organize the "Bustling Kuandu Art Festival". The activity is organized to promote the relationship of neighbors, care for the people, matters and objects in Kuandu, and develop Kuandu to be a town of arts and technologies in Taipei City. Thanks to the efforts of the people from different areas, the ASUS Campus Executive Officer Program became a response to the World Design Capital Taipei 2016 and one of the annual large events in Taipei City. In 2019, ASUS convened approximately 100 volunteers to participate in charity sales and street parade. The turnover of NTD 106,250 was donated to TDFA (Taiwan Disabled-Free Association) for 2019 Taiwan Disabled-Free Day charity road-run and to Yuli Bookstore (Hualien County) as fund of holiday English tutoring program to assist minority children.

d. DaAi TV Public Welfare Advertisement

Since 2008, ASUS has sponsored Daai TV for 12 consecutive years on producing mind-purifying adverts. The 2019 initiative of "cherishing water resources" depicted that water is the necessity for sustaining life and source of living, but never "self-generated." People consume water daily without

appreciation, caring, cherishing attitude and even refer to it as “self-generated water.” The absence of gratitude in living and unawareness of the wastage has caused the hardship of water deficiency nowadays.

e. Development and growth of children with mental disabilities

ASUS has cared about disadvantaged people for a long time and supported their lifelong development by taking feasible actions in addition to providing specific learning opportunities to remedy digital divides and supporting them with grant-in-aid. ASUS has recruited 9 full-time employees with mental disabilities since 2008. The "Xihaner Baker's House - ASUS Branch" is established permanently in the ASUS staff canteen, and all the proceeds are donated to Children Are Us Foundation to help more children with mental disabilities.

From shy and embarrassed interaction with people, to feeling comfortable to approach coworkers, thanks to the enthusiasm of ASUS folks, the employees with mental disabilities work happily in ASUS every day. They learn skills and build self-confidence during work. Their parents are comfortable to leave their lovely angels in ASUS for training without need to take care of them the whole day long, reducing the burden of the family and society to a great extent. To improve their skill, the Xihaner Baker's House introduces different products continuously to help them learn new skills and have more feeling of freshness and achievement in addition to simple calculation and customer reception service.

f. ASUS New Youth e-Entrepreneurship Volunteer Initiative

2019 is the 11th year of “ASUS e-volunteer campaign.” To welcome the new decade based on volunteer charity activity, we cooperated with CAST (China Association of Science and Technology), central office of United Fellowship, Beijing Cultural Development Foundation and Beijing Youth Film Festival to start the ASUS e-charity filming program. The program was conducted under themes such as “caring, heritage, crossing and environmental protection” for spreading the voice of charity worldwide, so it can be heard and seen by more people.

In 2019, 14 key cities were recruited nation-wide covering college students from 300 schools and youth filming volunteers. All college students and youth film makers passionate in charity and filming may register and participate.

After recruitment at schools, the volunteers would receive two days of professional training in charity practice and filming. Professors and filming masters with great influence nation-wide were invited to offer charity talks and practical training.

Approximately 35,000 participants were recruited in the activity; 3,110 people were trained and the influence reached 780,000 people. 412 charity films were shot during practical charity participation. Winner would receive NTD 5 million of filming sponsoring funds from the Beijing Youth Fund.

The volunteers recruited in November 2019 nation-wide covered students from Renmin University of China, China Agricultural University, Beijing Normal University, Beijing Youth Politics College and Qilu University of Technology, where the youth directors' team was invited in joint-filming. During the activity, a "charity kitchen" was built for the elders' home in Huduoluo Village and volunteers made lunch for the elders. With the purpose of "Teach fishing instead of giving fish," we divided the volunteers into three groups according to the expertise, namely Agriculture Group, Chinese Herb Group and Tourism Group, which performed field research and detailed planning for future construction of Huduoluo Village.

g. Money collection, fund raising, and donation of materials

In 2019, ASUS invested in public welfare activities. The major recipients were ASUS Foundation and educational and social organizational of public interest.

Category	Items
Cash Donation	Company donation (including ASUS Foundation / BU donation)
Cash Donation	Disabled employee wage
Cash Donation	Mentally disabled children counter profit feedback
Cash Donation	Employee payment care and death pension benefits (Concern for employees' family for social stability)
Cash Donation	Money and materials donation raised by the Company
Hours of Service	Corporate volunteers service hours conversion
In-kind Donation	Donation from non-profit fair earnings to non-profit organizations
In-kind Donation	Refurbished computer recycle value
In-kind Donation	Donation of ASUS computers

ASUS did not only make literal donations that put our corporate social responsibility into practice, but also donated via staff care and resources. Starting from ASUS core value, we realized the vision of contributing for human society. At the same time, we also encourage monetary donations from staff, where a charity donation platform was built, so employees busy from work could respond to relevant charity activities at ease. Through the platform, a total of NTD 3,067,029 was received from ASUS employees in 2019 and accumulated to NTD 17,641,394, which benefited 24 social welfare units with more than 2,000 school children, families and elders in need were helped.

Fundraising from charity sales and resources donation

ASUS supports and cares for minorities with action, where we invite various shelter workshops and social welfare units in Taiwan to set up booths at

ASUS each month, on Dragon Boat Festival, Mid-Autumn Festival and ASUS Family Day for selling various products made by social welfare units and promote the concept of social welfare. In 2019, 11 NGO units were invited to the charity sale and obtained turnover of NTD 517,435. At the same time, ASUS also established the charity resource collection platform, where employees were encouraged to donate unused home appliances (no matter old or new) via such a platform. In 2019, some resources collected became products for sale at the charity fair hosted by a social welfare group with ASUS participation; some resources were donated to activities in Taiwan or far countries such as Swaziland and Kenya in Africa as response to the “saving life with old shoes” campaign.

For the latest news and promotional activities about ASUS social and environmental responsibility, please view the Company’s website at:

<http://csr.asus.com/chinese/>

ASUS Corporate Sustainability Report (Chinese version) (English version)

<http://csr.asus.com/chinese/index.aspx#120>

<http://csr.asus.com/english/index.aspx#114>

(VII) Ethical Corporate Management and deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Did the Company set a policy of honest operation passed by the board of directors together with specification of such policy and methods in the regulations and external documents, as well as commitment from the board of directors and high-tier management on active realization of the operation policy?</p>	V		<p>1. “Humbleness, honesty, hard-working, swiftness and courage” are the DNA codes for all ASUS employees and the core value of ASUS culture lies on “Honesty and Integrity.” The Company has set the “Code of ethical conduct for employees,” which specified that all employees, including the directors and managers, shall strictly adhere with relevant policy on honesty by preventing and eradicating dishonest commercial conducts. The Annual Report and CSR Report described the company policy of honest operation, as well as status of active realization committed by the board of directors and operation management.</p>	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
<p>(2) Did the Company establish risk assessment mechanism against dishonest conducts, together with regular analysis and assessment on operation activity containing greater risk of dishonest conducts within the operation scope, as well as the preventive measures accordingly to at least contain various conducts under Article 7, Paragraph 2 of the “Honest operation rules for listed and OTC (Over-The-Counter) companies.”?</p> <p>(3) In the “Preventive program against dishonest conducts,” does the Company specify operation procedures, conduct guidelines, punishment and appeal system again violation together with practical execution, regular review and correction of the said Program?</p>	V		<p>2. ASUS requests all external vendors to sign the “Honesty commitment.” Should the external units cause damage to the Company with violation to anti-bribing and anti-corruption clauses, penalty will be claimed with necessary legal actions taken according to requirements under the “Honesty commitment” signed.</p> <p>3. It is specified in “Employee Code of Conduct” that illegitimate political contribution, improper charity donation or sponsorship, unreasonable gifts, treatment or other illegitimate interests are prohibited. Specifications of punishment and complaints channel against violation were set, where</p>	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			a report was made to the board of directors on the result of execution and review for improvement.	
2. Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? Regular report (at least once per annum) was made to the board of directors covering the status of monitoring and execution on policy of honest operation and preventive program against dishonest conduct.	V		1. To put into effect the avoidance of transaction with suppliers of deceitful conducts, the Company also developed Supplier Conduct Standards for new suppliers to present “Declaration of ASUS Group Contractor/Supplier Conduct Compliance” upon conducting qualification assessment in addition to requesting transacting suppliers to sign the “Supplier Integrity Commitment Letter.” 2. (1)Unit for Promoting The Human Resources Division in the Company is in charge with promoting adherence with corporate policy of honest operation and ethical conducts, which assists the board of directors and operation management to set, monitor and execute the policy and prevention program together with relevant unit, as well as ensuring realization of the “Code of ethical conduct for employees.” Announcement of revision on relevant measures will be submitted to the board of directors in advance for discussion and approval under resolution. The status of execution is regularly reported to the board of directors at least once per annum. (2)Operations and Execution Regarding internal propaganda and education, ASUS provides employees worldwide with a digital learning course on the “Code of ethical conduct for employees,” where new employees must complete the study within a month after reporting on duty.	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
(2) Did the Company set an exclusive unit under the board of directors to promote honest operation of the corporate, with regular reports (at least once per annum) made to the board of directors covering status of monitoring and execution on policy of honest operation and preventive program against dishonest conduct?	V			

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			Every year, repeating an online course is promoted regularly as a declaration to employees worldwide on the importance of honesty and adherence to code of conduct. In order to maintain employee awareness on zero violation against the regulation when facing clients and interacting with the suppliers, the Company provides each employee with the “Reminder card on unfair competition and bribing” since 2017. New employees also receive such cards after reporting on duty and all employees are requested to carry such cards along for staying vigilant. Reminders would be announced prior to oriental festivals on not to take bribes or violate regulations, where all employees would receive random clarification of concepts and propagandas.	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		3. In the “Code of ethical conduct for employees,” the Company has set relevant regulations on preventing conflict of interests. Complaint and reporting mailbox are specified on employee cards and internal EIP website of the Company for exposing inadequate conducts.	
(4) In order to realize honest operation, has the Company established effective accounting and internal control systems, where the internal audit unit sets relevant auditing programs according to results from risk assessment on dishonest conduct, as well as reviewing status of following preventive measures against dishonest conduct, or commissioning the accountant to review?	V		4. In addition to establishment of adequate accounting and internal control systems, ASUS also prohibits external account or keeping of secret account. The status of adherence with said systems are regularly reviewed by internal auditing personnel and reported to the board of directors.	
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		5. Honesty is very important in ASUS culture. The Company set precise and practical conduct indicators that shall be followed, which are listed	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			<p>among measures of annual performance audit. In order to realize promotion of honest operation and recognizing necessity on honesty and adherence to principles, ASUS has planned live and online courses thoroughly, which include relevant legal training on company policy, Code of ethical conduct for employees, information security and PDPA (Personal Data Protection Act). A total of 18,959 personnel and 30,205.19 hours on educational training related to honest operation was completed, which covers the following courses:</p> <p>i. Code of ethical conduct for employees:</p> <p>a. New employee: the contents covers insider trading, antitrust, conflict of interests, hosting and socializing, as well as confidential information and gifts.</p> <p>b. Annual training: the emphasis lies on key concepts and propaganda of practical cases.</p> <p>ii. Training for new employees: the contents cover corporate policy, culture, the salary system, and concept of honest operation.</p> <p>iii. Others: How to utilize personal information?</p>	
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		<p>1. Reporting channel: audit@asus.com. Relevant punishment and complaint systems follow the Company regulations on “Work rules.” The Human Resource Division directly accepts reports from staff and superintendents. The reporting channel is disclosed in the Company’s web page of “Investor relations.”</p> <p>2. The processing procedures include: 1. Case</p>	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
(2) Does the Company establish standard operating procedures	V			

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
for confidential reporting on investigating accusation cases?			clarification; 2. Case acceptance; 3. Collection and confirmation of evidence; 4. Meeting with relevant units; 5. Punishment in accordance with regulations.	
(3) Does the Company provide proper whistleblower protection?	V		3. The Company will adopt confidential and necessary protection measures accordingly.	
4. Strengthening information disclosure (1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		1. The Company discloses information about the code of ethical corporate management on the Company's website, corporate social responsibility, and annual report. 2. If necessary, the status of ethical corporate management is disclosed in the “material information” section on the Company's corporate social responsibility and investor website.	Compliant with the Code of “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation There have been no differences				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies). In addition to this Annual Report, please refer to the information of disclosure related to ASUS's Corporate Social Responsibility (CSR). (http://csr.asus.com/chinese/index.aspx)				

(VIII) Approach to search the corporate governance best-practice principles defined by the Company and related regulations:

The Company has defined its “corporate governance best-practice principles”. Please see the “important internal rules” in the “corporate governance” section on the Company’s investor relation website: <http://www.asus.com/tw/Investor/> °

(VIII) Other important information that helps understand corporate governance:

3. Execution of Rights for Investor Relationship, Supplier Relationship, Stakeholder Relationship: ASUS upholds to integrity and maintains long-term cooperation for co-prosperity with various business partners. Please attain critical information from the investor relationship website and Corporate Social Responsibility website.
4. Pursuit of Study for Directors: Please refer to the disclosure matters on this Annual Report.
5. Director and Supervisor Liability Insurance: The Company has insured liability insurance for all directors and supervisors.
6. Establish a good internal material inside information and disclosure mechanism in accordance with the ASUS “Procedures for Handling Insider Material Information” to avoid improper leakage of information and assure consistency and correctness in the announcement of public ASUS information. The operating procedures and the educational advocacy for relevant laws and regulations shall be notified to the Company directors, supervisors, managers, and all employees through internal company website, contracts, and courses and announcements for education and training for due compliance of relevant procedures.

Please refer to the “internal rules” of “corporate governance” on the Company’s homepage for the operating procedure in details: <http://tw.asus.com/investor.aspx>

(X) Enforcement of internal control

1. Declaration of Internal Control: Please refer to Page 174.
2. If the Company is requested by the SEC to retain CPA’s service for examining internal control system, the Independent Auditor’s Report must be disclosed: None

(XI) The punishment delivered to the Company and the staff of the Company, or, the punishment delivered by the Company to the staff for a violation of internal control system, the major nonconformity, and the corrective action in the most recent years and up to the date of the annual report printed: None

(XII) Resolutions reached in the Shareholders’ Meeting or by the board of directors in the most recent years and up to the date of the annual report printed:

1. The important resolutions of the general shareholder meeting:

Date	Subjects	Review of execution
Jun 18, 2019 AGM	1. To adopt 2018 Business Report and Financial Statements.	The proposal was passed via voting as it was and would be the basis for the 2018 profit distribution.
	2. To adopt the proposal for distribution of 2018 profits.	The proposition was adopted through voting. The board of directors set the record date of allocation of dividend on July 14, 2019, and date of allocation of cash dividend on July 31, 2019.

	3. Amendment to the “Articles of Incorporation”	The case has been voted and approved with resolution, which is executed according to the revise’s clauses.
	4. Amendment to the “Procedures For Acquisition or Disposal of Assets”	The case has been voted and approved with resolution, which is executed according to the revise’s clauses.
	5. Election of Directors	13 directors were elected (including 3 independent directors). The term of BOD is from June 18, 2019 to June 17, 2022. The lists are as follows: <u>Directors:</u> Jonney Shih, Ted Hsu, Jonathan Tsang, S.Y. Hsu, Samson Hu, Jerry Shen, Eric Chen, Joe Hsieh, Jackie Hsu, Tze-Kaing Yang <u>Independent directors:</u> Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu

2. The important resolutions of the Board of Directors:

Date	Major resolutions
Jan 22, 2019	<ol style="list-style-type: none"> 1. Reported the renewal of the director and supervisor liability insurance for 2019. 2. Approved the proposal on the 2018 year-end performance bonus distribution to managers. 3. Approved the proposal on adjusting the remuneration for CO-CEO. 4. Approved the proposal on the amendments to the “Code of Conduct for Employees”. 5. Approved the proposal of the annual renewal of the company’s bank credit. 6. Approved the proposal on the appointment of a new COO. 7. Approved the proposal on donating to the ASUS Foundation for 2019.
Mar 20, 2019	<ol style="list-style-type: none"> 1. Approved the assessment of CPA’s independence for 2018. 2. Approved the annual business report and financial statement for 2018. 3. Approved the proposal on profit distribution of 2018. 4. Approved the proposal of the 2018 compensations to directors and employees. 5. Approved the proposal on the amendments to the “Articles of Association” of the Company. 6. Approved the proposal to amend “Procedure for Acquisition and Disposition of Assets.” 7. Approved the presentation of the “Statement of Internal Control System for 2018.” 8. Approved the proposal on the full re-election of directors of the 12th BOD. 9. Approved the proposal of nomination of candidates for the directors of the 12th BOD. 10. Approved the matters of convening 2019 Shareholders’ meeting.
May 7, 2019	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for Q1, 2019. 2. Approved the company's plan to purchase real estate. 3. Approved the proposal on the amendments to the “Articles of Association” of the Company. 4. Approved the proposal on the amendments to the “Rules of Procedure for Board Meetings”. 5. Approved the proposal on the amendments to the “Best Practice Principles

Date	Major resolutions
	of Corporate Governance”.
Jun 18, 2019	<ol style="list-style-type: none"> 1. Election of the 12th Chairman and Vice Chairman. 2. Approved the appointment of members of the 4th "Compensation Committee"
Jul 16, 2019	<ol style="list-style-type: none"> 1. 2018 Corporate Social Responsibility Report Issuance Report. 2. Approved the proposal of the annual renewal of the company’s bank credit. 3. Approved the proposal for compensation distribution to directors. 4. Approved the Company’s mid-year performance bonus distribution for managers in 2018.
Aug 13, 2019	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for Q2, 2019. 2. Amended the case through the company’s “internal control system” and “internal audit system.”
Nov 13, 2019	<ol style="list-style-type: none"> 1. The corporate integrity management implementation status report 2. Approved the consolidated financial statements for Q3, 2019. 3. Capital loan and extension from ASTP (ASUS subsidiary) to ASGL. 4. Approved the presentation of “2020 Annual Audit Plan.”
Jan 17, 2020	<ol style="list-style-type: none"> 1. Reported the renewal of the director and supervisor liability insurance for 2020. 2. Approved the proposal on the 2019 year-end performance bonus distribution to managers. 3. Approved for "Company registration" address changed. 4. Approved the proposal on donating to the ASUS Foundation for 2020.
Mar 20, 2020	<ol style="list-style-type: none"> 1. Approved the assessment of CPA’s independence for 2019. 2. Approved the annual business report and financial statement for 2019. 3. To accommodate the internal personnel adjustment of PwC Taiwan, the case of replacing a certified public accountant for the Company was approved. 4. Approved the case of accountant finance & tax certification fees standard and change for the Company and certain subsidiary companies. 5. Approved the case of assessment on the Company’s capacity in producing financial reports and revision on financial report production procedures & management. 6. Approved the proposal of the 2019 compensations to directors and employees. 7. Approved the proposal on profit distribution of 2019. 8. Approved the proposal on the amendments to the “Loans and Endorsement & Guarantee Operational Procedures” of the Company. 9. Approved the case of signing a bank loan contract and annual contract extension for the Company. 10. Amended the case through the company’s “internal audit system.” 11. Approved the presentation of the “Statement of Internal Control System for 2019.” 12. Approved the matters of convening 2019 Shareholders’ meeting.

(XIII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

(XIII) Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

IV. CPAs fees

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
PricewaterhouseCoopers, Taiwan	CHOU, CHIEN-HUNG	CHANG, SHU-CHIUNG	Jan 1, 2019~ Dec 31, 2019	

Unit: NT\$ thousands

Fee Range \ Fee Items		Auditing fee	Non-auditing fee	Total
1	Below 2,000 thousand			
2	2,000 thousands (included) ~4,000 thousand		V	
3	4,000 thousands (included) ~6,000 thousand			
4	6,000 thousands (included) ~8,000 thousand	V		
5	8,000 thousands (included) ~10,000 thousand			V
6	Over 10,000 thousand (included)			

- (I) The non-auditing fees paid to CPAs, CPA firm, and the CPA firm's related party accounted for over a quarter of the total auditing fees, the auditing amount and non-auditing amount; also, the non-auditing service must be disclosed:

CPA firm	Name of CPA	Audit fee	Non-auditing fees					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
PricewaterhouseCoopers, Taiwan	CHOU, CHIEN-HUNG	7,800	0	0	129	1,924	2,053	Jan 1, 2019~ Dec 31, 2019	Non-audit fees: Other items include NTD 650,000 for service fees on Company's main profile and country-by-country report, NTD 500,000 for reviewing financial information of subsidiary companies, NTD 360,000 for project consultation on CSR report, NTD 200,000 for service fees on reviewing information of suspended units, NTD 150,000 for consultation on structure of disclosing climate-related finance and NTD 64,000 for supervising scrapping of overseas stock & equipment.
	CHANG, SHU-CHIUNG								

- (II) In case the auditing fee paid in the year retaining service from another CPA Firm is less than the auditing fee paid in the year before, the amount of auditing fee before / after the change of CPA Firm and the reasons for the said change must be disclosed: None.

- (III) In case the auditing fee paid in the year retaining service from another CPA Firm is over 15% less than the auditing fee paid in the year before, the amount and ratio of auditing fee reduced and the reasons for the said change must be disclosed: None.

V. CPA's information: None.

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

VII. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads and Shareholders of 10% Shareholding or More:

(1) Information on Net Change in Shareholding

Title	Name	2019		As of April 11, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & Chief Branding Officer	Jonney Shih	0	0	0	0
Vice Chairman & Chief Strategy Officer	Ted Hsu	0	0	0	0
Director	Jonathan Tsang	0	0	0	0
Director & CO-Chief Executive Officer	S.Y. Hsu	0	0	0	0
Director & CO-Chief Executive Officer	Samson Hu	0	0	0	0
Director	Eric Chen	0	0	0	0
Director & Chief Operating Officer	Joe Hsieh	0	0	0	0
Director	Jackie Hsu	647	0	0	0
Director	Jerry Shen	(953,000)	0	0	0
Director	Tze-Kaing Yang	0	0	0	0
Independent Director	Chung-Hou Tai	0	0	0	0
Independent Director	Ming-Yu Lee	0	0	0	0
Independent Director	Chun-An Sheu	0	0	0	0
Corporate V.P.	Henry Yeh	0	0	0	0
Corporate V.P.	Alex Sun	0	0	0	0
Corporate V.P.	Taiyi Huang	0	0	0	0
Corporate V.P.	Albert Chang (Note 1)	0	0	0	0
Corporate V.P.	Tenlong Deng (Note 1)	0	0	0	0
Corporate V.P.	Chih-peng Wu (Note 1)	0	0	0	0
Corporate V.P.	Kent Chien (Note 1)	0	0	0	0
Corporate V.P.	Vincent Chiou (Note 1)	0	0	0	0
Chief Financial Officer	Nick Wu	0	0	0	0
Comptroller	Winnie Liu	0	0	0	0

Note 1: New appointment since November 1, 2019.

Note 2: The parties involved in shares transfer or equity pledge are known as the related party and they must have the following forms filled out.

- (2) Information of shares transferred: There is no party involved in shares transfer known as the related party.
- (3) Information of equity pledged: There is no party involved in equity pledge known as the related party.

VIII. The Top-10 Shareholders and Information of Related Parties

Base Date: April 11, 2020

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
Jonney Shih	30,093,638	4.05	0	0	0	0	None	None
ASUS's Certificate of Depository with CitiBank (Taiwan)	24,560,177	3.31	0	0	0	0	None	None
Cathay United Bank managed Expert Union Limited Investment account	20,545,542	2.77	0	0	0	0	None	None
Taiwan Bank managed Silchester International Investors International Value Equity Trust	19,961,000	2.69	0	0	0	0	None	None
New Labor Pension Fund	19,327,633	2.60	0	0	0	0	None	None
Labor Insurance Funds	15,766,054	2.12	0	0	0	0	None	None
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	12,464,511	1.68	0	0	0	0	None	None
CitiBank (Taiwan) managed Norges Bank	10,932,191	1.47	0	0	0	0	None	None
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock	10,421,887	1.40	0	0	0	0	None	None

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
Index Fund, a series of Vanguard Star Funds								
Taiwan bank managed Silchester International Investors International Value Equity Trust Group	10,056,000	1.35	0	0	0	0	None	None

IX. Ownership of Shares in Affiliated Enterprises:

Total Shareholding Ratio

Base date: Dec.31.2019, Unit: Share; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS TECHNOLOGY INCORPORATION	19,000,000	100.00			19,000,000	100.00
ASKEY COMPUTER CORP.	480,000,000	100.00			480,000,000	100.00
HUA-CHENG VENTURE CAPITAL CORP.	114,500,000	100.00			114,500,000	100.00
HUA-MIN INVESTMENT CO., LTD.	68,000,000	100.00			68,000,000	100.00
UNIMAX ELECTRONICS INC.	21,300,000	100.00			21,300,000	100.00
JINSHUO CULTURAL DIFFUSION CO., LTD.	-	100.00			-	100.00
JOTECH LTD.			3,000,000	100.00	3,000,000	100.00
ASUS CLOUD CORPORATION	23,645,558	94.58			23,645,558	94.58
ASMEDIA TECHNOLOGY INC.	24,457,660	40.74	7,317,655	12.19	31,775,315	52.93
ONYX HEALTHCARE INC.	1,232,082	5.60	14,759,596	67.06	15,991,678	72.66
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	11,323,167	69.25	515	0.00	11,323,682	69.25
SHINEWAVE INTERNATIONAL INC.	5,468,750	50.99	1,000	0.01	5,469,750	51.00
NEXT SYSTEM LIMITED	8,560,974	43.48			8,560,974	43.48
AAEON TECHNOLOGY INC.	43,756,000	29.47	16,718,000	11.26	60,474,000	40.73
UPI SEMICONDUCTOR CORP.	20,135,968	28.87	4,654,937	6.67	24,790,905	35.54
GAIUS HOLDINGS LIMITED	16,386,481	35.00			16,386,481	35.00
IMOTION, GROUP INC.	15,300,000	25.50	2,700,000	4.50	18,000,000	30.00
JOINT POWER EXPONENT, LTD.	1,040,000	11.56	960,000	10.66	2,000,000	22.22
JIE-LI TECHNOLOGY CO., LTD.	2,247,888	6.38	4,111,660	11.67	6,359,548	18.05
ASUS COMPUTER INTERNATIONAL	50,000	100.00			50,000	100.00
ASUS HOLLAND B. V.	3,000,000	100.00			3,000,000	100.00
ASUS INTERNATIONAL LIMITED	89,730,042	100.00			89,730,042	100.00
ASUS GLOBAL PTE.LTD.	28,000,000	100.00			28,000,000	100.00
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	830,001	100.00			830,001	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
PT.ASUS TECHNOLOGY INDONESIA JAKARTA	7,920	99.00	80	1.00	8,000	100.00
PT.ASUS TECHNOLOGY INDONESIA BATAM	1,089,000	99.00	11,000	1.00	1,099,000	100.00
CHANNEL PILOT LIMITED			30,033,000	100.00	30,033,000	100.00
ASUS TECHNOLOGY PTE. LIMITED			44,419,424	100.00	44,419,424	100.00
ASUS EGYPT L. L. C.			-	100.00	-	100.00
ASUS MIDDLE EAST FZCO			5	100.00	5	100.00
ASUS COMPUTER (SHANGHAI) CO., LTD.			-	100.00	-	100.00
ASUS TECHNOLOGY (HONG KONG) LIMITED			500,000	100.00	500,000	100.00
ASUS TECHNOLOGY (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.			-	100.00	-	100.00
ASUSTEK Computer (CHONGQING) CO., LTD.			-	100.00	-	100.00
ASUS INVESTMENTS (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUS COMPUTER GMBH			-	100.00	-	100.00
ASUS FRANCE SARL			5,300	100.00	5,300	100.00
ASUSTEK (UK) LIMITED			50,000	100.00	50,000	100.00
ASUS KOREA CO., LTD.			158,433	100.00	158,433	100.00
ASUSTEK COMPUTER (S) PTE. LTD.			20,002	100.00	20,002	100.00
ASUS POLSKA SP. Z O. O.			1,000	100.00	1,000	100.00
ASUS TECHNOLOGY PRIVATE LIMITED			20,134,400	100.00	20,134,400	100.00
ASUS EUROPE B. V.			375,000	100.00	375,000	100.00
ASUS TECHNOLOGY (VIETNAM) CO., LTD.			-	100.00	-	100.00
ASUSTEK ITALY S. R. L.			-	100.00	-	100.00
ASUS SPAIN, S.L.U.			3,000	100.00	3,000	100.00
ASUS JAPAN INCORPORATION			20,500	100.00	20,500	100.00
ASUS COMPUTER CZECH REPUBLIC S. R. O.			-	100.00	-	100.00
ASUS CZECH SERVICE S. R. O.			-	100.00	-	100.00
ASUS SERVICE AUSTRALIA PTY LIMITED			950,000	100.00	950,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS AUSTRALIA PTY LIMITED			350,000	100.00	350,000	100.00
ASUS INDIA PRIVATE LIMITED			33,500,000	100.00	33,500,000	100.00
ASUS ISRAEL (TECHNOLOGY) LTD.			50,000	100.00	50,000	100.00
PT. ASUS SERVICE INDONESIA			1,500,000	100.00	1,500,000	100.00
ACBZ IMPORTACAO E COMERCIO LTDA.			549,469,000	100.00	549,469,000	100.00
ASUS PERU S. A. C.			4,195,740	100.00	4,195,740	100.00
ASUS HOLDINGS MEXICO, S. A. DE C. V.			51,120	100.00	51,120	100.00
ASUS MEXICO, S. A. DE C. V.			132	100.00	132	100.00
ASUS COMPUTER COLOMBIA S. A. S.			74,489	100.00	74,489	100.00
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY			-	100.00	-	100.00
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA.			30,000	100.00	30,000	100.00
ASUS SWITZERLAND GMBH			3,400	100.00	3,400	100.00
ASUS NORDIC AB			3,000	100.00	3,000	100.00
ASUS (THAILAND) CO., LTD.			20,000	100.00	20,000	100.00
ASUSTEK COMPUTERS (PTY) LIMITED			1,000	100.00	1,000	100.00
ASUSTEK COMPUTER MALAYSIA SDN. BHD.			500,000	100.00	500,000	100.00
ASUS SERVICE (THAILAND) CO., LTD.			60,000	100.00	60,000	100.00
ASUS CHILE SPA			1,000	100.00	1,000	100.00
ASUS PHILIPPINES CORPORATION			1,059,995	100.00	1,059,995	100.00
ASUS BILGISAYAR SISTEMLERI TICARET.LIMITD.SIRKETI			2,046	100.00	2,046	100.00
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI			3,000	100.00	3,000	100.00
QC SERVER AB			500	100.00	500	100.00
eMES (SHUZHOU) CO., LTD.			-	100.00	-	100.00
ASUS CLOUD SINGAPORE PTE. LTD.			-	100.00	-	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS CLOUD (LUXEMBOURG) S. A R. L			-	100.00	-	100.00
ASUS LIFE CORPORATION			500,000	50.00	500,000	50.00
ASKEY INTERNATIONAL CORP.			10,000,000	100.00	10,000,000	100.00
DYNALINK INTERNATIONAL CORP.			8,160,172	100.00	8,160,172	100.00
MAGIC INTERNATIONAL CO., LTD.			114,942,014	100.00	114,942,014	100.00
EcoLand Corporation			780,000	33.91	780,000	33.91
ASKEY DIGITAL TECHNOLOGY CORP.			3,000,000	100.00	3,000,000	100.00
WONDALINK INC.			9,242,232	100.00	9,242,232	100.00
ASKEY (VIETNAM) COMPANY LIMITED			2,883,359	100.00	2,883,359	100.00
WISE ACCESS (HK) LIMITED			1,600,000	100.00	1,600,000	100.00
SILIGENCE SAS			4,623,090	95.95	4,623,090	95.95
MAGICOM INTERNATIONAL CORP.			91,030,000	100.00	91,030,000	100.00
LEADING PROFIT CO., LTD.			50,050,000	100.00	50,050,000	100.00
UNI LEADER INTERNATIONAL LTD.			50,000	100.00	50,000	100.00
OPENBASE LIMITED			50,000	100.00	50,000	100.00
ASKEY COMMUNICATION GMBH			100,000	100.00	100,000	100.00
ASKEY DO BRASIL TECHNOLOGY LTDA.			3,200,000	100.00	3,200,000	100.00
ASKEY CORPORATION (THAILAND) CO., LTD.			20,000	100.00	20,000	100.00
ASKEY JAPAN CO., LTD.			500,000	100.00	500,000	100.00
YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD.			-	100.00	-	100.00
ASKEY TECHNOLOGY (JIANGSU) LTD.			-	100.00	-	100.00
AAEON ELECTRONICS, INC.			490,000	100.00	490,000	100.00
AAEON TECHNOLOGY CO., LTD.			8,807,097	100.00	8,807,097	100.00
AAEON TECHNOLOGY (EUROPE) B. V.			-	100.00	-	100.00
AAEON TECHNOLOGY GMBH			-	100.00	-	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
AAEON INVESTMENT CO., LTD.			15,000,000	100.00	15,000,000	100.00
AAEON TECHNOLOGY SINGAPORE PTE. LTD.			465,840	100.00	465,840	100.00
ONYX HEALTHCARE (SHANGHAI) LTD.			-	100.00	-	100.00
AAEON TECHNOLOGY (SUZHOU) INC.			-	100.00	-	100.00
ONYX HEALTHCARE USA, INC.			200,000	100.00	200,000	100.00
ONYX HEALTHCARE EUROPE B. V.			100,000	100.00	100,000	100.00
IHELPER INC.			1,656,000	46.00	1,656,000	46.00
IBASE TECHNOLOGY INC.			56,304,481	32.76	56,304,481	32.76
LITEMAX ELECTRONICS INC.			9,103,121	21.84	9,103,121	21.84
WINMATE INC.			13,767,000	19.07	13,767,000	19.07

Note: Company investment under Equity Method.

IV. Stock Subscription

I. Capital and shares

(1) History of capitalization

1. Type of shares

Base date: As of April 11, 2020 / Unit: Shares

Type of Shares	Authorized Shares			Remarks
	Outstanding Shares (Note)	Unissued shares	Total	
Order common stock	742,760,280	4,007,239,720	4,750,000,000	

Note: Listed stock

2. Issued Shares

Month / Year	Par value (NT\$)	Authorized shares		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Source of capital	Capital Increased by Assets Other than Cash	Approval date and approval no. of capitalization by the SEC, Ministry of Finance
1990.03	10	3,000	30,000	3,000	30,000	Incorporation	—	—
1990.11	10	8,000	80,000	8,000	80,000	Cash \$50 million	—	—
1991.12	10	15,000	150,000	15,000	150,000	Cash \$40 million Retained earnings \$30 million	—	—
1993.04	10	19,900	199,000	19,900	199,000	Cash \$49 million	—	—
1993.09	10	30,845	308,450	30,845	308,450	Retained earnings \$109.45 million	—	1993.08.27 SFE Ruling (82) Tai-Tsai-Cheng (1) No. 30832
1994.08	10	45,033.7	450,337	45,033.7	450,337	Retained earnings \$141.887 million	—	1994.07.21 SFE Ruling (83) Tai-Tsai-Cheng (1) No. 32675
1995.06	10	60,000	600,000	60,000	600,000	Retained earnings \$149.663 million	—	1995.06.15 SFE Ruling (84) Tai-Tsai-Cheng (1) No. 35196
1996.09	10	200,000	2,000,000	120,000	1,200,000	Cash \$12 million Retained earnings \$588 million	—	1996.06.28 SFE Ruling (85) Tai-Tsai-Cheng (1) No. 40947
1997.05	10	650,000	6,500,000	323,000	3,230,000	Cash (GDR) \$210 million Retained earning \$1.82 billion	—	1997.05.05 SFE Ruling (86) Tai-Tsai-Cheng (1) No. 30903 1997.04.17 SFE Ruling (86) Tai-Tsai-Cheng (1) No. 30279
1998.06	10	1,400,000	14,000,000	811,500	8,115,000	Retained earning \$4.885 billion	—	1998.05.21 SFE Ruling (87) Tai-Tsai-Cheng (1) No. 44748
1998.10	10	1,400,000	14,000,000	813,500	8,135,000	Cash \$20 million	—	1998.08.30 SFE Ruling (87) Tai-Tsai-Cheng (1) No. 35007
1999.06	10	1,400,000	14,000,000	1,144,900	11,449,000	Retained earning \$3.314 billion	—	1999.05.20 SFE Ruling (88) Tai-Tsai-Cheng (1) No. 47786
1999.08	10	1,400,000	14,000,000	1,146,400	11,464,000	Cash \$15 million	—	1999.06.16 SFE Ruling (88) Tai-Tsai-Cheng (1) No. 53605
2000.06	10	2,000,000	20,000,000	1,567,104	15,671,040	Retained earnings \$4.20704 billion	—	2000.05.26 SFE Ruling (89) Tai-Tsai-Cheng (1) No. 45450
2001.06	10	2,100,000	21,000,000	1,976,880	19,768,800	Retained earnings \$4.09776 billion	—	2001.06.06 SFE Ruling (90) Tai-Tsai-Cheng (1) No. 135654
2002.07	10	2,100,000	21,000,000	1,998,880	19,988,800	Retained earnings \$220 million	—	2002.06.26 SFE Ruling (91) Tai-Tsai-Cheng (1) No. 0910134921

Month / Year	Par value (NT\$)	Authorized shares		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Source of capital	Capital Increased by Assets Other than Cash	Approval date and approval no. of capitalization by the SEC, Ministry of Finance
2003.07	10	2,450,000	24,500,000	2,281,740	22,817,400	Retained earnings \$2.8286 billion	—	2003.07.08 SFE Ruling Tai-Tsai-Cheng (1) No. 0920130466
2004.08	10	2,872,000	28,720,000	2,552,914	25,529,140	Retained earnings \$2.71174 billion	—	2004.07.12 FSC Ruling Jin-Kwong-Cheng (1) No. 0930130836
2005.07	10	3,380,000	33,800,000	2,861,205	28,612,054	Retained earnings \$3.082914 billion	—	2005.06.23 FSC Ruling Jin-Kwong-Cheng (1) No. 0940125161
2005.12	10	3,380,000	33,800,000	2,920,798	29,207,982	Stock shares \$595,928,350	—	2005.12.22 FSC Ruling Jin-Kwong-Cheng (1) No. 0940157381
2006.01	10	3,380,000	33,800,000	2,924,521	29,245,209	Convertible bond for stock \$37,226,200	—	2006.02.03 Jin-So-Son-Tzi No. 09501019910
2006.03	10	3,380,000	33,800,000	2,998,184	29,981,838	Stock shares \$736,629,610	—	2006.01.13 FSC Ruling Jin-Kwong-Cheng (1) No. 0940161197 2006.02.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0950106726
2006.04	10	3,380,000	33,800,000	3,040,064	30,400,638	Convertible bond for stock \$418,799,510	—	2006.04.21 Jin-So-Son-Tzi No. 09501073310
2006.08	10	3,860,000	38,600,000	3,407,070	34,070,701	Retained earnings \$3.67006377 billion	—	2006.06.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0950126632
2007.04	10	3,860,000	38,600,000	3,412,083	34,120,829	Convertible bond for stock \$50,127,660	—	2007.04.26 Jin-So-Son-Tzi No. 09601090540
2007.09	10	4,250,000	42,500,000	3,652,687	36,526,871	Retained earnings \$2.40604146 billion	—	2007.06.29 FSC Ruling Jin-Kwong-Cheng (1) No. 0960033204
2007.09	10	4,250,000	42,500,000	3,682,512	36,825,116	Stock share \$298,245,610	—	2007.08.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0960044647
2007.10	10	4,250,000	42,500,000	3,708,507	37,085,068	Convertible bond for stock \$259,951,830	—	2007.10.22 Jin-So-Son-Tzi No. 09601256950
2008.01	10	4,250,000	42,500,000	3,728,359	37,283,589	Convertible bond for stock \$198,521,460	—	2008.01.17 Jin-So-Son-Tzi No. 09701012350
2008.04	10	4,250,000	42,500,000	3,740,652	37,406,517	Convertible bond for stock \$122,927,710	—	2008.05.13 Jin-So-Son-Tzi No. 09701109460
2008.08	10	4,250,000	42,500,000	3,751,832	37,518,315	Convertible bond for stock \$111,798,020	—	2008.08.19 Jin-So-Son-Tzi No. 09701207890
2008.09	10	4,750,000	47,500,000	4,245,897	42,458,967	Retained earnings \$4.94065172 billion	—	2008.07.17 Jin-So-Son-Tzi No. 0970036193
2008.10	10	4,750,000	47,500,000	4,246,051	42,460,513	Convertible bond for stock \$1,545,780	—	2008.10.22 Jin-So-Son-Tzi No. 09701269640
2009.07	10	4,750,000	47,500,000	4,219,926	42,199,262	Purchased Treasury stock for cancellation with decrease of \$261,250,000	—	2009.07.15 Jin-So-Son-Tzi No. 09801153240
2009.08	10	4,750,000	47,500,000	4,246,777	42,467,77	Retained earnings \$268,512,150	—	2009.07.01 Jin-So-Son-Tzi No. 0980032762
2010.06	10	4,750,000	47,500,000	637,016	6,370,166	spin-off and capital reduction \$36,097,608,610	—	2010.04.09 Jin-So-Son-Tzi No. 0990013609
2010.09	10	4,750,000	47,500,000	627,016	6,270,166	Purchased Treasury stock for cancellation with decrease of \$100,000,000	—	2010.09.14 Jin-So-Son-Tzi No. 09901209730
2011.03	10	4,750,000	47,500,000	617,016	6,170,166	Purchased Treasury stock for cancellation with decrease of \$100,000,000	—	2011.04.01 Jin-So-Son-Tzi No. 10001064750
2011.08	10	4,750,000	47,500,000	752,760	7,527,603	Retained earnings \$1,357,436,570	—	2011.06.29 Jin-So-Son-Tzi No. 1000030060
2013.11	10	4,750,000	47,500,000	742,760	7,427,603	Purchased Treasury stock for cancellation with decrease of \$100,000,000	—	2013.11.21 Jin-So-Son-Tzi No. 10201237880

3. Self-registration system: None

(2) Status of shareholders

Status of Shareholders

Base date: As of April 11, 2020

QTY \ Status of shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	14	290	91,781	1,165	93,255
Shareholding (shares)	3,670	23,357,287	94,007,890	183,886,321	441,505,112	742,760,280
Percentage	0.00	3.14	12.66	24.76	59.44	100.00

(3) Shareholding Distribution Status

1. Common Shares

Base date: As of April 11, 2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1- 999	65,338	15,998,316	2.15
1,000- 5,000	23,993	42,824,092	5.77
5,001- 10,000	1,847	13,531,468	1.82
10,001- 15,000	574	7,092,557	0.95
15,001- 20,000	272	4,844,127	0.65
20,001- 30,000	294	7,359,885	0.99
30,001- 50,000	238	9,295,378	1.25
50,001- 100,000	210	15,403,136	2.07
100,001- 200,000	175	24,378,165	3.28
200,001- 400,000	93	27,414,086	3.69
400,001- 600,000	49	23,835,085	3.21
600,001- 800,000	28	19,265,886	2.59
800,001-1,000,000	25	22,592,616	3.04
Over 1,000,001	119	508,925,483	68.54
Total	93,255	742,760,280	100.00

2. Preferred Shares: None

(4) List of Major Shareholders

Base date: As of April 11, 2020

Shareholder's Name \ Shareholding	Shareholding	Percentage(%)
Jonney Shih	30,093,638	4.05
ASUS's Certificate of Depository with CitiBank (Taiwan)	24,560,177	3.31

Shareholder's Name	Shareholding	Percentage(%)
Cathay United Bank managed Expert Union Limited Investment account	20,545,542	2.77
Taiwan Bank managed Silchester International Investors International Value Equity Trust	19,961,000	2.69
New Labor Pension Fund	19,327,633	2.60
Labor Insurance Funds	15,766,054	2.12
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	12,464,511	1.68
CitiBank (Taiwan) managed Norges Bank	10,932,191	1.47
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	10,421,887	1.40
Taiwan bank managed Silchester International Investors International Value Equity Trust Group	10,056,000	1.35

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$/Share

Fiscal year			2018	2019	As of March 31, 2020 (Note 9)
Item					
Market price per share (Note 1) (Note 3)	Highest Market Price		284.0	243.0	239
	Lowest Market Price		195.5	196.5	167
	Average Market Price		257.90	220.12	201.43
Net worth per share (Note 2)	Before Distribution		217.25	238.11	-
	After Distribution		202.25	(Note 8)	
Earnings per share	Weighted average shares (Note 3)		742,760 thousand shares	742,760 thousand shares	-
	Earnings per shares (Note 3)	Before adjustment	5.70	16.34	-
		After adjustment	5.70	(Note 8)	
Dividends per share	Cash dividends		15	(Note 8)	-
	Stock dividends	Dividends from Retained earnings	0	(Note 8)	-
		Dividends from Capital Surplus	0	(Note 8)	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Analysis of return on investment	Price/Earning Ratio (Note 5)		45.25	13.47	-
	Price/Dividend Ratio (Note 6)		17.19	(Note 8)	-
	Cash dividends yield rate (Note 7)		5.82%	(Note 8)	-

Note 1: List the highest and lowest market price per share; also, calculate the average market price per share in accordance with the trade amount and shares.

Note 2: Please base the information on the shares issued at year-end and the resolution for stock distribution in shareholders meeting.

Note 3: If the stock dividend is to be adjusted retroactively, please list the earnings per share before

and after the adjustment.

Note 4: According to the regulations of security issuance, if the dividend that is not distributed can be accumulated till the year with retained earnings, the accumulated unpaid dividend of the year must be disclosed.

Note 5: Profit ratio = Closing price per share of the year / Earning per share.

Note 6: Earning ratio = Closing price per share of the year / Cash dividend per share

Note 7: Cash dividend yield rate = Cash dividend per share / Closing price per share of the year

Note 8: Subject to the approval of the annual shareholders meeting.

Note 9: The data collected up to March 31, 2020 were included in the report printed on April 11, 2020 for data accuracy.

(6) Execution of Dividend Policy

1. Dividend Policy

The Company's dividend policy is set by the board of directors subject to the Company's overview of business, need for funding, capital expenditure and budget, internal and external environmental changes and shareholders' equity. The dividend shall be no less than 50% of the earnings after tax of the current year, if no other special circumstances shall be taken into consideration. The industrial environment in which the Company operates is changeable and the Company is still growing for the time being. In consideration of the Company's long-term financial planning and to satisfy shareholders' need toward cash inflow, the cash dividend to be allocated each year shall be no less than 10% of the total stock dividend.

2. Proposed Distribution of Dividends:

(1) For the 2019 accounting year, the Company achieved NTD 12,138,554,654 of net profit after tax, NTD 10,896,987,773 of distributable surplus; after adding NTD 82,991,573,136, the distributable surplus for this term is NTD 93,888,560,909. A total of NTD 10,398,643,920 is planned to be distributed as shareholders dividend at NTD 14 per share in cash.

(Please refer to the Company's 2019 Earnings Distribution Table)

(2) If the dividend ratio of the earnings distribution is changed and must be adjusted as a result of a change in the number of outstanding shares, it is proposed to have the Chairman authorized in the meeting of shareholders to arrange necessary adjustments.

(3) Shareholder cash dividend that is less than NT\$1 should be rounded up to dollar; also, fractional shares will be purchased by persons arranged by the Chairman, authorized by the meeting of shareholders

(4) Upon the approval of the annual meeting of shareholders, it is proposed that the Chairman be authorized to resolve the dividend record date and other relevant issues.

Distribution of Retained Earnings

In 2019

Unit: NT\$

Account	Amount	Note
Unappropriated earnings - beginning	82,991,573,136	
(+)2019 Net Income	12,138,554,654	
(-)Appropriated 10% legal reserve	(1,213,855,465)	
(+)Reversal of special reserve	11,996	
(-)Change in associates and joint ventures accounted for under equity method	(841,412)	

(-)Disposal of financial assets at fair value through other comprehensive	(26,882,000)	
2019 Distributable surplus	10,896,987,773	
Distributable earnings - current	93,888,560,909	
(-)Distributions :		
Shareholder bonus	10,398,643,920	N T\$14 per share
2019 Unappropriated earnings	498,343,853	
Unappropriated earnings - ending	83,489,916,989	

Note: Earnings distribution of the year is appropriated from the 2019 after-tax distributable earnings.

(7) Impact of the proposed stock dividend in shareholders meeting on business performances and EPS: None

(8) Remuneration to employees and directors

1. Scope of remuneration to employees and directors referred to in the Articles of Incorporation

The amount to cover accumulated loss shall be reserved from the earnings of this year, and no less than 1% of the balance as the remuneration to employees and no more than 1% of the balance as the remuneration to directors.

The subject of above-mentioned staff remuneration distribution shall include staff of controlling and subsidiary company that complies with certain conditions.

2. The basis for estimating the remuneration to employees and directors for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

When allocating remuneration to employees from stock, the basis for estimation shall be based on the closing price on the day prior to resolution of the board of directors and by taking into consideration the ex-right and ex-dividend effect. Notwithstanding, in the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as accounting changes and stated as the income of the year of allocation.

3. Allocation of remuneration adopted by the board of directors in 2019

(1) Remuneration to employees and directors to be allocated in cash:

	Amount (NT\$)
Remuneration to employees	906,785,935
Remuneration to directors	47,725,575

Any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized: None.

(2) The amount of remuneration to employees distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total remuneration to employees: N/A, in order to deal with the expensed remuneration to employees and directors.

(3) Imputed EPS after taking into consideration the remuneration to be allocated to employees and directors: N/A, in order to deal with the expensed remuneration to employees, directors and supervisors.

4. The actual remuneration allocated to employees and directors actually in 2018:

(1) The actual remuneration allocated to employees and directors:

	Amount (NT\$)
Remuneration to employees	299,233,285
Remuneration to directors	15,749,120

(2) Discrepancy between said amount and remuneration to employees and directors: None.

(9) Purchase of Treasury stock in 2019: None.

II. Arrangement of corporate bond:

(I) Arrangement of corporate bond: None

(II) Convertible Bonds: None

(III) Information of CB: None

(IV) Self registration of CB: None

(V) Bond with stock option: None

III. Preferred stock (with stock option): None

IV. Issuance of global depository receipts:

GDR

Item	Date of issuance (process) May 30, 1997
Issue date	May 30, 1997
Location of issuance and trade	London / Luxembourg Note 1: Location for issuance and trade changed from London to Luxemburg starting March 28, 2013.
Total amount	US\$235, 830,000
Unit Price	US\$11.23 / GDR
Total issuance	21,000,000 GDRS
Source of common stock recognition	One GDR stands for one common stock share of ASUS Note 2: The Company's stock exchange ratio has changed from one GDR for one common stock share to one GDR to five common stock shares since January 2, 2008. Note 3: ASUS had capital reduction arranged on June 24, 2010. The proportion of outstanding convertible is 1,000 shares for 150 shares.
Total marketable security shares recognized	Stands for 21,000,000 common stock shares of ASUS
Rights and obligations of GDR holders	Please refer to Attachment A
Trustee	None
GDR institute	CITIBANK, NA
Depository institute	Citibank Taiwan Limited

Outstanding GDR			4,934,648 GDRS (December 31, 2019)			
Issuance and expense amortization throughout the issuance period			It is to be amortized in three years on average after issuance according to Article 243 of Company Law			
GDR agreement and depository agreement			Please refer to Attachment B			
Market price per unit (US\$)	2019	Highest	US\$ 39.57			
		Lowest	US\$ 31.40			
		Average	US\$ 35.64			
	As of April 11, 2020	Highest	US\$ 39.45			
		Lowest	US\$ 28.09			
		Average	US\$ 35.09			
Item	GDR				Total marketable security shares recognized	
	Date	Amounts	Price	Issue Amount	Shares	Price / Per share
Date and remainder of initial issuance A	86/05/30	21,000,000	USD11.23	235,830,000	21,000,000	0
Date and Remainder of Additional Issuance After the Initial Issuance B	87/06/15	25,478,476	0	0	25,478,476	0
	87/10/26	56,628	0	0	56,628	0
	88/06/14	18,893,413	0	0	18,893,413	0
	88/08/30	69,309	0	0	69,309	0
	89/08/11	23,830,652	0	0	23,830,652	0
	90/08/30	20,663,365	0	0	20,663,365	0
	92/08/01	6,256,511	0	0	6,256,511	0
	93/08/15	10,924,803	0	0	10,924,803	0
	94/08/29	10,654,365	0	0	10,654,365	0
	95/09/21	13,439,142	0	0	13,439,142	0
	96/09/20	6,310,972	0	0	6,310,972	0
	97/01/02	-126,062,109	0	0	0	0
	97/09/30	3,142,032	0	0	15,710,161	0
	98/09/23	64,927	0	0	324,639	0
	99/06/24	-29,514,114	0	0	-147,570,571	0
	100/09/01	1,111,472	0	0	5,557,362	0
Total Number of Remainder for Issuance D	6,319,844				31,599,227	

Attachment A

1. Voting rights: No voting rights may be exercised directly but the GDR institute shall be instructed to exercise voting rights according to the GDR agreement.
2. Dividend distribution, stock option, and other rights:
 - (1) Entitled to distribution of dividend and stock shares just like the common shareholders of ASUS. GDR institute may have GDR issued proportionally to shareholdings or increase

the common stock shares recognized with each GDR or have stock dividend sold on behalf of GDR holders and with the income distributed to GDR holders proportionally.

- (2) GDR institute reserves the said rights provided to GDR holders within the scope defined by the law of R.O.C. or international law, or, GDR institute may have the said rights sold on behalf of GDR holder and with the income distributed to GDR holders proportionally.

Attachment B

1. GDR agreement:

- (1) Transfer/split: The ownership of GDR is evidenced by EUROCLEAR and CEDEL book transaction and split system.
- (2) Dividend and others:
 - ① Cash dividend in US\$ net of GDR institute fees and tax withholding is distributed to GDR holders proportionally to their holdings.
 - ② For the distribution of stock dividend, GDR holders are to have the total GDR adjusted proportionally to the shareholding ratio recognized with GDR holdings; also, adjusted the GDR of GDR holders accordingly. GDR institute may have the income distributed to GDR holders proportionally.
 - ③ When issuing new stock shares for cash capitalization or arranging stock option, GDR institute may (I) arrange stock subscription or (II) entrust the said right to GDR holders; however, the new stock shares for cash capitalization are limited to the exemption registered with SFC.
 - ④ GDR institute must strive to have cash dividend and stock dividend distributed to GDR holders.
- (3) Voting rights: Unless otherwise agreed upon, GDR institute must base on the GDR agreement, law of R.O.C., and the instruction of GDR holders to exercise the voting rights of the marketable security recognized with GDR.

2. Depository agreement:

- (1) Submit marketable security for the issuance of GDR.
- (2) Inform GDR institute to have GDR issued.
- (3) Deliver marketable security for the exchange of GDR
- (4) Confirm the volume of GDR monthly
- (5) Confirm the volume of GDR on the registration date

V. Employee stock option certificates: None.

VI. Limit on Employee New Bonus Share: None.

VII. Merger and acquisitions or stock shares transferred with new stock shares issued:

- (1) The merger completed, stock shares transferred, and new stock shares issued in recent years and up to the date of the annual report printed:
 1. The opinions of the security underwriter who is responsible for merger, accepting other company's stock share, and issuing new stock shares in the most recent quarter: None
 2. If the business performance of the last quarter does not meet expectation, please state the impact on shareholder's equity and the corrective action proposed: None
- (2) If the merger is completed, stock shares is transferred, and new stock shares are issued in recent years and up to the date of the annual report printed, the information of the merger and the merged or acquired company must be disclosed: None

VIII. Fund implementation plan

Up to the last quarter before the printing of the financial statements, outstanding equity issuance or marketable security subscription or the completed equity issuance or subscribed marketable security without success: Not Applicable

V. Overview of Business Operation

I. Principal activities

(I) Operating Scope

Founded in 1989, ASUS is one of the world's leading providers of 3C solutions and committed to providing the most innovative products and applications to individuals and businesses. Since the establishment of ASUS, we have assembled many outstanding talents, and worked together for the vision of brand. We have achieved operational growth goals and excellent performance many times, and thus becomes one of the most important brand companies in Taiwan.

ASUS's major business is design, development and sales of 3C information products. For a number of 3C integrated products, ASUS is recognized by many domestic and international awards for the excellent quality and the original leading technologies in the industry. ASUS is a multinational company known for the world's best motherboards, PCs, monitors, graphics cards and routers. Along with an expanding range of superior gaming, content-creation and AIoT solutions, ASUS leads the industry through cutting-edge design and innovations made to create the most ubiquitous, intelligent, heartfelt and joyful smart life for everyone. With a global workforce that includes more than 5,000 R&D professionals, ASUS is driven to become the world's most admired innovative leading technology enterprise. Inspired by the In Search of Incredible brand spirit, ASUS won more than 11 awards every day in 2019 and ranks as one of Forbes' World's Best Regarded Companies and Fortune's World's Most Admired Companies.

ASUSTek Computer's core business is PC-related products. In 2019, the proportions of its products were 71% for computer-related products, 29% for component-related products, and 7% for other products

Product development projects:

- a. Digital control wireless transmission technology CPU MB
- b. Advanced 3D graphics cards
- c. Smartphone
- d. High performance Ultrabook
- e. Interactive Display/ScreenPad Laptop
- f. Content Creation/ProArt Laptop
- g. High-speed router / Network switch / Firewall / VPN
- h. New-generation advanced server
- i. Professional Gaming LED display & PC
- j. Chrome OS devices
- k. AIoT Solution (Smart Manufacturing, Smart Medical/Health, Smart Retail, Smart City)

In 2020, ASUS's main direction for the product strategy and business objectives are as follows. Computer system products will be quickly strengthened for product innovation and operation, return to the right track of operation, and achieve a growth rate outperform the industry with the board and open platform product lines. ROG and all e-sports-related products, along with the expansion of the e-sports industry and e-sports user base, become the important long-term growth momentum, the annual growth rate

will be targeted on double-digits, and gradually become a lion in the industry. For mobile phones, the focus will be on e-sports users and expert users; Establish market leading position and brand value for specific user group. Responding to the new industry trend of AIOT, several product projects and market positioning will be initiated, to grasp the opportunities for market evolution and growth. For more information and plans related to R&D, please refer to “Future R&D Plans and Estimated Investment” in “Risks”

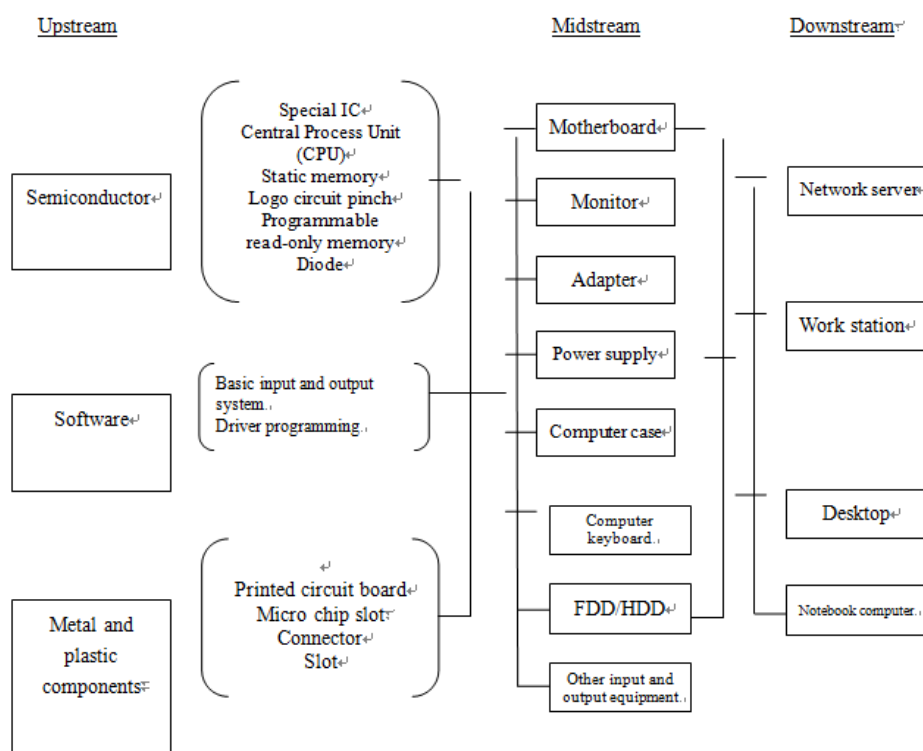
(II) Industry Overview

1. Progress and development of the industry:

The market of thin & light laptop computers has expanded increasingly. The emerging digital content and multimedia entertainment industries as well as the needs of the PC game players drive the demand for 3D multimedia and high-performance video & audio. It is foreseeable that multimedia entertainment will create more demands for laptop computers with advanced equipment. The development of our laptops incorporates not only the qualities of ‘lightweight, thin, small, and visually attractive’ but also of ‘personalization, video and audio entertainment, wireless communication, and our commitment to a green environment.’

2. Correlation of the upstream, midstream, and downstream of the industry:

In terms of the correlation of upper-stream, mid-stream, and down-stream of the industry, the upper-stream industry includes semiconductor (IC design, wafer foundry, and testing and packaging), electronic parts (passive components, rectifier diode, etc.), and others (LED, printed circuit board, connector, etc.). Mid-stream industry includes optoelectronic (monitor, LCD, etc.), electronic parts (motherboard, VGA, etc.), and computer peripherals (computer case, mouse, keyboard, etc.). Down-stream industry includes table-top computers and notebook computers.



3. Product development trends:

Cloud computing generally means that the user connects from a terminal to a remote sever or device via the Internet for access to data or application services. This is an important emerging business opportunity of the technology industry. AI and deep learning of the computer as well as development of automatic equipment brand-new in types will change the work and life of human beings. This will be the focus in the development of the technology industry

ASUS plans to invest resources in the development and promotion of various products and solutions for cloud services, robots, smart homes, and high-speed computation applications in order to enhance their portability, easy-to-use property, connection capability and service depth, and provide the user with ultimate application experience.

4. Competition:

Shipments for the laptop computer industry are gradually slowing down, and some competitors have withdrawn from the market. Nonetheless the laptop market competition is still intense and the impact of low-priced products continues. Product design remains important with emphasis on personalized design to stimulate consumer demand. Manufacturers also emphasize product differentiation and segmentation to meet the requirements of individual target consumers. Therefore, the use of marketing strategy is also significantly important in creating opportunities for profits between individual industries. The future laptop computer trends also drive the integration of new technology to increase product value. For example, ASUS' strengths in compactness, thinness, portability, power-saving and environmental-friendliness contribute to its growing market share. According to research institutions, In 2019, ASUS's thin & light notebooks grow better than the market; the aim is to continue to expanding its market share.

MB, VGA, and CD-ROM are key segments of the computer components industry that form a supply chain along with CPU, chips, and PCB connectors. ASUS has kept a profound and excellent relationship with these businesses. To upgrade the product development technique and ensure stable supply of components, ASUS cooperates with many agents and distributors in the global channel architecture. ASUS is the leading brand in many markets including Europe, Asia and America, and the value of the brand and its identification are widely recognized by the users.

(III) Research and Development

ASUS has committed to R&D excellence since the day of its incorporation to rely on in-house innovation for the R&D, production, and marketing of advanced motherboards, graphics cards, laptops, tablets, servers and smartphones; and to develop 4C (computers, communications, consumer electronics, and automobile electronics) integrated products. For ASUS, the R&D Division and the R&D Center have a positive correlation working together. The R&D Center focuses on technology studies and commercialization of creativity. The R&D Center is entrusted with the responsibility to conduct preliminary studies and assessments on the key software and hardware technology, modules, and applied program development platform in depth. This work provides reference for the R&D director in judging technology trends and partner selection. The R&D Division focuses on system integration, product introduction and commercialization. Technology is transformed to generate income, and then part of that income is contributed back to support the creativity or technology supplier. This cycle allows R&D sustain continuous

development. These commitments to R&D, and the incentives provided by the Company's management, allow ASUS to continuously recruit talented R&D. In the constantly-changing computer world, ASUS has key technologies and leading products enabling it to compete in the market and to create product value. ASUS R&D expense of NTD 9.3 billion for 2019; consolidated R&D expense is NTD 14.1 billion for 2019. R&D budget in 2020: NT\$14~15 billion.

ASUS continues to invest in research and development resources in new-style computer products, such as computers for e-sports, compact notebooks, and notebooks for content creation. In terms of enhancing the core capabilities of e-sports computers, ASUS leads the industry, to introduce the LCD display with refresh rate of 144 Hz/3 millisecond response time, as well as originally created the active aerodynamic system (AAS) cooling technology, to launch the most powerful compact e-sports notebooks in the market. Enhancing consumer experience and creating consumer value are the core spirits of ASUS, via the partnership with the giant in the game industry, Activision, ASUS co-develops the game lighting effects that enhance the player experience, as well as the new wireless technologies to achieve wireless transmission without dead spots; in addition, to ensure screen color accuracy and uniformity, ASUS ProArt™ TruColor display technology ensures that each display complies with the rigorous Pantone® color certification requirements and provides precise color to eSports players, designers and other content creators.

The specific product in the recent year:

R&D planned in 2020:

- a. Digital control wireless transmission technology CPU MB
- b. Advanced 3D graphics cards
- c. Smartphone
- d. High performance Ultrabook
- e. Interactive Display/ScreenPad Laptop
- f. Content Creation/ProArt Laptop
- g. High-speed router / network switch / firewall / VPN
- h. New-generation advanced server
- i. Professional gaming LED display & PC
- j. Chrome OS devices
- k. AIoT Solution (Smart Manufacturing, Smart Medical/Health, Smart Retail, Smart City)

(IV) Short-term and long-term development plan:

1. Short-term development plan;

ASUS will continue to follow the brand spirit of 'In Search of Incredible' to develop green technology products, entertainment, and cloud computing. Product development covers two platforms, blending advanced digital technology with the user's life experience. Open platform products include motherboards, graphic cards, LCD monitors and servers; system products include laptops, smartphones, tablets and desktops.

2. Long-term development plan:

We have entered a people-oriented mobile computing era, where all physical and

virtual computation, data access and interaction are integrated via the internet. In the future, users will not have to adapt to product functions but the product functions will be reconfigured to conform to user demand. The boundaries between mobile, tablet, laptop and other mobile devices will eventually be eliminated. In the new digital era, the power of the internet will eventually turn the screens of mobile devices into media centers connected to the cloud. Information will not be owned exclusively but will be readily available to all; transmission and sharing will be the key. As the leader of brand technology, ASUS believes in the power of the open platform. We must embrace the ubiquitous era of cloud computing with an open mind, building a versatile solution for the next generation of cloud computing.

II. Market analysis and the conditions of sales and production:

(1) Market analysis:

1. Sales regions:

Unit: NT\$ thousands

Item \ Year	2018		2019	
	Subtotal	Total	Subtotal	Total
Sales to TW		28,177,303		21,641,747
Sales to region outside of Taiwan		363,373,699		346,827,690
America	87,738,499			
Asia Pacific / Oceania	161,927,664		81,150,793	
Europe	110,445,956		154,106,998	
Africa	3,261,580		109,390,552	
Net sales		391,551,002	2,179,347	368,469,437
(-) Revenue from contracts with customers from discontinued operations		(37,363,337)		(17,138,944)
Total		354,187,665		351,330,493

2. Market share and market demand and supply and market growth:

(1) Market demand and supply of computer components:

ASUS motherboards have taken the largest global market share for several years in a row, mainly because of our superior R&D design capacity, massive production scale, complete upstream/downstream component supply chain, product quality, and controlled production costs; all of which become our powerful competitive advantage.

ASUS released the high-quality, high-performance and high-price optimized motherboards with respect to the high-rank, mid-rank and low-rank markets, in order to domain the global motherboard market absolutely and continue the most advantaged product and leadership in the industry. Since ASUS was founded in 1989, the sales of its motherboards have exceeded 500 million pieces, leading ahead of the others in the same trade absolutely.

(2) Market demand and supply of NB:

The availability of laptop computers has grown substantially throughout the world. ASUS has worked in the laptop computer industry for over 15 years, demonstrating a remarkably-sustained performance in product quality, R&D technology, and business

development. According to research conducted by an international market survey institute, ASUS stands in the world's top three consumer laptop computer suppliers and constantly leads the industry in terms of product innovation, attaining high brand value and consumer recognition. The 2019 research institute estimated the shipment of ASUS consumer laptop computers to take about 13% of the global market share.

(3) Short-term development of IT industry:

With the arrival of the cloud computing era, ASUS plans to introduce a series of cloud computing-related services and products with a specific solution designed to provide cloud computing for mobile computing, multimedia entertainment, and electronic commerce. This solution will embrace the quality of portability, ease-of-use, connection, and in-depth service, all reinforced to provide users with information at their fingertips, anywhere and at any time. Professionals can use cloud computing business tools to explore business opportunities and upgrade competitiveness, while also sharing rich and diversified multimedia entertainment with family members.

3. Competitiveness, advantages and disadvantages of development, and responsive strategies

Industrial development and vision:

(1) Advantages

- a. For the rise of mobile computing, lightweight and thin have become the trend for laptop computers. Consumers seek better user experience and higher product value. This complies with the persistent operating philosophy and the product development capability of ASUS, and will be the focus in our business operation.
- b. The market development of laptop computers has slowed down in recent years and more consumers become used to having multiple electronic products used at the same time. This will produce more important influence on the personal mobile computing devices. New types of computer products, such as gaming and thin & light laptops & content creation notebook, will continuously create new markets and demands. ASUS will, depending on the change of the market ecology, plan operating objectives and invest resources suitable for individual markets and segments to expand the products and service of new types including our smart robot Zenbo. The ASUS mobile phone, Zenfone, has been well evaluated and created excellent sales. ASUS will have competitive advantages in the evolution of the hardware industry with the support of our products.

(2) Disadvantages and responsive strategies

The growth of the computer industry and the smart phone industry has stagnated, and it is difficult to see any significant growth in terms of the total sales volume of the industry; in turn, this will affect the output value of the industry and the operating profit margin of manufacturers. In recent years, the political and economic volatility of various regions has expanded. Many out-of-norm events, such as the Sino-US trade war, the Brexit, COVID-19 among other this, have impacts on the global economic and consumer markets, and further caused fluctuations in demand, exchange rate, and raw material costs; therefore, the operation is more challenging.

ASUS expects to have a more flexible and efficient organizational operation, with two business groups being formed including: System Business Group and Open

Platform Business Group in order to aggregate resources and be more responsive to market changes. To create greater value and expand the operation scope, we established the Intelligent IoT Group at the end of 2019. The Group linked and integrated internal and external ASUS resources, teams, re-investment companies and industrial partners for active business development of intelligent IoT and new smart solutions in various application fields. With the smart manufacturing solutions completed with quality tests, we actively developed projects such as intelligent medical care, intelligent retail, and intelligent cities. Each business group will then be able to focus on improving procedure, form optimal strategy, and execute strategy completely.

ASUS will continue to invest resources in products that have economies of scale and competitive advantages as well to support the three business groups having the most competitive product lines and sales channels. ASUS is dedicated to providing consumers with better products and services, to upgrade the brand value in the minds of consumers and ultimately to turn consumer's brand recognition into market share.

Operating environment:

(1) Advantages

- a. ASUS is capable of leading the industry in developing advanced technology and specifications using its excellent R&D resources, and gaining favorable market penetration and solidifying its market leadership.
- b. ASUS controls its costs with excellent innovative concepts in high-efficiency channel and digital marketing, which reduce operational expenditures and achieve effective marketing.
- c. ASUS has long been committed to eco-friendliness, energy-saving and sustainability with multiple green technology products based on innovative core technology. ASUS intends to acquire business opportunities and market recognition for products fulfilling the global trend for green and eco-friendly appeal.

(2) Disadvantages:

- a. Export industries are subject to substantial fluctuations in foreign exchange. Managers must consider risks associated with fluctuations in foreign exchange rates. The market demand changes due to economic factors. The fluctuation of the raw material cost in recent years is another factor that affects the cost of production.
- b. The uncertainties of supply chain shipment also affect product shipment momentums and sales.
- c. New competitors enter the niche markets, such as e-sports notebook, compact notebooks, and content creation notebooks, affecting margins.

(3) Responsive strategies:

ASUS will closely watch the change of the exchange rate, implement supply chain management adequately, and balance the exchange rate risk and cost fluctuation appropriately.

Internal conditions

(1) Advantages

- a. Stable financing with sufficient funds.

- b. Improved inventory management system.
- c. Develop an excellent pool of talent, manage the R&D direction and schedule effectively, and lead the industry with technical capacity.
- d. The overall strategic planning also takes consideration short-term indicators and long-term development objectives to keep ahead of industry development trends.
- e. The Company values people and continues to improve employee welfare treatment and welfare facilities.

(2) Disadvantages:

As ASUS grows significantly in both business operation and organizational structure, it is crucial to expand and improve the effectiveness of our management.

Product and technological development:

(1) Advantages:

- a. ASUS has created a strong R&D team. The excellent R&D talents of ASUS are recognized in the industry, with many patents awarded and many new products constantly in development.
- b. Many of the department heads and management of ASUS have a technological background. They thoroughly understand industrial trends and product development technology enabling them to take full advantage of development-to-plan product lines in depth, to apply recourses effectively, and to generate added value.
- c. The Company made early investments in important new products such as wearable devices, robotics and intelligent home products, with considerable R&D and marketing resources to ensure that the products lead the competition.

(2) Disadvantages:

Currently the sales channel for mobile computing device products differs from computer products, and requires the deployment of highly-efficient channel partners in addition to improving the sales operation efficiency.

Sales and marketability:

(1) Advantages

- a. Under the operation of a strong sales management program, ASUS has achieved competitive computer sales in most regions, limiting the impact that adverse economic situations in one area has on the corporate operations. By deploying product lines across the market, the Company can properly reduce the impact of economic risks.
- b. The Asia-Pacific market has been upgraded into global markets with better growth momentum in recent years. ASUS has planned and acquired good brand and channel positioning.
- c. The Company mostly have the leading positions in each product line, and is the No. 1 in terms of the global market share of the motherboards. In terms of notebooks, it won the first place in Taiwan and Southeast Asia (Indonesia, Malaysia, Vietnam). ASUS has also achieved good performance in other regions, making it the third largest consumer notebook computer in the world. According to research institutions, the ASUS E-sports notebook computer has the second-largest market share in the world in 2019, with better growth than the market. Moreover, for the global website service, official websites in

multi-lingual versions have been established, to implement the business strategy of localization, and deep cultivation of the local markets.

(2) Disadvantages:

The operating performance of overseas subsidiaries depends on effective management of channels and creation of brand orientation and value. The overseas subsidiaries' HR and management mechanism must meet said two important objectives.

(2) Application and production process of major products:

1. Application of major products:

- a. Motherboards, graphics cards, and optical drives are important elements for desktop computers and servers. ASUS is in a leading position worldwide with all the aforementioned products.
- b. The market boundaries among notebooks, tablets, and smart phones are increasingly blurred; with the significant market size, ASUS continues to strengthen product differentiation and seize market opportunities in product innovation.
- c. The quality and technical demand for wireless broadband communication products is extremely high and ASUS holds the key technologies allowing it to develop high-quality products with trust and word-of-mouth reputation from customers.

2. Production Process of Major Products

More than 90% of processes are automated

- a. MB and VGA: Automatic SMT → Pick and place → soldering pot → burning → test
- b. NB, tablet and other products: Automatic SMT → pick and place → soldering pot → burning → PCB test → assembling → system test

(III) Supply of major raw materials:

Major raw materials	Suppliers
Chips	AMD, Intel, Nvidia, Qualcomm
Memory	Samsung, SK Hynix, Micron, Western Digital
Logic IC	Newland, RT, RICHTEK, ASMedia
PCB	HSB, WUS, Nova, SUNFLEX
LCD	AUO, INX, BOE, Samsung, LGD, TIANMA

Most of the aforementioned manufacturers have been doing business with ASUS for years.

(IV) Major Customers with over 10% net sales and Suppliers with over 10% total purchases (Included discontinued operations) of the last two fiscal years

1. Major Suppliers of the last two fiscal years

Unit: NT\$ thousands

Item	2018				2019				2020Q1 (Note 1)			
	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net purchase of Q1 (%)	Relation with issuer
1	F Suppliers	62,032,168	19	None	F Suppliers	57,437,182	21	None				
	Others	270,973,913	81		Others	212,679,376	79					
	Net purchase amount	333,006,081	100		Net purchase amount	270,116,558	100					

Note 1: The 2020Q1 financial statements audited by the CPA were not yet available up to the print of annual report on April 11, 2020.

Note 2: Causes of increase and decrease: The major suppliers of the ASUS Group did not change substantially in 2019 and 2018.

2. Major Customers of the last two fiscal years:

The sales income of one customer from the consolidated company between 2019 and 2018 did not show 10% of the consolidated net operating income.

(V) Production/Sales Quantities and Value over the Past Two Year: Not Applicable.

(VI) Sales quantities and values of the last two fiscal years:

Unit: Piece (unit); NT\$ thousands

Major product \ year	2018				2019			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
IT products	3,375,337	22,466,101	51,272,377	272,949,775	2,884,810	19,077,441	45,874,113	261,202,955
Others	-	2,189,164	-	15,404,093	-	743,740	-	3,256,915
Total	-	24,655,265	-	288,353,868	-	19,821,181	-	264,459,870

Note: The abovementioned information refers to ASUSTeK Computer Inc. refer to the annual report of other listed subsidiary companies for more information.

III. Employees

Status of employees over the past two years and up to the date of the report printed

April 11, 2020

Year		2018	2019	As of April 11, 2020
Employee	Direct Labor	0	0	0
	Indirect labor	6,089	5,831	5,892
	Total	6,089	5,831	5,892
Average age		35.1	35.8	36
Average years of service		6.49	7	7.11
Education (%)	Ph. D.	0.69%	0.65%	0.64%
	Masters	58.42%	56.32%	56.51%
	College /University	38.23%	40.13%	40%
	Senior High School	2.45%	2.64%	2.65%
	Junior High School and below	0.21%	0.26%	0.2%

Note: The abovementioned information refers to ASUSTeK Computer Inc. Refer to the annual report of other listed subsidiary companies for more information .

IV. Expenditure on environmental protection

(I) Material capital expenditure invested in environmental protection activity:

1. The Company established GreenASUS and SERASUS Committee dedicated to boosting the sustainability management system certification, international environmental protection awards and green innovation projects. Please see Section III. Corporate

Governance Report (6) Corporate Social Responsibility herein.

2. ASUS fellows will join environmental protection organizations and get involved in environmental protection activities.
3. We implement the “Digital Inclusion Project” to recycle IT apparatuses and donate them to schools in remote areas after repair. This not only reduces the waste materials but also helps to fill the urban-rural gap.
4. Arrange environmental protection, recycling, and merciful donation activities from time to time; also, contribute the income generated to charities activities.
5. We cooperate with the government to introduce ISO50001 energy management system to build an energy baseline every year and use PDCA to set up energy saving goals and ensure continual improvements in order to maintain implementation and reach the goal of reduction every year.

(II) The total amount of loss and fine paid for environmental pollution in 2019 and up to the date of the report printed: None.

(III) Estimated environmental protection expenses:

1. We will continue to introduce energy management system to make more efforts for saving energy and reducing greenhouse gas emission.
2. ASUS will continue to invest in green design, green procurement, green production, and green marketing for fulfilling corporate social responsibility to the earth.
3. The Company will plan the capital expenditure related to environmental protection based on GreenASUS and SERASUS.

V. Employee/employer relations

The realization of business goals relies on the commitment, deduction, and effort of employees; however, employees cannot exercise their talents without the support of the employer; therefore, a harmonious employer-employee relation is what ASUS after. ASUS has treated employees with an honest and open attitude; also, has working regulations and rules defined in the Company’s Work Code for the reference of employees. In terms of salary, benefit, and training policy, it is designed to help employees realize their objectives; therefore, they are able to have themselves heard and to have their working safety secured; also, their work satisfaction and profound economic interest fulfilled without the need of organizing an union. Employer and employees are unified and share the same concept to work for the future of the organization.

Based on the respect and promise to employees, ASUS follows the international regulations of UNGC, UDHR and ILO to formulate human rights policies and does not discriminate employees due to race, sex, age, parties, religion, and the disability. Hiring of an employee must be subject to the local minimum age requirements, local regulations, EICC and other relevant regulations. The human right declaration shall be revealed accordingly.

(I) Employee’s welfare package

ASUS always takes human respect and employee care as one of the management philosophies. To ensure the living conditions of employees and hold the belief of sharing profits with all employees, we provide a fair and legal internal and external bonus and remuneration system based on the average gross national income and price index, industry compensation level, and internal equal pay for equal work condition to determine the bonus and remuneration for the employees. The reasonable amount and distribution are proposed to the Board of Directors after being reviewed by the neutral Remuneration management Commission. The remuneration for the managerial officers is

distributed after approved by the Boards of Directors. The amount distributed to the employees or managers is also determined depends on the importance of the job, contribution and personal performance. In order to encourage employees to work hard without worry, besides basic security and bonus, ASUS specially supports and sponsors related welfare projects. Employees also organize employee welfare organizations for planning and implementation of the welfare matters. Major points of the current welfare projects are listed below:

1. ASUS has the following benefits provided in accordance with Company Law:
Health insurance, labor insurance, group insurance, the total amount contributed to staff personal retirement account may not be less than 6% monthly salary, accrual pension reserve according to old contribution plan deposited in Bank of Taiwan, arrearage reserve, and appropriating welfare fund with a percentage of sales revenue and paid-in capital.
2. ASUS has the following benefits provided specially:
Season-greeting bonus and performance bonus, annual physical health check up, E-Library, Employee Assistance Programs(EAP), Employee Sports and Recreational Center – Taoran Hall: offering lukewarm swimming pool/SPA, gym, pool room, and aerobics room as well as employee café, featuring multiple functional sites and welfare measures.
3. “Employee Welfare Committee”
Birthday & Season-greeting bonus, wedding/funeral/celebration and emergency financial aid, group activities, scholarship and financial aid to employee’s children, Winter & Summer vocations’ children's winter & summer camp, employee benefits Vouchers, and using departmental-based “Teamwork” activities and cooperate with literary units for discount offers so that the peers can implement art and literature appreciation.

(II) Education and training

ASUS has years of experience in cultivating talents in accordance with operating concepts of “cultivation, cherishment, caring for employees, and helping ASUS fellows reaching their potential;” moreover, ASUS has a profound operating model setup in education and training and with excellent internal tradition formed. The talents cultivation and development is illustrated as follows:

1. Personal learning & growth plan

ASUS has promoted the “Learning & Growth Plan”, manager assist employees developing capability; also, to provide alternatives in conformity with organizational and personal development. Base on the concept of “individualization” to plan personal learning and growth plan by the management and the staff together in accordance with the core value of the Company and the occupational ability needed for job performance. The idea is to have the learning process become more systematic and effective. There were 1,186 individuals participated in the learning and growth plan in 2019. Please refer to the learning and growth plan procedure below:



Figure 1: Learning & Growth Plan Procedure

2. Diversified learning resources

Talents are the key to the success of an enterprise. ASUS has never taken it light in terms of talents training. The mission of ASUS is to help each worker learn and grow at work continuously; also, to exercise their potentials to the extreme. ASUS has a series of training course and learning resources planned for the staffs taking as a whole. The training course included orientation, newly promoted directors training, core value training, management functions training, and professional competence training. In addition to the internal training courses, external training courses, on-job training, and self-development training are also available.



Figure2: Diversify Learning & Development Resources

(1) Internal training courses - Management and core vocational training (including generality seminar)

AUSU plans comprehensive learning blueprint for each employee to help build up their occupational competence. Annual management training program including junior management training and management competency training in all level is to help the management upgrade managing ability systematically and exercise management effectiveness. Plan core value training courses to help staff generate ASUS DNA and upgrade staff's work skills and performance. The average cumulative training hours of each employee in management and core value was 5.7 hours in 2019. The actual expenses of included the learning management system and classroom equipment costs of NT\$ 2,010,356. And the classroom/E-learning courses costs of NT\$ 1,450,710. The total amount was NT\$ 3,461,066. The result of training is as below:

Course Type	Course	Cumulative Hours (hr.)	Cumulative attendance times	Expense (NTD)
Classroom	97	328.5	5,192	1,137,284
E-learning	77	83	8,445	313,426
Total	174	411.5	13,637	1,450,710

(2) Internal training courses - Professional training

ASUS has new recruits trained with various professional and practical courses to help them adapt to working culture and accumulate professional skills in width and depth. Professional training courses arranged by each department in 2019 included 1,044 courses. The expenses produced due to professional training provided by each department were amounted up to NT\$ 1,055,573 in 2019.



Figure 3: Internal Training Course

(3) Self-development resources and seminars

For the purpose of encouraging staffs for independent study, ASUS provides various learning resources for independent development, such as, ASUS Library, industry database, E-Book, document sharing, and community discussion of diverse topics. Build up colleague's active learning and personal capability and positive work attitude and sense of value. ASUS library, MP talking book, and VCD / DVD are 882 items in total in 2019. The costs of self - learning development resource is NT\$1,879,962.

(4) On-job training

Directors have on-the-job training arranged in accordance with the mission assigned and personal development added it with the participating in the projects, coaching, internship, job enlargement, and job enrichment to upgrade employee's competence. Let employees learn from daily operation systematically and apply the learned skills to work. Directors have 370 on-job training programs planned and arranged in 2019, representing 1.37% of learning and growth plan.

(5) External training

In addition to the internal training courses planned in accordance with the demands of the staff taking as a whole, employees are assigned to be trained externally in response to the demand of each individual in order to upgrade the professional ability needed for performing the task. ASUS grants employees financial support for the external training courses related to their job performance. ASUS had 243 external training courses arranged in 2019 with NT\$1,238,230 granted as follows:

Item	Course	Expense (NTD)
Professional	210	1,082,286
Management	17	81,665
Language	6	30,210
Others	10	44,069
Total	243	1,238,230

(III) Code of employee's conducts and ethics

The "sincerity, thrift, profundity, and practicality" is one of ASUS's operating concepts.

To consolidate mutual understanding among ASUS employees, the Company selected 5 traditional virtues in oriental culture, namely humbleness, honesty, hard-working, swiftness and courage as our core values, which were listed as the benchmarks for all employees in terms of consistent daily behavior, interpersonal relationships and self-improvement.

Along with international focus increasing on corporate ethics and social responsibility, ASUS has always held the highest standard of moral conduct as self-discipline for continuously maintaining trust and respect from consumers, allied partners and the public. ASUS follows the most important core value- “Honesty and integrity” in corporate culture during all business activities. No corruption and any forms of fraudulent practice are allowed, where we apply the punishment system to ensure employees not to accept any forms of request, contract, acceptance of any bribe or other improper benefit. Upon discovery of possible violation by ASUS employees against ASUS code of ethical conduct, other employee/s and external individuals may report to the Company directly through our public email audit@asus.com. Protection will be provided to the reporter for preventing unfair and disrespectful treatment.

To maintain employee recognition on the code of ethical conduct, ASUS publishes the “Code of ethical conduct for employees” on the Company’s internal website for employees’ reference at all times. In addition, the compulsory online training course on “Code of ethical conduct for employees” is provided with translation in multiple languages; all new employees must complete its study within a month after reporting on duty. Every year, employees worldwide shall repeat the online course on the “Code of ethical conduct for employees.” Each employee is provided with the “Reminder card on unfair competition and bribing” with random propaganda and explanation to strengthen ethical concepts. In addition to self-experience, all employees are expected to present ethical conduct, which makes ASUS the respectable corporate.

ASUS has based on the “Code of Conduct - Responsible Business Alliance (the former Electronic Industry Code of Conduct of EICC)” and “Listed Companies to set standards of ethical conduct” to stipulate the “Code of Ethics” as follows:

Chapter 1 General Provisions

Chapter 2 Regulatory compliance

Chapter 3 Preventing conflict of interest

Chapter 4 Gifts, business entertainment, and social standard

Chapter 5 Avoid the personal gain chance

Chapter 6 Information fully preserved and disclosure

Chapter 7 Fair trade, advertisement, and competition

Chapter 8 Safeguard the interest

Chapter 9 Community watch

Chapter 10 Training and dissemination

Chapter 11 Punishment

Chapter 12 Others

(IV) Workers and environmental safety protective measures:

1. Establish occupational health and safety management department

The Company has established the dedicated health and safety personnel pursuant to laws and regulations, in charge of the planning, execution, audit and improvement for

the company personnel, environmental and occupational safety and health management systems.

2. Regular implementation of environment aspects and risk assessment

Through annual environmental considerations and risk assessments for safety and health, the potential risks are identified for workers and the environment, and with the improvement and prevention, it is sought to reduce accidents.

3. Regular occupational health and safety management training and physical examination

To ensure the safety of the employee and environment, we hold regular occupational health and safety management training for employees and contractors. We designate managers for the employee who engages in special operations, conduct environmental monitoring, and arrange physical (health) examination for these employees in accordance with the laws to ensure their health and safety.

4. Fire management and emergency response training

Besides preparing fire protection plans and reporting for safety inspection in accordance with the laws, we provide emergency response training to improve the emergency response ability of the workers and contractors.

5. Regular operational environment testing implementation

The Company formulates operational environment testing sampling plans and entrusts qualified firms to conduct tests and posts the testing result in obvious places. If there is any abnormality, list it as the goal for improvement of the safety and health.

6. Dedicated medical department and health management system

The Company has better annual health checkups than the regulatory requirements. It employs occupational medical specialists and nurses pursuant to laws to be in charge of the employee health management, occupational disease prevention and health promotion activities, including: working hours management, musculoskeletal hazards, pregnant women's safety and health, healthy stair-climbing stairs, slimming weight loss, anti-cancer screening, and healthy living habits, among other things, and provide outpatient clinics and counseling services to achieve a full range of health care. Additionally, the establishment of management systems for health, abnormal work overload and maternity health have been completed consecutively for effective control over high-risk groups and prevention against occupational disease.

7. The Company establishes EAP psychological consultation service hotline to provide consultation services for employees in terms of work, life and health, implementing the management philosophy of "cultivation, cherish and care for employees."

8. Honored by Common Health Magazine in 2019 as CHR healthy corporate citizen with Innovation award under health awareness category; passed the healthy workplace certification in 2018 with acquisition of health promotion label; received 2018 National occupational safety & health award- Corporate benchmark award from the Ministry of Labor and listed among Labor safety award- Excellent enterprise by Taipei City over 4 consecutive years, 2018 National healthy workplace with excellence-

Health management award, Top 5 healthy workplace with excellence in Taipei City and received certificate of appreciation for assisting Fire Department by promoting fire prevention over 3 consecutive years, which was recognized in terms of staff safety, physical/ mental/ spiritual care and environmental protection.

(V) Retirement plan

In response to the Company's having the business operation dividend into brand name business and OEM/ODM since 2008, the seniority of the workers with ROC nationality was settled and with the pension paid on the end of January 2008. Workers with ROC nationality who have been employed in 2008 are entitled to the Defined Contribution Pension Plan. The total amount contributed to staff personal retirement account may not be less than 6% monthly salary. Foreign workers are subject to adaption of new-pension plan or old pension plan according to the law.

(VI) Other agreements

The Company's loss from employee-employer dispute in recent years and up to the date of the report printed: None

VI. Major agreements:

April 11, 2020

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Credit Contracts	Australia and New Zealand Banking Group Limited	From Dec 9, 2019 to modify or terminate the contract	Unsecured loan, totaling NT\$80 million	N/A
Credit Contracts	Taiwan Cooperative Bank	May 17, 2019 ~ May 17, 2020	Unsecured loan, totaling NT\$1 billion	N/A
Credit Contracts	Taipei Fubon Bank	Aug 3, 2019 ~ Jul 28, 2020	Unsecured loan, totaling NT\$2 billion	N/A
Credit Contracts	Mega International Commercial Bank, Lanya Branch	Aug 17, 2019 ~ Aug 16, 2020	Unsecured loan, totaling NT\$3 billion	N/A
Credit Contracts	The Shanghai Commercial & Savings Bank, Ltd.	Aug 16, 2019 ~ Aug 15, 2020	Unsecured loan, totaling NT\$1 billion and USD 40 million	N/A
New Construction (Civil) Contract Agreement	CHUNG-LIN GENERAL CONTRACTORS, LTD.	May 24, 2017 ~ Jul 25, 2019 (Scheduled completion date)	Civil Works of Newly Built Office Building	N/A
Real estate sale contract; Housing lease contract	Pfizer Pharmaceutical Co., Ltd.	Real estate trading is a one-time transaction, and there is no contract start time	Real estate sales contract: purchase of land and buildings Lease contract: The acquired real estate is leased back to the seller (the original owner of the real estate) and its affiliates	N/A

VI. Financial Information

I. Condensed balance sheet, income statement, and auditor's opinions over the last five years

(I) Condensed balance sheets (consolidated)

Unit: NT\$ thousands

Year Item		Financial information in the past five years (Note 2)					As of April 11, 2020
		2015	2016	2017	2018	2019	
Current Assets		258,336,700	273,972,099	257,588,380	254,924,246	240,183,814	(Note 3)
Property, plant and equipment		9,042,789	13,743,767	15,250,476	16,733,866	22,354,443	
Intangible Assets		1,996,495	1,898,724	1,953,183	2,071,736	2,181,855	
Other Assets		64,228,889	74,605,336	70,099,130	68,436,028	87,283,999	
Total Assets		333,604,873	364,219,926	344,891,169	342,165,876	352,004,111	
Current Liabilities	Before allocation	152,738,006	168,496,912	153,886,173	162,689,625	154,518,625	
	After allocation	163,879,410	181,123,837	165,027,577	173,831,029	(Note 1)	
Total non-current liabilities		11,438,921	11,505,800	12,330,693	11,784,327	14,198,694	
Total Liabilities	Before allocation	164,176,927	180,002,712	166,216,866	174,473,952	168,717,319	
	After allocation	175,318,331	192,629,637	177,358,270	185,615,356	(Note 1)	
Share capital		7,427,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,719,653	5,079,722	5,554,197	6,299,430	6,297,000	
Retained earnings	Before allocation	125,934,543	133,995,876	136,913,856	130,233,968	131,203,394	
	After allocation	114,793,139	121,368,951	125,772,452	119,092,564	(Note 1)	
Other Equity		29,270,140	34,982,282	25,248,529	17,404,000	31,932,043	
Treasury shares		-	-	-	-	-	
Non-controlling interest		2,076,007	2,731,731	3,530,118	6,326,923	6,426,752	
Total Equity	Before allocation	169,427,946	184,217,214	178,674,303	167,691,924	183,286,792	
	After allocation	158,286,542	171,590,289	167,532,899	156,550,520	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 11, 2020; therefore, the amount after adjustment is not disclosed.

Note 2: The above financial information for each year was audited by CPA.

Note 3: The 2020Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 11, 2020.

Condensed statements of comprehensive income (consolidated)

Unit: NT\$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 11, 2020
	2015	2016	2017	2018	2019	
Operating revenue	472,335,318	466,802,706	386,418,859	354,187,665	351,330,493	(Note 2)
Gross Profit	67,885,370	66,227,367	54,902,250	52,014,276	53,488,118	
Operating Income	21,006,376	18,751,955	17,284,892	16,975,634	11,616,692	
Non-operating Income and Expenses	1,436,944	5,529,994	6,435,902	4,010,083	7,687,459	
Profit before income tax	22,443,320	24,281,949	23,720,794	20,985,717	19,304,151	
Income (Losses) from Continuing Operations for the year	17,285,917	19,618,404	19,556,284	17,342,299	15,210,129	
Losses from Discontinued Operations	-	-	(3,516,290)	(12,069,803)	(2,195,100)	
Profit for the year (Losses)	17,285,917	19,618,404	16,039,994	5,272,496	13,015,029	
Other comprehensive income for the year (Net of income tax)	(1,029,629)	5,708,881	(9,749,918)	(7,613,160)	14,518,543	
Total comprehensive income for the year	16,256,288	25,327,285	6,290,076	(2,340,664)	27,533,572	
Profit attributable to shareholders of the parent	17,097,470	19,202,737	15,544,905	4,235,036	12,138,555	
Profit attributable to Non-controlling interests	188,447	415,667	495,089	1,037,460	876,474	
Total comprehensive income attributable to shareholders of the parent	16,069,758	24,914,879	5,811,152	(3,346,590)	26,666,598	
Total comprehensive income attributable to Non-controlling interests	186,530	412,406	478,924	1,005,926	866,974	
Earnings per share (non-retroactive)	23.02	25.85	20.93	5.70	16.34	

Note 1: The above financial information for each year was audited by CPA.

Note 2: The 2020Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 11, 2020.

(II) Condensed balance sheets (separate)

Unit: NT\$ thousands

Year Item		Financial information in the past five years (Note 2)					As of April 11, 2020
		2015	2016	2017	2018	2019	
Current Assets		135,861,965	137,328,384	114,259,033	108,263,861	101,725,411	(Note 3)
Property, plant and equipment		3,155,770	7,008,339	7,431,227	9,041,080	11,851,468	
Intangible Assets		273,810	191,765	115,992	113,635	90,479	
Other Assets		119,819,832	137,888,365	137,492,255	133,165,955	151,366,338	
Total Assets		259,111,377	282,416,853	259,298,507	250,584,531	265,033,696	
Current Liabilities	Before allocation	81,556,623	89,805,339	72,510,647	77,519,048	73,526,095	
	After allocation	92,698,027	102,432,264	83,652,051	88,660,452	(Note 1)	
Total non-current liabilities		10,202,815	11,126,031	11,643,675	11,700,482	14,647,561	
Total Liabilities	Before allocation	91,759,438	100,931,370	84,154,322	89,219,530	88,173,656	
	After allocation	102,900,842	113,558,295	95,295,726	100,360,934	(Note 1)	
Share capital		7,427,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,719,653	5,079,722	5,554,197	6,299,430	6,297,000	
Retained earnings	Before allocation	125,934,543	133,995,876	136,913,856	130,233,968	131,203,394	
	After allocation	114,793,139	121,368,951	125,772,452	119,092,564	(Note 1)	
Other Equity		29,270,140	34,982,282	25,248,529	17,404,000	31,932,043	
Treasury shares		-	-	-	-	-	
Total Equity	Before allocation	167,351,939	181,485,483	175,144,185	161,365,001	176,860,040	
	After allocation	156,210,535	168,858,558	164,002,781	150,223,597	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 11, 2020; therefore, the amount after adjustment is not disclosed

Note 2: The above financial information for each year was audited by CPA.

Note 3: The 2020Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 11, 2020.

Condensed statements of comprehensive income (separate)

Unit: NT\$ thousands

<div style="display: flex; align-items: center;"> <div style="transform: rotate(-45deg); width: 20px; height: 20px; margin-right: 5px;"></div> <div>Year</div> </div>	Financial information in the past five years (Note 1)					As of April 11, 2020
	2015	2016	2017	2018	2019	
Operating revenue	377,074,468	360,595,685	300,429,666	273,282,876	274,303,772	(Note 2)
Realized gross profit	24,098,655	22,662,633	19,928,677	18,154,704	18,739,717	
Operating Income	9,263,997	9,080,820	8,576,620	8,904,342	4,730,162	
Non-operating Income and Expenses	11,733,974	13,420,744	12,841,875	9,345,784	12,603,188	
Profit before tax	20,997,971	22,501,564	21,418,495	18,250,126	17,333,350	
Income (Losses) from Continuing Operations for the year	17,097,470	19,202,737	19,061,195	16,304,839	14,333,655	
Losses from Discontinued Operations	-	-	(3,516,290)	(12,069,803)	(2,195,100)	
Profit for the year	17,097,470	19,202,737	15,544,905	4,235,036	12,138,555	
Other comprehensive income for the year (Net of income tax)	(1,027,712)	5,712,142	(9,733,753)	(7,581,626)	14,528,043	
Total comprehensive income for the year	16,069,758	24,914,879	5,811,152	(3,346,590)	26,666,598	
Earnings per share (non-retroactive)	23.02	25.85	20.93	5.70	16.34	

Note 1: The above financial information for each year was audited by CPA.

Note 2: The 2020Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 11, 2020.

(III) Auditing by CPAs

CPAs and their auditing opinions in the past five years

Auditing Year	CPAs	Opinions
2015	Chou Tseng Hui-Chin, CHANG, MING-HUI	Modified unqualified
2016	Chou Tseng Hui-Chin, CHANG, MING-HUI	Modified unqualified
2017	CHOU, CHIEN-HUNG, CHANG, MING-HUI	Unqualified Opinion
2018	CHOU, CHIEN-HUNG, CHANG, SHU-CHIUNG	Unqualified Opinion
2019	CHOU, CHIEN-HUNG, CHANG, SHU-CHIUNG	Unqualified Opinion

II. Financial analysis in the past five years

(I) Financial analysis for consolidated report

<div>Year (Note 1)</div> <div>Item (Note 3)</div>		Financial analysis in the past five years					As of April 11, 2020
		2015	2016	2017 (Note 8)	2018	2019	
Financial structure (%)	Ratio of liabilities to assets	49.21	49.42	48.19	50.99	47.93	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	2,000.12	1,424.09	1,252.45	1,072.53	883.43	
Solvency	Current ratio (%)	169.14	162.60	167.39	156.69	155.44	
	Quick ratio (%)	96.34	107.33	108.38	95.01	101.85	
	Times interest earned	61.74	389.85	114.93	35.65	102.98	
Operating ability	Account receivable turnover (times)	5.58	5.37	4.96	4.10	4.46	
	Days sales in accounts receivable	65.41	67.97	73.58	89.02	81.83	
	Inventory turnover (times)	3.48	3.60	3.73	2.90	3.00	
	Account payable turnover (times)	5.63	6.06	5.76	4.97	4.80	
	Average days in sales	104.88	101.38	97.85	125.86	121.66	
	Property, plant and equipment turnover (times)	50.72	40.97	29.93	22.15	17.98	
	Total assets turnover (times)	1.38	1.34	1.22	1.03	1.01	
Profitability	Ratio of return on total assets (%)	5.12	5.64	4.56	1.60	3.79	
	Ratio of return on equity (%)	10.32	11.09	8.84	3.04	7.42	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	302.16	326.92	268.78	120.04	230.34	
	Profit ratio (%)	3.66	4.20	3.70	1.49	3.70	
	Earnings per share (\$) (non-retroactive)	23.02	25.85	20.93	5.70	16.34	
Cash flow (%)	Cash flow ratio	(6.92)	29.26	(0.90)	3.18	22.86	
	Cash flow adequacy ratio	65.41	90.54	86.40	58.32	79.66	
	Cash reinvestment ratio	(12.00)	18.33	(6.91)	(3.15)	11.60	
Leverage	Degree of operating leverage	2.95	3.19	4.54	3.05	4.83	
	Degree of financial leverage	1.02	1.00	1.01	1.02	1.01	

The root causes of the financial ratio change in the last two years:

Times interest earned: The net profit before tax (include discontinued operations) increased in the current year, resulting in an increase in the times interest earned.

Return on assets: The net profit after tax increased in the current year, resulting in an

Return on equity: The net profit after tax increased in the current year, resulting in an increase in the return on equity.

Ratio of profit before tax to paid-in capital: The net profit before tax (include discontinued operations) increased in the current year, resulting in an increase in the ratio of profit before tax to paid-in capital.

Profit ratio: The net profit after tax increased in the current year, resulting in an increase in the profit ratio.

Earnings per share: The net profit attributable to shareholders of the parent increased in the current year, resulting in an increase in the earnings per share.

Cash flow ratio: The cash inflow from operating activities increased in the current year, resulting in an increase in the cash flow ratio.

Cash flow adequacy ratio: The net cash inflow from operating activities increased in the recent five years, resulting in the increase in the cash flow adequacy ratio.

Cash reinvestment ratio: The cash inflow from operating activities increased in the current year, resulting in an increase in the cash re-investment ratio.

Degree of operating leverage: The operating profit decreased in the current year, resulting in an increase in the degree of operating leverage.

(II) Financial analysis for separate report

<div> <div>Year (Note 1)</div> <div>Item (Note 3)</div> </div>		Financial analysis in the past five years					As of April 11, 2020
		2015	2016	2017 (Note 8)	2018	2019	
Financial structure (%)	Ratio of liabilities to assets	35.41	35.74	32.45	35.60	33.27	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	5,626.35	2,748.32	2,513.55	1,914.21	1,615.90	
Solvency	Current ratio (%)	166.59	152.92	157.58	139.66	138.35	
	Quick ratio (%)	112.54	115.37	111.11	87.40	93.75	
	Times interest earned	1,166,554.94	202,717.79	76,318.04	2,427.51	6,816.96	
Operating ability	Account receivable turnover (times)	4.29	4.03	3.96	4.04	4.46	
	Days sales in accounts receivable	85.08	90.57	92.17	90.34	81.83	
	Inventory turnover (times)	8.36	8.44	9.14	6.31	6.10	
	Account payable turnover (times)	5.68	5.99	5.73	5.18	4.87	
	Average days in sales	43.66	43.24	39.93	57.84	59.83	
	Property, plant and equipment turnover (times)	117.89	70.95	46.52	33.18	26.26	
	Total assets turnover (times)	1.41	1.33	1.24	1.07	1.06	
Profitability	Ratio of return on total assets (%)	6.39	7.09	5.74	1.66	4.71	
	Ratio of return on equity (%)	10.33	11.01	8.72	2.52	7.18	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	282.70	302.95	236.32	83.21	203.81	
	Profit ratio (%)	4.53	5.33	4.63	1.55	4.43	
	Earnings per share (\$) (non-retroactive))	23.02	25.85	20.93	5.70	16.34	
Cash flow	Cash flow ratio	(8.73)	13.57	11.86	14.78	16.98	
	Cash flow adequacy ratio	44.46	46.69	42.01	35.03	41.88	
	Cash reinvestment ratio	(10.78)	0.53	(2.11)	0.18	0.69	
Leverage	Degree of operating leverage	2.11	1.95	2.31	1.43	3.36	
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00	

The root causes of the financial ratio change in the last two years:

Times interest earned: The net profit before tax increased in the current year, resulting in an increase in the times interest earned.

Property, plant and equipment turnover: The balance amount of Property, plant and equipment increased in the current year, resulting in an increase in the property, plant and equipment turnover.

Return on assets: The net profit after tax increased in the current year, resulting in an increase in the return on assets.

Return on equity: The net profit after tax increased in the current year, resulting in an increase in the return on equity.

Ratio of profit before tax to paid-in capital: The net profit before tax increased in the current year, resulting in an increase in the ratio of profit before tax to paid-in capital.

Profit ratio: The net profit after tax increased in the current year, resulting in an increase in the profit ratio.

Earnings per share: The net profit attributable to shareholders of the parent increased in the current year, resulting in an increase in the earnings per share.

Cash reinvestment ratio: The cash inflow from operating activities increased in the current year, resulting in an increase in the cash re-investment ratio.

Degree of operating leverage: The amount of fixed costs and the proportion increased in the current year, resulting in an increase in the degree of operating leverage.

Note 1: The financial information is audited by CPA.

Note 2: The 2020Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 11, 2020.

Note 3: Equations:

1. Financial structure

(1) Ratio of liabilities to assets = Total liabilities / Total assets

(2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities

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

3. Operating ability

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

(2) Days sales in accounts receivable = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventory amount

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

(5) Average days in sales = 365 / Inventory turnover

(6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment

(7) Total assets turnover = Net sales / Average total assets

4. Profitability

(1) Ratio of return on total assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets

(2) Ratio of return on equity = Net income (loss) / Net average total equity

(3) Ratio of profit before tax to paid-in capital = Net income before tax / Paid-in capital

(4) Profit ratio = Net income (loss) / Net sales

(5) Earnings per share = (Profit attributable to shareholders of the parent – preferred stock dividend) / Weighted average stock shares issued (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activity / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activity in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years

- (3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Gross property, plant and equipment + Gross Investment property + Long-term investment + Other non-current assets + Working capital) (Note 5)

6. Leverage:

- (1) Degree of operating leverage = (Net operating revenue – Variable operating cost and expense) / Operating income (Note 6)
- (2) Degree of financial leverage = Operating income / (Operating income – interest expense)

Note 4: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 5: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.
6. Gross investment property means the total investment property before deduction of the accumulated depreciation.

Note 6: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

Note 7: For company shares without face value or each face value not equivalent to NTD10, the aforementioned calculation of paid-in capital ratio is calculated on the equity ratio under the parent company proprietors on the balance sheet.

Note 8: Include discontinued operations.

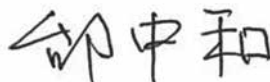
III. Audit Committee's review report of 2019

Audit Committee's Review Report of ASUSTeK Computer Inc.

The Board of Directors has prepared the ASUSTeK Computer Inc. (“the Company”) 2019 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company’s financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of ASUSTeK Computer Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

ASUSTek Computer Inc.

Chairman of the Audit Committee: Mr. Chung-Hou, Tai



March 18, 2020

IV. Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries in the most recent years: Please refer to Page 175-275 for details.

V. Separate Financial Statements and Report of Independent Accountants in the most recent years: Please refer to Page 276-345 for details.

VI. Financial difficulties faced by the Company and the related party in the most recent years and up to the date of the annual report printed: None

VII. Review of financial position, management performance and risk management

I. Analysis of financial position

Consolidated Comparison of Financial Position

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current assets	240,183,814	254,924,246	(14,740,432)	(5.78)
Property, plant and equipment	22,354,443	16,733,866	5,620,577	33.59
Long-term investment, intangible assets and other assets	89,465,854	70,507,764	18,958,090	26.89
Total assets	352,004,111	342,165,876	9,838,235	2.88
Current liabilities	154,518,625	162,689,625	(8,171,000)	(5.02)
Non-current liabilities	14,198,694	11,784,327	2,414,367	20.49
Total liabilities	168,717,319	174,473,952	(5,756,633)	(3.30)
Share capital	7,427,603	7,427,603	-	-
Capital surplus	6,297,000	6,299,430	(2,430)	(0.04)
Retained earnings	131,203,394	130,233,968	969,426	0.74
Other equity	31,932,043	17,404,000	14,528,043	83.48
Total equity attributable to shareholders of the parent	176,860,040	161,365,001	15,495,039	9.60
Total equity	183,286,792	167,691,924	15,594,868	9.30
Analysis of financial ratio change:				
Property, plant and equipment: Due to increase in acquisition of property, plant and equipment in the current period.				
Long-term investment, intangible assets and other assets: Due to increase in recognition of financial assets at fair value through other comprehensive income in the current period.				
Non-current liabilities: Due to increase in recognition of deferred income tax liabilities in the current period.				
Other equity: Due to increase in recognition of unrealized gains in financial assets at fair value through other comprehensive gains and losses in the current period.				

Separate Comparison of Financial Position

Unit: NT\$ thousands

Item \ Year	2019	2018	Difference	
			Amount	%
Current assets	101,725,411	108,263,861	(6,538,450)	(6.04)
Property, plant and equipment	11,851,468	9,041,080	2,810,388	31.08
Long-term investment, intangible assets and other assets	151,456,817	133,279,590	18,177,227	13.64
Total assets	265,033,696	250,584,531	14,449,165	5.77
Current liabilities	73,526,095	77,519,048	(3,992,953)	(5.15)
Non-current liabilities	14,647,561	11,700,482	2,947,079	25.19
Total liabilities	88,173,656	89,219,530	(1,045,874)	(1.17)
Share capital	7,427,603	7,427,603	-	-
Capital surplus	6,297,000	6,299,430	(2,430)	(0.04)
Retained earnings	131,203,394	130,233,968	969,426	0.74
Other equity	31,932,043	17,404,000	14,528,043	83.48
Total equity	176,860,040	161,365,001	15,495,039	9.60
Analysis of financial ratio change: Property, plant and equipment: Due to increase in acquisition of property, plant and equipment in the current period. Non-current liabilities: Due to increase in recognition of deferred income tax liabilities in the current period. Other equity: Due to increase in recognition of unrealized gains in financial assets at fair value through other comprehensive gains and losses in the current period.				

II. Business performance

(I) Consolidated Comparison of Business Performance

Unit: NT\$ thousands

Item	2019	2018	Amount change	Ratio change (%)
Operating revenues	351,330,493	354,187,665	(2,857,172)	(0.81)
Operating costs	(297,842,375)	(302,173,389)	4,331,014	(1.43)
Gross profit	53,488,118	52,014,276	1,473,842	2.83
Operating expenses	(41,871,426)	(35,038,642)	(6,832,784)	19.50
Operating profit	11,616,692	16,975,634	(5,358,942)	(31.57)
Non-operating income and expenses				
Other income	3,793,449	4,158,750	(365,301)	(8.78)
Other gains (losses)	4,022,275	33,581	3,988,694	11,877.83
Finance costs	(167,762)	(257,339)	89,577	(34.81)
Share of profit of associates and joint ventures accounted for under equity method	39,497	75,091	(35,594)	(47.40)
Total non-operating income and expenses	7,687,459	4,010,083	3,677,376	91.70
Profit before income tax	19,304,151	20,985,717	(1,681,566)	(8.01)
Income tax expenses	(4,094,022)	(3,643,418)	(450,604)	12.37
Profit from continuing operations for the period	15,210,129	17,342,299	(2,132,170)	(12.29)
Profit from discontinuing operations for the period	(2,195,100)	(12,069,803)	9,874,703	(81.81)
Profit for the year	13,015,029	5,272,496	7,742,533	146.85
Other comprehensive income (loss)				
Components of other comprehensive income that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	(13,840)	(15,162)	1,322	(8.72)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	16,934,513	(9,469,103)	26,403,616	(278.84)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	1,663	(1,606)	3,269	(203.55)
Income tax relating to the components of other comprehensive income	(9,520)	47,830	(57,350)	(119.90)
Components of other comprehensive				

Item	2019	2018	Amount change	Ratio change (%)
income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(2,252,810)	1,008,147	(3,260,957)	(323.46)
Gains (losses) on hedging instrument	(586,752)	951,950	(1,538,702)	(161.64)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(2,245)	(9,091)	6,846	(75.31)
Income tax relating to the components of other comprehensive income	447,534	(126,125)	573,659	(454.83)
Other comprehensive income (loss) for the year	14,518,543	(7,613,160)	22,131,703	(290.70)
Total comprehensive income for the year	27,533,572	(2,340,664)	29,874,236	(1,276.31)
Profit attributable to: shareholders of the parent	12,138,555	4,235,036	7,903,519	186.62
Total comprehensive income attributable to: shareholders of the parent	26,666,598	(3,346,590)	30,013,188	(896.83)
<p>Analysis of financial ratio change:</p> <p>Operating profit: Due to the increase in recognition of operating expenses in the current period.</p> <p>Non-operating income and expenses: Due to increase in recognition of the currency exchange gains in the current period and the loss of fines in the last period.</p> <p>Loss of discontinued operations: Due to decrease in recognition of the after-tax loss on the re-measurement of assets and restructuring constructive obligation and operating expenses from discontinued operations in the current period.</p> <p>Other comprehensive net profit: Due to increase in recognition of the unrealized gains in equity instruments measured at fair value through other comprehensive gains and losses in the current period.</p>				

Separate Comparison of Business Performance

Unit: NT\$ thousands

Item	2019	2018	Amount change	Ratio change (%)
Operating revenue	\$274,303,772	\$273,282,876	\$1,020,896	0.37
Operating costs	(252,686,275)	(256,913,446)	4,227,171	(1.65)
Gross profit	21,617,497	16,369,430	5,248,067	32.06
Unrealized profit from sales	(2,877,780)	1,785,274	(4,663,054)	(261.20)
Realized Gross profit	18,739,717	18,154,704	585,013	3.22
Operating expenses	(14,009,555)	(9,250,362)	(4,759,193)	51.45
Operating profit	4,730,162	8,904,342	(4,174,180)	(46.88)
Non-operating income and expenses				
Other income	2,464,991	2,629,355	(164,364)	(6.25)
Other gains (losses)	1,847,030	228,251	1,618,779	709.21
Finance costs	(2,221)	(2,547)	326	(12.80)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	8,293,388	6,490,725	1,802,663	27.77
Total non-operating income and expenses	12,603,188	9,345,784	3,257,404	34.85
Profit before income tax	17,333,350	18,250,126	(916,776)	(5.02)
Income tax expenses	(2,999,695)	(1,945,287)	(1,054,408)	54.20
Profit from continuing operations for the period	14,333,655	16,304,839	(1,971,184)	(12.09)
Profit from discontinuing operations for the period	(2,195,100)	(12,069,803)	9,874,703	(81.81)
Profit for the year	\$12,138,555	\$4,235,036	\$7,903,519	186.62
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	\$16,996,339	(\$9,430,925)	\$26,427,264	(280.22)
Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method	(84,589)	25,420	(110,009)	(432.77)
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(1,854,143)	2,173,611	(4,027,754)	(185.30)
Share of other comprehensive	(951,315)	(198,053)	(753,262)	380.33

Item	2019	2018	Amount change	Ratio change (%)
income of subsidiaries, associates and joint ventures accounted for under equity method				
Income tax relating to the components of other comprehensive income	421,751	(151,679)	573,430	(378.05)
Other comprehensive (loss) income for the year	\$14,528,043	(\$7,581,626)	\$ 22,109,669	(291.62)
Total comprehensive income for the year	\$26,666,598	(\$3,346,590)	\$30,013,188	(896.83)
<p>Analysis of financial ratio change:</p> <p>Operating profit: Due to the increase in recognition of operating expenses in the current period.</p> <p>Non-operating income and expenses: Due to increase in recognition of the share of profit of subsidiaries, associates and joint ventures accounted for under equity method in the current period and increase in recognition of the loss of fines in the last period.</p> <p>Loss of discontinued operations: Due to decrease in recognition of the after-tax loss on the re-measurement of assets and restructuring constructive obligation and increase in recognition of the share of profit of subsidiaries, associates and joint ventures accounted for under equity method from discontinued operations in the current period.</p> <p>Other comprehensive net profit: Due to increase in recognition of the unrealized gains in equity instruments measured at fair value through other comprehensive gains and losses in the current period.</p>				

III. Analysis of cash flow

(I) Consolidated liquidity analysis of the last two years

Year Item	2019	2018	Financial ratio change
Cash flow ratio	22.86%	3.18%	618.87%
Cash flow adequacy ratio	79.66%	58.32%	36.59%
Cash reinvestment ratio	11.60%	(3.15)%	Not applicable
<p>Analysis of financial ratio change:</p> <p>1.The cash flow ratio for the current year increased: The cash inflow from operating activities increased during the year, resulting in an increase in the cash flow ratio.</p> <p>2.The current cash flow adequacy ratio has decreased: The net cash inflow from operating activities increased in the recent five years, resulting in the increase in the cash flow adequacy ratio.</p> <p>3.The cash re-investment ratio increased during the year: The cash inflow from operating activities increased during the year, resulting in an increase in the cash re-investment ratio.</p>			

Separate liquidity analysis of the last two years

Year Item	2019	2018	Financial ratio change
Cash flow ratio	16.98%	14.78%	14.88%
Cash flow adequacy ratio	41.88%	35.03%	19.55%
Cash reinvestment ratio	0.69%	0.18%	283.33%
Analysis of financial ratio change: 1.The cash flow ratio for the current year increased: Cash inflows from operating activities increased during the year, so the cash flow ratio increased. 2.The rate of cash re-investment for the current year increased: The cash inflow ratio of business activities increased during the year, so the ratio of cash re-investment also increased.			

(II) Analysis of cash liquidity in one year: N/A

IV. The impact of significant capital expenditure on finance in recent years:

Unit: NT\$ thousands

Project plan	Actual/expected funds source	Actual/expected completion date	Required funds (to 2019)	Actual use of funds	
				2019	2018
Purchase of land and buildings	Private capital	-	1,323,128	1,323,128	-

Expected benefits: Sustaining global brand business, gathering excellent talents, and providing employees with a suitable and good working environment

V. Reinvestment in recent years:

Unit: NT\$ thousands

Item (Note)	Amount	Policy	Gain or Loss in 2018	Root cause of profit or loss	Corrective action	Investment Plans
Own brand business	-	Develop brand business to improve competitiveness and operating performance	6,093,714	Focus on brand marketing and business development	-	-

Note: Own brand business included: ASUS GLOBAL PTE. LTD., ASUS TECHNOLOGY PTE. LIMITED, ASUS TECHNOLOGY INCORPORATION, ASUSTEK COMPUTER (SHANGHAI) CO. LTD., ASUS COMPUTER INTERNATIONAL, ASUSTEK Computer (Chongqing) CO., LTD., ACBZ IMPORTACAO E COMERCIO LTDA., ASUS JAPAN INCORPORATION, ASUS INDIA PRIVATE LIMITED, ASUS COMPUTER GMBH, ASUS HOLDING MEXICO, S.A. DE C. V., ASUS EUROPE B.V., PT. ASUS TECHNOLOGY INDONESIA BATAM, PT. ASUS TECHNOLOGY INDONESIA JAKARTA and ASUS Technology (Suzhou) Co. Ltd.

VI. Risk analysis and evaluation in recent years and up to the date of the annual report printed:

- (I) The impact of interest rate, exchange rate, and inflation on the Company's income and expense and the responsive measures:
1. The impact of interest rate on the Company's income and expense and the responsive measures:
The ratio of 2019 interest income and interest expense for ASUS Group to the 2019 revenue were 0.37% and 0.05% respectively, which accounted considerably low ratio of revenue after evaluation. Hence variance of interest rate did not have any significant impact on the Group.
 2. The impact of exchange rate on the Company's income and expense and the responsive measures:
The 2019 net foreign exchange loss recognized by the Group accounted the ratio to 2019 revenue was 0.62%, and therefore variance in foreign exchange rate did not have any significant impact on the Group.
 3. The impact of inflation on the Company's income and expense and the responsive measures:
The global major economies in 2019 did not have significant inflation after evaluation and hence did not have any significant impact on the Group. The Company will continue to pay close attention to this issue in the future.

- (II) Conducting high-risk and high-leverage investment, granting loans to others, endorsement & guarantee and directives policy, root cause of profit and loss, and the responsive measures:

The Group engages in borrowing funds to others, endorsement guarantee and derivate products transactions according to the policies and countermeasures developed from "Acquisition or Disposition of Information Asset Process" and "Endorsement and Guarantee Operation Procedure. The Group follows the procedures with prudent execution.

- (III) R&D plans and budgeted R&D expense:

ASUS cannot stress enough the importance of R&D team cultivation and training since the incorporation. ASUS is capable of owning key technology of products controlled to secure the schedule of mass production. ASUS will base on the said fine tradition to reinforce the R&D capability of the Company and add it with market movement to have unique and innovative information products developed.

1. Products development planned in 2018:

- (1) Digital control wireless transmission technology CPU MB
- (2) Advanced 3D image display and wireless TV transmission graphic card
- (3) Smartphone
- (4) Ultra Mobile PC
- (5) High-speed router / exchanger / firewall / VPN
- (6) New-generation advanced server
- (7) Professional LED display & PC
- (8) Interactive Display / ScreenPad Laptop
- (9) Content Creation / ProArt Laptop
- (10) Touch Windows Notebook & Tablet
- (11) AIoT Solution (Smart Manufacturing, Smart Medical/Health, Smart Retail, Smart City)

2. R&D budget in 2020: NT\$14~15 billion

- (IV) The impact of domestic and international policies and law change on the Company's finance and the responsive measures: None.
- (V) The impact of technology change and industrial change on the Company's finance and the responsive measures:
ASUS constantly strives to be an integrated 3C solution provider (Computer, Communications, Consumer electronics). Technology change provides the Company with business opportunity for new products. The Company was with 3.00 times of inventory turnover in 2019; apparently, there was not any significant negative impact on finance.
- (VI) The impact of industrial image change on business risk management and the responsive measures:
ASUS has maintained a fine industrial image and there is not any negative report on the Company's image.
- (VII) The expected effect, potential risk, and responsive measures of merger:
The Company's did not have any merger conducted in 2018 and up to the date of the annual report printed: Not Applicable
- (VIII) The expected effect, potential risk, and responsive measures of plant expansion: Not Applicable
- (IX) The risk faced by procurements and sales hub and the responsive measures:
The Company's procurements and sales are not centralized and with a good customer relationship established; therefore, no risk of procurements and sales centralization.
- (X) The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures:
There was not any massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding in 2019 and up to the date of the annual report printed.
- (XI) The impact of right to operate change on the Company, the risk, and the responsive measures: Not Applicable
- (XII) Legal and non-legal events:
1. The Company's major legal issues, non-legal issues, or administrative lawsuits settled or in pending:
 - (1) Several patentees filed lawsuits or investigations for patent infringement including the user interface, audio signal encoding and decoding system, audio stream, UMTS communication function products, product with remote upgrade code function, tablet, cellphone and pad supporting OK Google functions, products with Google Play Movies and TV function, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control, display and projector products, products supporting LTE Aperiodic CQI / PMI / RI Reporting and smartphone communications products against the Company. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Germany court, in a French court, in a Netherlands court, in an England court and in a Tokyo court. The Company cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.
 - (2) Several patentees filed lawsuits or investigations for patent infringement including MP3 function for desktop and notebook, ZenFone trademarks, AP and Router products supporting MU-MIMO, notebook, products supporting HDCP 2.0 or higher version, cellphone and tablet, microprocessor with Intel's 14mm process Tri-Gate technology, products that support Google Voice Assist or

Microsoft Cortana Voice Assist and mixed reality products against the Company. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Delaware court, in an Alabama court, United States International Trade Commission, in a Germany court, in an India court and in a China court. The Company cannot presently determine the ultimate outcome and effect of these lawsuits.

2. The related party's major legal issues, non-legal issues, or administrative lawsuits settled or in pending: N/A

(XIII) Other significant risks and responsive measures:

Management of Information security

To strengthen sustainable corporate operation, ASUS established the Information security management committee to promote ISO-27001 management system. The Committee established the management procedures that complied with international standard, planned, executed and reviewed internal activities on information security, as well as verifying various activities and relevant results to meet target requirements of the ISMS (Information Security Management System). These were used to grasp possible defects in the Company's information security, timeously correct, track and confirm, as well as ensuring validity and continuous improvement.



To ensure that information security measures or specifications comply with requirements of existing laws, the information security policy is reviewed annually.

1. Ensure confidentiality of relevant business information, prevent sensitive information and personal information of consumers from various threats and damage due to internal or external, deliberate or accidental factors, which exposes business information under risks such as modification, exposure, damage or missing.
2. Ensure integrity and availability of relevant business information for correct execution of operation and various businesses to protect security of information assets under administration.

Performance of 2019 information security management

ASUS established the ISMS compliant with the international standard. In 2019, we introduced the ISO-27001 management system certification and passed the verification in 2020 to ensure that core information system and information facility management for company operation met the international standard of information security management. Furthermore, the information assets (including information, software, physical equipment, personnel and services) of ASUS core system was protected from impact of various internal and external risks. This ensured the confidentiality, integrity and availability of the company operation core system, which also reduced risks of company operation to reasonable level and ensured sustainable operation of the Company.

Structure of information security management



The frame of ASUS ISMS was built according to the Cybersecurity Framework of NIST (National Institute of Standards and Technology), which included 5 core aspects, namely risk assessment, protection of information security, information detection, notification and response on product security, as well as continuous operation of information service. The risks on information security were checked and managed through the above-mentioned 5 aspects, which corresponded to links before, during and after the event, as well as covering management strategy on life cycle of information security management.

1. Risk assessment

The valuation and risk assessment on information assets is performed at least once per annum. The value of assets is calculated according to confidentiality, integrity and availability of the information assets; the ones with high value undergo risk assessment and all items with high risk are compiled into operation impact analysis and finally applied with improvement measures for risk reduction. This ensures adequate protection for information assets with great significance and reduces risk of operation interruption. This year, weaknesses on the mainframe of the core information system were scanned through assessment results. Items with Critical & High weakness in the scan report received security modification and enhancement of network protective measures to strengthen security of the core information system.

2. Protection of information security

Information security awareness training for all employees

Regular information security training is conducted per annum. In 2019, the high and mid-tier superintendents in the Information Department received training courses on information security awareness. The staff information security awareness focused on prevention against attacks from externally malicious mails. Regular e-mails were sent to all internal staff every 6 months on information security propaganda. 3 social engineering speeches were presented on security of using e-mails, where the propaganda was strengthened on high-risk groups via practice reports. The aim was to raise staff alert towards suspicious e-mails, reduce damage and risks from hackers and hostile individuals by means of e-mails.

3. Detection of information security

(1) Protection of internet security

With the introduction of “Threat Discovery Service” utilizing mechanism of intelligent internet protection and virus code comparison that regularly provide analytical reports, discovers affected computers, analyzes source of threatening infections, produces statistical data of security under threats and evaluates potential security risks, the Company can swiftly and efficiently respond to attack from malware, as well as extensively reduce data loss, reduce cost of damage control and improve overall condition of information security.

(2) Surveillance operation on information service system

To maintain high availability of information service systems, the central control room of information facilities was established with information service surveillance systems, where the server, network nodes and relevant devices linked with information service were all included in the surveillance operation. Through set-up of various error detecting functions, the administrator of the information system was able to identify and respond to various abnormalities via e-mail or message to mobile phones with greater accuracy within the shortest time, where the maintenance personnel could be expected to swiftly handle abnormal disruption of information system upon occurrence.

(3) Internal surveillance against unknown software installation

With the introduction of ACC (ASUS Control Center) developed by ASUS, all computers throughout the Company can be managed with one-stop collective system, which can automatically count quantity and list device information, as well as administering software installed in all computers. Through setting of blacklist and whitelist software, all employees using software from unknown source will receive warning notification. We asked all staff to value the intellectual property right and follow relevant company regulations and through the mechanism of regular check, we asked superintendents to confirm necessity of software used by staff in the Department, which reduced the risk of unknown software hidden with malicious attack to minimum.

(4) Junk mail surveillance program

By introducing the mechanism of filtering junk and malicious mails, the Company security against external mails was strengthened via credit database, continuous update of automation rules and anti-virus engine. At the same time, the built-in junk and malicious mail filtering function of Microsoft Exchange mail server and Outlook used in the Company reduced attack from the said mails to employees to minimum with production of double measures.

4. Information security notification and correspondence

(1) ASUS Security Advisory

We strive to ensure safety of ASUS products at all costs for protecting the privacy of our valued clients. We always strive in improvement of our safety and protective measures on personal information according to all applicable laws and regulations. We also welcome clients to notify us on safety or privacy issues related to the product. As a result, the product and information security notification and management platform were established as an exclusive channel for the consumers, information security experts or researchers to report security vulnerabilities or problems with ASUS products or information systems. Case automation management was introduced to the Platform for maintaining administration quality on case notification and response. Through such a platform, we would make random announcements on security of ASUS products, so consumers could understand security updates of ASUS products, as well as keeping good communication and interaction with information security experts or researchers over the internet community via the Platform.

(2) Information security trend surveillance

Regarding the latest trend on information security, ASUS introduced the warning notification provided by an external consulting company, which can provide preventive measures of handling through notification once the new type of attack appears. This prevents important information assets of the Company from new types of external attacks on information security.

5. Continued operation of information service

The continuous operation capacity of the core information system for Company operation was improved. In addition to the information facility located at our headquarters, we hired the facility that passed ISO27001 information security certification as an extended facility provided to the core information system for establishing structure of remote backup. At present, the important operation core information system of the Company has been completed with establishment of backup structure and operated with application of Active-Active loading balance structure. This ensures that the information system of the remote backup facility can take over the operation within the shortest time when a major accident occurs. Moreover, the accident recovery and switching drill for continuous operation

capacity of the core information system was completed in 2019, which ensured that risk of operation interruptions reduced to a minimum.

Management of intellectual property

Every year, the Company invested in massive R&D based on technology. In addition to continuous launch of new products that brought innovative sensation to consumers, we also generated large amounts of intellectual properties. To protect important intellectual assets of the Company, we published the “Patent administrative measures” to specify R&D proposals and review procedures. Rewards were provided to encourage patent application as protection to creation from the R&D staff. The Measures also included the internal audit and control procedures, where internal audit was performed at least once per annum to ensure update of administration program at all times, as well as reducing the administrative risks and protecting the Company’s intellectual properties to maximum level. At present, the “Patent administrative measures” can cooperate with our own development of a “Patents a The continuous operation capacity of the core information system for Company operation was improved. In addition to the information facility located at our headquarters, we hired the facility that passed ISO27001 information security certification as an extended facility provided to the core information system for establishing structure of remote backup. At present, the important operation core information system of the Company has been completed with establishment of backup structure and operated with application of Active-Active loading balance structure. This ensures that the information system of the remote backup facility can take over the operation within the shortest time when a major accident occurs. Moreover, the accident recovery and switching drill for continuous operation capacity of the core information system was completed in 2019, which ensured that risk of operation interruptions reduced to a minimum.

“Case Management System” that provides convenience of online proposals for all employees in the Group. After internal search and case-by-case online review with colleagues familiar with relevant technology, the proposal of invention was evaluated effectively with exclusive personnel to control preliminary tasks for official application. Through systematic and comprehensive administrative application and patent acquisition, subsequent maintenance was also provided with internal development of “Annual fees administration system” to effectively maintain validity of the Company’s intellectual property rights. Furthermore, we also actively prevented such intellectual property right from infringement by others, so well-keeping of such property could be ensured.

In addition, the Company exercised flexible adjustment of administration programs related to intellectual property at all times by modifying according laws in each country, reviewing international and market trends, as well as referring to the operation directives. In the current time of the knowledge economy where invisible assets such as intellectual property could turn into products and be capitalized, the Company also actively assessed various opportunities on value creation with

intellectual properties. One example would be last year; the Company joined the patent authorization platform for vehicle communication with our patent in communication standard and received loyalty income.

VII. Other material events: None

VIII. Special disclosures

I. Related party

(II) Consolidated financial statements of the related party

1. Related party

(1) Organizational structure of related party: Please refer to Page 152-155.

(2) Company profile of related party: Please refer to Page 156-160.

(3) A controlling and hierarchical relationship according to Article 369.3 of Company Law: None

(4) Business scope of ASUS Group:

The business scope of ASUS and the related parties include computer-related product design, production, processing, and sales. Some related parties are in the business of investment. In general, the collaboration within the organization is to generate the best result through reciprocal support in technology, production, marketing, and sales.

(5) Directors, supervisors, and president of the related party: Please refer to Page 161-167.

2. Business operation of the related party: Please refer to Page 168-173.

(II) Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries: Please refer to Page 175-275.

(III) Related Party Report: Not Applicable

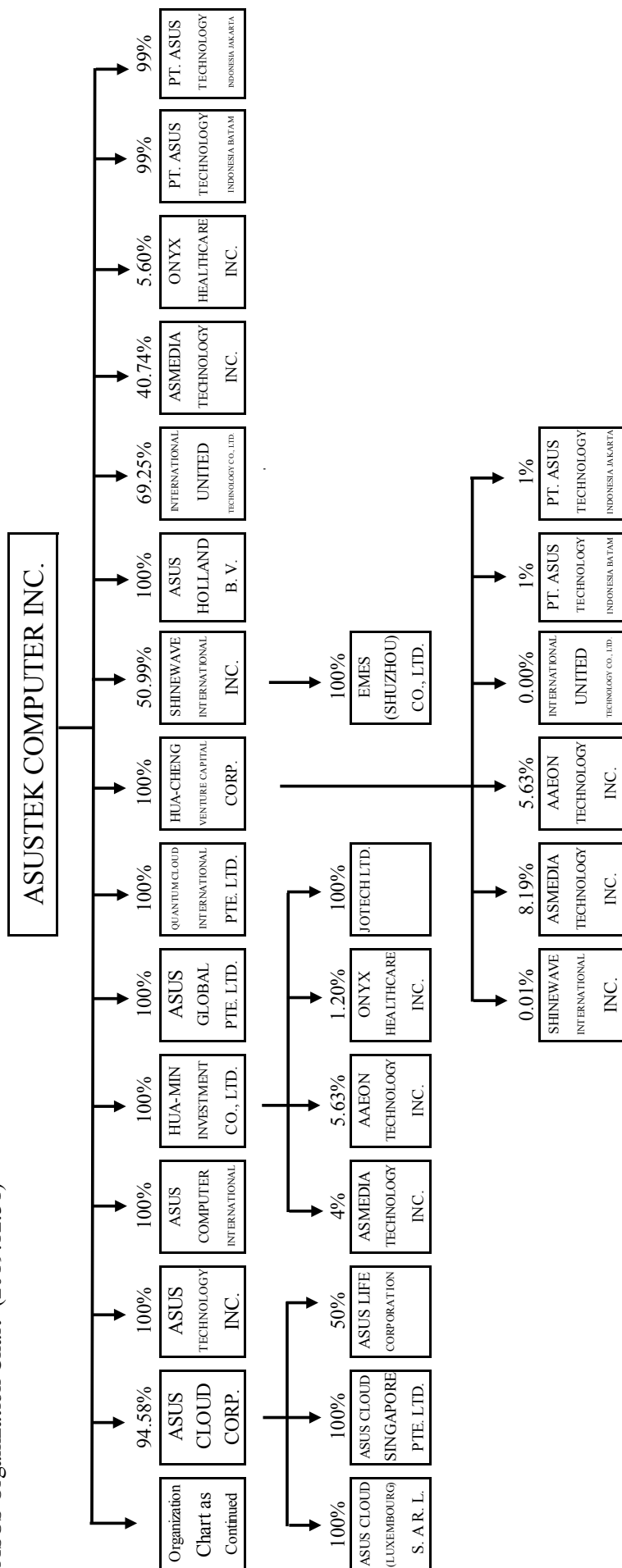
II. Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None

III. The stock shares of the Company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None

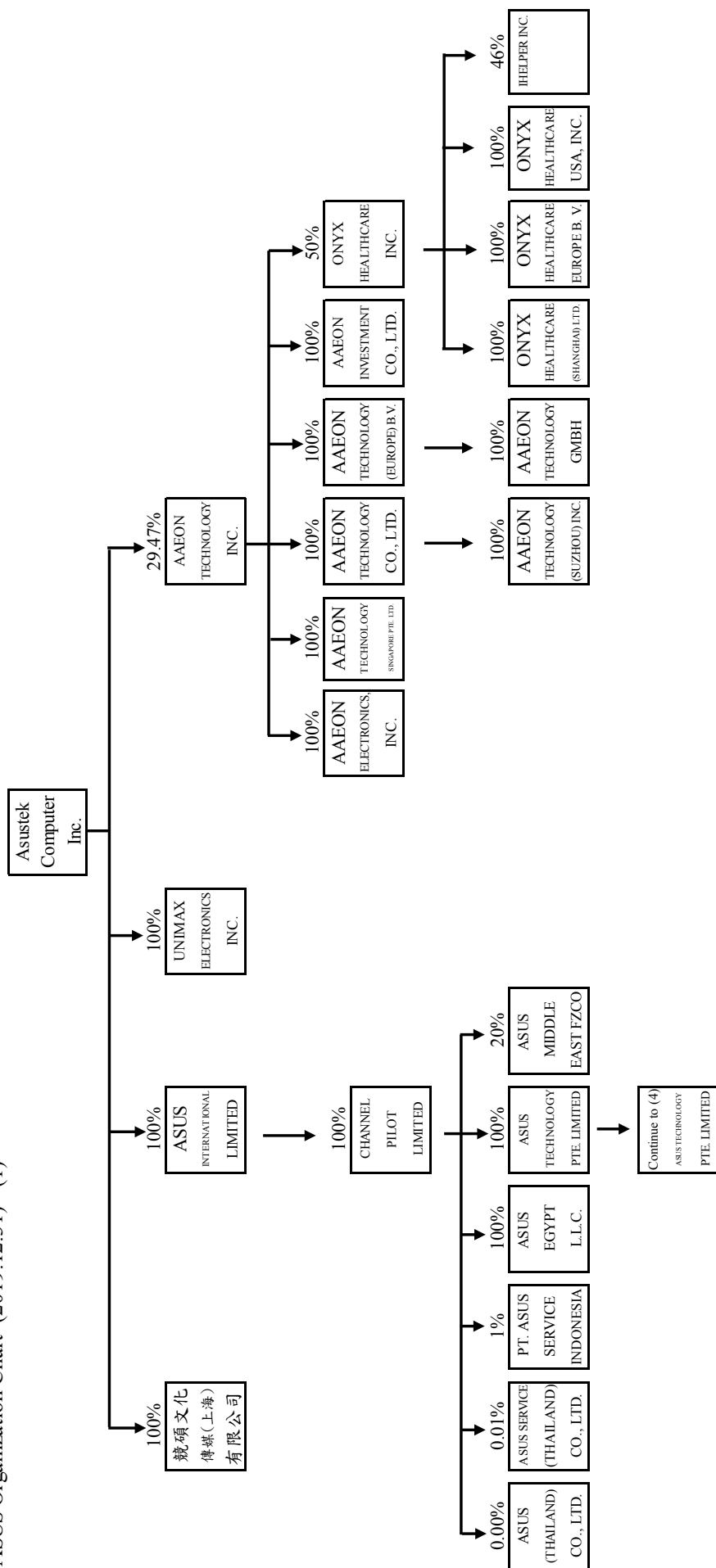
IV. Supplementary disclosures: None

V. Occurrence of events defined in Securities Transaction Law Article 36.2.2 that has great impact on shareholder's equity or security price in the most recent years and up to the date of the report printed: None

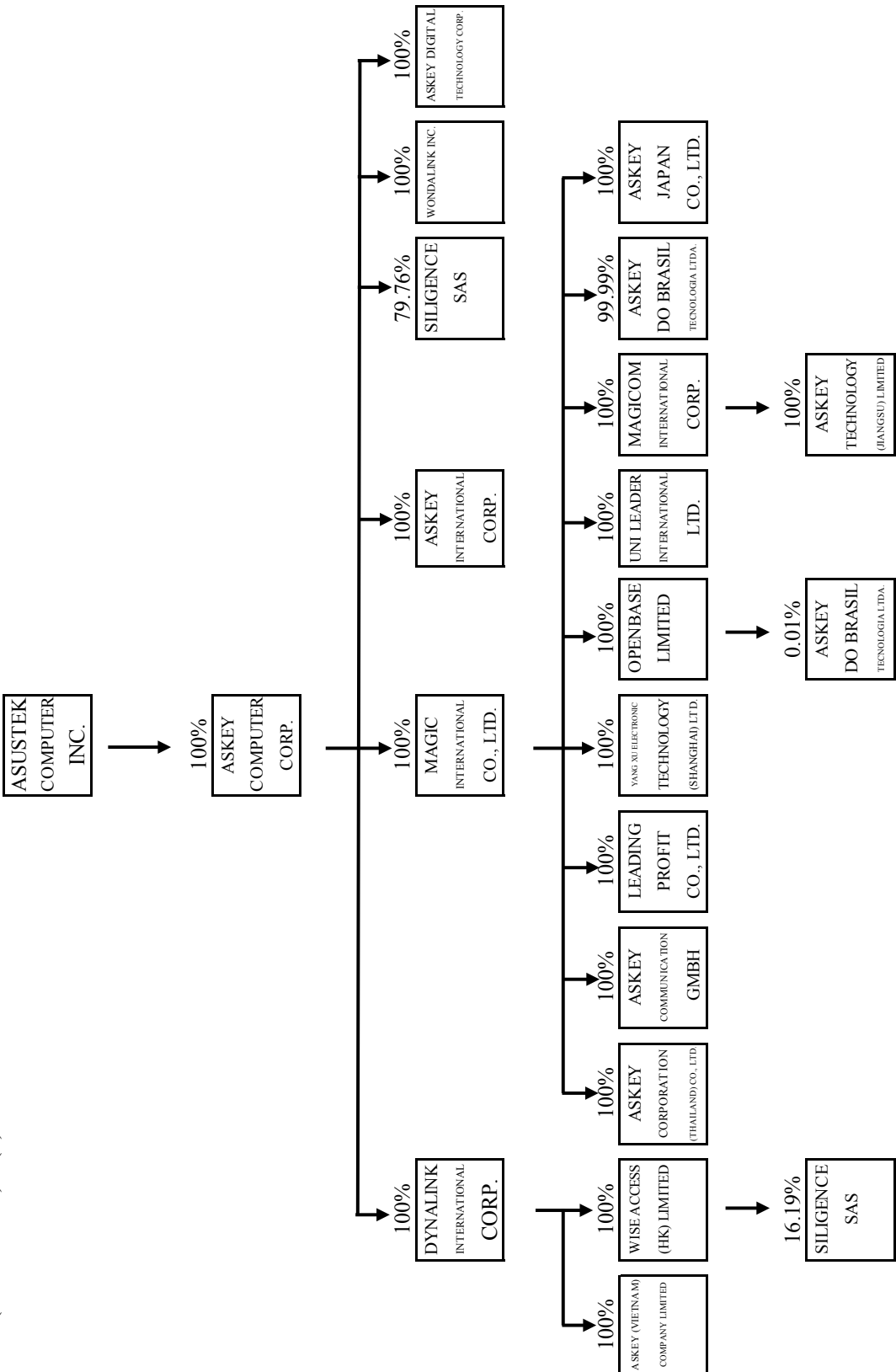
ASUS Organization Chart (2019.12.31)



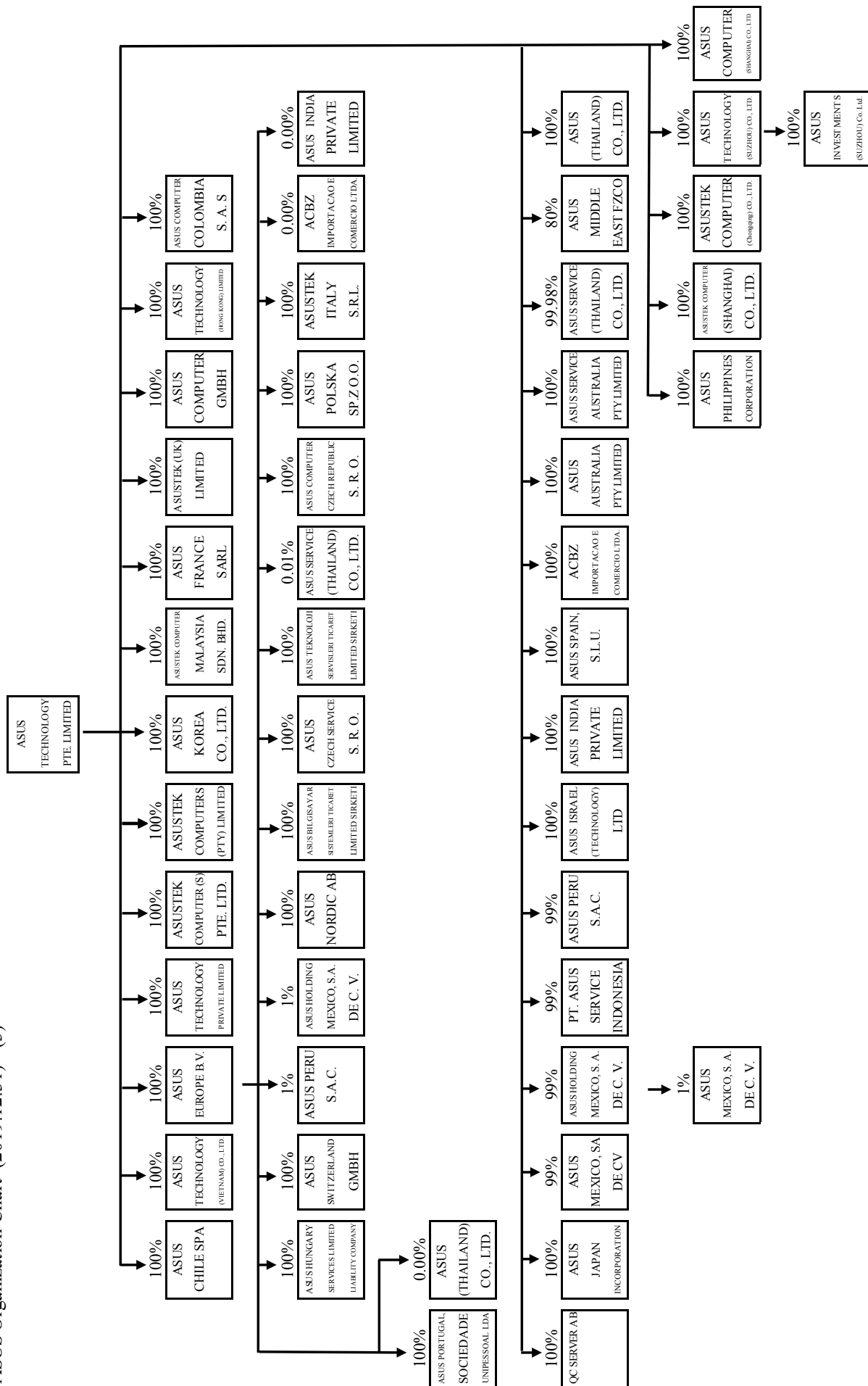
ASUS Organization Chart (2019.12.31) - (1)



ASUS Organization Chart (2019.12.31) - (2)



ASUS Organization Chart (2019.12.31) - (3)



(2)Basic Data of Affiliated Enterprises

In thousand NTD / as of Dec 31, 2019

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS COMPUTER INTERNATIONAL	June 21, 1994	USA	14,990	Selling 3C products in North America
ASUS TECHNOLOGY INCORPORATION	April 20, 1999	Taiwan	190,000	Selling 3C products in Taiwan
ASUS HOLLAND B. V.	March 29, 2000	Netherlands	45,727	Repairing 3C products
ASUS INTERNATIONAL LIMITED	March 8, 2002	Cayman Islands	2,690,107	Investing in 3C and computer peripheral business
HUA-CHENG VENTURE CAPITAL CORP.	May 27, 2008	Taiwan	1,145,000	Investing in computer peripherals business
HUA-MIN INVESTMENT CO., LTD.	May 27, 2008	Taiwan	680,000	Investing in computer peripherals business
JOTECH LTD.	Dec 13, 2019	Taiwan	30,000	Repairing and selling of information software and electronic information materials
ASMEDIA TECHNOLOGY INC.	March 31, 2004	Taiwan	600,379	Designing, researching, developing and manufacturing of high-speed analog circuit
ASUS GLOBAL PTE. LTD.	March 15, 2013	Singapore	839,440	Selling 3C products
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	Feb 11, 2014	Singapore	24,883	Servicing of information technology
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	May 23, 2017	Indonesia	229,619	Selling of 3C products in Indonesia
PT. ASUS TECHNOLOGY INDONESIA BATAM	May 24, 2017	Indonesia	287,817	Selling of 3C products in Indonesia
JINSHUO CULTURAL DIFFUSION CO., LTD.	June 15, 2018	China	673,900	Professional eSports
UNIMAX ELECTRONICS INCORPORATION	April 17, 2007	Taiwan	213,000	Manufacturing and selling of automotive electronics and computer peripherals
ASKEY COMPUTER CORP.	November 10, 1989	Taiwan	4,800,000	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts
ASKEY INTERNATIONAL CORP.	June 28, 1996	USA	299,800	Selling and servicing about communication products
DYNALINK INTERNATIONAL CORP.	October 1, 1996	British Virgin Islands	244,642	Investing in communication business
MAGIC INTERNATIONAL CO., LTD.	May 13, 1999	British Virgin Islands	3,445,962	Investing in communication business
ASKEY DIGITAL TECHNOLOGY CORP.	Jun 25, 2019	Taiwan	30,000	Selling and servicing of communication products
WONDALINK INC.	Mar 18, 2010	Taiwan	92,422	Manufacturing and product design of wired and wireless communication, electronic parts
ASKEY (VIETNAM) COMPANY LIMITED	November 1, 1996	Vietnam	171,921	Manufacturing and selling of communication products
WISE ACCESS (HK) LIMITED	September 21, 2011	Honk Kong	40,518	Investing in communication business

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
MAGICOM INTERNATIONAL CORP.	June 23, 1999	Cayman Islands	2,729,079	Investing in communication business
OPENBASE LIMITED	Jan 10, 2005	British Virgin Islands	1,499	Selling of communication products and computer peripherals
LEADING PROFIT CO., LTD.	March 12, 2004	Mauritius	1,500,499	Selling of communication products and computer peripherals
UNI LEADER INTERNATIONAL LTD.	September 2, 2004	Mauritius	1,499	Selling of communication products and computer peripherals
ASKEY COMMUNICATION GMBH	April 11, 2013	Germany	3,359	Selling and servicing of communication products
ASKEY CORPORATION (THAILAND) CO., LTD.	June 21, 2017	Thailand	2,021	Selling and servicing of communication products
ASKEY JAPAN CO., LTD.	March 19, 2018	Japan	1,379	Selling and servicing of communication products
ASKEY DO BRASIL TECNOLOGIA LTDA.	April 20, 2016	Brasil	23,783	Services of communication products
SILIGENCE SAS	July 19, 2011	France	161,838	Selling and servicing of communication products
YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD.	July 1, 2003	China	89,940	Researching, developing and selling of communication products
ASKEY TECHNOLOGY (JIANGSU) LTD.	August 30, 2001	China	2,698,200	Manufacturing and selling of communication products
ASUS CLOUD CORPORATION	March 24, 2000	Taiwan	250,000	Selling and consulting of internet service
ASUS CLOUD SINGAPORE PTE. LTD.	December 14, 2012	Singapore	24,089	Investing in internet service business
ASUS CLOUD (LUXEMBOURG) S.A R.L	December 3, 2013	Luxembourg	13,436	Providing maintenance and operating service for information hardware
ASUS LIFE CORPORATION	September 9, 2016	Taiwan	10,000	Selling of internet information service
SHINEWAVE INTERNATIONAL INC.	August 6, 1997	Taiwan	107,250	Researching, developing, selling and consulting of information system software
EMES (SUZHOU) CO., LTD.	March 22, 2002	China	8,994	Selling and consulting of information system software
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	June 16, 1998	Taiwan	163,515	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology
AAEON TECHNOLOGY INC.	December 1, 2010	Taiwan	1,484,985	Manufacturing and selling of industrial computers and computer peripherals
AAEON ELECTRONICS, INC.	June 6, 1995	USA	146,902	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY CO., LTD.	September 11, 2001	British Virgin Islands	264,037	Investing in industrial computers and interface cards business

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
AAEON TECHNOLOGY (EUROPE) B. V.	March 4, 2005	Netherlands	3,359	Selling of industrial computers and computer peripherals
AAEON INVESTMENT CO., LTD.	June 6, 2009	Taiwan	150,000	Investing in industrial computers and computer peripherals business
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	March 30, 2004	Singapore	10,379	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY GMBH	October 23, 2007	Germany	1,008	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY (SUZHOU) INC.	November 1, 2001	China	260,534	Manufacturing and selling industrial computers and interface cards
ONYX HEALTHCARE INC.	February 2, 2010	Taiwan	220,082	Designing, manufacturing and selling of medical computers
ONYX HEALTHCARE USA, INC.	October 27, 2011	USA	59,960	Selling of medical computers and peripherals
ONYX HEALTHCARE EUROPE B.V.	May 16, 2012	Netherlands	3,359	Marketing support and repairing of medical computers and peripherals
IHELPER INC.	February 26, 2018	Taiwan	36,000	Researching, developing and selling of medical robots
ONYX HEALTHCARE (SHANGHAI) LTD.	September 15, 2014	China	59,960	Selling of medical computers and peripherals
CHANNEL PILOT LIMITED	March 30, 2005	British Virgin Islands	900,389	Investing in 3C business
ASUS TECHNOLOGY PTE. LIMITED	April 26, 2005	Singapore	1,331,694	Investing in 3C business
ASUS MIDDLE EAST FZCO	October 22, 2007	Dubai	4,082	Providing support and repair for 3C products in Middle East
ASUS EGYPT L. L. C.	September 11, 2008	Egypt	1	Providing support for 3C products in Egypt
PT. ASUS SERVICE INDONESIA	May 21, 2013	Indonesia	31,339	Repairing of 3C products in Asia-pacific and America
ASUS (THAILAND) CO., LTD.	January 6, 2016	Thailand	16,165	Providing support for 3C products in Thailand
ASUS SERVICE (THAILAND) CO., LTD.	February 23, 2005	Thailand	6,062	Repairing of 3C products in Thailand
ASUS COMPUTER GMBH	June 19, 1991	Germany	8,587	Selling and providing support for 3C products in Germany
ASUS FRANCE SARL	July 12, 2002	France	3,560	Providing support for 3C products in France
ASUSTEK (UK) LIMITED	April 3, 2006	UK	1,968	Providing support for 3C products in United Kingdom
ASUS TECHNOLOGY (HONG KONG) LIMITED	November 25, 2005	Hong Kong	1,925	Providing support and repair for 3C products in Hong Kong
ASUS KOREA CO., LTD.	July 1, 2006	Kore	20,543	Providing support and repair for 3C products in South Korea
ASUSTEK COMPUTER (S) PTE. LTD.	October 21, 2003	Singapore	-	Repairing of 3C products in Singapore

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS TECHNOLOGY PRIVATE LIMITED	September 13, 2006	India	84,508	Providing support and repair for 3C products in India
ASUS EUROPE B. V.	March 6, 2007	Netherlands	294,749	Selling of 3C products
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	March 1, 2007	Vietnam	1,663	Repairing of 3C products in Vietnam
ASUS SPAIN, S.L.U.	May 19, 2004	Spain	1,008	Providing support for 3C products in Spain
ASUS JAPAN INCORPORATION	May 28, 2008	Japan	56,542	Selling of 3C products in Japan
ASUS SERVICE AUSTRALIA PTY LIMITED	February 10, 2011	Australia	19,954	Repairing of 3C products in Australia
ASUS AUSTRALIA PTY LIMITED	January 5, 2011	Australia	7,351	Providing support for 3C products in Australia
ASUS ISRAEL (TECHNOLOGY) LTD	March 12, 2012	Israel	391	Providing support for 3C products in Israel
ASUS COMPUTER COLOMBIA S. A. S	February 19, 2015	Colombia	679	Providing support for 3C products in Colombia
ASUSTEK COMPUTERS (PTY) LIMITED	August 31, 2004	South Africa	2	Providing support and repair for 3C products in Africa
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	May 13, 2005	Malaysia	3,647	Providing support and repair for 3C products in Malaysia
ASUS CHILE SPA	January 24, 2018	Chile	40	Providing support for 3C products in Chile
ASUS PERU S. A. C.	April 25, 2013	Peru	37,963	Providing support for 3C products in Peru
ASUS HOLDING MEXICO, S. A. DE C. V.	March 27, 2013	Mexico	81,227	Selling of 3C products in Mexico
ACBZ IMPORTACAO E COMERCIO LTDA.	January 5, 2011	Brazil	4,083,677	Selling of 3C products in Brazil
ASUS INDIA PRIVATE LIMITED	July 5, 2011	India	140,606	Selling of 3C products in India
ASUS MEXICO, S. A. DE C. V.	April 22, 2013	Mexico	210	Providing support for 3C products in Mexico
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	May 10, 2007	Hungary	1,260	Providing support and repair for 3C products in Hungary
ASUS SWITZERLAND GMBH	May 10, 2009	Switzerland	10,514	Providing support for 3C products in Switzerland
ASUS NORDIC AB	July 10, 2004	Sweden	963	Providing support for 3C products in North Europe
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA.	May 21, 2008	Portugal	1,008	Providing support for 3C products in Portugal
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	December 30, 2018	Turkey	10,311	Providing support and repair for 3C products in Turkey
ASUS TEKNOLOJİ SERVİSLERİ TICARET LIMITED SIRKETİ	July 23, 2018	Turkey	378	Repairing of 3C products in Turkey
ASUS POLSKA SP. Z O.O.	July 31, 2005	Polska	394	Providing support for 3C products in Poland
ASUSTEK ITALY S. R. L.	July 21, 2000	Italy	1,612	Providing support for 3C products in Italy
ASUS COMPUTER CZECH REPUBLIC S. R. O.	October 31, 2005	Czech Republic	264	Providing support for 3C products in Czech Republic

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS CZECH SERVICE S. R. O.	February 15, 2010	Czech Republic	7,100	Repairing of 3C products in Europe
ASUS PHILIPPINES CORPORATION	Feb 12, 2019	Philippines	6,257	Providing support and repair for 3C products in Philippines
QC SERVER AB	Jul 4, 2019	Sweden	161	Servicing of information technology
ASUSTEK COMPUTER (SHANGHAI) CO., LTD.	June 9, 2000	China	1,442,038	Selling of 3C products in China
ASUS COMPUTER (SHANGHAI) CO., LTD.	June 30, 2000	China	59,960	Repairing of 3C products
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	March 12, 2008	China	1,469,020	Researching and developing of 3C products
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	May 9, 2011	China	2,068,620	Selling of 3C products in China
ASUS INVESTMENTS (SUZHOU) CO., LTD.	December 6, 2013	China	492,119	Leasing real estate

Note: The paid-in capital involved foreign currency was exchanged under foreign exchange rate at the end of the financial reporting period.

(5) Directors, Supervisors and Presidents of Affiliated Enterprises

As of Dec 31, 2019

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASUS TECHNOLOGY INC.	Chairman & General Manager	ASUSTEK COMPUTER INC. (Representative: Kevin Lin)	19,000,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	—	—
	Director & President	ASUSTEK COMPUTER INC. (Representative: Samson Hu)	—	—
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Sandy Wei)	—	—
ASKEY COMPUTER CORP	Chairman & General Manager	ASUSTEK COMPUTER INC. (Representative: Lin, Cheng-Kuei)	480,000,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	—	—
	Director & President	ASUSTEK COMPUTER INC. (Representative: Samson Hu)	—	—
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Chin Wu)	—	—
HUA-CHENG VENTURE CAPITAL CORP.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	114,500,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: S.Y. Hsu)	—	—
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Nick Wu)	—	—
HUA-MIN INVESTMENT CO., LTD.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	68,000,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Samson Hu)	—	—
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Nick Wu)	—	—
UNIMAX ELECTRONICS INC.	Chairman & General Manager	ASUSTEK COMPUTER INC. (Representative: Kent Chien)	21,300,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Wu, Chih-Peng)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	—	—
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Charlene Hsu)	—	—
JOTECH LTD.	Chairman	HUA-MIN INVESTMENT CO., LTD. (Representative: Samson Hu)	3,000,000	100.00%
ASUS CLOUD CORPORATION	Chairman	ASUSTEK COMPUTER INC. (Representative: Joe Hsieh)	23,645,558	94.58%
	Director	ASUSTEK COMPUTER INC. (Representative: Samson Hu)	—	—
	Director & General Manager	Peter_Wu	102,828	0.41%
	Supervisor	Alan Hsieh	—	—
ASMEDIA TECHNOLOGY INC.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	24,457,660	40.74%
	Director	ASUSTEK COMPUTER INC. (Representative: Ted Hsu)	—	—
	Director & General Manager	ASUSTEK COMPUTER INC. (Representative: Chewei Lin)	—	—
	Director	Hsu, Chin-Chuan*	—	—
	Independent director	Chan, Hung-Chih*	—	—
	Independent director	Hsieh, Chieh- Ping*	—	—
	Independent director	Wu, Ching-Chi*	—	—
AAEON TECHNOLOGY INC.	Chairman	RUI HAI INVESTMENT CO., LTD. (Representative: Chuang, Yung-Shun)	4,515,000	3.04%
	Director	RUI HAI INVESTMENT CO., LTD. (Representative: Lee, Ing-Jen)	—	—
	Director	RUI HAI INVESTMENT CO., LTD. (Representative: David Yen)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	43,756,000	29.47%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: S.Y. Hsu)	—	—
	Director	IBASE Technology Inc. (Representative: Lin, Chiu-Hsu)	41,698,468	28.08%
	Director	IBASE Technology Inc. (Representative: Chen, Yu-Nan)	—	—
	Independent Director	Kun-Chih, Chen	—	—
	Independent Director	Daho Yen	—	—
	Independent Director	Chris Kao	—	—
	General Manager	Howard Lin	200,000	0.13%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	11,323,167	69.25%
	Director & General Manager	ASUSTEK COMPUTER INC. (Representative: Daniel Lan)	—	—
	Director	HUA ENG WIRE & CABLE CO.,LTD. (Representative: MS Lin)	987,354	6.04%
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP. (Representative: Charlene Hsu)	515	0.00%
SHINEWAVE INTERNATIONAL INC.	Chairman	ASUSTEK COMPUTER INC. (Representative: H.C. Hung)	5,468,750	50.99%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	—	—
	Director & General Manager	ASUSTEK COMPUTER INC. (Representative: Yu, Chun-Hua*)	—	—
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP. (Representative: Chin Wu)	1,000	0.01%
ASUS COMPUTER INTERNATIONAL	Director	ASUSTEK COMPUTER INC. (Representative: S.Y. Hsu)	50,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Samson Hu)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Joe Hsieh)	—	—
	General Manager	Steve Chang	—	—
ASUS HOLLAND B.V.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	3,000,000	100.00%
ASUS INTERNATIONAL LIMITED	Chairman	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	89,730,042	100.00%
ASUS GLOBAL PTE. LTD.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	28,000,000	100.00%
	Director	ASUSTEK COMPUTER INC. (Representative: Benson Lin)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Song, Lai-Chi)	—	—
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	Chairman	ASUSTEK COMPUTER INC. (Representative: Wu, Chih-Peng)	830,001	100.00%
PT.ASUS TECHNOLOGY INDONESIA JAKARTA	Director	ASUSTEK COMPUTER INC. (Representative: Weiting Lin)	7,920	99.00%
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Karl Chu)	—	—
PT.ASUS TECHNOLOGY INDONESIA BATAM	Director	ASUSTEK COMPUTER INC. (Representative: Weiting Lin)	1,089,000	99.00%
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Karl Chu)	—	—
JINSHUO CULTURAL DIFFUSION CO., LTD.	Executive Director	ASUSTEK COMPUTER INC. (Representative: Rangoon Chang)	—	100.00%
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Bruce Jen)	—	—
CHANNEL PILOT LIMITED	Chairman	ASUS INTERNATIONAL LIMITED (Representative: Jonney Shih)	30,033,000	100.00%
ASUS TECHNOLOGY PTE. LIMITED	Chairman	CHANNEL PILOT LIMITED (Representative: Jonathan Tsang)	44,419,424	100.00%
	Director	CHANNEL PILOT LIMITED (Representative: Benson Lin)	—	—
	Director	CHANNEL PILOT LIMITED (Representative: Song, Lai-Chi)	—	—
ASUS EGYPT L.L.C.	Director	CHANNEL PILOT LIMITED (Representative: Chiu, Yu-Sheng)	—	0.07%
	Director	ASUS TECHNOLOGY PTE. LIMITED (Representative: Chiu, Yu-Sheng)	—	99.93%
ASUS MIDDLE EAST FZCO	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Chiu, Yu-Sheng)	4	80.00%
	Director	CHANNEL PILOT LIMITED (Representative: Chiu, Yu-Sheng)	1	20.00%
ASUS COMPUTER (SHANGHAI) CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Chen, Hsin-Yi)	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Hsiang-Huei)	—	—
ASUS TECHNOLOGY (HONG KONG) LIMITED	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Chung, Wei -Kang*)	500,000	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Andrew Ke)	—	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Shih, Wen-Hung)	—	—
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Joe Hsieh)	—	—
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Hsiang-Huei)	—	—
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	Executive Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Shih, Wen-Hung)	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Hsiang-Huei)	—	—
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	Executive Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Andrew Ke)	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Hsiang-Huei)	—	—
ASUS INVESTMENTS (SUZHOU) CO., LTD.	Executive Director	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (Representative : Andrew Ke)	—	100.00%
	Supervisor	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (Representative: Wang, Hsiang-Huei)	—	—
ASUS COMPUTER GMBH	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Sean Chen)	—	100.00%
ASUS FRANCE SARL	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Li, Yu-Lin)	5,300	100.00%
ASUSTEK (UK) LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chu, Chien-Hao)	50,000	100.00%
ASUS KOREA CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Fu, Szu-Wei)	158,433	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Shiang-Huei)	—	—
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lin, Yin-Chun)	—	—
ASUSTEK COMPUTER (S) PTE. LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lin, Chung-Liang)	20,002	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Song, Lai-Chi)	—	—
ASUS POLSKA SP. Z O. O.	Director	ASUS EUROPE B.V. (Representative: Slawomir Stanik)	1,000	100.00%
ASUS TECHNOLOGY PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hwang, Sy-Ru)	20,134,400	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Yu,Chien-Liang)	—	—
ASUS EUROPE B. V.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Jonathan Tsang)	375,000	100.00%
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lee, Tse-Tai)	—	100.00%
ASUSTEK ITALY S. R. L.	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	—	100.00%
ASUS SPAIN, S.L.U.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: German Guerra)	3,000	100.00%
ASUS JAPAN INCORPORATION	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Alvin Chen)	20,500	100.00%
ASUS COMPUTER CZECH REPUBLIC S. R. O.	Director	ASUS EUROPE B.V. (Representative: Yuriy Sandratskiy)	—	100.00%
ASUS CZECH SERVICE S. R. O.	Director	ASUS EUROPE B.V. (Representative: Chen, Chien-Yuan)	—	99.59%
	Director	ASUS EUROPE B.V. (Representative: Cheng,Chi-Chien)	—	0.41%
ASUS SERVICE AUSTRALIA	Director	ASUS TECHNOLOGY PTE LIMITED	950,000	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
PTY LIMITED	Director	(Representative: Chen,, Hsin-Yi) ASUS TECHNOLOGY PTE LIMITED (Representative: Tsai, Hsiao-Ming)	—	—
ASUS AUSTRALIA PTY LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Jackie Hsu)	350,000	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Tsai, Hsiao-Ming)	—	—
ASUS INDIA PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Yu, Chien-Liang)	33,500,000	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hwang, Sy-Ru)	—	—
ASUS ISRAEL (TECHNOLOGY) LTD	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chiu,Yu-Sheng)	50,000	100.00%
PT. ASUS SERVICE INDONESIA	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Chen, Hsin-Yi)	1,485,000	99.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hung, Tsung-Fu)	—	—
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Zhao, DongLiang)	—	—
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Hsu, Tse-Ming)	—	—
ACBZ IMPORTACAO E COMERCIO LTDA.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wu, Ming-Tau)	549,442,769	100.00%
	Director	ASUS EUROPE B.V. (Representative: Wu, Ming-Tau)	26,231	0.00%
ASUS PERU S. A. C.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Edwin Gutierrez)	4,153,783	99.00%
	Director	ASUS EUROPE B.V. (Representative: Edwin Gutierrez)	41,957	1.00%
ASUS HOLDING MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Steve Chang)	50,608	99.00%
	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	512	1.00%
ASUS MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Steve Chang)	130	99.00%
	Director	ASUS HOLDING MEXICO, S. A. DE C. V. (Representative: Steve Chang)	2	1.00%
ASUS COMPUTER COLOMBIA S. A. S.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Jeremin Hsieh)	74,489	100.00%
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	Director	ASUS EUROPE B.V. (Representative: Zoltan Gyongyosi)	—	100.00%
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA	Director	ASUS EUROPE B.V. (Representative: Helder Basto)	30,000	100.00%
ASUS SWITZERLAND GMBH	Director	ASUS EUROPE B.V. (Representative: Hung, Wen-Chi)	3,400	100.00%
ASUS NORDIC AB	Director	ASUS EUROPE B.V. (Representative: Chu,Chien-Hao)	3,000	100.00%
	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	—	—
ASUS (THAILAND) CO., LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Cheng-Tu)	20,000	100.00%
ASUSTEK COMPUTERS (PTY) LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Liang, Ming-Lun)	1,000	100.00%
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lie, Yee-Sann)	500,000	100.00%
ASUS SERVICE (THAILAND) CO., LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Cheng-Tu)	59,984	99.94%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASUS CHILE SPA	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: CHA MING CHANG LIN)	1,000	100.00%
ASUS PHILIPPINES CORPORATION	Director	ASUS TECHNOLOGY PTE. LIMITED	1,059,995	100.00%
	Director	Lin, Yu-Ying	1	0.00%
	Director	Tang, Hsueh-Ling	1	0.00%
	Director	Chen, Hsin-Yi	1	0.00%
	Director	Hsu, Tse-Ming	1	0.00%
	General Manager	Su, Jeng-hong	1	0.00%
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI	Director	ASUS EUROPE B.V. (Representative: Ufuk Ozgur)	3,000	100.00%
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	Director	ASUS EUROPE B.V. (Representative: Li, Yu-Lin)	2,046	100.00%
QC SERVER AB	Director	ASUS EUROPE B.V. (Representative: Kent Chien)	500	100.00%
	Director	ASUS EUROPE B.V. (Representative: Chen, Li-Hsaing)	—	—
eMES (SHUZHOU) CO., LTD.	Chairman	SHINEWAVE INTERNATIONAL INC. (Representative: Yu, Jiunn-Hwa*)	—	100.00%
	Director	SHINEWAVE INTERNATIONAL INC. (Representative: Cheng Shu-Fen*)	—	—
	Director	SHINEWAVE INTERNATIONAL INC. (Representative: Chang Chih-Liang*)	—	—
	Supervisor	SHINEWAVE INTERNATIONAL INC. (Representative: Chin Wu)	—	—
ASUS CLOUD SINGAPORE PTE. LTD.	Chairman	ASUS CLOUD CORPORATION. (Representative: Peter Wu)	—	100.00%
	Director	ASUS CLOUD CORPORATION (Representative: Sung, Lai-Chi*)	—	—
ASUS CLOUD (LUXEMBOURG) S. A R. L.	Director	ASUS CLOUD CORPORATION. (Representative: Peter Wu)	—	100.00%
ASUS LIFE CORPORATION	Chairman	Shangri-La Information Limited*(Representative: Janet Huang)	250,000	25.00%
	Director	OmniHealth Group, Inc. (Representative: Mingho Huang)	250,000	25.00%
	Director	ASUS CLOUD CORPORATION (Representative: Eric Chen)	500,000	50.00%
	Director	ASUS CLOUD CORPORATION (Representative: Joe Hsieh)	—	—
	Director	ASUS CLOUD CORPORATION (Representative: Wjh Chen)	—	—
	Supervisor	Steve Kuo	—	—
	Supervisor	Ji, Xin-chen	—	—
AAEON ELECTRONICS, INC	The Chairman of BOD	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	490,000	100.00%
	General Manager	Paul Yang	—	—
AAEON TECHNOLOGY CO., LTD.	Chairman & General Manager	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	8,807,097	100.00%
AAEON TECHNOLOGY (EUROPE) B. V.	Chairman	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	—	100.00%
AAEON TECHNOLOGY GMBH	Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Chuang, Yung-Shun)	—	100.00%
	Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Li-Kai LAI)	—	—
AAEON INVESTMENT CO., LTD.	Chairman & General Manager	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	15,000,000	100.00%
ONYX HEALTHCARE INC.	Chairman	JUI-HAI INVESTMENT CO., LTD. (Representative: Chuang, Yung-Shun)	148,305	0.67%
	Director	AAEON TECHNOLOGY INC. (Representative: Lin, Chien-Hung)	11,005,146	50.00%
	Director & President	AAEON TECHNOLOGY INC. (Representative: Bob Wang)	—	—
	Director	Lee, Tsu-Der	—	—
	Independent Director	Lee, San-Liang	—	—

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
	Independent Director	James Chiang	—	—
	Independent Director	Tai, Yi-Hui	—	—
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Director	AAEON DELELOPMENT INC. (Representative: Chuang, Yung-Shun)	465,840	100.00%
AAEON TECHNOLOGY (SUZHOU) INC.	Chairman	AAEON TECHNOLOGY CO., LTD. ((Representative: Chuang, Yung-Shun)	—	100.00%
ONYX HEALTHCARE USA, INC.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	200,000	100.00%
ONYX HEALTHCARE EUROPE B. V.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	100,000	100.00%
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	—	100.00%
	Director	ONYX HEALTHCARE INC. (Representative: Chinlong Hsu)	—	—
	Director & General Manager	ONYX HEALTHCARE INC. (Representative: Bob Wang)	—	—
	Supervisor	ONYX HEALTHCARE INC. (Representative: Juno Tu)	—	—
IHELPER INC.	Chairman	KINPO ELECTRONICS, INC. (Representative: Shen, Shih-Jung*)	1,584,000	44.00%
	Director	KINPO ELECTRONICS, INC. (Representative: Yu, Chieh-Hui*)	—	—
	Director	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	1,656,000	46.00%
	Director & General Manager	ONYX HEALTHCARE INC. (Representative: Bob Wang)	—	—
	Director	Lee, Tsu-Der	—	—
	Supervisor	Chueh, Chih-Yun	—	—
ASKEY INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei)	10,000,000	100.00%
DYNALINK INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei)	8,160,172	100.00%
MAGIC INTERNATIONAL CO., LTD.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei)	114,942,014	100.00%
ASKEY DIGITAL TECHNOLOGY CORP.	Director	ASKEY COMPUTER CORP. (Representative: Kao, Chung- Ming)	3,000,000	100.00%
WONDALINK INC.	Chairman	ASKEY COMPUTER CORP. (Representative: Lui, Hon-Man)	9,242,232	100.00%
	Director	ASKEY COMPUTER CORP. (Representative: Chen, Chiu-Hsu)	—	—
	Director	ASKEY COMPUTER CORP. (Representative: Shen, Te-Chih)	—	—
	Supervisor	ASKEY COMPUTER CORP. (Representative: Fu, Ko-Ting)	—	—
ASKEY (VIETNAM) COMPANY LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei)	2,883,359	100.00%
WISE ACCESS (HK) LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lui, Hon-Man)	1,600,000	100.00%
SILIGENCE SAS	Director	ASKEY COMPUTER CORP (Representative: Ou, Ta-Tsou)	3,843,090	79.76%
	Director	WISE ACCESS (HK) LIMITED (Representative: Ou, Ta-Tsou)	780,000	16.19%
MAGICOM INTERNATIONAL CORP.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei)	91,030,000	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
LEADING PROFIT CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei)	50,050,000	100.00%
UNI LEADER INTERNATIONAL LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei)	50,000	100.00%
OPENBASE LIMITED	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei)	50,000	100.00%
ASKEY COMMUNICATION GMBH	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Ou, Ta-Tsou)	100,000	100.00%
ASKEY DO BRASIL TECNOLOGIA LTDA.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	3,199,680	99.99%
	Director	OPENBASE LIMITED (Representative: Kao, Chung- Ming)	320	0.01%
ASKEY CORPORATION (THAILAND) CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	20,000	100.00%
ASKEY JAPAN CO.,LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	500,000	100.00%
YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD.	Chairman	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei)	—	100.00%
	Supervisor	MAGIC INTERNATIONAL CO., LTD. (Representative: Chin Wu)	—	—
	General Manager	Lui, Hon-Man	—	—
ASKEY TECHNOLOGY (JIANGSU) LTD.	Chairman & General Manager	MAGICOM INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei)	—	100.00%
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Winnie Liu)	—	—
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Chin Wu)	—	—
	Supervisor	MAGICOM INTERNATIONAL CORP. (Representative: Leif Huang)	—	—

Note 1: The list of directors and general managers of this form is as of March 31, 2020.

Note 2: (*) Standards for the English transliteration of company's name or individual's name.

2. Summarized Operation Results of Affiliated Enterprises

In thousand NTD / As of Dec 31, 2019

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS COMPUTER INTERNATIONAL	14,990	28,066,021	27,443,434	622,587	53,557,868	357,059	222,776	-
ASUS TECHNOLOGY INC.	190,000	6,029,162	6,021,399	7,763	19,288,912	(354,466)	(284,060)	(14.95)
ASUS HOLLAND B. V.	45,727	377,414	172,151	205,263	368,766	17,435	13,369	-
ASUS INTERNATIONAL LIMITED	2,690,107	37,960,917	1,144	37,959,773	-	(1,400)	329,602	-
HUA-CHENG VENTURE CAPITAL CORP.	1,145,000	1,911,337	12,553	1,898,784	-	(172)	131,114	1.15
HUA-MIN INVESTMENT CO., LTD.	680,000	1,147,455	10,733	1,136,722	-	(172)	95,168	1.40
JOTECH LTD.	30,000	30,002	461	29,541	-	(459)	(459)	(0.15)
ASMEDIA TECHNOLOGY INC.	600,379	3,451,089	869,602	2,581,487	3,746,124	1,169,191	965,207	16.08
ASUS GLOBAL PTE. LTD.	839,440	152,715,123	118,515,438	34,199,685	286,380,126	3,057,539	4,623,038	-
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	24,883	6,586	912	5,674	56	(401)	783	-
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	229,619	5,571,667	5,218,136	353,531	8,278,508	145,364	117,970	-
PT. ASUS TECHNOLOGY INDONESIA BATAM	287,817	663,351	1,074,810	(411,459)	2,030,732	(271,649)	(323,490)	-
JINSHUO CULTURAL DIFFUSION CO., LTD.	673,900	604,085	73,526	530,559	217,391	(27,288)	(46,482)	Note
UNIMAX ELECTRONICS INC.	213,000	83,213	14,885	68,328	59,306	(1,489)	2,598	0.12
ASKEY COMPUTER CORP.	4,800,000	16,357,089	13,341,397	3,015,692	27,055,216	(7,383)	(26,382)	(0.06)
ASKEY INTERNATIONAL CORP.	299,800	1,383,988	1,369,740	14,248	4,911,227	(57,024)	(56,166)	-
DYNALINK INTERNATIONAL CORP.	244,642	80,740	-	80,740	-	(80)	2,099	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
MAGIC INTERNATIONAL CO., LTD.	3,445,962	3,251,519	21	3,251,498	-	(127)	(31,477)	-
ASKEY DIGITAL TECHNOLOGY CORP.	30,000	30,001	4	29,997	-	(63)	(3)	(0.00)
WONDALINK INC.	92,422	88,007	62,240	25,767	59,252	(20,280)	(19,565)	(2.12)
ASKEY (VIETNAM) COMPANY LIMITED	171,921	129,540	53,043	76,497	-	-	1	-
WISE ACCESS (HK) LIMITED	40,518	11,121	-	11,121	-	(26)	1,701	Note
MAGICOM INTERNATIONAL CORP.	2,729,079	3,326,572	-	3,326,572	-	(207)	(11,139)	-
OPENBASE LIMITED	1,499	33,723	674	33,049	-	(800)	-	-
LEADING PROFIT CO., LTD.	1,500,499	1,740,039	1,779,337	(39,298)	7,373,997	(77)	193	-
UNI LEADER INTERNATIONAL LTD.	1,499	175,934	156,483	19,451	13,080,634	67	-	-
ASKEY COMMUNICATION GMBH	3,359	3,315	80	3,235	243	12	12	-
ASKEY CORPORATION (THAILAND) CO., LTD.	2,021	4,168	10,247	(6,079)	79,741	(2,852)	(7,173)	-
ASKEY JAPAN CO., LTD.	1,379	14,435	15,889	(1,454)	33,405	(1,627)	(1,617)	-
ASKEY DO BRASIL TECNOLOGIA LTDA.	23,783	4,863	708	4,155	-	(6,093)	(6,022)	-
SILIGENCE SAS	161,838	172,445	103,940	68,505	628,810	11,567	10,663	-
YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD.	89,940	26,155	24,518	1,637	21,316	(7,052)	(5,897)	Note
ASKEY TECHNOLOGY (JIANGSU) LTD.	2,698,200	9,715,188	6,426,239	3,288,949	18,752,267	(306)	(5,348)	Note
ASUS CLOUD CORPORATION	250,000	321,619	195,258	126,361	406,044	12,045	2,409	0.08
ASUS CLOUD SINGAPORE PTE. LTD.	24,089	11,766	7,274	4,492	5,515	(57)	(55)	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS CLOUD (LUXEMBOURG) S. A R. L	13,436	3,724	612	3,112	1,145	192	192	-
ASUS LIFE CORPORATION	10,000	10,125	8,283	1,842	12,290	(4,620)	(4,662)	(4.66)
SHINEWAVE INTERNATIONAL INC.	107,250	202,538	48,876	153,662	114,975	(11,032)	(10,171)	(0.95)
EMES (SHUZHOU) CO., LTD.	8,994	13,963	3,781	10,182	17,098	285	256	Note
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	163,515	279,355	107,990	171,365	215,958	(15,618)	5,194	0.32
AAEON TECHNOLOGY INC.	1,484,985	8,733,812	933,298	7,800,514	4,265,294	461,333	552,152	5.17
AAEON ELECTRONICS, INC.	146,902	379,935	183,846	196,089	868,555	(9,776)	20,912	-
AAEON TECHNOLOGY CO., LTD.	264,037	218,787	10	218,777	-	(61)	(13,543)	-
AAEON TECHNOLOGY (EUROPE) B. V.	3,359	137,977	93,960	44,017	633,600	9,971	9,338	-
AAEON INVESTMENT CO., LTD.	150,000	110,970	82	110,888	-	(99)	218	0.01
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	10,379	60,422	20,384	40,038	127,955	(2,485)	(2,412)	-
AAEON TECHNOLOGY GMBH	1,008	25,789	8,108	17,681	31,921	717	2,031	-
AAEON TECHNOLOGY (SUZHOU) INC.	260,534	315,277	99,322	215,955	537,308	(11,257)	(13,428)	Note
ONYX HEALTHCARE INC.	220,082	1,314,785	306,855	1,007,930	1,157,701	236,603	239,377	10.88
ONYX HEALTHCARE USA, INC.	59,960	155,916	65,687	90,229	602,542	17,951	13,462	-
ONYX HEALTHCARE EUROPE B. V.	3,359	27,908	14,201	13,707	56,271	3,461	2,636	-
IHELPER INC.	36,000	24,287	1,914	22,373	797	(7,113)	(7,125)	(1.98)
ONYX HEALTHCARE (SHANGHAI) LTD.	59,960	21,728	13,276	8,452	7,251	(14,276)	(15,199)	Note
CHANNEL PILOT LIMITED	900,389	39,803,251	3,414,362	36,388,889	-	(255)	285,697	-
ASUS TECHNOLOGY PTE. LIMITED	1,331,694	40,930,101	9,585	40,920,516	-	(2,369)	458,002	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS MIDDLE EAST FZCO	4,082	59,250	35,451	23,799	136,179	24	11,493	-
ASUS EGYPT L. L. C.	1	2,252	478	1,774	3,708	165	(143)	-
PT. ASUS SERVICE INDONESIA	31,339	52,564	13,963	38,601	50,371	1,506	755	-
ASUS (THAILAND) CO., LTD.	16,165	33,871	11,693	22,178	98,136	4,865	3,454	-
ASUS SERVICE (THAILAND) CO., LTD.	6,062	6,457	283	6,174	3,434	152	136	-
ASUS COMPUTER GMBH	8,587	243,076	89,035	154,041	525,244	17,976	14,609	-
ASUS FRANCE SARL	3,560	235,780	185,353	50,427	382,067	3,771	608	-
ASUSTEK (UK) LIMITED	1,968	116,018	65,039	50,979	236,154	11,282	9,754	-
ASUS TECHNOLOGY (HONG KONG) LIMITED	1,925	62,448	50,772	11,676	171,798	2,238	1,548	Note
ASUS KOREA CO., LTD.	20,543	50,383	6,995	43,388	111,405	3,161	3,094	-
ASUSTEK COMPUTER (S) PTE. LTD.	-	-	-	-	-	(105)	(99)	-
ASUS TECHNOLOGY PRIVATE LIMITED	84,508	585,236	271,707	313,529	385,343	27,055	22,064	-
ASUS EUROPE B. V.	294,749	6,133,865	4,702,841	1,431,024	19,350,854	230,721	179,442	-
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	1,663	60,238	39,457	20,781	143,575	9,366	5,355	-
ASUS SPAIN, S.L.U.	1,008	56,335	15,983	40,352	174,918	7,543	5,584	-
ASUS JAPAN INCORPORATION	56,542	1,420,283	1,122,734	297,549	5,769,438	69,769	44,109	-
ASUS SERVICE AUSTRALIA PTY LIMITED	19,954	91,056	52,526	38,530	104,681	13,892	10,345	-
ASUS AUSTRALIA PTY LIMITED	7,351	72,937	20,703	52,234	148,431	8,464	6,450	-
ASUS ISRAEL (TECHNOLOGY) LTD.	391	8,786	8,580	206	61,895	5,627	(2,618)	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS COMPUTER COLOMBIA S. A. S	679	10,922	8,730	2,192	55,638	2,607	921	-
ASUSTEK COMPUTERS (PTY) LIMITED	2	15,135	9,622	5,513	41,520	2,005	1,852	-
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	3,647	34,653	13,842	20,811	96,037	3,349	1,677	-
ASUS CHILE SPA	40	5,528	4,095	1,433	26,668	1,532	1,280	-
ASUS PERU S. A. C.	37,963	54,377	16,528	37,849	36,309	536	(1,933)	-
ASUS HOLDING MEXICO, S. A. DE C. V.	81,227	1,394,643	1,436,585	(41,942)	1,692,081	12,346	21,612	-
ACBZ IMPORTACAO E COMERCIO LTDA.	4,083,677	6,574,260	2,788,663	3,785,597	6,537,749	(595,739)	(272,073)	-
ASUS INDIA PRIVATE LIMITED	140,606	3,847,876	3,749,420	98,456	5,831,641	50,653	53,800	-
ASUS MEXICO, S. A. DE C. V.	210	16,750	8,962	7,788	66,333	2,354	936	-
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	1,260	22,819	13,472	9,347	46,627	2,220	1,509	-
ASUS SWITZERLAND GMBH	10,514	32,011	5,969	26,042	66,564	3,170	2,497	-
ASUS NORDIC AB	963	111,139	48,743	62,396	271,076	13,852	9,633	-
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA.	1,008	27,299	15,582	11,717	54,724	2,794	1,699	-
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	10,311	50,691	4,985	45,706	92,532	4,159	5,104	-
ASUS TEKNOLOJI SERVİSLERİ TICARET LIMITED SIRKETİ	378	18,774	14,392	4,382	43,668	8,991	4,599	-
ASUS POLSKA SP. Z O. O.	394	63,607	9,449	54,158	112,136	5,340	2,713	-
ASUSTEK ITALY S. R. L.	1,612	118,905	130,837	(11,932)	299,464	8,870	(19,327)	-
ASUS COMPUTER CZECH REPUBLIC S. R. O.	264	40,193	22,730	17,463	78,145	3,665	2,450	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS CZECH SERVICE S. R. O.	7,100	136,281	33,150	103,131	431,654	20,118	15,716	-
ASUS PHILIPPINES CORPORATION	6,257	23,181	17,208	5,973	2,583	(344)	(288)	-
QC SERVER AB	161	39,209	39,078	131	-	(31)	(31)	-
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	1,442,038	23,097,483	26,749,726	(3,652,243)	54,671,885	(832,544)	(571,390)	Note
ASUS COMPUTER (SHANGHAI) CO., LTD.	59,960	92,420	23,032	69,388	163,276	3,177	3,361	Note
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	1,469,020	3,352,802	388,546	2,964,256	1,618,261	107,057	137,814	Note
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	2,068,620	13,552,655	8,195,162	5,357,493	9,137,860	(305,833)	357,842	Note
ASUS INVESTMENTS (SUZHOU) CO., LTD.	492,119	429,013	1,582	427,431	-	(8,010)	(6,859)	Note

Note: It's not applied to company limited.

ASUSTeK Computer Inc.

Declaration of Internal Control

Date: March 18, 2020

The internal control system in 2019 conforms to the following declarations made in accordance with the self-inspection conducted:

1. We understand it is the responsibility of the Company's management to have internal control system established, enforced, and maintained. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.
2. Internal control system is designed with limitations; therefore, no matter how perfectly it is designed, an effective internal control system is to ensure the realization of the aforementioned three objectives. Due to the change of environment and condition, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanism; therefore, we are able to have corrective actions initiated upon identifying any nonconformity.
3. We have based on the internal control criteria of "Governing Rules for handling internal control system by public offering companies" (referred to as "the Governing Rules" hereinafter) to determine the effectiveness of internal control design and enforcement. The internal control criteria of the "Governing Rules" is the management control process and with the internal control divided into five elements: 1. Environment control, 2. Risk analysis, 3. Control process, 4. Information and communication, and 5. Supervision. Each element is subdivided into several items. Please refer to the "Governing Rules" for the details of the said items.
4. We have based on the aforementioned internal control criteria to inspect the effectiveness of internal control design and enforcement.
5. We believe that our audits provide a reasonable basis for our opinion. On December 31, 2018, those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control system (including the supervision and management over the subsidiaries) including the fulfillment of business performance and efficiency, the reliability of financial statements and the obedience of governing regulations, and the design and enforcement of internal control system is free of material misstatement and is able to ensure the realization of the aforementioned objectives.
6. The Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Securities Transaction Regulation No. 20, No. 32, No. 171, and NO. 174.
7. We hereby declared that the Declaration of Internal Control was approved by the Board of Directors on March 18, 2020 unanimously by the directors at the meeting.

ASUSTeK Computer Inc.



Chairman: Jonney Shih

General Manager & Co-CEO: S.Y. Hsu

General Manager & Co-CEO: Samson Hu



Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.:

Opinion

We have audited the accompanying consolidated balance sheets of ASUSTEK COMPUTER INC. and its subsidiaries (the “Group”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, “Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020” and generally accepted auditing standards in the Republic of China (“ROC GAAS”) for the year ended December 31, 2019; we conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”) for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Group’s consolidated financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(14) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(8) for the details for inventory valuation.

The Group is primarily engaged in the design, R&D, and sales of 3C products. Due to the rapid technological innovations and competition within the industry, frequent releases of new products result in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realizable values of inventories.

In response to changing markets and its development strategies, the Group adjusts its inventory levels. The Group’s primary product line is notebook computer. As a result, the related inventory levels for product line as mentioned above are significant. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management’s judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assessed the policy on allowance for inventory valuation loss based on our understanding of the Group's operations and industry.
2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Refund liabilities - sales returns and discounts

Description

Refer to Note 4(34) for the accounting policies on estimations for sales returns and discounts, Note 5 for the uncertainty of accounting estimations and assumptions for refund liabilities - sales returns and discounts, and Note 6(18) for the details of refund liabilities - sales returns and discounts. As of December 31, 2019, refund liabilities - sales returns and discounts amounted to \$20,829,445 thousand.

The Group periodically estimates refund liabilities - sales returns and discounts based on each product line's actual sales returns and discounts, and considers if there are special factors which will affect the original estimations. Since the refund liabilities - sales returns and discounts is subject to judgment and the market of 3C products changes rapidly, management's use of historical experience to accrue for future sales returns and discounts will cause uncertainty of accounting estimations. Thus, provision for sales returns and discounts has been identified as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Assessed the reasonableness of policies used in estimating refund liabilities - sales returns and discounts, taking into consideration actual sales returns and discounts. Performed sample testing to verify that accrual rates have been approved appropriately.
2. Selected samples and tested the calculation logic used in the refund liabilities - sales returns and discounts statements, including accrual and reversal statements of refund liabilities - sales returns and discounts.
3. Selected samples and confirmed that accrual amounts based on the accrual statements of refund liabilities - sales returns and discounts have been properly recognized in the financial statements.

4. Selected samples and confirmed that the reversal amounts based on the reversal statements of refund liabilities - sales returns and discounts have been properly recognized in the financial statements and checked against the original vouchers.

Classification and presentation of discontinued operations

Description

Refer to Note 6(13) for details of discontinued operations.

The Group is determined to reshape its smartphone business strategy and adjust product positioning to focus on perfecting solutions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been in progress and the Group recognized valuation effects of assets and liabilities accordingly in the same year. Given the magnitude that the Group continuously disposed of discontinued operations as well as significant impact of how the profit or loss of discontinued operations was classified and presented in the financial statements, we consider the classification and presentation of discontinued operations as one of the key audit matters.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Obtained management's detailed listings of valuation effects of assets and liabilities in discontinued operations and checked relevant supporting documentation.
2. Confirmed the financial statements are reasonably presented by reviewing and assessing how the management disclosed the discontinued operations.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets of \$11,405,539 thousand and \$17,650,677 thousand (including investments accounted for under the equity method amounting to \$4,185,826 thousand and \$3,755,296 thousand), constituting 3.24% and 5.16% of consolidated total assets as of December 31, 2019 and 2018, respectively, total operating revenues of \$2,121,798 thousand and \$18,583,584 thousand, constituting 0.60% and 5.25% of consolidated operating revenues for the years ended December 31, 2019 and 2018, respectively, and the share of profit and other comprehensive income of associates and joint ventures accounted for under the equity method of \$89,052 thousand and \$43,667 thousand, constituting 0.32% and (1.87%) of consolidated comprehensive income for the years

ended December 31, 2019 and 2018, respectively. The financial statements of these investee companies were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these consolidated subsidiaries and investments accounted for under the equity method, is based solely on the reports of other independent auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with an Other Matters section on the parent company only financial statements of ASUSTEK COMPUTER INC. as of and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group’s financial reporting process.

Independent Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

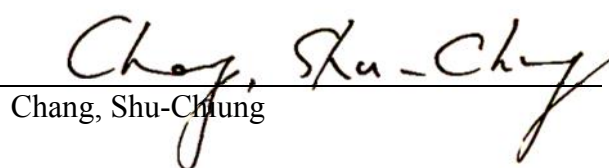
1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit. We remain

solely responsible for our audit opinion.

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

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

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


Chou, Chien-Hung
Chang, Shu-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	NOTES	DECEMBER 31, 2019		DECEMBER 31, 2018	
		AMOUNT	%	AMOUNT	%
<u>Current assets</u>					
Cash and cash equivalents	6(1)	\$ 79,083,376	23	\$ 63,972,548	19
Financial assets at fair value through profit or loss - current	6(2)	5,689,854	2	4,995,219	1
Financial assets at fair value through other comprehensive income - current	6(3)	769,603	-	636,827	-
Financial assets at amortized cost - current	6(4)	119,500	-	1,665,377	-
Derivative financial assets for hedging - current	6(5)	5,612	-	334,333	-
Notes receivable	6(6)	5,178,261	1	4,397,115	1
Trade receivables	6(6)(7) and 7	65,748,653	19	77,717,433	23
Other receivables	7	528,727	-	736,104	-
Inventories	6(8)	74,442,780	21	94,259,039	28
Prepayments		8,360,883	2	6,096,345	2
Other current assets	8	256,565	-	113,906	-
Total current assets		240,183,814	68	254,924,246	74
<u>Non-current assets</u>					
Financial assets at fair value through profit or loss - non-current	6(2)	244,224	-	145,704	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	62,083,635	18	45,359,962	13
Investments accounted for under equity method	6(9)	6,367,892	2	5,666,800	2
Property, plant and equipment	6(10) and 8	22,354,443	6	16,733,866	5
Right-of-use assets	6(11)	3,016,854	1	-	-
Investment property		4,007,876	1	4,024,499	1
Intangible assets	6(12)	2,181,855	1	2,071,736	1
Deferred income tax assets	6(28)	10,174,080	3	9,726,356	3
Other non-current assets	6(14) and 8	1,389,438	-	3,512,707	1
Total non-current assets		111,820,297	32	87,241,630	26
<u>TOTAL ASSETS</u>		\$ 352,004,111	100	\$ 342,165,876	100

(Continued)

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	NOTES	DECEMBER 31, 2019		DECEMBER 31, 2018	
		AMOUNT	%	AMOUNT	%
<u>Current liabilities</u>					
Short-term borrowings	6(15)	\$ 5,600,728	2	\$ 7,124,984	2
Financial liabilities at fair value through profit or loss - current	6(2)	480,597	-	240,293	-
Derivative financial liabilities for hedging - current	6(5)	311,468	-	53,437	-
Contract liabilities - current	6(23)	968,662	-	954,548	-
Notes and trade payables	6(7) and 7	59,025,552	17	65,138,253	19
Other payables - accrued expenses	7	35,693,856	10	37,620,949	11
Current income tax liabilities		4,875,979	2	5,066,425	2
Provisions for liabilities - current	6(17) and 9	21,752,992	6	22,429,049	7
Lease liabilities - current		445,844	-	-	-
Refund liabilities - current	6(18)	20,829,445	6	19,861,807	6
Other current liabilities	7	4,533,502	1	4,199,880	1
Total current liabilities		154,518,625	44	162,689,625	48
<u>Non-current liabilities</u>					
Deferred income tax liabilities	6(28)	12,876,044	4	11,117,996	3
Lease liabilities - non-current		683,584	-	-	-
Other non-current liabilities	6(16)	639,066	-	666,331	-
Total non-current liabilities		14,198,694	4	11,784,327	3
Total liabilities		168,717,319	48	174,473,952	51
<u>Equity attributable to shareholders of the parent</u>					
Share capital - common shares	6(19)	7,427,603	2	7,427,603	2
Capital surplus	6(20)	6,297,000	2	6,299,430	2
Retained earnings	6(21)				
Legal reserve		35,407,050	10	34,983,546	10
Special reserve		693,928	-	693,941	-
Unappropriated retained earnings		95,102,416	27	94,556,481	28
Other equity	6(3)(5)(22)	31,932,043	9	17,404,000	5
Total equity attributable to shareholders of the parent		176,860,040	50	161,365,001	47
Non-controlling interest	6(30)	6,426,752	2	6,326,923	2
Total equity		183,286,792	52	167,691,924	49
<u>TOTAL LIABILITIES AND EQUITY</u>		\$ 352,004,111	100	\$ 342,165,876	100

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

ITEMS	NOTES	FOR THE YEARS ENDED DECEMBER 31,			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(23) and 7	\$ 351,330,493	100	\$ 354,187,665	100
Operating costs	6(8)(10)(11)(16)(26) (27)(31) and 7	(297,842,375)	(85)	(302,173,389)	(85)
Gross profit		<u>53,488,118</u>	<u>15</u>	<u>52,014,276</u>	<u>15</u>
Operating expenses	6(10)(11)(16)(26)(27) (31), 7 and 9	(20,954,331)	(6)	(17,051,012)	(5)
Selling expenses		(6,797,051)	(2)	(6,950,193)	(2)
General and administrative expenses		(14,120,044)	(4)	(11,037,437)	(3)
Research and development expenses		(41,871,426)	(12)	(35,038,642)	(10)
Total operating expenses		(41,871,426)	(12)	(35,038,642)	(10)
Operating profit		<u>11,616,692</u>	<u>3</u>	<u>16,975,634</u>	<u>5</u>
Non-operating income and expenses					
Other income	6(24)	3,793,449	1	4,158,750	1
Other gains (losses)	6(2)(5)(10)(25) and 9	4,022,275	1	33,581	-
Finance costs	6(11)	(167,762)	-	(257,339)	-
Share of profit of associates and joint ventures accounted for under equity method	6(9)	39,497	-	75,091	-
Total non-operating income and expenses		<u>7,687,459</u>	<u>2</u>	<u>4,010,083</u>	<u>1</u>
Profit before income tax		<u>19,304,151</u>	<u>5</u>	<u>20,985,717</u>	<u>6</u>
Income tax expenses	6(28)	(4,094,022)	(1)	(3,643,418)	(1)
Profit from continuing operations for the year		<u>15,210,129</u>	<u>4</u>	<u>17,342,299</u>	<u>5</u>
Loss from discontinued operations for the year	6(13)	(2,195,100)	-	(12,069,803)	(4)
Profit for the year		<u>\$ 13,015,029</u>	<u>4</u>	<u>\$ 5,272,496</u>	<u>1</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Loss on remeasurements of defined benefit plans	6(22)	(\$ 13,840)	-	(\$ 15,162)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	16,934,513	5	(9,469,103)	(2)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(22)	1,663	-	(1,606)	-
Income tax relating to components of other comprehensive income	6(22)(28)	(9,520)	-	47,830	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(22)	(2,252,810)	(1)	1,008,147	-
Gains (losses) on hedging instrument	6(5)(22)	(586,752)	-	951,950	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(22)	(2,245)	-	(9,091)	-
Income tax relating to the components of other comprehensive income	6(22)(28)	447,534	-	(126,125)	-
Other comprehensive income (loss) for the year		<u>\$ 14,518,543</u>	<u>4</u>	<u>(\$ 7,613,160)</u>	<u>(2)</u>
Total comprehensive income (loss) for the year		<u>\$ 27,533,572</u>	<u>8</u>	<u>(\$ 2,340,664)</u>	<u>(1)</u>
Profit attributable to:					
Shareholders of the parent		\$ 12,138,555	4	\$ 4,235,036	1
Non-controlling interest		<u>876,474</u>	<u>-</u>	<u>1,037,460</u>	<u>-</u>
		<u>\$ 13,015,029</u>	<u>4</u>	<u>\$ 5,272,496</u>	<u>1</u>
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		\$ 26,666,598	8	(\$ 3,346,590)	(1)
Non-controlling interest		<u>866,974</u>	<u>-</u>	<u>1,005,926</u>	<u>-</u>
		<u>\$ 27,533,572</u>	<u>8</u>	<u>(\$ 2,340,664)</u>	<u>(1)</u>
Basic earnings per share (in dollars):	6(29)				
Profit from continuing operations		\$ 19.30		\$ 21.95	
Loss from discontinued operations		(2.96)		(16.25)	
Basic earnings per share		<u>\$ 16.34</u>		<u>\$ 5.70</u>	
Diluted earnings per share (in dollars):	6(29)				
Profit from continuing operations		\$ 19.19		\$ 21.90	
Loss from discontinued operations		(2.94)		(16.21)	
Diluted earnings per share		<u>\$ 16.25</u>		<u>\$ 5.69</u>	

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to shareholders of the parent													
	Retained Earnings					Other Equity Interest								
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements transition differences of foreign operations	Unrealized gains from financial assets measured at fair value through comprehensive income	Unrealized gain on available-for-sale financial assets	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Remeasurements of defined benefit plan	Total	Non-controlling interest	Total equity
For the year ended December 31, 2019														
Balance at January 1, 2019	\$7,427,603	\$6,299,430	\$34,983,546	\$693,941	\$ 94,556,481	(\$1,004,029)	\$ 18,234,029	\$ -	\$ -	\$ 280,896	(\$ 106,896)	\$161,365,001	\$6,326,923	\$167,691,924
Appropriations of 2018 earnings (Note 6(21))	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	423,504	-	(423,504)	-	-	-	-	-	-	(11,141,404)	-	(11,141,404)
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	12,138,555	876,474	13,015,029
Profit for the year	-	-	-	-	12,138,555	-	-	-	-	-	-	14,528,043	(9,500)	14,518,543
Other comprehensive income (loss) for the year	-	-	-	-	-	(1,796,955)	16,921,721	-	-	(586,752)	(9,971)	-	-	-
Change in associates and joint ventures accounted for under equity method	-	6,065	-	-	(843)	-	-	-	-	-	-	5,222	-	5,222
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(7,634)	-	-	-	-	-	-	-	-	-	(7,634)	-	(7,634)
Recognition of changes in ownership interest in subsidiaries	-	(861)	-	-	-	-	-	-	-	-	-	(861)	-	(861)
Reversal of special reserve	-	-	-	(13)	13	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	(26,882)	-	-	-	-	-	-	(26,882)	(767,145)	(767,145)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,882)
Balance at December 31, 2019	\$7,427,603	\$6,297,000	\$35,407,050	\$693,928	\$ 95,102,416	(\$2,800,984)	\$ 35,155,750	\$ -	\$ -	(\$ 305,856)	(\$ 116,867)	\$176,860,040	\$6,426,752	\$183,286,792
For the year ended December 31, 2018														
Balance at January 1, 2018	\$7,427,603	\$5,554,197	\$33,429,055	\$693,941	\$102,790,860	(\$1,875,958)	\$ 27,630,905	\$27,893,808	(\$ 671,054)	\$ -	(\$ 98,267)	\$175,144,185	\$3,530,118	\$178,674,303
Effect of retrospective application and restatement	-	-	-	-	289,921	-	-	(27,893,808)	671,054	(671,054)	-	27,018	-	27,018
Balance at January 1, after adjustments	7,427,603	5,554,197	33,429,055	693,941	103,080,781	(1,875,958)	27,630,905	-	-	(671,054)	(98,267)	175,171,203	3,530,118	178,701,321
Appropriations of 2017 earnings (Note 6(21))	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,554,491	-	(1,554,491)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	(11,141,404)	-	(11,141,404)
Profit for the year	-	-	-	-	4,235,036	-	-	-	-	-	-	4,235,036	1,037,460	5,272,496
Other comprehensive income (loss) for the year	-	-	-	-	-	871,929	(9,396,876)	-	-	951,950	(8,629)	(7,581,626)	(31,534)	(7,613,160)
Change in associates and joint ventures accounted for under equity method	-	40,891	-	-	(2,532)	-	-	-	-	-	-	38,359	-	38,359
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,780)	-	-	-	-	-	-	-	-	-	(4,780)	-	(4,780)
Recognition of changes in ownership interest in subsidiaries	-	709,122	-	-	-	-	-	-	-	-	-	709,122	-	709,122
Non-controlling interest (Note 6(30))	-	-	-	-	-	-	-	-	-	-	-	-	1,790,879	1,790,879
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(60,909)	-	-	-	-	-	-	(60,909)	-	(60,909)
Balance at December 31, 2018	\$7,427,603	\$6,299,430	\$34,983,546	\$693,941	\$ 94,556,481	(\$1,004,029)	\$ 18,234,029	\$ -	\$ -	\$ 280,896	(\$ 106,896)	\$161,365,001	\$6,326,923	\$167,691,924

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31,	
	2019	2018
<u>Cash flows from operating activities</u>		
Profit before income tax from continuing operations for the year	\$ 19,304,151	\$ 20,985,717
Loss before income tax from discontinued operations for the year	(2,560,421)	(14,004,727)
Profit before income tax from continuing and discontinued operations for the year	16,743,730	6,980,990
Income and expenses that result in non-cash flows		
Depreciation (including investment property and right-of-use assets)	2,096,486	1,243,625
Amortization	476,329	433,740
Expected credit impairment losses	252,098	674,708
Net loss (gain) on financial assets or liability at fair value through profit or loss	(510,055)	(979,105)
Share of profit of associates and joint ventures accounted for under equity method	(39,497)	(75,091)
Interest income	(1,310,917)	(1,491,312)
Dividend income	(2,349,345)	(2,552,907)
Interest expense	167,762	257,339
Impairment loss on non-financial assets	31,086	163,998
Gain on disposal of investments	(5,591)	(1,683,748)
Others	51,893	83,393
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	862,727	5,675,577
Notes receivable	(865,463)	(3,972,413)
Trade receivables	11,872,261	(2,570,773)
Other receivables	192,127	(80,887)
Inventories	19,858,032	(11,725,783)
Prepayments	(1,397,328)	(3,315)
Other current assets	(137,040)	(95,423)
Financial liabilities at fair value through profit or loss	(1,373,672)	(1,837,676)
Contract liabilities	15,111	318,137
Notes and trade payables	(6,140,834)	(9,130,869)
Other payables - accrued expenses	(2,073,889)	(607,017)
Provisions for liabilities	(676,057)	(1,600,806)
Refund liabilities	967,638	(475,899)
Other current liabilities	360,023	(210,253)
Other operating liabilities	10,775	61,269
Receipt of interest	1,314,669	1,445,135
Payment of interest	(189,121)	(243,792)
Payment of income tax	(2,876,674)	(2,436,572)
Net cash flows provided by (used in) operating activities	35,327,264	5,169,922
<u>Cash flows from investing activities</u>		
Acquisition of financial assets at fair value through other comprehensive income	-	(425,492)
Acquisition of property, plant and equipment	(7,527,919)	(3,288,695)
Proceeds from disposal of property, plant and equipment	84,503	132,278
Acquisition of intangible assets	(157,570)	(292,196)
Acquisition of financial assets at amortized cost	-	(1,637,075)
Proceeds from disposal of financial assets at amortized cost	1,555,722	-
Acquisition of investments accounted for under equity method	(371,903)	(180,000)
Increase in refundable deposits	(153,308)	(323,361)
Changes in other non-current assets	(198,991)	(311,181)
Dividends received	2,546,501	2,581,742
Proceeds from disposal of subsidiaries	-	118,836
Others	32,330	37,501
Net cash flows provided by (used in) investing activities	(4,190,635)	(3,587,643)
<u>Cash flows from financing activities</u>		
(Decrease) increase in short-term borrowings	(1,500,601)	1,339,457
Proceeds from long-term borrowings	-	2,580,000
Redemption of long-term borrowings	-	(3,594,893)
Payment of cash dividends	(11,141,404)	(11,141,404)
Redemption of lease liabilities	(589,619)	-
Change in non-controlling interest	(779,444)	(407,887)
Others	(47,812)	(45,035)
Net cash flows provided by (used in) financing activities	(14,058,880)	(11,269,762)
Effects due to changes in exchange rate	(1,966,921)	(1,467,069)
Increase (decrease) in cash and cash equivalents	15,110,828	(8,220,414)
Cash and cash equivalents at beginning of year	63,972,548	72,192,962
Cash and cash equivalents at end of year	\$ 79,083,376	\$ 63,972,548

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

- (1) ASUSTEK COMPUTER INC. (ASUS or the Company) was established in the Republic of China (R.O.C.). The Company is primarily engaged in the design, R&D and sales of 3C products (including PCs, main boards, other boards and cards, tablet PCs, smart phones and other handheld devices, etc.).
- (2) The Company resolved to spin-off its OEM businesses on January 1, 2008. Pursuant to the Company's resolution, the Company transferred its computer OEM, design and manufacture of computer cases and molds and non-computer OEM businesses to its spun-off subsidiaries, PEGATRON CORPORATION (PEGA) and UNIHAN CORPORATION, respectively. On June 1, 2010, however, the Company transferred further its OEM assets and business (the Company's investments accounted for under equity method in PEGA) to the Company's another investee, PEGATRON INTERNATIONAL INVESTMENT CO. LTD. (PII). PII issued new shares to the Company and its shareholders as consideration. On April 29, 2013, the Company disposed the partial shares of PEGA and reduced the ownership percentage to less than 20%.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 18, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission (FSC)

New standards, interpretations and amendments as endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, "Prepayment features with negative compensation"	January 1, 2019
IFRS 16, "Leases"	January 1, 2019
Amendments to IAS 19, "Plan amendment, curtailment or settlement"	January 1, 2019

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 28, “Long-term interests in associates and joint ventures”	January 1, 2019
IFRIC 23, “Uncertainty over income tax treatments”	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 16, “Leases”

- A. IFRS 16, “Leases”, replaces IAS 17, “Leases” and related interpretations and Standing Interpretations Committee (SICs). The standard requires lessees to recognize a “right-of-use asset” and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating lease and finance lease, and only requires additional disclosures.
- B. The Group recognized the lease contract of lessees in line with IFRS 16 using the modified retrospective approach. Accordingly, the Group increased ‘right-of-use asset’ and lease liability and decreased other non-current assets - long-term prepaid rents and prepayment by \$3,392,189, \$1,384,624, \$2,002,288 and \$5,277, respectively with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (A) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (B) The use of single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (C) The accounting for operating leases whose period will end before December 31, 2019 as short-term lease and accordingly, rent expense of \$151,874 was recognized for the year ended December 31, 2019.
 - (D) The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
- D. The Group calculated the present value of lease liabilities by using the incremental borrowing interest rate ranging from 1.15%~11.00%.
- E. The Group recognized lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed under IAS 17 as of December 31, 2018	\$ 1,630,676
Less: Applying short-term leases exemption	(156,689)
Less: Applying low-value assets exemption	(1,156)
Total lease contracts amount recognized as lease liabilities under IFRS 16 as of January 1, 2019	\$ 1,472,831
Range of incremental borrowing interest rate at the date of initial application	1.15%~11.00%
Lease liabilities recognized as of January 1, 2019 under IFRS 16	\$ 1,384,624

(2) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, "Disclosure Initiative - Definition of Material"	January 1, 2020
Amendments to IFRS 3, "Definition of a business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest rate benchmark reform"	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2021
Amendments to IAS 1, "Classification of liabilities as current or noncurrent"	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, IFRSs, International Accounting Standards (IASs), International Financial Reporting Interpretations Committee and SICs as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets at fair value through other comprehensive income.
- (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The critical accounting estimates and assumptions used in preparation of financial statements and the critical judgements in applying the Group’s accounting policies are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests.
- (D) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of

the consideration paid or received is recognized directly in equity.

- (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
ASUS	ASUS COMPUTER INTERNATIONAL (ACI)	Selling of 3C products in North America	100.00	100.00	
ASUS	ASUS TECHNOLOGY INCORPORATION (ASUTC)	Selling of 3C products in Taiwan	100.00	100.00	
ASUS	ASUS HOLLAND B. V. (ACH)	Repairing of 3C products	100.00	100.00	
ASUS	ASUS INTERNATIONAL LIMITED (AIL)	Investing in 3C and computer peripheral business	100.00	100.00	
ASUS	ASUSTEK HOLDINGS LIMITED (AHL)	Investing in computer peripheral business	-	100.00	
ASUS	ASUS GLOBAL PTE. LTD. (ASGL)	Selling of 3C products	100.00	100.00	
ASUS	ASUS CLOUD CORPORATION (ASUSCLOUD)	Selling and consulting of internet service	94.58	94.58	
ASUS	ASKEY COMPUTER CORP. (ASKEY)	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts	100.00	100.00	
ASUS	HUA-CHENG VENTURE CAPITAL CORP. (HCVC)	Investing in computer peripheral business	100.00	100.00	
ASUS	HUA-MIN INVESTMENT CO., LTD. (HMI)	Investing in computer peripheral business	100.00	100.00	
ASUS	QUANTUM CLOUD INTERNATIONAL PTE. LTD. (QCI)	Servicing of information technology	100.00	100.00	Note 1
ASUS	JINSHUO CULTURAL DIFFUSION CO., LTD. (JSCD)	Professional eSports	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
ASUS and HCVC	SHINEWAVE INTERNATIONAL INC. (SWI)	Researching, developing, selling and consulting of information system software	51.00	51.00	
ASUS and HCVC	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN) (IUT)	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	69.25	56.73	
ASUS and HCVC	PT. ASUS TECHNOLOGY INDONESIA BATAM (ACBT)	Selling of 3C products in Indonesia	100.00	100.00	
ASUS and HCVC	PT. ASUS TECHNOLOGY INDONESIA JAKARTA (ACJK)	Selling of 3C products in Indonesia	100.00	100.00	
ASUS, HCVC and HMI	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, researching, developing and manufacturing of high-speed analog circuit	52.93	52.93	
ASUS, HCVC and HMI	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling of industrial computers and computer peripherals	40.73	40.73	
ASUS, HMI and AAEON	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling of medical computers	56.80	55.86	Note 2
ASUS and AIL Group	UNIMAX ELECTRONICS INCORPORATION (UEI)	Manufacturing and selling of automotive electronics and computer peripherals	100.00	100.00	
HMI GROUP	JOTECH LTD. (JOTECH)	Repairing and selling of information software and electronic information materials	100.00	-	
SWI GROUP	EMES (SUZHOU) CO., LTD. (EMES)	Selling and consulting of information system software	100.00	100.00	
ASKEY GROUP	ASKEY INTERNATIONAL CORP. (ASKEYI)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	DYNALINK INTERNATIONAL CORP. (DIC)	Investing in communication business	100.00	100.00	
ASKEY GROUP	MAGIC INTERNATIONAL CO., LTD. (MIC)	Investing in communication business	100.00	100.00	
ASKEY GROUP	ASKEY (VIETNAM) COMPANY LIMITED (ASKEYVN)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	MAGICOM INTERNATIONAL CORP. (MAGICOM)	Investing in communication business	100.00	100.00	
ASKEY GROUP	YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD. (ASKEYSH)	Researching, developing and selling of communication products	100.00	100.00	
ASKEY GROUP	OPENBASE LIMITED (OB)	Selling of communication products and peripherals	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
ASKEY GROUP	LEADING PROFIT CO., LTD. (LP)	Selling of communication products and peripherals	100.00	100.00	
ASKEY GROUP	UNI LEADER INTERNATIONAL LTD. (UNI)	Selling of communication products and peripherals	100.00	100.00	
ASKEY GROUP	ASKEY TECHNOLOGY (JIANGSU) LTD. (ASKEYJS)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	WISE ACCESS (HK) LIMITED (WISE)	Investing in communication business	100.00	100.00	
ASKEY GROUP	SILIGENCE SAS (SILIGENCE)	Selling and servicing of communication products	95.95	95.95	
ASKEY GROUP	ASKEY MAGICXPRESS (WUJIANG) CORP. (ASKEYMWJ)	Manufacturing and selling of communication products	-	100.00	
ASKEY GROUP	ASKEY COMMUNICATION GMBH (ASKEYCG)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY DO BRASIL TECNOLOGIA LTDA. (ASKEYBR)	Servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY CORPORATION (THAILAND) CO., LTD. (ASKEYTH)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY JAPAN CO., LTD. (ASKEYJP)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY DIGITAL TECHNOLOGY CORP. (ASKEYDT)	Selling and servicing of communication products	100.00	-	
ASKEY GROUP	WONDALINK INC. (WONDA)	Manufacturing and product design of wired and wireless communication, electronic parts	100.00	-	
IUT	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (IUTS)	Investing in ink-jet print heads and ink-jet digital image output technology business	-	100.00	
AAEON GROUP	AAEON ELECTRONICS, INC. (AAEONEI)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON DEVELOPMENT INCORPORATED (AAEONDI)	Investing in industrial computers and computer peripheral business	-	100.00	
AAEON GROUP	AAEON TECHNOLOGY CO., LTD. (AAEONTCL)	Investing in industrial computers and interface cards business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY (EUROPE) B. V. (AAEONEU)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY GMBH (AAEONG)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON INVESTMENT CO., LTD. (AAEONI)	Investing in industrial computers and computer peripherals business	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
AAEON GROUP	AAEON TECHNOLOGY SINGAPORE PTE. LTD. (AAEONSG)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY (SUZHOU) INC. (AAEONSZ)	Manufacturing and selling of industrial computers and interface cards	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE USA, INC. (ONYXHU)	Selling of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE EUROPE B. V. (ONYXHE)	Marketing support and repairing of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE (SHANGHAI) LTD. (ONYXSH)	Selling of medical computers and peripherals	100.00	100.00	
ONYX GROUP	IHELPER INC. (IHELPER)	Researching, developing and selling of medical robots	46.00	46.00	
ASUSCLOUD GROUP	ASUS CLOUD SINGAPORE PTE. LTD. (ASUSCLOUDSG)	Investing in internet service business	100.00	100.00	
ASUSCLOUD GROUP	ASUS LIFE CORPORATION (ASUSLC)	Selling of internet information service	50.00	50.00	
ASUSCLOUD GROUP	ASUS CLOUD (LUXEMBOURG) S. A R. L. (ASUSCLOUDLB)	Providing maintenance and operating service for information hardware	100.00	100.00	
AIL GROUP	DEEP DELIGHT LIMITED (DDL)	Investing in computer peripheral business	-	100.00	
AIL GROUP	CHANNEL PILOT LIMITED (CHANNEL)	Investing in 3C business	100.00	100.00	
AIL GROUP	UNIMAX HOLDINGS LIMITED (UHL)	Investing in automotive electronics and computer peripheral business	-	100.00	
AIL GROUP	ASUS TECHNOLOGY PTE. LIMITED (ASTP)	Investing in 3C business	100.00	100.00	
AIL GROUP	ASUS MIDDLE EAST FZCO (ACAE)	Providing support and repair for 3C products in Middle East	100.00	100.00	
AIL GROUP	ASUS EGYPT L. L. C. (ACEG)	Providing support for 3C products in Egypt	100.00	100.00	
AIL GROUP	ASUS COMPUTER GMBH (ACG)	Selling and providing support for 3C products in Germany	100.00	100.00	
AIL GROUP	ASUS FRANCE SARL (ACF)	Providing support for 3C products in France	100.00	100.00	
AIL GROUP	ASUSTEK (UK) LIMITED (ACUK)	Providing support for 3C products in United Kingdom	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (HONG KONG) LIMITED (ACHK)	Providing support and repair for 3C products in Hong Kong	100.00	100.00	
AIL GROUP	ASUS KOREA CO., LTD. (ACKR)	Providing support and repair for 3C products in South Korea	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
AIL GROUP	ASUSTEK COMPUTER (S) PTE. LTD. (ACSG)	Repairing of 3C products in Singapore	100.00	100.00	
AIL GROUP	ASUS POLSKA SP. Z O. O. (ACPL)	Providing support for 3C products in Poland	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PRIVATE LIMITED (ACIN)	Providing support and repair for 3C products in India	100.00	100.00	
AIL GROUP	ASUS EUROPE B.V. (ACNL)	Selling of 3C products	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (VIETNAM) CO., LTD. (ACVN)	Repairing of 3C products in Vietnam	100.00	100.00	
AIL GROUP	ASUSTEK ITALY S. R. L. (ACIT)	Providing support for 3C products in Italy	100.00	100.00	
AIL GROUP	ASUS SPAIN S. L. U. (ACIB)	Providing support for 3C products in Spain	100.00	100.00	Note 1
AIL GROUP	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (ACSZ)	Researching and developing of 3C products	100.00	100.00	
AIL GROUP	ASUS JAPAN INCORPORATION (ACJP)	Selling of 3C products in Japan	100.00	100.00	
AIL GROUP	ASUS COMPUTER CZECH REPUBLIC S. R. O. (ACCZ)	Providing support for 3C products in Czech Republic	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS SERVICE AUSTRALIA PTY LIMITED (ASAU)	Repairing of 3C products in Australia	100.00	100.00	
AIL GROUP	ASUS AUSTRALIA PTY LIMITED (ACAU)	Providing support for 3C products in Australia	100.00	100.00	
AIL GROUP	ACBZ IMPORTACAO E COMERCIO LTDA. (ACBZ)	Selling of 3C products in Brazil	100.00	100.00	
AIL GROUP	ASUS INDIA PRIVATE LIMITED (ASIN)	Selling of 3C products in India	100.00	100.00	
AIL GROUP	ASUS ISRAEL (TECHNOLOGY) LTD. (ACIL)	Providing support for 3C products in Israel	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS PERU S. A. C. (ACPE)	Providing support for 3C products in Peru	100.00	100.00	
AIL GROUP	PT. ASUS SERVICE INDONESIA (ASID)	Repairing of 3C products in Asia-pacific and America	100.00	100.00	
AIL GROUP	ASUS HOLDING MEXICO, S. A. DE C. V. (ACMH)	Selling of 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS MEXICO, S. A. DE C. V. (ACMX)	Providing support for 3C products in Mexico	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2019/12/31	2018/12/31	
AIL GROUP	ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA. (ACPT)	Providing support for 3C products in Portugal	100.00	100.00	
AIL GROUP	ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY (ACHU)	Providing support and repair for 3C products in Hungary	100.00	100.00	
AIL GROUP	ASUS SWITZERLAND GMBH (ACCH)	Providing support for 3C products in Switzerland	100.00	100.00	
AIL GROUP	ASUS NORDIC AB (ACN)	Providing support for 3C products in North Europe	100.00	100.00	
AIL GROUP	ASUS COMPUTER COLOMBIA S. A. S. (ACCO)	Providing support for 3C products in Colombia	100.00	100.00	
AIL GROUP	ASUS (THAILAND) CO., LTD. (ACTH)	Providing support for 3C products in Thailand	100.00	100.00	Note 1
AIL GROUP	ASUSTEK COMPUTERS (PTY) LIMITED (ACZA)	Providing support and repair for 3C products in Africa	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER MALAYSIA SDN. BHD. (ACMY)	Providing support and repair for 3C products in Malaysia	100.00	100.00	
AIL GROUP	ASUS BILGISAYAR SISTEMLERI TICARET LIMITED Sirketi (ACTR)	Providing support and repair for 3C products in Turkey	100.00	100.00	
AIL GROUP	ASUS CHILE SPA (ACCL)	Providing support for 3C products in Chile	100.00	100.00	
AIL GROUP	ASUS TEKNOLOJI SERVISLERI TICARET LIMITED Sirketi (ASTR)	Repairing of 3C products in Turkey	100.00	100.00	
AIL GROUP	ASUS SERVICE (THAILAND) CO., LTD. (ASTH)	Repairing of 3C products in Thailand	100.00	100.00	
AIL GROUP	ASUS PHILIPPINES CORPORATION (ASPH)	Providing support and repair for 3C products in Philippines	100.00	-	
AIL GROUP	QC SERVER AB (QCS)	Servicing of information technology	100.00	-	
AIL GROUP	ASUS COMPUTER (SHANGHAI) CO., LTD. (ACS)	Repairing of 3C products	100.00	100.00	
AIL GROUP	ASUS INVESTMENTS (SUZHOU) CO., LTD. (ACISZ)	Leasing real estate	100.00	100.00	
AIL GROUP	ASUS CZECH SERVICE S. R. O. (ACCZS)	Repairing of 3C products in Europe	100.00	100.00	

Note 1: QCI was named ASUS DIGITAL INTERNATIONAL PTE. LTD. before it was renamed in June 2018; ACIB was named ASUS IBERICA S. L. before it was renamed in November 2018; ACIB was named ASUS SPAIN MARKETING SUPPORT SL before it was renamed in April 2019. ACTH was named ASUS MARKETING (THAILAND) CO., LTD. before it was renamed in

January 2019.

Note 2: Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different end of the financial reporting period: None.
- E. Significant restrictions on its ability to transfer the assets and liabilities to other entities within the Group: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group:
Non-controlling interests in each subsidiary is immaterial to the Group.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars (NTD)", which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.
- (B) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies at fair value through profit or loss are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains (losses)".

B. Translation of foreign operations

- (A) The operating results and financial position of all the group entities and associates that have a

functional currency different from the presentation currency are translated into the presentation currency as follows:

- a. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;
- b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- c. All resulting exchange differences are recognized in other comprehensive income.

- (B) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group still retains partial interests in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (C) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within 12 months from the end of the financial reporting period;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (A) Liabilities that are expected to be paid off within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be paid off within 12 months from the end of the financial reporting period;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the

option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. At initial recognition, the Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:
 - (A) The objective of the Group's business model is achieved by both collecting contractual cash flows and selling financial assets; and
 - (B) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (A) The changes in fair value of equity investments that are recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the

Group's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (B) The changes in fair value of debt instruments that were recognized in other comprehensive income. Before derecognition, impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. When the debt instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets measured at amortized costs

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortized cost and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset has expired.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially almost all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of financial asset.

(13) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease net of any incentives given to the lessee is recognized in profit

or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials and other direct/indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for under equity method

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares or buys treasury stocks (including the Group does not acquire or dispose shares proportionately), which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or

liabilities were disposed of.

- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of buildings are 10~60 years, machinery and equipment are 1~10 years and miscellaneous equipment are 1~20 years.

(17) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

Applicable for 2019

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the

commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payment, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(18) Operating leases (lessee)

Applicable for 2018

An operating lease is a lease that the lessor assumes substantially all the risks and rewards incidental to ownership of the leased asset. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20~50 years.

(20) Intangible assets

A. Goodwill and trademark arise in a business combination accounted for by applying the acquisition method.

B. Other intangible assets, mainly computer software, are amortized on a straight-line basis over their estimated useful lives of 1~10 years.

(21) Impairment of non-financial assets

A. The Group assesses at the end of the financial reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or decrease, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. However, the reversal should not exceed the carrying

amount, net of depreciation or amortization had the impairment not been recognized.

- B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(22) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(23) Notes and trade payables

- A. Trade payables are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and trade payables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(25) Derecognition of financial liabilities

The Group derecognizes a financial liability when the obligation specified in the contract is either discharged or cancelled or expires.

(26) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(28) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as cash flow hedge which is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.
- C. Cash flow hedges
 - (A) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - a. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - b. The cumulative change in fair value of the hedged item from inception of the hedge.
 - (B) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.
 - (C) The amount that has been accumulated in the cash flow hedge reserve in accordance with (A) is accounted for as follows:
 - a. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - b. For cash flow hedges other than those covered by a. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
 - c. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
 - (D) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction

is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(29) Provisions for liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(30) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of government bonds or interest rates of return of high-quality investments that have terms to maturity approximating to the terms of the related pension liability.
- b. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- c. Prior service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy

benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after financial reporting date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(31) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at the end of the financial reporting period. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(A) The issued subsidiary uses the date notifying employees the number of shares of employees' stock bonus as the grant date.

(B) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(C) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(D) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the issued subsidiaries and the issued subsidiaries must refund their payments on the stocks, the issued subsidiary recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are

expected to be eventually vested with the stocks in “capital surplus - others”.

(32) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from

research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(33) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(34) Revenue recognition

Sales of goods

- A. The Group is engaged in the selling of 3C products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from the sale of 3C products is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts. Historical experience is usually used to estimate for the discounts and returns. A refund liability is recognized for expected sales discounts payable to customers in relation to sales made until the end of the reporting period. The sales are made mainly with a credit term of open account 30 to 180 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(35) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the

acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

- B. If the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as goodwill, if the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as profit.

(36) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

Critical accounting estimates and assumptions:

A. Revenue recognition

The Group estimates sales related refund liabilities for sales returns and discounts based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

As of December 31, 2019, the Group recognized \$20,829,445 as refund liabilities for sales returns and discounts.

B. Evaluation of inventories

Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the

financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be a difference against actual result.

As of December 31, 2019, the carrying amount of inventories was \$74,442,780.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	2019/12/31	2018/12/31
Cash on hand and petty cash	\$ 7,194	\$ 7,117
Checking accounts and demand deposits	31,952,371	25,676,338
Time deposits	45,793,398	36,911,805
Others	1,330,413	1,377,288
	<u>\$ 79,083,376</u>	<u>\$ 63,972,548</u>

The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

	2019/12/31	2018/12/31
Financial assets mandatorily measured at fair value through profit or loss - current:		
Listed and OTC stocks	\$ 539,720	\$ 1,027,950
Unlisted and non-OTC stocks	6,333	5,937
Beneficiary certificates	5,129,519	3,832,002
Derivatives	14,282	129,330
	<u>\$ 5,689,854</u>	<u>\$ 4,995,219</u>
	2019/12/31	2018/12/31
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Listed and OTC stocks	\$ 853	\$ 33,307
Unlisted and non-OTC stocks	53,229	28,013
Beneficiary certificates	59,214	74,085
Hybrid instruments	10,928	10,299
Convertible bonds	120,000	-
	<u>\$ 244,224</u>	<u>\$ 145,704</u>
Financial liabilities held for trading - current:		
Derivatives	<u>\$ 480,597</u>	<u>\$ 240,293</u>

A. The hybrid instruments is a hybrid contract consisting of non-listed and OTC stock of V-NET AAEON and embedded options. The Group and stockholders of V-NET AAEON have the right to sell or buy stocks at original transaction price. Refer to Note 12(3) 8 for the fair value on

December 31, 2019 and 2018.

- B. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2019	2018
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 64,247	\$ 343,958
Debt instruments	-	2,126
Beneficiary certificates	14,733	28,956
Derivatives	430,446	604,065
Hybrid instruments	629	-
	<u>\$ 510,055</u>	<u>\$ 979,105</u>

- C. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	2019/12/31			2018/12/31		
	Contract amount (in thousands)		Maturity period	Contract amount (in thousands)		Maturity period
Derivative financial assets:						
Forward exchange contracts						
-EUR/USD	EUR	27,000	2020/02~ 2020/04	EUR	78,000	2019/04
-NTD/USD	USD	-	-	USD	50,000	2019/06
-USD/NTD	USD	200	2020/01	USD	400	2019/01
-GBP/USD	GBP	11,000	2020/03	GBP	6,000	2019/01
-NOK/USD	NOK	-	-	NOK	32,487	2019/01
-PLN/USD	PLN	-	-	PLN	56,255	2019/03
-CNH/USD	CNH	69,687	2020/02	CNH	243,061	2019/01
-AUD/USD	AUD	-	-	AUD	5,000	2019/01
-JPY/USD	JPY	-	-	JPY	548,050	2019/03
-IDR/USD	IDR	-	-	IDR	301,025,000	2019/01
-INR/USD	INR	1,775,100	2020/01	INR	174,744	2019/01
-RUB/USD	RUB	-	-	RUB	464,714	2019/01
-SEK/USD	SEK	20,000	2020/04	SEK	26,839	2019/01
-CAD/USD	CAD	-	-	CAD	39,700	2019/01~ 2019/02
-THB/USD	THB	-	-	THB	64,820	2019/01
Currency option contracts						
-EUR/USD	EUR	-	-	EUR	16,000	2019/03
-RUB/USD	RUB	-	-	RUB	1,001,640	2019/01
-CNH/USD	CNH	464,784	2020/05	CNH	765,457	2019/05
-JPY/USD	JPY	7,044,180	2020/03	JPY	-	-

	2019/12/31			2018/12/31		
	Contract amount (in thousands)		Maturity period	Contract amount (in thousands)		Maturity period
Derivative financial assets:						
Currency swap contracts						
-USD/NTD	USD	500	2020/01	USD	500	2019/01
-NTD/USD	USD	-	-	USD	2,000	2019/06
Derivative financial liabilities:						
Forward exchange contracts						
-CAD/USD	CAD	122,000	2020/01~ 2020/08	CAD	-	-
-NTD/USD	USD	360,000	2020/03	USD	20,000	2019/05
-USD/NTD	USD	500	2020/01	USD	200	2019/01
-EUR/USD	EUR	345,000	2020/03~ 2020/04	EUR	198,700	2019/04
-GBP/USD	GBP	12,000	2020/03	GBP	-	-
-NOK/USD	NOK	110,000	2020/04	NOK	-	-
-CNH/USD	CNH	1,669,883	2020/02	CNH	695,975	2019/03
-IDR/USD	IDR	1,137,271,000	2020/02	IDR	1,517,622,000	2019/03
-INR/USD	INR	2,152,087	2020/01	INR	3,633,412	2019/03
-SEK/USD	SEK	104,634	2020/04	SEK	30,940	2019/02
-PLN/USD	PLN	180,000	2020/04	PLN	3,700	2019/01
-CHF/USD	CHF	2,500	2020/02	CHF	2,800	2019/01
-JPY/USD	JPY	-	-	JPY	998,610	2019/02
-MXN/USD	MXN	110,000	2020/02	MXN	-	-
-AUD/USD	AUD	16,000	2020/02	AUD	-	-
-RUB/USD	RUB	188,055	2020/01	RUB	-	-
Currency option contracts						
-RUB/USD	RUB	2,593,690	2020/04	RUB	-	-
-CNH/USD	CNH	2,074,684	2020/05	CNH	2,499,061	2019/05
-JPY/USD	JPY	-	-	JPY	8,491,160	2019/03
-INR/USD	INR	-	-	INR	2,750,228	2019/02
-GBP/USD	GBP	2,000	2020/01	GBP	-	-
-EUR/USD	EUR	117,000	2020/03	EUR	-	-
-IDR/USD	IDR	539,331,000	2020/04	IDR	-	-
Currency swap contracts						
-NTD/USD	USD	-	-	USD	3,000	2019/06

(A) Forward exchange contracts

The Group entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

(B) Currency option contracts

The Group entered into currency option contracts to buy or sell various foreign currencies rights at an agreed price in the future to hedge exchange rate risk of import and export proceeds.

However, these currency option contracts are not accounted for under hedge accounting.

(C) Currency swap contracts

The Group entered into currency swap contracts to hedge cash flow risk of the floating-rate liability positions. However, these currency swap contracts are not accounted for under hedge accounting.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

E. Information about credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	2019/12/31	2018/12/31
Equity instruments - current:		
Listed and OTC stocks	\$ 310,939	\$ 310,939
Valuation adjustment	458,664	325,888
	<u>\$ 769,603</u>	<u>\$ 636,827</u>
Equity instruments - non-current:		
Listed and OTC stocks	\$ 26,878,597	\$ 26,880,445
Unlisted and non-OTC stocks	510,739	586,560
	27,389,336	27,467,005
Valuation adjustment	34,694,299	17,892,957
	<u>\$ 62,083,635</u>	<u>\$ 45,359,962</u>

A. The Group has elected to classify above investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$62,853,238 and \$45,996,789 on December 31, 2019 and 2018, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2019	2018
Reclassified from other equity to retained earnings due to disposal	(\$ 26,882)	(\$ 60,909)
Dividends income from investments held at end of the year	\$ 2,314,850	\$ 2,507,538

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(4) Financial assets at amortized cost

Items	2019/12/31	2018/12/31
Current items:		
Time deposits with original maturity period of more than three months	\$ 119,500	\$ 1,665,377

A. The Group has no financial assets at amortized cost pledged to others.

B. As of December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were \$119,500 and \$1,665,377, respectively.

C. Information about credit risk of financial assets at amortized cost is provided in Note 12(2).

(5) Hedging financial assets and liabilities

	2019/12/31	2018/12/31
Financial assets - current		
Cash flow hedges - Forward exchange contracts	\$ 5,612	\$ 334,333
Financial liabilities - current		
Cash flow hedges - Forward exchange contracts	(\$ 311,468)	(\$ 53,437)
	(\$ 305,856)	\$ 280,896

A. Hedge accounting is applied to reduce the effect of accounting inconsistency between the hedging instrument and the hedged item. The Group entered into forward exchange contracts to manage its foreign currency exposure in respect of forecasted sales transactions. When forecasted sales transactions occur, the carrying amount of the non-financial hedged items should be adjusted accordingly.

B. Transaction information associated with the Group adopting hedge accounting is as follows:

		2019/12/31		2018/12/31	
		Contract amount (in thousands)	Maturity period	Contract amount (in thousands)	Maturity period
Hedging instruments					
Cash flow hedges:					
Derivative financial assets					
Forward exchange contracts					
-EUR/USD	EUR	10,000	2020/03	EUR	353,000 2019/06
-PLN/USD	PLN	-	-	PLN	48,000 2019/06
-GBP/USD	GBP	18,000	2020/06	GBP	46,000 2019/06
-SEK/USD	SEK	-	-	SEK	87,000 2019/06
-NOK/USD	NOK	-	-	NOK	79,000 2019/06
-JPY/USD	JPY	1,520,000	2020/03	JPY	- -
-RUB/USD	RUB	-	-	RUB	1,787,000 2019/03
-AUD/USD	AUD	-	-	AUD	14,000 2019/03

	2019/12/31			2018/12/31		
	Contract amount (in thousands)		Maturity period	Contract amount (in thousands)		Maturity period
Hedging instruments						
Derivative financial liabilities						
Forward exchange contracts						
-AUD/USD	AUD	27,000	2020/03	AUD	2,000	2019/03
-NOK/USD	NOK	208,000	2020/06	NOK	56,000	2019/06
-EUR/USD	EUR	535,000	2020/06	EUR	155,000	2019/06
-GBP/USD	GBP	41,000	2020/06	GBP	6,000	2019/06
-RUB/USD	RUB	2,185,000	2020/03	RUB	-	-
-SEK/USD	SEK	132,000	2020/06	SEK	29,000	2019/06
-PLN/USD	PLN	164,000	2020/06	PLN	46,000	2019/06
-JPY/USD	JPY	400,000	2020/03	JPY	2,800,000	2019/03

The average exchange rate of hedging instruments used by the Group is based on the consideration of future exchange rate fluctuation of the hedged items.

C. Cash flow hedges:

	2019	2018
Other equity - hedge effectiveness		
January 1	\$ 280,896	(\$ 671,054)
Gains (losses) on hedge instrument	(586,752)	951,950
December 31	(\$ 305,856)	\$ 280,896
Other gains (losses) - hedge ineffectiveness	\$ 7,991	(\$ 13,238)

D. As the hedging instrument expires, the hedging relationship ceases to meet the qualifying criteria.

If the forecast transaction is still expected to occur, the amount that has been accumulated in the gains (losses) on hedging instruments shall remain in the other comprehensive income until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the gains (losses) on hedging instruments to other gains (losses) – hedge ineffectiveness.

(6) Notes and trade receivables

	2019/12/31	2018/12/31
Notes receivable	\$ 5,264,364	\$ 4,397,115
Trade receivables	66,982,552	80,832,557
	72,246,916	85,229,672
Less: Loss allowance	(1,320,002)	(3,115,124)
	\$ 70,926,914	\$ 82,114,548

A. The ageing analysis of notes and trade receivable is as follows:

	2019/12/31	2018/12/31
Not past due	\$ 60,499,057	\$ 69,382,775
Less than 90 days past due	10,617,189	13,041,760
Between 91 and 180 days past due	465,392	398,241
More than 181 days past due	665,278	2,406,896
	<u>\$ 72,246,916</u>	<u>\$ 85,229,672</u>

B. As of December 31, 2019, December 31, 2018 and January 1, 2018, the balances of receivables (including notes receivable) from contracts with customers amounted to \$72,246,916, \$85,229,672 and \$87,339,736, respectively.

C. The Group does not hold financial assets as security for trade receivables.

D. As of December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$5,178,261 and \$4,397,115, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Group's trade receivables were \$65,748,653 and \$77,717,433, respectively.

E. Information about credit risk of notes and trade receivable is provided in Note 12(2).

(7) Offsetting financial assets and financial liabilities

A. The Group has assets (fair value of \$23,052,990 and \$30,836,695 as of December 31, 2019 and 2018, respectively) and liabilities (fair value of \$30,151,754 and \$36,514,971 as of December 31, 2019 and 2018, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables and notes and trade payables.

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

Offsetting trade receivables, notes and trade payables						
	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)	Not set off in the balance sheet: collateral (received) /provided
2019/12/31	\$ 23,052,990	(\$ 30,151,754)	(\$ 22,190,250)	\$ 862,740	(\$ 7,961,504)	\$ -
2018/12/31	30,836,695	(36,514,971)	(30,631,626)	205,069	(5,883,345)	-

(8) Inventories

	2019/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 35,599,092	(\$ 5,699,572)	\$ 29,899,520
Work in process	3,085,728	(339,379)	2,746,349
Finished goods	2,996,863	(343,442)	2,653,421
Merchandise inventories	44,799,733	(6,558,770)	38,240,963
Inventories in transit	902,527	-	902,527
	<u>\$ 87,383,943</u>	<u>(\$ 12,941,163)</u>	<u>\$ 74,442,780</u>

	2018/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 47,894,476	(\$ 9,037,318)	\$ 38,857,158
Work in process	4,173,692	(308,140)	3,865,552
Finished goods	4,734,534	(302,070)	4,432,464
Merchandise inventories	53,053,827	(7,050,130)	46,003,697
Inventories in transit	1,100,168	-	1,100,168
	<u>\$ 110,956,697</u>	<u>(\$ 16,697,658)</u>	<u>\$ 94,259,039</u>

Except for costs of goods sold, the inventories recognized as operating costs from continued and discontinued operations amounted to (\$3,316,090) and \$2,868,464, of which (\$3,502,265) and \$2,472,048 pertain to the decline (recovery) in value of inventories for the years ended December 31, 2019 and 2018, respectively. The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss had been sold for the year ended December 31, 2019.

(9) Investments accounted for under equity method

	2019/12/31	2018/12/31
Associates	<u>\$ 6,367,892</u>	<u>\$ 5,666,800</u>

A. The Group's associates are all immaterial, and the summary on financial information of share attributable to the Group is as follows:

	For the years ended December 31,	
	2019	2018
Profit (loss) for the year	\$ 39,497	\$ 75,091
Other comprehensive income (loss) for the year (net of income tax)	(227)	(12,359)
Total comprehensive income (loss) for the year	<u>\$ 39,270</u>	<u>\$ 62,732</u>

B. The fair value of the Group's associates which have quoted market price is as follows:

	2019/12/31	2018/12/31
Fair value of associates	\$ 3,845,079	\$ 2,896,449

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2019						
Cost	\$6,447,064	\$ 7,363,769	\$ 5,432,501	\$ 4,299,207	\$ 3,231,834	\$ 26,774,375
Accumulated depreciation and impairment	-	(3,028,235)	(3,883,916)	(3,128,358)	-	(10,040,509)
	<u>\$6,447,064</u>	<u>\$ 4,335,534</u>	<u>\$ 1,548,585</u>	<u>\$ 1,170,849</u>	<u>\$ 3,231,834</u>	<u>\$ 16,733,866</u>
January 1, 2019	\$6,447,064	\$ 4,335,534	\$ 1,548,585	\$ 1,170,849	\$ 3,231,834	\$ 16,733,866
Acquisitions	1,014,089	1,962,865	3,475,457	434,944	602,078	7,489,433
Disposals	-	-	(71,710)	(21,192)	-	(92,902)
Depreciation	-	(208,671)	(794,099)	(451,326)	-	(1,454,096)
Impairment	-	-	(18,627)	(8,985)	-	(27,612)
Reclassifications	-	2,114,401	20,316	16,896	(2,145,131)	6,482
Effects due to changes in consolidated entities	-	-	-	874	-	874
Net exchange differences	(12,901)	(80,546)	(125,701)	(21,321)	(61,133)	(301,602)
December 31, 2019	<u>\$7,448,252</u>	<u>\$ 8,123,583</u>	<u>\$ 4,034,221</u>	<u>\$ 1,120,739</u>	<u>\$ 1,627,648</u>	<u>\$ 22,354,443</u>
December 31, 2019						
Cost	\$7,448,252	\$11,289,495	\$ 8,420,605	\$ 4,405,767	\$ 1,627,648	\$ 33,191,767
Accumulated depreciation and impairment	-	(3,165,912)	(4,386,384)	(3,285,028)	-	(10,837,324)
	<u>\$7,448,252</u>	<u>\$ 8,123,583</u>	<u>\$ 4,034,221</u>	<u>\$ 1,120,739</u>	<u>\$ 1,627,648</u>	<u>\$ 22,354,443</u>

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2018						
Cost	\$6,430,351	\$ 7,165,888	\$ 5,586,398	\$ 6,328,088	\$ 1,411,302	\$ 26,922,027
Accumulated depreciation and impairment	- (2,812,818)	(3,758,221)	(5,100,512)	-	(11,671,551)	
	<u>\$6,430,351</u>	<u>\$ 4,353,070</u>	<u>\$ 1,828,177</u>	<u>\$ 1,227,576</u>	<u>\$ 1,411,302</u>	<u>\$ 15,250,476</u>
January 1, 2018	\$6,430,351	\$ 4,353,070	\$ 1,828,177	\$ 1,227,576	\$ 1,411,302	\$ 15,250,476
Acquisitions	-	43,086	455,292	440,354	2,318,486	3,257,218
Disposals	-	-	(127,491)	(24,077)	-	(151,568)
Depreciation	-	(266,240)	(504,689)	(466,811)	-	(1,237,740)
Impairment	-	(44,351)	(100,787)	(18,577)	-	(163,715)
Reversal of impairment	-	-	13	-	-	13
Reclassifications	-	272,195	38,276	80,051	(475,315)	(84,793)
Effects due to changes in consolidated entities	-	-	(19,817)	(54,627)	-	(74,444)
Net exchange differences	16,713	(22,226)	(20,389)	(13,040)	(22,639)	(61,581)
December 31, 2018	<u>\$6,447,064</u>	<u>\$ 4,335,534</u>	<u>\$ 1,548,585</u>	<u>\$ 1,170,849</u>	<u>\$ 3,231,834</u>	<u>\$ 16,733,866</u>
December 31, 2018						
Cost	\$6,447,064	\$ 7,363,769	\$ 5,432,501	\$ 4,299,207	\$ 3,231,834	\$ 26,774,375
Accumulated depreciation and impairment	-	(3,028,235)	(3,883,916)	(3,128,358)	-	(10,040,509)
	<u>\$6,447,064</u>	<u>\$ 4,335,534</u>	<u>\$ 1,548,585</u>	<u>\$ 1,170,849</u>	<u>\$ 3,231,834</u>	<u>\$ 16,733,866</u>

A. After evaluating and comparing the carrying amount of property, plant and equipment and its recoverable amounts, the Group recognized impairment loss amounting to \$27,612 and \$163,715 and impairment reversal gain amounting to \$0 and \$13 for the years ended December 31, 2019 and 2018, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(11) Leasing arrangements - lessee

Applicable for 2019

A. The Group leases various assets including buildings, transportation equipment, office equipment, land use right, and so on. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use-assets

	Buildings	Transporation equipment	Office equipment	Other equipment	Land use right	Total
January 1, 2019						
Adjustment under IFRS 16	\$ 1,354,295	\$ 26,889	\$ 2,246	\$ 6,471	\$ 2,002,288	\$ 3,392,189
Acquisitions	292,755	25,716	-	-	-	318,471
Disposals	(21,473)	(87)	-	-	-	(21,560)
Depreciation	(561,501)	(13,766)	(663)	(2,618)	(54,527)	(633,075)
Reclassifications	(5,418)	(404)	-	-	-	(5,822)
Net exchange differences	50,153	(10,440)	43	(391)	(72,714)	(33,349)
December 31, 2019	<u>\$ 1,108,811</u>	<u>\$ 27,908</u>	<u>\$ 1,626</u>	<u>\$ 3,462</u>	<u>\$ 1,875,047</u>	<u>\$ 3,016,854</u>

C. The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 36,316
Expense on short-term lease contracts	272,840
Expense on leases of low-value assets	16,654

D. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$915,429.

(12) Intangible assets

	Trademark	Computer software	Goodwill	Others	Total
January 1, 2019					
Cost	\$ 355,103	\$ 1,862,492	\$ 1,138,513	\$ 685,072	\$ 4,041,180
Accumulated amortization and impairment	-	(1,416,011)	(6,615)	(546,818)	(1,969,444)
	<u>\$ 355,103</u>	<u>\$ 446,481</u>	<u>\$ 1,131,898</u>	<u>\$ 138,254</u>	<u>\$ 2,071,736</u>
January 1, 2019	\$ 355,103	\$ 446,481	\$ 1,131,898	\$ 138,254	\$ 2,071,736
Acquisitions	-	141,380	-	1,265	142,645
Disposals	-	(18,856)	-	-	(18,856)
Amortization and impairment	-	(272,754)	-	(79,308)	(352,062)
Reclassifications	-	3,387	-	309,451	312,838
Effect due to change in consolidated entities	-	-	31,599	6,529	38,128
Net exchange differences	-	(2,181)	-	(10,393)	(12,574)
December 31, 2019	<u>\$ 355,103</u>	<u>\$ 297,457</u>	<u>\$ 1,163,497</u>	<u>\$ 365,798</u>	<u>\$ 2,181,855</u>
December 31, 2019					
Cost	\$ 355,103	\$ 1,902,491	\$ 1,163,497	\$ 975,702	\$ 4,396,793
Accumulated amortization and impairment	-	(1,605,034)	-	(609,904)	(2,214,938)
	<u>\$ 355,103</u>	<u>\$ 297,457</u>	<u>\$ 1,163,497</u>	<u>\$ 365,798</u>	<u>\$ 2,181,855</u>

	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
January 1, 2018					
Cost	\$ 358,298	\$ 2,033,671	\$ 1,180,794	\$ 651,650	\$ 4,224,413
Accumulated amortization and impairment	(3,195)	(1,637,328)	(48,896)	(581,811)	(2,271,230)
	<u>\$ 355,103</u>	<u>\$ 396,343</u>	<u>\$ 1,131,898</u>	<u>\$ 69,839</u>	<u>\$ 1,953,183</u>
January 1, 2018	\$ 355,103	\$ 396,343	\$ 1,131,898	\$ 69,839	\$ 1,953,183
Acquisitions	174	236,334	-	108,634	345,142
Disposals	- (	8,679)	-	- (	8,679)
Amortization	(9)	(282,701)	- (	38,491)	(321,201)
Reclassifications	-	114,307	-	-	114,307
Effect due to changes in consolidated entities	(165)	(9,152)	- (	1,727)	(11,044)
Net exchange differences	-	29	-	(1)	28
December 31, 2018	<u>\$ 355,103</u>	<u>\$ 446,481</u>	<u>\$ 1,131,898</u>	<u>\$ 138,254</u>	<u>\$ 2,071,736</u>
December 31, 2018					
Cost	\$ 355,103	\$ 1,862,492	\$ 1,138,513	\$ 685,072	\$ 4,041,180
Accumulated amortization and impairment	- (	1,416,011)	(6,615)	(546,818)	(1,969,444)
	<u>\$ 355,103</u>	<u>\$ 446,481</u>	<u>\$ 1,131,898</u>	<u>\$ 138,254</u>	<u>\$ 2,071,736</u>

- A. The impairment assessment of goodwill relies on the managements' subjective judgement, including identifying cash-generating units and determining the recoverable amounts of related cash-generating units. The recoverable amount is based on the value-in-use, the industry standard and the fair value (the fair value is reference to stock price in active market) of cash generating units less disposal costs.
- B. The value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period, and industry standard calculations are determined by reference to the business market value in consideration of the similar industries with the similar products, capital and operating revenues, etc. Management determined budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used is consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.
- C. The Group has no intangible assets pledged to others.

(13) Discontinued operations

- A. The Group is determined to reshape its smartphone business strategy and adjust product positioning to focus on perfecting solutions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been in progress and

the Group recognized valuation effects of assets and liabilities accordingly.

B. The cash flow information of the discontinued operations is as follows:

	For the years ended December 31,	
	2019	2018
Operating cash flows	(\$ 3,398,906)	(\$ 5,168,913)
Investing cash flows	-	-
Financing cash flows (Note)	3,398,906	5,168,913
Total cash flows	<u>\$ -</u>	<u>\$ -</u>

Note: The continuing operations provided (obtained) financing support to (from) the discontinued operations.

C. Analysis of the results of discontinued operations, and the results recognized on the remeasurement of assets and restructuring constructive obligation is as follows:

	For the years ended December 31,	
	2019	2018
Operating revenue	\$ 17,138,944	\$ 38,403,475
Operating costs	(17,423,504)	(39,622,165)
Operating expenses	(2,108,213)	(6,894,272)
Non-operating income and expenses	(167,648)	157,262
Pre-tax loss from discontinued operations	(2,560,421)	(7,955,700)
Income tax benefit	365,321	850,946
After-tax loss from discontinued operations	(2,195,100)	(7,104,754)
Pre-tax loss recognized on the remeasurement of assets and restructuring constructive obligation (Note)	-	(6,049,027)
Income tax benefit recognized on the remeasurement of assets and restructuring constructive obligation	-	1,083,978
After-tax loss recognized on the remeasurement of assets and restructuring constructive obligation	-	(4,965,049)
Total loss from discontinued operations	<u>(\$ 2,195,100)</u>	<u>(\$ 12,069,803)</u>

Note: It consists of inventory valuation loss, compensation loss for the vendors' preparation of materials in advance, sales discounts, reorganization personnel expenses, royalty loss and other losses from discontinued operations.

(14) Other non-current assets - long-term prepaid rents

	2018/12/31
Land use right	<u>\$ 2,002,288</u>

In January 2018, December 31, 2017, February, 2014, September, 2013, April, 2010, November,

2008, October, 2006, and July, 2002, the Group signed a land use right contract with Suzhiu City Government, Shanghai City Government, Chongqing City Government and Wujiang City Government, for the use of land for a period of 40~50 years. All rentals had been paid on the contract dates. The Group recognized rental expenses of \$53,672 for the year ended December 31, 2018.

(15) Short-term borrowings

Type of borrowings	2019/12/31	Interest rate range	Collateral
Bank borrowings			
Guaranteed borrowings	\$ 44,370	5.15%~5.40%	Property, plant and equipment
Credit borrowings	5,556,358	1.03%~2.65%	-
	<u>\$ 5,600,728</u>		
Type of borrowings	2018/12/31	Interest rate range	Collateral
Bank borrowings			
Guaranteed borrowings	\$ 67,573	5.65%~5.90%	Property, plant and equipment
Credit borrowings	7,057,411	0.98%~4.86%	-
	<u>\$ 7,124,984</u>		

(16) Pensions

A. Defined benefit pension plans

(A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(B) The amounts recognized in the balance sheets are as follows:

	2019/12/31	2018/12/31
Present value of defined benefit obligation	(\$ 389,680)	(\$ 397,350)
Fair value of plan assets	202,683	218,861
Net defined benefit liability	(\$ 186,997)	(\$ 178,489)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2019	(\$ 397,350)	\$ 218,861	(\$ 178,489)
Current service cost	(19,639)	-	(19,639)
Interest (expense) income	(6,421)	2,233	(4,188)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,540	6,540
Change in demographic assumptions	(3,290)	-	(3,290)
Change in financial assumptions	(15,629)	-	(15,629)
Experience adjustments	(1,461)	-	(1,461)
Pension fund contribution	-	6,232	6,232
Pension payment	45,817	(31,183)	14,634
Exchange difference and others	8,293	-	8,293
December 31, 2019	(\$ 389,680)	\$ 202,683	(\$ 186,997)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2018	(\$ 371,237)	\$ 218,427	(\$ 152,810)
Current service cost	(20,529)	-	(20,529)
Interest (expense) income	(5,269)	2,579	(2,690)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,704	5,704
Change in demographic assumptions	(11,071)	-	(11,071)
Change in financial assumptions	24,600	-	24,600
Experience adjustments	(34,395)	-	(34,395)
Pension fund contribution	-	5,616	5,616
Pension payment	18,338	(12,038)	6,300
Exchange difference and others	2,213	(1,427)	786
December 31, 2018	(\$ 397,350)	\$ 218,861	(\$ 178,489)

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(E) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2019	2018
Discount rate	0.75%~8.18%	1.00%~8.75%
Future salary increases rate	2.00%~10.00%	2.00%~10.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 0.25%~1%	Decrease 0.25%~1%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 17,133)	\$ 18,802	\$ 14,011	(\$ 13,064)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 17,856)	\$ 19,532	\$ 14,205	(\$ 12,313)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(F) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 is \$7,568.

(G) As of December 31, 2019, the weighted average duration of that retirement plan is 11.1~28.75 years.

B. Defined contribution pension plans

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(C) The pension costs under the defined contribution pension plans of the Group were \$968,191 and \$1,070,618 for the years ended December 31, 2019 and 2018, respectively.

(17) Provisions for liabilities

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2019	\$ 15,121,138	\$ 7,307,911	\$ 22,429,049
Recognition (reversal)	8,108,757	(62,175)	8,046,582
Used	(7,973,283)	(205,109)	(8,178,392)
Net exchange differences	(354,552)	(189,695)	(544,247)
December 31, 2019	<u>\$ 14,902,060</u>	<u>\$ 6,850,932</u>	<u>\$ 21,752,992</u>

	Provisions for warranty	Provisions for legal claims and royalty	Provisions for sales returns and discounts	Total
January 1, 2018	\$ 13,578,703	\$ 7,249,540	\$ 20,350,947	\$ 41,179,190
Recognition (reversal)	10,394,122	(57,263)	-	10,336,859
Used	(9,096,843)	(102,523)	-	(9,199,366)
Reclassified to refund liabilities	-	-	(20,350,947)	(20,350,947)
Net exchange differences	245,156	218,157	-	463,313
December 31, 2018	<u>\$ 15,121,138</u>	<u>\$ 7,307,911</u>	<u>\$ -</u>	<u>\$ 22,429,049</u>

Analysis of total provisions:

	2019/12/31	2018/12/31
Current	<u>\$ 21,752,992</u>	<u>\$ 22,429,049</u>

A. Provisions for warranty

The Group provides warranties on 3C products sold. Provision for warranty is estimated based on these products' historical warranty data. A provision is recognized as current when it is expected to be used in one year.

B. Provisions for legal claims and royalty

The Group recognizes provision for legal claims or royalty fees made by the patentees against the Group. After taking appropriate legal advice, the management evaluates the probable claimable fees accrued as provision for liabilities. The provision charge is recognized in profit or loss within operating costs and expenses.

C. Provisions for sales returns and discounts

The Group allows sales returns and provides discounts on 3C products sold. Provision for sales returns and discounts is estimated based on these products' historical data and other known factors. A provision is recognized as current when it is expected to be used in one year.

D. Provisions for sales returns and discounts have been reclassified to refund liabilities in accordance with IFRS 15 as of January 1, 2018. Information is provided in Note 6 (18).

(18) Refund liabilities

	2019	2018
January 1	\$ 19,861,807	\$ -
Adjustments under IFRS 15	-	20,350,947
Balance after adjustment as of January 1	19,861,807	20,350,947
Recognition (reversal)	34,459,219	38,202,179
Used	(32,936,204)	(38,998,561)
Effects due to changes in consolidated entities	-	(13,240)
Net exchange differences	(555,377)	320,482
December 31	<u>\$ 20,829,445</u>	<u>\$ 19,861,807</u>

The Group recognizes refund liabilities on 3C products sold. Refund liabilities are estimated based on these products' historical data and other known factors. A provision is recognized as current when it is expected to be used in one year.

(19) Common shares

A. As of December 31, 2019, the Company's authorized capital was \$47,500,000, consisting of 4,750,000,000 shares of common stock (including 50,000,000 shares which were reserved for employee stock options), and the paid-in capital was \$7,427,603, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2019 and 2018 are both 742,760,280 shares.

B. As of December 31, 2019, the Company issued Global Depositary Receipts (GDRs), of which 4,935,000 units of the GDRs are now listed on the Luxembourg Stock Exchange. Per unit of GDR represents 5 shares of the Company's common stock and total GDRs represent 24,673,000 shares of the Company's common stock. The terms of GDR are as follows:

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(B) Dividends, stock warrants and other rights

GDR holders and common shareholders are all entitled to receive dividends. The Depositary may issue new GDRs in proportion to GDRs holding ratios or raise the number of shares of common stock represented by each unit of GDR or sell stock dividends on behalf of GDR holders and distribute proceeds to them in proportion to their GDRs holding ratios.

(20) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2019/12/31	2018/12/31
Share premium	\$ 4,227,966	\$ 4,227,966
Difference between consideration and carrying amount of subsidiaries acquired or disposed	885,390	893,024
Recognition of changes in ownership interest in subsidiaries	1,130,789	1,131,650
Changes in associates and joint ventures accounted for under equity method	52,855	46,790
	<u>\$ 6,297,000</u>	<u>\$ 6,299,430</u>

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company is facing a rapidly changing industrial environment, with the life cycle of the industry in the growth phase. In line with the long-term financial plan of the Company and the demand for cash by the shareholders, the Company should distribute cash dividends of not less than 10% of the total dividends declared.
- C. Except for covering accumulated deficit, increasing capital or payment of cash in proportion to ownership percentage, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall be limited to the portion of legal reserve which exceeds 25% of the paid-in capital.
- D. (A) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the end of the financial reporting period before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. As resolved by the shareholders on June 12, 2018, the Company distributed cash dividends to owners amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2017

earnings. On June 18, 2019, the shareholders resolved to distribute cash dividends amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2018 earnings.

F. The appropriation of 2019 earnings had been proposed by the Board of Directors on March 18, 2020. Details are summarized as follows:

	For the year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Cash dividends	\$ 10,398,644	\$ 14.00

As of March 18, 2020, the appropriations of 2019 earnings stated above has not been resolved by the shareholders.

G. The information on employees' compensation and directors' remuneration is provided in Note 6(27).

(22) Other equity

	Gain (loss) on hedging instruments	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2019	\$ 280,896	\$ 18,234,029	(\$ 1,004,029)	(\$ 106,896)	\$ 17,404,000
-The Company	-	16,996,339	(1,432,392)	-	15,563,947
-Subsidiaries	(586,752)	(75,491)	(363,563)	(9,773)	(1,035,579)
-Associates	-	873	(1,000)	(198)	(325)
December 31, 2019	<u>(\$ 305,856)</u>	<u>\$ 35,155,750</u>	<u>(\$ 2,800,984)</u>	<u>(\$ 116,867)</u>	<u>\$ 31,932,043</u>

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2018	(\$ 671,054)	\$ -	\$ -	\$ 27,893,808	(\$ 1,875,958)	(\$ 98,267)	\$25,248,529
Effect on retrospective application and restatement	671,054	(671,054)	27,630,905	(27,893,808)	-	-	(262,903)
Balance after restatement on January 1, 2018	-	(671,054)	27,630,905	-	(1,875,958)	(98,267)	24,985,626
-The Company	-	-	(9,430,925)	-	2,021,932	-	(7,408,993)
-Subsidiaries	-	951,950	34,030	-	(1,146,251)	(7,959)	(168,230)
-Associates	-	-	19	-	(3,752)	(670)	(4,403)
December 31, 2018	<u>\$ -</u>	<u>\$ 280,896</u>	<u>\$ 18,234,029</u>	<u>\$ -</u>	<u>(\$ 1,004,029)</u>	<u>(\$ 106,896)</u>	<u>\$17,404,000</u>

(23) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers	\$ 368,469,437	\$ 391,551,002
Less: Revenue from contracts with customers from discontinued operations	(17,138,944)	(37,363,337)
	<u>\$ 351,330,493</u>	<u>\$ 354,187,665</u>

A. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the transfer of goods and services over time and at a point in time in the following major product lines:

<u>For the year ended December 31, 2019</u>	<u>3C products</u>	<u>Others</u>	<u>Total</u>
Revenue from contracts with customers	<u>\$ 347,222,938</u>	<u>\$ 4,107,555</u>	<u>\$ 351,330,493</u>
Timing of revenue recognition			
At a point in time	\$ 347,096,247	\$ 4,020,487	\$ 351,116,734
Over time	126,691	87,068	213,759
	<u>\$ 347,222,938</u>	<u>\$ 4,107,555</u>	<u>\$ 351,330,493</u>
 <u>For the year ended December 31, 2018</u>	 <u>3C products</u>	 <u>Others</u>	 <u>Total</u>
Revenue from contracts with customers	<u>\$ 345,053,474</u>	<u>\$ 9,134,191</u>	<u>\$ 354,187,665</u>
Timing of revenue recognition			
At a point in time	\$ 344,940,493	\$ 9,064,365	\$ 354,004,858
Over time	112,981	69,826	182,807
	<u>\$ 345,053,474</u>	<u>\$ 9,134,191</u>	<u>\$ 354,187,665</u>

Revenue from contracts with customers from discontinued operations for the years ended December 31, 2019 and 2018 amounted to \$17,138,944 and \$37,363,337, respectively, and are recognized at a point in time.

B. Contract liabilities

(A) The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to \$968,662, \$954,548 and \$781,602 as of December 31, 2019, December 31, 2018 and January 1, 2018, respectively.

(B) The revenue recognized from the beginning balance of contract liability amounted to \$408,211 and \$315,866 for the years ended December 31, 2019 and 2018, respectively.

(24) Other income

	For the years ended December 31,	
	2019	2018
Dividend income	\$ 2,349,345	\$ 2,552,907
Interest income	1,310,917	1,491,312
Rent income	134,013	116,221
	3,794,275	4,160,440
Less: Other income from discontinued operations	(826)	(1,690)
	<u>\$ 3,793,449</u>	<u>\$ 4,158,750</u>

(25) Other gains (losses)

	For the years ended December 31,	
	2019	2018
Net currency exchange gains (losses)	\$ 2,161,179	(\$ 560,635)
Net gains (losses) on derivative financial instruments	431,075	604,065
Net gains (losses) on non-derivative financial instruments	78,980	375,040
Gains (losses) on disposal of investments (Note 1)	5,591	1,683,748
Other net gains (losses) (Note 2)	1,176,976	(1,913,065)
	3,853,801	189,153
Add (Less) : Other (gains) losses from discontinued operations	168,474	(155,572)
	<u>\$ 4,022,275</u>	<u>\$ 33,581</u>

Note 1: In October 2018, the Group disposed 11,706,000 shares of its ownership of subsidiary — UPI for a consideration of \$760,890. After the Group disposed the shares, it lost control of UPI and its ownership decreased to 34.20%. The remaining book value of equity investments was remeasured at the fair value and difference between the fair value less related transaction costs and carrying amount was recognized in profit or loss. Gain on disposal of investment amounted to \$1,681,498.

Note 2: The European Commission has started an investigation into whether the Group has restricted the retail prices of distributors in February, 2017. The Group has always followed the law seriously and worked with the European Union together to complete the investigation following the cooperation process. The Group recognized the loss amounting to \$2,296,326 for the case of the restricted retail prices as other gains (losses) in the year of 2018. The European Commission has finished the investigation in July, 2018 and the Group

has already paid the related payables in 2018. The financial position of the Group is sound enough and cash and cash equivalents balance is assessed to be sufficient to cover the probable loss of the case. Therefore, the case has no significant impact to the operations of the Group. In addition, the Group will manage properly and respond to various types of operational and non-operational risk in the future.

(26) Costs and expenses by nature (including discontinued operations)

	For the years ended December 31,					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$3,471,365	\$22,167,833	\$25,639,198	\$ 3,253,904	\$20,001,255	\$23,255,159
Depreciation	960,791	1,126,380	2,087,171	596,347	641,393	1,237,740
Amortization	14,343	461,986	476,329	14,651	419,089	433,740

(27) Employee benefit expenses (including discontinued operations)

	For the years ended December 31,	
	2019	2018
Wages and salaries	\$ 22,510,331	\$ 19,929,856
Labor and health insurance	1,449,317	1,528,398
Pension (Note)	992,018	1,093,837
Other personnel expenses	687,532	703,068
	<u>\$ 25,639,198</u>	<u>\$ 23,255,159</u>

Note: Includes the pension expense under the defined contribution plan and defined benefit plan.

A. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$906,786 and \$299,233, respectively; directors' remuneration was accrued at \$47,725 and \$15,749, respectively. The aforementioned amounts were recognized in salary expense.

The employees' compensation and directors' remuneration amounting to \$299,233 and \$15,749, respectively, for 2018 as resolved by the Board of Directors were in agreement with the amounts recognized in the 2018 financial statements. The employees' compensation and directors' remuneration will be distributed in cash. Related information is available at the Market Observation Post System website.

(28) Income tax

A. Income tax expenses

(A) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current income tax:		
Current income tax on profits for the year	\$ 1,970,398	\$ 2,559,892
Additional tax on unappropriated earnings	9,080	296,752
Difference between prior year's income tax estimation and assessed results	178,007	82,596
Total current income tax	<u>2,157,485</u>	<u>2,939,240</u>
Deferred income tax:		
Origination and reversal of temporary differences	1,571,216	(2,602,122)
Effect of change in tax rate	-	1,371,376
Total deferred income tax	<u>1,571,216</u>	<u>(1,230,746)</u>
Income tax expense (including discontinued operations)	3,728,701	1,708,494
Add: Income tax benefit from discontinued operations	365,321	1,934,924
Income tax expense from continuing operations	<u>\$ 4,094,022</u>	<u>\$ 3,643,418</u>

(B) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2019	2018
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 15,071	(\$ 40,750)
Currency translation differences	(447,534)	126,125
Remeasurements of defined benefit plans	(5,551)	(7,080)
	<u>(\$ 438,014)</u>	<u>\$ 78,295</u>

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2019	2018
Income tax calculated based on profit before tax and statutory tax rate	\$ 3,483,112	\$ 1,561,237
Tax exempt income by tax regulation	(465,135)	(743,858)
Effect of tax exemption on investment income	(120,871)	(1,387,864)
Effect of investment tax credit	(53,094)	(58,338)
Effect of net operating loss carryforward	12,667	(134)
Difference between prior year's income tax estimation and assessed results	178,007	82,596
Additional income tax on unappropriated earnings	9,080	296,752
Change in assessment of realization of deferred tax assets	48,159	2,201
Effect of tax rate changes on unrealized profit from sales	162,404	98,741
Effect of exchange rate changes	293,862	(117,414)
Effect of tax rate changes	-	1,371,376
Taxable loss not recognized as deferred tax assets	173,784	370,230
Expenses adjusted by tax regulation	8,833	258,311
Others	(2,107)	(25,342)
Income tax expenses (including discontinued operations)	3,728,701	1,708,494
Add: Income tax benefit from discontinued operations	365,321	1,934,924
Income tax expenses from continuing operations	\$ 4,094,022	\$ 3,643,418

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforwards are as follows:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange rate changes	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	\$ 2,791,484	(\$ 651,236)	\$ -	(\$ 25,229)	\$ 2,115,019
Unrealized profit from sales	430,828	796,430	-	(11,549)	1,215,709
Unrealized purchase discounts	123,331	114,018	-	(299)	237,050
Unrealized sales discounts	1,811,867	169,545	-	(61,461)	1,919,951
Unrealized provisions for warranty	1,371,416	(4,709)	-	(37,222)	1,329,485
Other unrealized expenses	1,730,385	(371,796)	-	(12,400)	1,346,189
Loss carryforwards	417,010	32,777	-	(6,177)	443,610
Currency translation differences	254,253	-	446,097	-	700,350
Others	795,782	91,628	3,227	(23,920)	866,717
Subtotal	9,726,356	176,657	449,324	(178,257)	10,174,080
- Deferred income tax liabilities:					
Investment income from foreign investees	(10,956,177)	(1,708,001)	-	-	(12,664,178)
Currency translation differences	(1,636)	-	1,437	-	(199)
Unrealized gain on valuation of equity investments	(7,336)	-	(15,070)	-	(22,406)
Others	(152,847)	(39,872)	2,323	1,135	(189,261)
Subtotal	(11,117,996)	(1,747,873)	(11,310)	1,135	(12,876,044)
Total	(\$ 1,391,640)	(\$ 1,571,216)	\$ 438,014	(\$ 177,122)	(\$ 2,701,964)

2018					
		Recognized in	Recognized in	Effect of	
	January 1	profit or loss	comprehensive income	exchange rate changes	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	\$ 1,832,122	\$ 956,841	\$ -	\$ 2,521	\$ 2,791,484
Unrealized profit from sales	601,578	(171,319)	-	569	430,828
Unrealized purchase discounts	342,805	(219,474)	-	-	123,331
Unrealized sales discounts	1,618,844	215,202	-	(22,179)	1,811,867
Unrealized provisions for warranty	1,376,544	5,416	-	(10,544)	1,371,416
Other unrealized expenses	1,052,209	684,840	-	(6,664)	1,730,385
Loss carryforwards	396,118	37,314	-	(16,422)	417,010
Currency translation differences	380,070	-	(125,817)	-	254,253
Others	601,868	207,556	7,496	(21,138)	795,782
Subtotal	8,202,158	1,716,376	(118,321)	(73,857)	9,726,356
- Deferred income tax liabilities:					
Investment income from foreign investees	(10,480,128)	(476,049)	-	-	(10,956,177)
Currency translation differences	(1,328)	-	(308)	-	(1,636)
Unrealized gain on valuation of equity investments	(56,799)	8,713	40,750	-	(7,336)
Others	(135,411)	(18,294)	(416)	1,274	(152,847)
Subtotal	(10,673,666)	(485,630)	40,026	1,274	(11,117,996)
Total	(\$ 2,471,508)	\$ 1,230,746	(\$ 78,295)	(\$ 72,583)	(\$ 1,391,640)

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets are as follows:

2019/12/31					
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration	
2010	\$ 42,565	\$ 42,565	\$ 42,565	2020	
2011	93,103	87,987	87,987	2021	
2012	31,309	31,309	31,309	2022	
2013	71,673	71,673	71,673	2023	
2014	80,900	80,900	80,900	2024	
2015	648,215	255,203	172,682	2025	
2016	136,499	126,940	126,287	2021-2026	
2017	1,713,896	1,390,565	595,851	2027	
2018	1,972,617	1,972,617	1,653,855	2023-2028	
2019	1,293,223	1,293,223	637,634	2024-2029	

2018/12/31					
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration	
2009	\$ 118,867	\$ 118,867	\$ 76,019	2019	
2010	42,565	42,565	42,565	2020	
2011	93,103	93,103	93,103	2021	
2012	31,309	31,309	31,309	2022	
2013	71,673	71,673	71,673	2023	
2014	81,868	81,868	81,868	2019-2024	
2015	684,498	265,933	178,047	2025	
2016	136,862	126,932	85,151	2021-2026	
2017	1,808,450	1,808,450	651,706	2027	
2018	2,305,376	2,305,376	1,810,096	2023-2028	

E. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	2019/12/31	2018/12/31
Deductible temporary differences	\$ 142,738	\$ 153,696

F. As of December 31, 2019 and 2018, all taxable temporary differences associated with investments in subsidiaries that were not recognized as deferred income tax liabilities are insignificant.

G. The Tax Authority has examined the Company's income tax returns through 2016.

H. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. The Group has assessed and recognized the impact of the change in income tax rate.

(29) Earnings per share

	For the years ended December 31,	
	2019	2018
Profit:		
Profit from continuing operations attributable to shareholders of the parent	\$ 14,333,655	\$ 16,304,839
Loss from discontinued operations attributable to shareholders of the parent	(2,195,100)	(12,069,803)
Profit attributable to shareholders of the parent	<u>\$ 12,138,555</u>	<u>\$ 4,235,036</u>
Number of shares (shares in thousands):		
Weighted average number of shares outstanding - basic	<u>742,760</u>	<u>742,760</u>
Basic earnings per share (in dollars):		
Profit from continuing operations attributable to shareholders of the parent	\$ 19.30	\$ 21.95
Loss from discontinued operations attributable to shareholders of the parent	(2.96)	(16.25)
Profit attributable to shareholders of the parent	<u>\$ 16.34</u>	<u>\$ 5.70</u>

	For the years ended December 31,	
	2019	2018
Profit:		
Profit from continuing operations attributable to shareholders of the parent	\$ 14,333,655	\$ 16,304,839
Loss from discontinued operations attributable to shareholders of the parent	(2,195,100)	(12,069,803)
Profit attributable to shareholders of the parent	<u>\$ 12,138,555</u>	<u>\$ 4,235,036</u>
Number of shares (shares in thousands):		
Weighted average number of shares outstanding - basic	742,760	742,760
Assumed conversion of all dilutive potential shares - employees' compensation	4,195	1,801
Weighted average number of shares outstanding - diluted	<u>746,955</u>	<u>744,561</u>
Diluted earnings per share (in dollars):		
Profit from continuing operations attributable to shareholders of the parent	\$ 19.19	\$ 21.90
Loss from discontinued operations attributable to shareholders of the parent	(2.94)	(16.21)
Profit attributable to shareholders of the parent	<u>\$ 16.25</u>	<u>\$ 5.69</u>

(30) Transaction with non-controlling interests

When subsidiary increased capital, the Group did not acquire new shares in proportion to its existing holdings

In September 2018, the Group's subsidiary — AAEON exchanged shares with IBASE TECHNOLOGY INC., and increased capital by issuing new shares for a consideration of \$3,498,501. Since the Group did not acquire new shares, the Group's ownership of the subsidiary decreased by 15.90%. The effect of the change in ownership interest in subsidiaries to capital surplus — recognition of changes in ownership interest in subsidiaries is as follows:

	For the year ended December 31, 2018
Proceeds from subsidiary's increase in capital by issuing new shares	\$ 3,498,501
Less: Increase in carrying amount of non-controlling interest	(2,785,769)
Capital surplus - recognition of changes in ownership interest in subsidiaries	<u>\$ 712,732</u>

(31) Operating leases (Not applicable from 2019)

The Group leases offices, warehouse and parking lots under operating lease agreements. The Group recognized rental expenses of \$1,133,635 for the year ended December 31, 2018. The Group leases offices, warehouse and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2018/12/31
Less than 1 year	\$ 711,234
Between 1 and 2 years	362,707
Between 2 and 3 years	228,876
Between 3 and 4 years	134,059
More than 4 years	193,800

(32) Changes in liabilities arising from financing activities

	January 1, 2019	Cash flow	Non - cash changes		December 31, 2019
			Foreign exchange changes	Others (Note)	
Short - term borrowings	\$ 7,124,984	(\$ 1,500,601)	(\$ 23,655)	\$ -	\$ 5,600,728
Lease liabilities	1,384,624	(589,619)	(28,063)	362,486	1,129,428
	<u>\$ 8,509,608</u>	<u>(\$ 2,090,220)</u>	<u>(\$ 51,718)</u>	<u>\$ 362,486</u>	<u>\$ 6,730,156</u>

	January 1, 2018	Cash flow	Non - cash changes		December 31, 2018
			Foreign exchange changes	Others (Note)	
Short - term borrowings	\$ 5,750,078	\$ 1,339,457	\$ 126,764	(\$ 91,315)	\$ 7,124,984
Long - term borrowings	1,013,927	(1,014,893)	966	-	-
	<u>\$ 6,764,005</u>	<u>\$ 324,564</u>	<u>\$ 127,730</u>	<u>(\$ 91,315)</u>	<u>\$ 7,124,984</u>

Note: Others are leases modifications and effect of consolidated entities changes.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
ASUSTOR INC.	Associate
LITEMAX ELECTRONIC INC.	Associate
POTIX CORPORATION (TAIWAN)	Associate
IBASE TECHNOLOGY INC.	Associate
IBASE GAMING INC.	Associate
I-WAYLINK INC. (Note)	Associate

Names of related parties	Relationship with the Group
WINMATE INC.	Associate
Others (related parties with non-significant transactions)	Others

Note: I-WAYLINK INC. was named BITATEK CO., LTD. before it was renamed in April 2019.

(3) Significant transactions and balances with related parties

A. Sales of goods

	For the years ended December 31,	
	2019	2018
Sales of goods		
-Associates	\$ 69,842	\$ 2,649
-Others	12,323	25,667
	<u>\$ 82,165</u>	<u>\$ 28,316</u>

The collection periods of the Group to related parties are open account 30 to 90 days and month-end 60 days or negotiated by both parties.

B. Purchases of goods and expenses

	For the years ended December 31,	
	2019	2018
Purchases of goods		
-Associates	\$ 27,728	\$ 32,109
-Others	52,322	528,872
Purchases of services and other expenditures		
-Associates	3,332	2,489
-Others	24,829	22,878
	<u>\$ 108,211</u>	<u>\$ 586,348</u>

The payment term of related parties to the Group are month-end 30 to 120 days, open account 45 to 90 days or 1 to 6 months.

C. Trade receivables and other receivables

	2019/12/31	2018/12/31
Trade receivables		
-Associates	\$ 1,038	\$ 299
-Others	3,140	12,296
	<u>4,178</u>	<u>12,595</u>
Other receivables		
-Associates	600	454
	<u>\$ 4,778</u>	<u>\$ 13,049</u>

The trade receivables mainly arise from sales transactions, are unsecured in nature and bear no interest. The other receivables are mainly advance disbursement receivable.

D. Trade payables and other items of current liabilities

	2019/12/31	2018/12/31
Trade payables		
-Associates	\$ 4,034	\$ 13,768
-Others	16,481	15,686
	<u>20,515</u>	<u>29,454</u>
Other items of current liabilities		
-Associates	3,879	7
-Others	3,329	2,341
	<u>7,208</u>	<u>2,348</u>
	<u>\$ 27,723</u>	<u>\$ 31,802</u>

The trade payables arise mainly from purchase transactions and bear no interest.

(4) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 801,614	\$ 906,818
Post-employment benefits	6,687	6,708
	<u>\$ 808,301</u>	<u>\$ 913,526</u>

8. PLEDGED ASSETS

Pledged assets	Items	Book Value		Purpose
		2019/12/31	2018/12/31	
Other current assets and other non-current assets	Pledged restricted deposits and refundable deposits	\$ 701,706	\$ 516,238	Note
Property, plant and equipment	Land and buildings	209,817	218,480	Bank loans, customs guarantee and credit limits
		<u>\$ 911,523</u>	<u>\$ 734,718</u>	

Note: Pledged for customs duties, performance bond, lodgment for security decided by court, letter of credit, foreign exchange forward transactions, social security, salary account, etc.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

Lawsuits for infringement of intellectual property rights

- A. Several patentees filed lawsuits or investigations for patent infringement including the user interface, audio signal encoding and decoding system, audio stream, UMTS communication function products, product with remote upgrade code function, tablet, cellphone and pad supporting OK Google functions, products with Google Play Movies and TV function, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control, display and

projector products, products supporting LTE Aperiodic CQI / PMI / RI Reporting and smartphone communications products against the Group. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a German court, in a French court, in a Netherlands court, in a Japan court and in an England court. The Group cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

- B. Several patentees filed lawsuits or investigations for patent infringement including MP3 function for desktop computer and notebook, SDRAM function, ZenFone trademarks, AP and Router products supporting MU-MIMO, notebook, LED for cellphone products, cellphone and tablet, products supporting HDCP 2.0 or higher version, router products, microprocessor with Intel's 14nm process Tri-Gate technology, products that support Google Voice Assist or Microsoft Cortana Voice Assist and mixed reality products, cellphone products supporting UMTS and LTE communication standard against the Group. These lawsuits or investigations are currently under investigation, in a Texas court, in a California court, in a Delaware court, in an Alabama court, at the United States International Trade Commission, in a German court, in a Japan court, in an India court, in a Brazil court and in a China court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

(2) Commitments

The Group has signed a contract amounting to \$463,707 for the construction of a new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2019.

10. **SIGNIFICANT DISASTER LOSS:** None.

11. **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL REPORTING PERIOD:**

The Group's subsidiary – ASMEDIA plans to exchange stocks with WT MICROELECTRONICS CO., LTD. (WT MICROELECTRONICS) for operational planning and scaling up business as resolved by the Board of Directors during its meeting on February 21, 2020. ASMEDIA is expected to increase its capital by issuing 9,000,000 shares of common stock in exchange for 171,000,000 shares of common stock of WT MICROELECTRONICS. The stock exchange ratio is 1 ASMEDIA share to be exchanged for 19 WT MICROELECTRONICS's shares, with the expected record date for exchange, March 20, 2020. The application for the above shares exchange is subject to the approval by the FSC.

12. **OTHERS**

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the liability ratio.

This ratio is calculated as total liabilities by total assets. Total liabilities calculated as “current liabilities plus non-current liabilities” are shown in the consolidated balance sheets.

During 2019, the Group’s strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2018. The liability ratios are as follows:

	2019/12/31	2018/12/31
Total liabilities	\$ 168,717,319	\$ 174,473,952
Total equity	183,286,792	167,691,924
Total assets	<u>\$ 352,004,111</u>	<u>\$ 342,165,876</u>
Liability ratio	<u>47.93%</u>	<u>50.99%</u>

(2) Financial instruments

A. Financial instruments by category

	2019/12/31	2018/12/31
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,934,078	\$ 5,140,923
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	62,853,238	45,996,789
Financial assets at amortized cost		
Cash and cash equivalents	79,083,376	63,972,548
Financial assets at amortized cost	119,500	1,665,377
Notes receivable	5,178,261	4,397,115
Trade receivables	65,748,653	77,717,433
Other receivables	528,727	736,104
Refundable deposits	1,031,661	878,123
Derivative financial assets for hedging	5,612	334,333
	<u>\$ 220,483,106</u>	<u>\$ 200,838,745</u>

	2019/12/31	2018/12/31
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 480,597	\$ 240,293
Financial liabilities at amortized cost		
Short-term borrowings	5,600,728	7,124,984
Notes and trade payables	59,025,552	65,138,253
Other payables - accrued expenses	35,693,856	37,620,949
Deposits received	263,095	306,691
Lease liabilities	1,129,428	-
Derivative financial liabilities for hedging	311,468	53,437
	<u>\$ 102,504,724</u>	<u>\$ 110,484,607</u>

B. Financial risk management policies

- (A) The Group's operating activities expose the Group to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts, currency option contracts and currency swap contracts are used to hedge certain exchange rate risk, and derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (B) The Group's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Group's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.
- (C) Information about derivative financial instruments that are used to hedge financial risk are provided in Notes 6(2) and (5).

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

- a. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- b. The management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group's treasury. Exchange rate risk is

measured through a forecast of highly probably USD, EUR and CNY expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of revenue of forecast sale.

- c. The Group hedges foreign exchange rate by using forward exchange contracts, currency option contracts and currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- d. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- e. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency is NTD; other certain subsidiaries' functional currency is USD, EUR, CNY, etc.). Non-monetary items are assessed to have no significant impact on the Group. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

2019/12/31						
(Foreign currency: functional currency)	Sensitivity Analysis					
	Foreign currency amount (in dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
	<u>Financial assets</u>					
	<u>Monetary items</u>					
USD:NTD	\$ 2,826,399,266	29.980	\$ 84,735,450	1%	\$ 847,355	\$ -
EUR:USD	372,630,272	33.590	12,516,499	1%	125,165	-
CNH:USD	3,546,677,285	4.305	15,268,900	1%	152,689	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	3,648,538,312	29.980	109,383,179	1%	1,093,832	-
EUR:USD	53,356,706	33.590	1,792,230	1%	17,922	-
CNH:USD	2,363,458,728	4.305	10,174,992	1%	101,750	-

2018/12/31

	Sensitivity Analysis					
	Foreign			Extent	Effect on	Effect on other
	currency amount	Exchange	Book value	of	profit	comprehensive
	(in dollars)	rate	(NTD)	variation	or loss	income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,486,686,873	30.715	\$ 76,378,587	1%	\$ 763,786	\$ -
EUR:USD	313,067,460	35.199	11,019,784	1%	110,198	-
CNH:USD	3,883,364,323	4.472	17,366,809	1%	173,668	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	3,897,864,280	30.715	119,722,901	1%	1,197,229	-
EUR:USD	47,316,167	35.199	1,665,500	1%	16,655	-
CNH:USD	2,110,342,384	4.472	9,437,671	1%	94,377	-

- f. Net currency exchange (losses) gains (including realized and unrealized) arising from foreign exchange variation on the monetary items from continuing and discontinued operations held by the Group for the years ended December 31, 2019 and 2018 amounted to \$2,161,179 and (\$560,635), respectively.

Price risk

- a. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- b. The Group mainly invests in equity instruments comprised of shares and open-end funds issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Group's non-operating revenue for the years ended December 31, 2019 and 2018 by \$6,001 and \$11,055, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase the Group's other comprehensive income for the years ended December 31, 2019 and 2018 by \$628,532 and \$459,968, respectively.

Cash flow and fair value interest rate risk

- a. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates which expose the Group to cash flow interest rate risk but is partially offset

by cash and cash equivalents held at variable rates. During the years ended December 31, 2019 and 2018, the Group's borrowings at variable rates were denominated in USD and NTD.

- b. At December 31, 2019 and 2018, if interest rates on borrowings had been 1 basis point (0.01%) higher with all other variables held constant, non-operating expenses for the years ended December 31, 2019 and 2018 would have been \$1,273 and \$1,725 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(B) Credit risk

- a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, financial assets at amortized cost, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- b. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" class above as evaluated by an independent party are accepted as counterparties. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.
- c. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- d. The Group adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over 90 days. For some subsidiaries, based on the local trading conditions and historical experience, the default occurs when the contract payments are past due over 180 days.
- e. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate method to estimate expected credit loss.
- f. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (b) The disappearance of an active market for that financial asset because of financial difficulties;
- (c) Default or delinquency in interest or principal repayments;
- (d) Adverse changes in national or regional economic conditions that are expected to cause a default.
- g. The Group writes off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Group has no written-off financial assets that are still under recourse procedures.
- h. (a) The expected loss rate for the excellent credit quality clients is 0.01% ~ 0.2%, and the total carrying amount of notes and trade receivables amounted to \$9,493,985 and \$14,061,945 and loss allowance amounted to \$86,548 and \$61,823 as of December 31, 2019 and 2018, respectively.
- (b) The Group refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of contract assets, accounts receivable and other receivables. The provision matrix as of December 31, 2019 and 2018 is as follows:

2019/12/31	Not past due	Less than 30 days past due	Between 31 and 60 days past due	Between 61 and 90 days past due	Between 91 and 180 days past due	More than 181 days past due	Total
Total book value	\$ 51,118,302	\$ 7,722,452	\$ 2,236,939	\$ 630,670	\$ 379,290	\$ 665,278	\$ 62,752,931
Loss allowance	\$ 22,903	\$ 1,968	\$ 307,161	\$ 105,051	\$ 136,049	\$ 660,322	\$ 1,233,454
Expected loss rate	0.01%~4.68%	0.01%~29.77%	0.09%~49.01%	0.35%~59.79%	1.42%~100%	10%~100%	

2018/12/31	Not past due	Less than 30 days past due	Between 31 and 60 days past due	Between 61 and 90 days past due	Between 91 and 180 days past due	More than 181 days past due	Total
Total book value	\$ 56,364,381	\$ 9,228,795	\$ 2,714,317	\$ 93,844	\$ 398,026	\$ 2,368,364	\$ 71,167,727
Loss allowance	\$ 117,638	\$ 9,164	\$ 370,755	\$ 30,452	\$ 184,264	\$ 2,341,028	\$ 3,053,301
Expected loss rate	0.01%~26.14%	0.13%~20.37%	0.12%~46.48%	0.49%~63.16%	10%~100%	10%~100%	

- i. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and trade receivables are as follows:

	2019	2018
January 1	\$ 3,115,124	\$ 2,460,433
Recognition (reversal)	214,000	677,468
Write-offs	(281,775)	(88,551)
Reclassifications	(1,696,950)	-
Effects due to changes in consolidated entities	-	(753)
Net exchange differences	(30,397)	66,527
December 31	<u>\$ 1,320,002</u>	<u>\$ 3,115,124</u>

For provisioned loss for the years ended December 31, 2019 and 2018, the net impairment loss arising from customer's contract was \$214,000 and \$677,468, respectively.

- j. For investments in debt instruments at amortized cost and at fair value through profit or loss, the credit rating levels are as follows:

2019/12/31				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 119,500	\$ -	\$ -	\$ 119,500
Financial assets at fair value through profit or loss	\$ 120,000	\$ -	\$ -	\$ 120,000
2018/12/31				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets at amortized cost	\$ 1,665,377	\$ -	\$ -	\$ 1,665,377

The Group's financial assets at amortized cost are all time deposits with an original due date of more than three months, and there is no significant abnormality in credit risk assessment.

(C) Liquidity risk

- a. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's

liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's cash flow plans and compliance with internal balance sheet ratio targets.

- b. The Group treasury invests surplus cash in demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2019 and 2018, the Group held financial assets at fair value through profit or loss of \$5,675,572 and \$4,865,889, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- c. The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2019/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Short-term borrowings	\$ 5,600,728	\$ -	\$ -	\$ -	\$ 5,600,728
Notes and trade payables	59,025,552	-	-	-	59,025,552
Other payables	35,693,856	-	-	-	35,693,856
- accrued expenses					
Lease liabilities	477,686	339,574	180,834	214,028	1,212,122
Other financial liabilities	1,020,620	-	-	2,155	1,022,775
<u>Derivative financial liabilities:</u>					
Forward exchange contracts	726,536	-	-	-	726,536
Currency option contracts	65,529	-	-	-	65,529

2018/12/31					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 7,124,984	\$ -	\$ -	\$ -	\$ 7,124,984
Notes and trade payables	65,138,253	-	-	-	65,138,253
Other payables - accrued expenses	37,620,949	-	-	-	37,620,949
Other financial liabilities	1,182,829	-	-	-	1,182,829
<u>Derivative financial liabilities:</u>					
Forward exchange contracts	190,815	-	-	-	190,815
Currency option contracts	102,853	-	-	-	102,853
Currency swap contracts	62	-	-	-	62

- d. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes and trade receivables, other receivables, refundable deposits, short-term borrowings, notes and trade payables, other payables - accrued expenses, other current liabilities, guarantee deposits received, lease liabilities, are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

	2019/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 540,573	\$ 5,244	\$ 54,318	\$ 600,135
Debt securities	-	-	120,000	120,000
Beneficiary certificates	5,129,519	59,214	-	5,188,733
Forward exchange contracts	-	11,338	-	11,338
Currency option contracts	-	2,767	-	2,767
Currency swap contracts	-	177	-	177
Hybrid instruments	-	-	10,928	10,928
Derivative financial assets for hedging	-	5,612	-	5,612
Financial assets at fair value through other comprehensive income				
Equity securities	62,638,033	212,824	2,381	62,853,238
	<u>\$ 68,308,125</u>	<u>\$ 297,176</u>	<u>\$ 187,627</u>	<u>\$ 68,792,928</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 415,068	\$ -	\$ 415,068
Currency option contracts	-	65,529	-	65,529
Derivative financial liabilities for hedging	-	311,468	-	311,468
	<u>\$ -</u>	<u>\$ 792,065</u>	<u>\$ -</u>	<u>\$ 792,065</u>

	2018/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,061,257	\$ 4,848	\$ 29,102	\$ 1,095,207
Beneficiary certificates	3,832,002	74,085	-	3,906,087
Forward exchange contracts	-	107,385	-	107,385
Currency option contracts	-	21,900	-	21,900
Currency swap contracts	-	45	-	45
Hybrid instruments	-	-	10,299	10,299
Derivative financial assets for hedging	-	334,333	-	334,333
Financial assets at fair value through other comprehensive income				
Equity securities	<u>45,665,381</u>	<u>233,718</u>	<u>97,690</u>	<u>45,996,789</u>
	<u>\$ 50,558,640</u>	<u>\$ 776,314</u>	<u>\$ 137,091</u>	<u>\$ 51,472,045</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 137,378	\$ -	\$ 137,378
Currency option contracts	-	102,853	-	102,853
Currency swap contracts	-	62	-	62
Derivative financial liabilities for hedging	<u>-</u>	<u>53,437</u>	<u>-</u>	<u>53,437</u>
	<u>\$ -</u>	<u>\$ 293,730</u>	<u>\$ -</u>	<u>\$ 293,730</u>

(B) The methods and assumptions the Group used to measure fair value are as follows:

- a. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and OTC stocks	Open-end fund
Market quoted price	Closing price	Net asset value

- b. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.
- c. For high-complexity financial instruments, the fair value is measured by using self-

developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

- d. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- e. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The movement of Level 3 is as follows:

	2019		
	Equity instruments	Debt instruments	Total
January 1	\$ 137,091	\$ -	\$ 137,091
Recognized in profit (loss) (Note 1)	(4,155)	-	(4,155)
Recognized in other comprehensive income (loss) (Note 2)	651	-	651
Acquired	30,000	120,000	150,000
Transfer out from Level 3	(95,960)	-	(95,960)
December 31	<u>\$ 67,627</u>	<u>\$ 120,000</u>	<u>\$ 187,627</u>

	2018		
	<u>Equity instruments</u>	<u>Debt instruments</u>	<u>Total</u>
January 1	\$ 2,229	\$ 7,575	\$ 9,804
Recognized in profit (loss) (Note 1)	(1,140)	2,126	986
Recognized in other comprehensive income (loss) (Note 2)	(40,644)	-	(40,644)
Acquired	137,312	-	137,312
Disposed	-	(9,701)	(9,701)
Effect on retrospective application	39,334	-	39,334
December 31	<u>\$ 137,091</u>	<u>\$ -</u>	<u>\$ 137,091</u>

Note 1 : Recorded as other gains (losses).

Note 2 : Recorded as unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income.

- F. The Group change the fair value classification of iCatch Technology, Inc. from Level 3 to level 1 at the end of December 2019, due to the trading volume of shares iCatch Technology, Inc. has reached a sufficient level for market observation in December 2019.

There was no transfer into or out from Level 3 for the year ended December 31, 2018.

- G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Equity instruments:					
Unlisted and non-OTC stocks	\$ 34,958	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
Unlisted and non-OTC stocks	21,741	Discounted cash flow method	Note 1	Not applicable	Note 2
Hybrid instruments:					
Unlisted and non-OTC stocks	49,695	Discounted cash flow method	Note 1	Not applicable	Note 2
Embedded option (	38,767)	Option pricing model	Stock price volatility	Not applicable	The higher the stock price volatility, the higher the fair value
Debt instruments:					
Convertible bonds	120,000	Income approach and trinomial model	Note 1	20.00%	Note 2
	<u>Fair value at December 31, 2018</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Equity instruments:					
Unlisted and non-OTC stocks	\$ 1,089	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
Unlisted and non-OTC stocks	125,703	Discounted cash flow method	Note 1	Not applicable	Note 2
Hybrid instruments:					
Unlisted and non-OTC stocks	10,299	Discounted cash flow method	Note 1	Not applicable	Note 2

Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term operating profit before income tax, discount for lack of marketability and discounts for lack of control.

Note 2: The higher discount for lack of marketability is, the lower fair value is; the higher weighted

average cost of capital and discounts for lack of control are, the lower the fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher the fair value is.

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in a different outcome.

13. **SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

- A. Financing provided: Please refer to table 1.
- B. Endorsements and guarantees provided: Please refer to table 2.
- C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to table 4.
- E. Acquisition of real estate properties at costs of at least \$300 million or 20% of the paid-in capital: Please refer to table 5.
- F. Disposal of real estate properties at prices of at least \$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to table 6.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting period: Please refer to 6(2), (5).
- J. Intercompany relationships and significant intercompany transactions: Please refer to table 8.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to table 9.

(3) Information on investments in China

- A. Information on investment in mainland China: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to table 8.

14. **OPERATING SEGMENT INFORMATION**

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by

the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement basis

The Group uses the revenue and operating profit as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2019		
	3C Brand	Others	Total
Revenues from external customers (Note 1)	\$ 330,829,246	\$ 37,640,191	\$ 368,469,437
Revenues from other segments (Note 1)	\$ 1,700,922	\$ 5,748,065	- (Note 2)
Segment income from continuing operations	\$ 9,641,086	\$ 1,991,362	\$ 11,632,448
Total assets held by continuing operations (Note 3)	\$ -	\$ -	\$ -

	For the year ended December 31, 2018		
	3C Brand	Others	Total
Revenues from external customers (Note 1)	\$ 347,218,522	\$ 44,332,480	\$ 391,551,002
Revenues from other segments (Note 1)	\$ 7,884,615	\$ 7,368,155	- (Note 2)
Segment income from continuing operations	\$ 17,441,442	(\$ 451,929)	\$ 16,989,513
Total assets held by continuing operations (Note 3)	\$ -	\$ -	\$ -

Note 1: Including discontinued operations.

Note 2: The intra-segment revenues have been eliminated to \$0.

Note 3: Because the Group's segment assets are not provided to the chief operating decision-maker, such items are not required to be disclosed.

(4) Reconciliation for segment income

A. The intra-segment transactions are based on fair value. The revenues from external customers reported to the chief operating decision-maker are measured in a manner consistent with the consolidated statements of comprehensive income.

B. The reconciliation of the reportable continuing operation's profit (others are the same as consolidated statements of comprehensive income) is as follows:

	For the years ended December 31,	
	2019	2018
Reportable continuing operation's profit before adjustment	\$ 11,632,448	\$ 16,989,513
Unallocated profit (loss)	(15,756)	(13,879)
Reportable continuing operation's profit	<u>\$ 11,616,692</u>	<u>\$ 16,975,634</u>

(5) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	For the years ended December 31,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 48,303,457	\$ 20,547,113	\$ 62,916,500	\$ 17,310,880
China	64,371,682	8,997,887	71,940,368	6,351,510
Singapore	142,257,323	78,991	151,016,124	8,673
USA	62,164,702	1,379,951	62,222,970	1,359,275
Europe	20,623,894	440,933	18,575,777	121,760
Others	30,748,379	473,625	24,879,263	312,266
	<u>368,469,437</u>	<u>\$ 31,918,500</u>	<u>391,551,002</u>	<u>\$ 25,464,364</u>
Less: Revenue from contracts with customers from discontinued operations	(17,138,944)		(37,363,337)	
Total	<u>\$351,330,493</u>		<u>\$354,187,665</u>	

The above non-current assets exclude financing instruments, deferred income tax assets and certain other non-current assets.

(6) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2019 and 2018.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 1 (Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Loss allowance	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
1	ASTP	ASGL	Non-current assets	Yes	26,982,000 (USD 900,000)	26,982,000 (USD 900,000)	26,982,000 (USD 900,000)	0.99706 ~ 1.61331	b	-	Need for operations	-	-	-	40,920,516 (USD 1,364,927)	40,920,516 (USD 1,364,927)	
2	ONYX	ONYXSH	Other receivable	Yes	4,131 (USD 138)	4,131 (USD 138)	4,131 (USD 138)	5.756	b	-	Need for operations	-	-	-	100,793	403,172	

Note 1 : Nature for Financing : a. Business transaction calls for a loan arrangement.

b. The need for short-term financing.

Note 2 : Limit of total financing amount : a. According to Procedures for Lending of ASTP, limit of total financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, shall not exceed 100% of the net worth of ASTP as of the period.

b. According to Procedures for Lending of ONYX, limit of total financing amount shall not exceed 40% ONYX's the net worth of the latest audited or reviewed report.

Limit financing amount for individual counterparty : a. According to Procedures for Lending of ASTP, limit of financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, for individual counterparty shall not exceed 100% of the net worth of ASTP as of the period.

b. According to Procedures for Lending of ONYX, limit of financing amount for individual counter-party shall not exceed 10% of the net worth of ONYX as of the period.

Where funds are loaned for business dealings, limit of financing amount for individual counter-party shall not exceed business dealings amount of latest year.

Business dealings amount here means sales amount or purchase amount of lender and borrower, which is higher.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
ENDORSEMENTS AND GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 2 (Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement / Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
1	ASKEY	ASKEYJS	Subsidiary	904,708	599,600 (USD 20,000)	- (USD -)	- (USD -)	-	-	1,206,277	Y	N	Y	

Note : Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.
Limit of the total amount of guarantee for individual counterparty : According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counterparty shall not exceed 30% of the net worth of ASKEY as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2019

Table 3 (Amounts in thousands of New Taiwan dollars)

Held Company Name	Marketable Securities		Relationship with the Company (Note 1)	Financial Statement Account (Note 2)	December 31, 2019				Note
	Type	Name			Shares/Units	Carrying Value	(%)	Fair Value	
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	-	a	32,894,521	500,082	-	500,082	
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	-	a	71,423,578	1,198,359	-	1,198,359	
ASUS	Fund	SINOPAC TWD MONEY MARKET	-	a	71,083,476	993,335	-	993,335	
ASUS	Fund	UNION MONEY MARKET	-	a	79,175,992	1,049,407	-	1,049,407	
ASUS	Stock	SPORTON	-	a	336,394	71,652	0.36	71,652	
ASUS	Stock	GLOBALWAFERS	-	c	1,626,626	622,184	0.37	622,184	
ASUS	Stock	JMC	-	c	1,000,000	80,700	1.00	80,700	
ASUS	Stock	ENE	a	c	917,247	10,090	1.22	10,090	
ASUS	Stock	ALCOR MICRO	-	c	905,879	12,773	1.21	12,773	
ASUS	Stock	AZUREWAVE	-	c	934,745	16,685	0.62	16,685	
ASUS	Stock	LEDLINK	-	c	718,607	18,504	1.44	18,504	
ASUS	Fund	TNP	-	b	98	19,835	2.06	19,835	
ASUS	Fund	TNP LIGHT	-	b	160	31,291	3.67	31,291	
ASUS	Stock	EMPASS	-	d	704,460	48,396	19.90	48,396	
ASUS	Stock	ADVANTECH	-	d	100,628,870	30,389,919	14.38	30,389,919	
ASUS	Stock	PEGA	-	d	448,506,484	30,677,844	17.17	30,677,844	
ASUS	Stock	NANOLUX	-	d	536	33,633	11.43	33,633	
ASUS	Stock	APTOS	-	d	312,600	-	0.35	-	
ASUS	Stock	94BOT	-	d	100,000	-	4.80	-	
ASUS	Stock	A-WEI TECH	-	d	301,876	1,157	1.83	1,157	
ASUS	Stock	EOSTEK	-	d	1,600,000	13,335	14.94	13,335	
ASUS	Stock	AMTRUST	a	d	10,000,000	102,223	7.81	102,223	
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	-	a	60,031,084	983,255	-	983,255	
ASMEDIA	Fund	FUH HWA RMB MONEY MARKET	-	a	531,862	27,592	-	27,592	
ASMEDIA	Fund	MEGA DIAMOND MONEY MARKET	-	a	4,777,983	60,160	-	60,160	
ASMEDIA	Fund	CAPITAL MONEY MARKET	-	a	1,862,833	30,172	-	30,172	
ASMEDIA	CB	AUGENTIX	-	b	1,000,000	120,000	-	120,000	
ASMEDIA	Stock	ICATCH TECHNOLOGY	-	d	5,500,000	95,960	7.71	95,960	
ASKEY	Stock	CIPHERMAX	-	b	9,234	-	-	-	
ASKEY	Stock	RETI	-	b	80,700	-	3.32	-	
MIC	Stock	BROADCOM	-	b	90	853	-	853	
MIC	Stock	ZARLINK SEMI-CONDUCTOR	-	b	44,775	-	0.04	-	
HCVC	Fund	YUANTA WAN TAI MONEY MARKET	-	a	558,765	8,495	-	8,495	
HCVC	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	757,861	10,808	-	10,808	
HCVC	Fund	YUANTA DE BAO MONEY MARKET	-	a	348,419	4,203	-	4,203	
HCVC	Fund	TAISHIN 1699 MONEY MARKET	-	a	3,812,513	51,790	-	51,790	
HCVC	Stock	PRIMESENSOR TECHNOLOGY	-	d	73,894	1,013	0.19	1,013	
HCVC	Stock	APAQ TECHNOLOGY	a	d	10,668,012	425,654	12.63	425,654	
HCVC	Stock	A-WEI TECH	-	d	301,876	1,157	1.83	1,157	
HCVC	Stock	LEDLINK	-	c	336,546	8,667	0.67	8,667	
HMI	Fund	TAISHIN 1699 MONEY MARKET	-	a	1,405,374	19,091	-	19,091	
HMI	Stock	APAQ TECHNOLOGY	-	d	3,210,015	128,080	3.80	128,080	
HMI	Stock	A-WEI TECH	-	d	174,417	669	1.06	669	
AAEON	Stock	ADVANTECH	-	a	730	221	-	221	
AAEON	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,091,070	26,329	-	26,329	
AAEON	Stock	MACHVISION TECHNOLOGY	b	a	1,135,020	409,175	2.66	409,175	
AAEON	Stock	ATECH OEM TECHNOLOGY	b	a	234	2	-	2	
AAEON	Stock	INSYNERGER TECHNOLOGY	-	b	1,710,000	19,360	19.29	19,360	
AAEON	Stock	UNITECH ELECTRONICS	-	a	549,600	9,975	1.17	9,975	
AAEON	Stock	LILEE SYSTEMS	-	a	468,750	-	-	-	
AAEON	Stock	YAN CHUNG TECHNOLOGY	-	a	266,600	-	7.27	-	
AAEON	Stock	ALLIED BIOTECH	b	a	300,000	5,244	0.32	5,244	
AAEON	Stock	TELEION WIRELESS	-	a	149,700	-	-	-	
AAEON	Stock	V-NET AAEON	-	b	29	10,928	14.50	10,928	
AAEONI	Fund	HSBC GLOBAL INCOME BOND	-	a	555,078	7,183	-	7,183	
AAEONI	Stock	ATECH OEM TECHNOLOGY	b	a	3,456,000	36,115	6.02	36,115	
AAEONI	Stock	MUTTO OPTRONICS	-	a	310,000	2,846	0.68	2,846	
AAEONI	Stock	SUNENGINE	b	a	550,537	1,089	2.75	1,089	
ONYX	Stock	MELTEN CONNECTED HEALTHCARE	-	d	4,193,548	2,381	6.47	2,381	
ONYX	Stock	MACHVISION TECHNOLOGY	b	a	27,000	9,734	0.06	9,734	
ONYX	Stock	INNO FUND III	-	b	3,000,000	33,869	13.04	33,869	
ASGL	Fund	JIH SUN MONEY MARKET	-	a	481,721	7,167	-	7,167	
AIL	Fund	PRODIGY STRATEGY INVESTMENT XIV	-	a	3,530	144,025	-	144,025	
AIL	Stock	EONEX	-	d	31,733	-	2.70	-	
AIL	Stock	ISTAGING	-	d	988,889	11,241	2.15	11,241	
AIL	Stock	PTSN	-	d	260,977,800	150,973	4.91	150,973	
AIL	Fund	ASIA PACIFIC GENESIS C	-	b	-	8,088	9.00	8,088	
UEI	Fund	CAPITAL MONEY MARKET	-	a	497,965	8,066	-	8,066	

Note 1 : a. Other related parties - Held company is the legal entity as director of investee company. b. Other related parties - Director of held company is the director of investee company.

Note 2 : a. Financial assets at fair value through profit or loss - current; b. Financial assets at fair value through profit or loss - non-current; c. Financial assets at fair value through other comprehensive income - current; d. Financial assets at fair value through other comprehensive income - non-current.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION
OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 4 (Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal					Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	24,915,857	346,412	306,878,018	4,280,000	a 7 b	260,710,399	3,635,450	3,633,084	a	2,366	71,083,476	993,335
ASUS	Fund	UNION MONEY MARKET	a	-	-	68,708,454	905,818	507,566,402	6,714,000	a	497,098,864	6,574,226	6,570,340	a 71 b	3,886	79,175,992	1,049,407
ASUS	Fund	FSITC MONEY MARKET	a	-	-	-	-	7,945,095	1,420,000	a	7,945,095	1,420,245	1,420,000	a	245	-	-
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	72,633,103	1,182,525	99,777,231	1,630,000	a	172,410,334	2,815,190	2,809,095	a 3,430 b	6,095	-	-
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	-	-	68,514,069	1,050,000	a	68,514,069	1,050,533	1,050,000	a	533	-	-
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	-	-	307,767,223	4,670,000	a 82 b	274,872,702	4,170,661	4,170,000	a	661	32,894,521	500,082
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	-	-	84,445,822	1,380,000	a	84,445,822	1,380,381	1,380,000	a	381	-	-
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	-	-	323,926,771	3,900,000	a	323,926,771	3,900,399	3,900,000	a	399	-	-
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	457,804,973	7,670,000	a 325 b	386,381,395	6,473,903	6,471,966	a	1,937	71,423,578	1,198,359
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	3,537,572	50,179	35,131,658	500,000	a	38,669,230	550,372	550,089	a 90 b	283	-	-
ASUS	Fund	TAISHIN 1699 MONEY MARKET	a	-	-	-	-	147,542,269	2,000,000	a	147,542,269	2,000,260	2,000,000	a	260	-	-
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	-	-	47,158,782	700,000	a	47,158,782	700,564	700,000	a	564	-	-
ASUS	Stock	AHL	c	-	-	20,452,104	625,246	-	10,513	c	20,452,104	-	561,755	a d e	-	-	-
											-	-	1,738				
											-	-	72,266				
ASUS	Stock	GAIUS	c	-	-	-	-	16,386,481	310,400	a	-	-	5,618	c	-	16,386,481	304,782

Note 1 : a. Financial assets at fair value through profit or loss - current.

b. Financial assets at fair value through profit or loss - non-current.

c. Financial assets at fair value through other comprehensive income - current.

d. Financial assets at fair value through other comprehensive income - non-current.

e. Investments accounted for under equity method.

Note 2 : a. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

b. Current-revaluation.

c. Recognized investment gain or loss under equity investment.

d. Recognized effect of exchange rate changes and recognized cumulative translation adjustment under equity investment.

e. Inter-organization transfer.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
ACQUISITION OF REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 5

(Amounts in thousands of New Taiwan dollars)

Company Name	Type of Property	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Nature of Relationship	Where Counterparty is a Related Party, Details of Prior Transaction				Price Reference	Purpose of Acquisition	Other Commitments
							Former Holder of Property	Former Holder	Transfer Date	Amount			
ASUS	Land and buildings	2019/5/7	1,323,128	Completed payment	Pfizer Pharmaceutical Co., Ltd.	-	NA	NA	NA	NA	Appraisal report and price negotiation	Office use and rental	-
ASUS	Buildings	As of 2019/7/17	531,467	T/T based on construction progress and acceptance	Yankey Engineering Co., Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use	-
ASUS	Buildings	As of 2019/9/18	2,773,206	T/T based on construction progress and acceptance	Chung-Lin General Contractors, Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use	-
ACCQ	Construction in progress and equipment under installation	As of 2019/1/25	290,342	T/T based on construction progress and acceptance	Shanghai Construction No.1 (Group) Co., Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use and rental	-

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 6

(Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Trade Receivables or Payables (Note 3)		Note
			Purchases/ (Sales)	Amount	% to Total Purchases/ (Sales) amount	Payment Terms (Note 2)	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Trade Receivables or Payables (Note 3)	
ASUS	ASUTC	b	(Sales)	(17,893,311)	(6.29)	OA 90	-	-	3,144,545	5.19	
ASUS	ASGL	b	(Sales)	(256,202,959)	(90.13)	OA 180	-	-	51,625,428	85.27	
ASUS	AAEON	b	(Sales)	(1,276,113)	(0.45)	Month-end 30 days	-	-	146,192	0.24	
ASUS	ASUSCLOUD	b	(Sales)	(164,078)	(0.06)	OA 150	-	-	103,004	0.17	
ASUS	ASKEY	b	Purchases	1,135,432	0.48	Month-end 60 days	-	-	(282,434)	(0.55)	
ASUS	ASMEDIA	b	Purchases	190,565	0.08	Month-end 30 days	-	-	-	-	
ASGL	ACCQ	b	(Sales)	(11,292,112)	(3.94)	OA 180	-	-	6,288,166	7.35	
ASGL	ACI	b	(Sales)	(49,720,339)	(17.36)	OA 180	-	-	21,134,240	24.71	
ASGL	ACSH	b	(Sales)	(43,891,501)	(15.33)	OA 180	-	-	19,512,733	22.82	
ASGL	ACJP	b	(Sales)	(5,471,031)	(1.91)	OA 120	-	-	1,027,152	1.20	
ASGL	ASIN	b	(Sales)	(5,609,834)	(1.96)	OA 180	-	-	3,185,922	3.73	
ASGL	ACMH	b	(Sales)	(1,539,989)	(0.54)	OA 180	-	-	996,080	1.16	
ASGL	ACNL	b	(Sales)	(18,017,172)	(6.29)	OA 180	-	-	3,549,753	4.15	
ASGL	ACJK	b	(Sales)	(8,586,503)	(3.00)	OA 180	-	-	4,507,344	5.27	
ASKEY	LP	b	(Sales)	(6,215,054)	NA (Note 4)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,610,884	19.34	
ASKEY	LP	b	Purchases	1,144,796	3.97	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASKEY	UNI	b	Purchases	13,142,379	45.60	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(166,769)	(2.68)	
ASKEY	ASKEYJS	b	Purchases	4,476,613	15.53	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,390,380)	(70.59)	
ASKEY	ASKEYI	b	(Sales)	(4,342,310)	(16.05)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,350,704	16.21	
ASKEY	SILIGENCE	b	(Sales)	(548,236)	(2.03)	Month-end 90 days	-	Payment term is one to two months longer than third parties	63,241	0.76	
LP	ASKEYJS	b	(Sales)	(6,230,057)	(84.50)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,726,271	100.00	
LP	ASKEYJS	b	Purchases	1,143,190	15.50	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(168,135)	(9.45)	
UNI	ASKEYJS	b	Purchases	13,007,966	100.00	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(156,428)	(99.96)	
AAEON	ONYX	b	(Sales)	(127,693)	(2.99)	Month-end 30 days	-	-	50,594	7.63	
AAEON	AAEONEU	b	(Sales)	(399,629)	(9.37)	Month-end 60 days	-	-	67,828	10.23	
AAEON	AAEONSZ	b	(Sales)	(278,529)	(6.53)	Month-end 60 days	-	-	54,439	8.21	
AAEON	AAEONEI	b	(Sales)	(649,648)	(15.23)	Month-end 60 days	-	-	107,909	16.28	
AAEON	ONYXHU	b	(Sales)	(159,777)	(3.75)	Month-end 60 days	-	-	15,218	2.30	
ONYX	ONYXHU	b	(Sales)	(282,445)	(24.40)	Month-end 90 days	-	-	29,359	21.69	

Note 1 : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

Note 2 : In addition to the original transaction terms, accounts receivable hold between each subsidiaries which 100% owned by ASUS could be extended payment terms and transferred to long-term receivables depend on actual demands of capital, when the transactions continuous.

Note 3 : Including transferred to long-term receivables amount as meeting transaction terms.

Note 4 : Purchasing raw material is for subsidiary and the related sales revenue are eliminated in the financial reports.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019

Table 7 (Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note)	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action Taken		
ASUS	ASUTC	b	3,144,545	5.21 times	-	-	2,900,554	-
ASUS	ASGL	b	51,625,428	5.13 times	-	-	49,296,409	-
ASUS	AAEON	b	146,192	7.45 times	-	-	125,621	-
ASUS	ASUSCLOUD	b	103,004	3.19 times	-	-	67,511	-
ASGL	ACCQ	b	6,288,166	3.06 times	-	-	1,556,608	-
ASGL	ACI	b	21,134,240	2.33 times	-	-	9,352,587	-
ASGL	ACSH	b	19,512,733	1.92 times	-	-	5,402,965	-
ASGL	ACJP	b	1,027,152	4.01 times	-	-	879,311	-
ASGL	ASIN	b	3,185,922	1.90 times	6,283	Keep in reconciliation and dunning monthly	1,058,339	-
ASGL	ACMH	b	996,080	1.54 times	10,829	Keep in reconciliation and dunning monthly	301,340	-
ASGL	ACNL	b	3,549,753	4.58 times	-	-	2,616,430	-
ASGL	ACBT	b	933,818	0.08 times	521,715	Keep in reconciliation and dunning monthly	439,289	-
ASGL	ACJK	b	4,507,344	3.70 times	-	-	1,303,771	-
ASGL	ACIN	b	130,435	0.04 times	-	-	-	27
ASKEY	ASUS	a	282,434	3.47 times	-	-	147,739	-
ASKEY	LP	b	1,610,884	4.89 times	-	-	640,637	-
ASKEY	ASKEYI	b	1,350,704	3.90 times	-	-	301,139	-
UNI	ASKEY	b	166,769	5.92 times	-	-	112,629	-
LP	ASKEYJS	b	1,726,271	4.32 times	-	-	640,636	-
ASKEYJS	UNI	b	156,428	5.82 times	-	-	96,873	-
ASKEYJS	LP	b	168,135	5.94 times	-	-	34,849	-
ASKEYJS	ASKEY	b	4,390,380	2.00 times	-	-	907,495	-
AAEON	AAEONEI	b	107,909	6.88 times	-	-	-	-

Note : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 8-1 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Sales	17,893,311	OA 90	4.86%
0	ASUS	ASGL	a	Sales	256,202,959	OA 180	69.53%
0	ASUS	AAEON	a	Sales	1,276,113	Month-end 30 days	0.35%
0	ASUS	ASUSCLOUD	a	Sales	164,078	OA 150	0.04%
1	ASMEDIA	ASUS	b	Sales	190,565	Month-end 30 days	0.05%
2	ASGL	ACCQ	c	Sales	11,292,112	OA 180	3.06%
2	ASGL	ACI	c	Sales	49,720,339	OA 180	13.49%
2	ASGL	ACSH	c	Sales	43,891,501	OA 180	11.91%
2	ASGL	ACJP	c	Sales	5,471,031	OA 120	1.48%
2	ASGL	ASIN	c	Sales	5,609,834	OA 180	1.52%
2	ASGL	ACMH	c	Sales	1,539,989	OA 180	0.42%
2	ASGL	ACNL	c	Sales	18,017,172	OA 180	4.89%
2	ASGL	ACJK	c	Sales	8,586,503	OA 180	2.33%
3	ASKEY	ASUS	b	Sales	1,135,432	Month-end 60 days	0.31%
3	ASKEY	LP	c	Sales	6,215,054	Month-end 90 days	1.69%
3	ASKEY	SILIGENCE	c	Sales	548,236	Month-end 90 days	0.15%
3	ASKEY	ASKEYI	c	Sales	4,342,310	Month-end 90 days	1.18%
4	UNI	ASKEY	c	Sales	13,142,379	Month-end 90 days	3.57%
5	LP	ASKEY	c	Sales	1,144,796	Month-end 90 days	0.31%
5	LP	ASKEYJS	c	Sales	6,230,057	Month-end 90 days	1.69%
6	ASKEYJS	UNI	c	Sales	13,007,966	Month-end 90 days	3.53%
6	ASKEYJS	LP	c	Sales	1,143,190	Month-end 90 days	0.31%
6	ASKEYJS	ASKEY	c	Sales	4,476,613	Month-end 90 days	1.21%
7	AAEON	AAEONEI	c	Sales	649,648	Month-end 60 days	0.18%
7	AAEON	AAEONSZ	c	Sales	278,529	Month-end 60 days	0.08%
7	AAEON	AAEONEU	c	Sales	399,629	Month-end 60 days	0.11%
7	AAEON	ONYXHU	c	Sales	159,777	Month-end 60 days	0.04%
7	AAEON	ONYX	c	Sales	127,693	Month-end 30 days	0.03%
8	ONYX	ONYXHU	c	Sales	282,445	Month-end 90 days	0.08%
9	ACH	ASGL	c	Service revenue	409,280	Pay on delivery	0.11%
10	ACAE	ASGL	c	Service revenue	146,828	Pay on delivery	0.04%
11	ACI	ASGL	c	Service revenue	545,058	Pay on delivery	0.15%
12	ACCZS	ASGL	c	Service revenue	450,380	Pay on delivery	0.12%
13	ACF	ASGL	c	Service revenue	411,778	Pay on delivery	0.11%
14	ACG	ASGL	c	Service revenue	457,501	Pay on delivery	0.12%
15	ACHK	ASGL	c	Service revenue	152,144	Pay on delivery	0.04%
16	ACIN	ASGL	c	Service revenue	193,924	Pay on delivery	0.05%
17	ACKR	ASGL	c	Service revenue	101,736	Pay on delivery	0.03%
18	ACPL	ASGL	c	Service revenue	110,279	Pay on delivery	0.03%
19	ACTH	ASGL	c	Service revenue	110,709	Pay on delivery	0.03%
20	ACTR	ASGL	c	Service revenue	110,512	Pay on delivery	0.03%
21	ACUK	ASGL	c	Service revenue	243,463	Pay on delivery	0.07%
22	ACVN	ASGL	c	Service revenue	132,325	Pay on delivery	0.04%
23	ACCQ	ASGL	c	Service revenue	331,331	Pay on delivery	0.09%
24	ACSH	ASGL	c	Service revenue	112,093	Pay on delivery	0.03%
25	ACSZ	ASGL	c	Service revenue	1,633,303	Pay on delivery	0.44%
26	ACAU	ASGL	c	Service revenue	147,131	Pay on delivery	0.04%
27	ACN	ASGL	c	Service revenue	263,848	Pay on delivery	0.07%
28	ACIT	ACNL	c	Service revenue	295,757	Pay on delivery	0.08%
29	ACIB	ACNL	c	Service revenue	174,899	Pay on delivery	0.05%
30	ACS	ASGL	c	Service revenue	195,142	Pay on delivery	0.05%
31	AAEONEU	AAEON	c	Service revenue	128,803	Month-end 30 days	0.03%

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)
DECEMBER 31, 2019

Table 8-2 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Trade receivables	3,144,545	OA 90	0.89%
0	ASUS	ASGL	a	Trade receivables	51,625,428	OA 180	14.67%
0	ASUS	AAEON	a	Trade receivables	146,192	Month-end 30 days	0.04%
0	ASUS	ASUSCLOUD	a	Trade receivables	103,004	OA 150	0.03%
2	ASGL	ACCQ	c	Trade receivables	6,288,166	OA 180	1.79%
2	ASGL	ACI	c	Trade receivables	21,134,240	OA 180	6.00%
2	ASGL	ACSH	c	Trade receivables	19,512,733	OA 180	5.54%
2	ASGL	ACJP	c	Trade receivables	1,027,152	OA 120	0.29%
2	ASGL	ASIN	c	Trade receivables	3,185,922	OA 180	0.91%
2	ASGL	ACMH	c	Trade receivables	996,080	OA 180	0.28%
2	ASGL	ACNL	c	Trade receivables	3,549,753	OA 180	1.01%
2	ASGL	ACBT	c	Trade receivables	933,818	OA 180	0.27%
2	ASGL	ACJK	c	Trade receivables	4,507,344	OA 180	1.28%
2	ASGL	ACIN	c	Trade receivables	130,435	OA 150	0.04%
3	ASKEY	ASUS	b	Trade receivables	282,434	Month-end 60 days	0.08%
3	ASKEY	LP	c	Trade receivables	1,610,884	Month-end 90 days	0.46%
3	ASKEY	ASKEYI	c	Trade receivables	1,350,704	Month-end 90 days	0.38%
4	UNI	ASKEY	c	Trade receivables	166,769	Month-end 90 days	0.05%
5	LP	ASKEYJS	c	Trade receivables	1,726,271	Month-end 90 days	0.49%
6	ASKEYJS	UNI	c	Trade receivables	156,428	Month-end 90 days	0.04%
6	ASKEYJS	LP	c	Trade receivables	168,135	Month-end 90 days	0.05%
6	ASKEYJS	ASKEY	c	Trade receivables	4,390,380	Month-end 90 days	1.25%
7	AAEON	AAEONEI	c	Trade receivables	107,909	Month-end 60 days	0.03%
12	ACCZS	ASGL	c	Trade receivables	124,333	Pay on delivery	0.04%
14	ACG	ASGL	c	Trade receivables	135,991	Pay on delivery	0.04%
9	ACH	ASGL	c	Trade receivables	102,127	Pay on delivery	0.03%
25	ACSZ	ASGL	c	Trade receivables	412,821	Pay on delivery	0.12%
11	ACI	ASGL	c	Other receivables	132,234	Pay on delivery	0.04%

Note 1 : ASUS and its subsidiaries are coded as follows:

- a. ASUS is coded 0.
- b. The subsidiaries are coded consecutively beginning from 1 in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

- a. The parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 9 (Amounts in thousands of New Taiwan dollars)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
ASUS	ACI	U.S.A	Selling of 3C products in North America	13,320	13,320	50,000	100.00	-	222,776	222,776	Note 2 and 3
ASUS	ASUTC	Taiwan	Selling of 3C products in Taiwan	204,244	204,244	19,000,000	100.00	-	(284,060)	(284,060)	Note 1 - 2 and 3
ASUS	ACH	Netherlands	Repairing of 3C products	37,821	37,821	3,000,000	100.00	205,263	13,369	13,369	Note 2
ASUS	AIL	Cayman Islands	Investing in 3C and computer peripheral business	3,281,057	3,281,057	89,730,042	100.00	36,802,918	329,602	329,602	Note 1 and 2
ASUS	ASKEY	Taiwan	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts	5,021,108	5,021,108	480,000,000	100.00	3,006,308	(26,382)	(35,915)	Note 2
ASUS	HCVC	Taiwan	Investing in computer peripherals business	1,100,000	1,100,000	114,500,000	100.00	1,898,784	131,114	131,114	Note 2
ASUS	HMI	Taiwan	Investing in computer peripherals business	680,000	680,000	68,000,000	100.00	1,136,722	95,168	95,168	Note 2
ASUS	ASGL	Singapore	Selling of 3C products	838,070	838,070	28,000,000	100.00	31,187,993	4,623,038	6,142,127	Note 2
ASUS	QCI	Singapore	Servicing of information technology	25,290	25,290	830,001	100.00	5,674	783	783	Note 2
ASUS	ASUSCLOUD	Taiwan	Selling and consulting of internet service	596,678	596,678	23,645,558	94.58	119,515	2,409	2,278	Note 2
ASUS and UHL	UEI	Taiwan	Manufacturing and selling of automotive electronics and computer peripherals	66,354	198,041	21,300,000	100.00	68,328	2,598	1,974	Note 2
ASUS	GAUIS	Cayman Islands	Investing in electric motor tricycle industry	310,400	-	16,386,481	35.00	304,782	(16,052)	(5,618)	Note 2
ASUS and AHL	NEXTS	Cayman Islands	Investing in cloud computing service business	94,324	87,886	8,560,974	43.48	71,515	(5,988)	(2,605)	Note 2
ASUS and HCVC	ACJK	Indonesia	Selling of 3C products in Indonesia	244,480	244,480	8,000	100.00	298,827	117,970	117,970	Note 2
ASUS and HCVC	IMOTION	Taiwan	AIOT business	180,000	180,000	18,000,000	30.00	112,954	(223,138)	(56,900)	Note 2
ASUS and HCVC	ACBT	Indonesia	Selling of 3C products in Indonesia	301,321	301,321	1,100,000	100.00	-	(323,490)	(323,490)	Note 2 and 3
ASUS and HCVC	SWI	Taiwan	Researching, developing, selling and consulting of information system software	72,146	72,146	5,469,750	51.00	78,367	(10,171)	(5,187)	Note 2
ASUS and HCVC	IUT	Taiwan	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	177,743	123,227	11,323,682	69.25	118,674	5,194	3,457	Note 2
ASUS · HCVC and HMI	ASMEDIA	Taiwan	Designing, researching, developing and manufacturing of high-speed analog circuit	342,673	342,673	31,775,315	52.93	1,366,264	965,207	393,197	Note 2
ASUS · HCVC and HMI	EMC	Taiwan	Designing, manufacturing and selling of computer peripheral spare parts	81,060	81,060	6,359,548	18.05	194,401	280,585	17,903	Note 2
ASUS · HCVC and HMI	AAEON	Taiwan	Manufacturing and selling of industrial computers and computer peripherals	3,357,568	3,357,568	60,474,000	40.73	5,016,648	552,152	153,514	Note 2
ASUS · HCVC and HMI	JPX	Taiwan	Designing and selling of computer peripheral spare parts	20,000	20,000	2,000,000	22.22	3,932	(8,676)	(1,002)	Note 2
ASUS and HCVC	UPI	Taiwan	Designing, researching, developing and selling of integrated circuits	486,532	425,702	24,790,905	35.54	1,639,948	71,923	19,885	Note 2
ASUS · HMI and AAEON	ONYX	Taiwan	Designing, manufacturing and selling of medical computers	146,376	117,680	12,500,584	56.80	562,697	239,377	13,401	Note 2 and 4
HMI	JOTECH	Taiwan	Repairing and selling of information software and electronic information materials	30,000	-	3,000,000	100.00	29,541	(459)	-	Note 2
ASKEY	ASKEYI	U.S.A	Selling and servicing of communication products	307,607	307,607	10,000,000	100.00	14,248	(56,166)	-	Note 2
ASKEY	DIC	British Virgin Islands	Investing in communication business	271,695	271,695	8,160,172	100.00	80,740	2,099	-	Note 2
ASKEY	MIC	British Virgin Islands	Investing in communication business	3,752,306	3,847,164	114,942,014	100.00	3,245,931	(31,477)	-	Note 2
ASKEY	ECOLAND	Taiwan	Green energy industry	21,840	21,840	780,000	33.91	6,202	(5,998)	-	Note 2
ASKEY	ASKEYDT	Taiwan	Selling and servicing of communication products	30,000	-	3,000,000	100.00	29,997	(3)	-	Note 2
ASKEY	WONDA	Taiwan	Manufacturing and product design of wired and wireless communication, electronic parts	65,344	-	9,242,232	100.00	57,366	(19,565)	-	Note 2
DIC	ASKEYVN	Vietnam	Manufacturing and selling of communication products	171,921	176,136	2,883,359	100.00	76,497	1	-	Note 2
DIC	WISE	Hong Kong	Investing in communication business	40,518	41,511	1,600,000	100.00	11,121	1,701	-	Note 2
MIC	MAGICOM	Cayman Islands	Investing in communication business	2,729,079	2,795,986	91,030,000	100.00	3,326,572	(11,139)	-	Note 2
MIC	OB	British Virgin Islands	Selling of communication products and peripherals	1,499	1,536	50,000	100.00	33,049	-	-	Note 2
MIC	LP	Mauritius	Selling of communication products and peripherals	1,500,499	1,537,286	50,050,000	100.00	-	193	-	Note 2 and 3
MIC	UNI	Mauritius	Selling of communication products and peripherals	1,499	1,536	50,000	100.00	19,451	-	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
MIC	ASKEYCG	Germany	Selling and servicing of communication products	3,923	4,019	100,000	100.00	3,235	12	-	Note 2
MIC	ASKEYTH	Thailand	Selling and servicing of communication products	1,880	1,926	20,000	100.00	-	(7,173)	-	Note 2 and 3
MIC	ASKEYJP	Japan	Selling and servicing of communication products	1,409	1,444	500,000	100.00	-	(1,617)	-	Note 2 and 3
MIC and OB	ASKEYBR	Brazil	Servicing of communication products	28,299	28,993	3,200,000	100.00	4,155	(6,022)	-	Note 2
ASKEY and WISE	SILIGENCE	France	Selling and servicing of communication products	177,170	178,160	4,623,090	95.95	65,732	10,663	-	Note 2
AAEON	AAEONEI	U.S.A	Selling of industrial computers and computer peripherals	146,902	150,504	490,000	100.00	174,461	20,912	-	Note 2
AAEON	AAEONTCL	British Virgin Islands	Investing in industrial computers and interface cards business	264,037	270,510	8,807,097	100.00	209,935	(13,543)	-	Note 2
AAEON	AAEONEU	Netherlands	Selling of industrial computers and computer peripherals	3,359	3,520	-	100.00	40,557	9,338	-	Note 2
AAEON	AAEONI	Taiwan	Investing in industrial computers and computer peripherals business	150,000	150,000	15,000,000	100.00	110,888	218	-	Note 2
AAEON	LITEMAX	Taiwan	Selling of computer peripherals	70,218	70,218	5,015,050	12.09	111,998	171,797	-	Note 2
AAEON	IBASE	Taiwan	Manufacturing and selling of industrial motherboard	3,498,501	3,498,501	52,921,856	30.55	3,369,909	255,432	-	Note 2
AAEON and AAEONDI	AAEONSG	Singapore	Selling of industrial computers and computer peripherals	12,998	13,114	465,840	100.00	39,509	(2,412)	-	Note 2
AAEONEU	AAEONG	Germany	Selling of industrial computers and computer peripherals	1,008	1,056	-	100.00	17,681	2,031	-	Note 2
ONYX	ONYXHU	U.S.A	Selling of medical computers and peripherals	59,960	61,430	200,000	100.00	84,047	13,462	-	Note 2
ONYX	ONYXHE	Netherlands	Marketing support and repairing of medical computers and peripherals	3,359	3,520	100,000	100.00	11,582	2,636	-	Note 2
ONYX	IHELPER	Taiwan	Researching, developing and selling of medical robots	16,560	16,560	1,656,000	46.00	10,292	(7,125)	-	Note 2
ONYX	WINMATE	Taiwan	Bidding and distribution of liquid crystal display application equipment and modules	510,248	-	9,363,000	12.97	505,586	241,183	-	Note 2
ASUSCLOUD	ASUSCLOUDSG	Singapore	Investing in internet service business	24,853	19,935	-	100.00	4,492	(55)	-	Note 2
ASUSCLOUD	ASUSCLOUDLB	Luxembourg	Providing maintenance and operating service of information hardware	18,065	18,065	-	100.00	3,112	192	-	Note 2
ASUSCLOUD	ASUSLC	Taiwan	Selling of internet information service	5,000	5,000	500,000	50.00	921	(4,662)	-	Note 2
AIL	CHANNEL	British Virgin Islands	Investing in 3C business	900,389	922,464	30,033,000	100.00	36,388,889	285,697	-	Note 2
CHANNEL	ASTP	Singapore	Investing in 3C business	899,475	921,527	44,419,424	100.00	40,920,516	458,002	-	Note 2
CHANNEL and ASTP	ACAE	United Arab Emirates	Providing support and repair for 3C products in Middle East	4,134	4,236	5	100.00	23,799	11,493	-	Note 2
CHANNEL and ASTP	ACEG	Egypt	Providing support for 3C products in Egypt	-	768	-	100.00	1,774	(143)	-	Note 2
CHANNEL and ASTP	ASID	Indonesia	Repairing of 3C products in Asia-Pacific and America	44,970	46,073	1,500,000	100.00	38,601	755	-	Note 2
CHANNEL 、ASTP and ACNL	ACTH	Thailand	Providing support for 3C products in Thailand	14,163	14,510	20,000	100.00	22,178	3,454	-	Note 2
CHANNEL 、ASTP and ACNL	ASTH	Thailand	Repairing of 3C products in Thailand	5,684	2,856	60,000	100.00	6,174	136	-	Note 2
ASTP	ACG	Germany	Selling and providing support for 3C products in Germany	2,840	2,909	-	100.00	154,041	14,609	-	Note 2
ASTP	ACF	France	Providing support for 3C products in France	1,495	1,531	5,300	100.00	50,427	608	-	Note 2
ASTP	ACUK	U.K.	Providing support for 3C products in United Kingdom	2,705	2,772	50,000	100.00	50,979	9,754	-	Note 2
ASTP	ACHK	Hong Kong	Providing support and repair for 3C products in Hong Kong	1,929	1,976	500,000	100.00	11,676	1,548	-	Note 2
ASTP	ACKR	South Korea	Providing support and repair for 3C products in South Korea	10,371	10,626	158,433	100.00	43,388	3,094	-	Note 2
ASTP	ACSG	Singapore	Repairing of 3C products in Singapore	-	389	20,002	100.00	-	(99)	-	Note 2
ASTP	ACIN	India	Providing support and repair for 3C products in India	247,859	253,935	20,134,400	100.00	313,529	22,064	-	Note 2
ASTP	ACNL	Netherlands	Selling of 3C products	17,454	17,881	375,000	100.00	1,431,024	179,442	-	Note 2
ASTP	ACVN	Vietnam	Repairing of 3C products in Vietnam	2,398	2,457	-	100.00	20,781	5,355	-	Note 2
ASTP	ACIB	Spain	Providing support for 3C products in Spain	18	18	3,000	100.00	40,352	5,584	-	Note 2
ASTP	ACJP	Japan	Selling of 3C products in Japan	73,380	75,179	20,500	100.00	297,549	44,109	-	Note 2
ASTP	ASAU	Australia	Repairing of 3C products in Australia	28,940	29,649	950,000	100.00	38,530	10,345	-	Note 2
ASTP	ACAU	Australia	Providing support for 3C products in Australia	10,817	11,082	350,000	100.00	52,234	6,450	-	Note 2
ASTP	ACIL	Israel	Providing support for 3C products in Israel	390	399	50,000	100.00	206	(2,618)	-	Note 2
ASTP	ACCO	Colombia	Providing support for 3C products in Colombia	899	921	74,489	100.00	2,192	921	-	Note 2
ASTP	ACZA	South Africa	Providing support and repair for 3C products in Africa	2	2	1,000	100.00	5,513	1,852	-	Note 2
ASTP	ACMY	Malaysia	Providing support and repair for 3C products in Malaysia	3,504	3,590	500,000	100.00	20,811	1,677	-	Note 2
ASTP	ACCL	Chile	Providing support for 3C products in Chile	51	53	1,000	100.00	1,433	1,280	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
ASTP	ASPH	Philippines	Providing support and repair for 3C products in Philippines	6,006	-	1,059,995	100.00	5,973	(288)	-	Note 2
ASTP and ACNL	ACPE	Peru	Providing support for 3C products in Peru	37,936	12	4,195,740	100.00	37,849	(1,933)	-	Note 2
ASTP and ACNL	ACMH	Mexico	Selling of 3C products in Mexico	113,843	116,658	51,120	100.00	-	21,612	-	Note 2 and 3
ASTP and ACNL	ACBZ	Brazil	Selling of 3C products in Brazil	5,909,388	6,054,272	549,469,000	100.00	3,785,597	(272,073)	-	Note 2
ASTP and ACNL	ASIN	India	Selling of 3C products in India	203,189	208,171	33,500,000	100.00	98,456	53,800	-	Note 2
ASTP and ACMH	ACMX	Mexico	Providing support for 3C products in Mexico	305	312	132	100.00	7,788	936	-	Note 2
ACNL	ACHU	Hungary	Providing support and repair for 3C products in Hungary	1,679	1,760	-	100.00	9,347	1,509	-	Note 2
ACNL	ACPT	Portugal	Providing support for 3C products in Portugal	1,008	1,056	30,000	100.00	11,717	1,699	-	Note 2
ACNL	ACCH	Switzerland	Providing support for 3C products in Switzerland	7,676	8,044	3,400	100.00	26,042	2,497	-	Note 2
ACNL	ACN	Sweden	Providing support for 3C products in North Europe	1,070	1,122	3,000	100.00	62,396	9,633	-	Note 2
ACNL	ACTR	Turkey	Providing support and repair for 3C products in Turkey	14,782	15,490	2,046	100.00	45,706	5,104	-	Note 2
ACNL	ASTR	Turkey	Repairing of 3C products in Turkey	342	359	3,000	100.00	4,382	4,599	-	Note 2
ACNL	ACPL	Poland	Providing support for 3C products in Poland	48,896	51,239	1,000	100.00	54,158	2,713	-	Note 2
ACNL	ACIT	Italy	Providing support for 3C products in Italy	1,612	1,690	-	100.00	-	(19,327)	-	Note 2 and 3
ACNL	ACCZ	Czech Republic	Providing support for 3C products in Czech Republic	263	275	-	100.00	17,463	2,450	-	Note 2
ACNL	ACCZS	Czech Republic	Repairing of 3C products in Europe	7,035	7,372	-	100.00	103,131	15,716	-	Note 2
ACNL	QCS	Sweden	Servicing of information technology	157	-	500	100.00	131	(31)	-	Note 2

Note 1 : Original investment amount excludes other interest oriented from shareholders' stock trust which distributes to employees.

Note 2 : According to regulation, only disclose the share of profits/losses of investee recognized by ASUS.

Note 3 : Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note 4 : Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 10

(Amounts in thousands of New Taiwan dollars and foreign currencies)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Ending Balance Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee Company	Percentage of Ownership (%)	Investment Income (Loss) Recognized in Current Period (Note 2 c)	Carrying Amount as of December 31, 2019 (Note 2 c and Note 3)	Ending Balance of Accumulated Inward Remittance of Earnings	Note (Note 1 b)
					Outflow	Inflow							
ACSH	Selling of 3C products in China	1,442,038	b	1,442,038	-	-	1,442,038	(571,390)	100.00	(571,390)	-	-	ASTP Invested
ACS	Repairing of 3C products	59,960	b	59,960	-	-	59,960	3,361	100.00	3,361	69,388	-	ASTP Invested
ACSZ	Researching and developing of 3C products	1,469,020	b	1,469,020	-	-	1,469,020	137,814	100.00	137,814	2,964,256	-	ASTP Invested
ACCQ	Selling of 3C products in China	2,068,620	b	2,068,620	-	-	2,068,620	357,842	100.00	357,842	5,357,493	-	ASTP Invested
ACISZ	Leasing real estate	492,119	c	-	-	-	-	(6,859)	100.00	(6,859)	427,431	-	-
ASKEYSH	Researching, developing and selling of communication products	89,940	b	89,940	-	-	89,940	(5,897)	100.00	(5,897)	1,637	-	MIC Invested
ASKEYJS	Manufacturing and selling of communication products	2,698,200	b	2,698,200	-	-	2,698,200	(5,348)	100.00	(5,348)	3,288,949	-	MAGICOM Invested
ASKEYMWJ	Manufacturing and selling of communication products	-	b	89,940	-	(89,940)	-	142	-	142	-	88,963	MAGICOM Invested
AAEONSZ	Manufacturing and selling of industrial computers and interface cards	260,534	b	260,534	-	-	260,534	(13,428)	100.00	(13,428)	215,955	-	AAEONTCL Invested
ONYXSH	Selling of medical computers and peripherals	59,960	a	44,970	14,990	-	59,960	(15,199)	100.00	(15,199)	7,495	-	-
EMES	Selling and consulting of information system software	8,994	a	8,994	-	-	8,994	256	100.00	256	10,182	-	-
JSCD	Professional eSports	673,900	a	487,360	186,540	-	673,900	(46,482)	100.00	(46,482)	530,559	-	-
9SKY HANGZHOU	Manufacturing and serving of data storage media	89,940	c	5,139	-	-	5,139	-	5.71	-	-	-	-
9SKY SHANGHAI	Manufacturing and serving of data storage media	29,980	c	1,368	-	-	1,368	-	5.71	-	-	-	-
EOSTEK SHENZHEN	Smart TV and projector platform service	209,860	c	53,724	-	-	53,724	-	14.94	-	-	-	-

Company Name	Ending Balance of Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 4)
ASUS	6,316,858 USD 210,702	6,508,730 USD 217,102	109,972,075
ASKEY	3,175,547 USD 105,922	3,175,547 USD 105,922	1,811,079
AAEON	260,534 USD 8,690	260,534 USD 8,690	4,989,908
SWI	8,994 USD 300	10,193 USD 340	92,197
ONYX	59,960 USD 2,000	59,960 USD 2,000	612,007

Note 1 : The methods for engaging in investment in Mainland China include the following:

- Direct investment in Mainland China.
- Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- Other methods.

Note 2 : The investment income (loss) recognized in current period:

Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

The investment income (loss) were determined based on the following basis:

- The financial report was audited by an international accounting firm in cooperation with an R.O.C. accounting firm.
- The financial statements was audited by independent auditors of the parent company in Taiwan.
- Others.

Note 3 : Credit balance of investments accounted for under equity method of ACSH is transferred to other liabilities - non-current.

Note 4 : Upper Limit on Investment of ASKEY amounting to \$1,811,079 is calculated by net worth as of December 31, 2019, however amount authorized by Investment Commission in the latest application is \$5,728,299.



Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.

Opinion

We have audited the accompanying separate balance sheets of ASUSTEK COMPUTER INC. as of December 31, 2019 and 2018, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2019 and 2018, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matter section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of ASUSTEK COMPUTER INC. as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, “Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020” and generally accepted auditing standards in the Republic of China (“ROC GAAS”) for the year ended December 31, 2019; we conducted our audit in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”) for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of ASUSTEK COMPUTER INC. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the separate financial statements in the current period are stated as follows:

Evaluation of inventoriesDescription

Refer to Note 4(12) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(6) for the details of allowance for inventory valuation.

ASUSTEK COMPUTER INC. is primarily engaged in the design, R&D, and sales of 3C products. Due to the rapid technological innovations and competition within the industry, frequent releases of new products result in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realizable values of inventories.

In response to changing markets and its development strategies, ASUSTEK COMPUTER INC. adjusts its inventory levels. The primary product line of ASUSTEK COMPUTER INC. is notebook computer. As a result, the related inventory levels for product line as mentioned above are significant. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ASUSTEK COMPUTER INC. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Assessed the policy on allowance for inventory valuation loss based on our understanding of the operations and industry of ASUSTEK COMPUTER INC..
2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents.

3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Refund liabilities - sales returns and discounts

Description

The subsidiaries of ASUSTEK COMPUTER INC. periodically estimates sales returns and discounts based on each product line's actual sales returns and discounts, and considers if there are special factors which will affect the original estimations. Since the refund liabilities - sales returns and discounts is subject to judgment and the market of 3C products changes rapidly, management's use of historical experience to accrue for future sales returns and discounts will cause uncertainty of accounting estimations and affect the balance of investments accounted for under equity method of ASUSTEK COMPUTER INC. Thus, refund liabilities - sales returns and discounts has been identified as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in the subsidiaries of ASUSTEK COMPUTER INC. (recognized as investments accounted for under equity method) for refund liabilities - sales returns and discounts are as follows:

1. Assessed the reasonableness of policies used in estimating refund liabilities - sales returns and discounts, taking into consideration actual sales returns and discounts. Performed sample testing to verify whether the accrual rates have been approved appropriately.
2. Selected samples and tested the calculation logic used in the refund liabilities - sales returns and discounts statements, including accrual and reversal statements of refund liabilities - sales returns and discounts.
3. Selected samples and confirmed that accrual amounts based on the accrual statements of refund liabilities - sales returns and discounts have been properly recognized in the financial statements.
4. Selected samples and confirmed that the reversal amounts based on the reversal statements of refund liabilities - sales returns and discounts have been properly recognized in the financial statements and checked against the original vouchers.

Classification and presentation of discontinued operations

Description

Refer to Note 6(10) for details of discontinued operations.

ASUSTEK COMPUTER INC. is determined to reshape its smartphone business strategy and adjust product positioning to focus on perfecting solutions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been in progress and ASUSTEK COMPUTER INC. recognized valuation effects of assets and liabilities accordingly in the same year. Given the magnitude that ASUSTEK COMPUTER INC. continuously disposed of discontinued operations as well as significant impact of how the profit or loss of discontinued operations was classified and presented in the financial statements, we consider the classification and presentation of discontinued operations as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ASUSTEK COMPUTER INC. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Obtained management's detailed listings of valuation effects of assets and liabilities in discontinued operations; and checked relevant supporting documentation.
2. Confirmed the financial statements are reasonably presented by reviewing and assessing how the management disclosed the discontinued operations.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to \$8,323,345 thousand and \$9,937,243 thousand, constituting 3.14% and 3.97% of total assets as of December 31, 2019 and 2018, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to (\$347,384) thousand and (\$405,740) thousand, constituting (1.30%) and 12.12% of total comprehensive income for the years ended December 31, 2019 and 2018, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Responsibilities of management and those charged with governance for the separate financial statements

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

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

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of ASUSTEK COMPUTER INC..

Independent auditor’s responsibilities for the audit of the separate financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

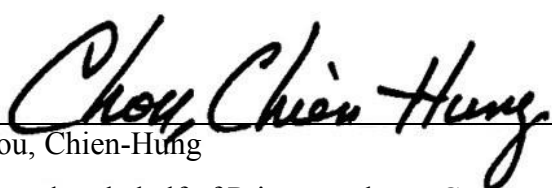
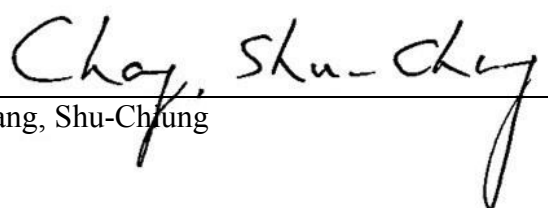
1. Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of ASUSTEK COMPUTER INC..
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ASUSTEK COMPUTER INC. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ASUSTEK COMPUTER INC. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ASUSTEK COMPUTER INC. to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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


Chou, Chien-Hung
Chang, Shu-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2020

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	NOTES	DECEMBER 31, 2019		DECEMBER 31, 2018	
		AMOUNT	%	AMOUNT	%
<u>Current assets</u>					
Cash and cash equivalents	6(1)	\$ 3,756,606	1	\$ 2,313,288	1
Financial assets at fair value through profit or loss - current	6(2)	3,812,835	1	2,539,792	1
Financial assets at fair value through other comprehensive income - current	6(3)	760,936	-	628,127	-
Trade receivables	6(4)(5)	5,425,288	2	9,805,375	4
Trade receivables - related parties	6(4) and 7	55,119,915	21	52,338,066	21
Other receivables		6,823	-	127,190	-
Inventories	6(6)	30,822,974	12	38,520,218	15
Prepayments		1,972,118	1	1,988,892	1
Other current assets		47,916	-	2,913	-
Total current assets		101,725,411	38	108,263,861	43
<u>Non-current assets</u>					
Financial assets at fair value through profit or loss - non-current	6(2)	51,126	-	53,538	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	61,266,507	23	44,402,977	18
Investments accounted for under equity method	6(7)	82,067,084	31	80,718,891	32
Property, plant and equipment	6(8)	11,851,468	5	9,041,080	4
Right-of-use assets	6(9)	25,460	-	-	-
Investment property		4,006,405	2	4,007,791	2
Intangible assets		90,479	-	113,635	-
Deferred income tax assets	6(22)	3,495,962	1	3,547,717	1
Other non-current assets	8	453,794	-	435,041	-
Total non-current assets		163,308,285	62	142,320,670	57
<u>TOTAL ASSETS</u>		\$ 265,033,696	100	\$ 250,584,531	100

(Continued)

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	NOTES	DECEMBER 31, 2019		DECEMBER 31, 2018	
		AMOUNT	%	AMOUNT	%
<u>Current liabilities</u>					
Financial liabilities at fair value through profit or loss - current	6(2)	\$ 101,499	-	\$ 1,104	-
Contract liabilities - current	6(17)	161,824	-	245,117	
Notes and trade payables	6(5) and 7	51,015,301	19	52,799,533	21
Other payables - accrued expenses	7	17,644,938	7	18,943,662	8
Current income tax liabilities		1,081,022	1	1,517,260	1
Provisions for liabilities - current	6(12) and 9	3,108,612	1	3,539,925	1
Lease liabilities - current		23,378	-	-	-
Other current liabilities	7	389,521	-	472,447	-
Total current liabilities		73,526,095	28	77,519,048	31
<u>Non-current liabilities</u>					
Deferred income tax liabilities	6(22)	12,756,051	5	10,992,240	5
Lease liabilities - non-current		2,242	-	-	-
Other non-current liabilities		1,889,268	-	708,242	-
Total non-current liabilities		14,647,561	5	11,700,482	5
Total liabilities		88,173,656	33	89,219,530	36
<u>Equity</u>					
Share capital - common shares	6(13)	7,427,603	3	7,427,603	3
Capital surplus	6(14)	6,297,000	3	6,299,430	3
Retained earnings	6(15)				
Legal reserve		35,407,050	13	34,983,546	14
Special reserve		693,928	-	693,941	-
Unappropriated retained earnings		95,102,416	36	94,556,481	38
Other equity	6(3)(16)	31,932,043	12	17,404,000	6
Total equity		176,860,040	67	161,365,001	64
TOTAL LIABILITIES AND EQUITY		\$ 265,033,696	100	\$ 250,584,531	100

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ITEMS	NOTES	FOR THE YEARS ENDED DECEMBER 31 ,			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(17) and 7	\$ 274,303,772	100	\$ 273,282,876	100
Operating costs	6(6)(11)(20)(21)(24) and 7	(252,686,275)	(92)	(256,913,446)	(94)
Gross profit		21,617,497	8	16,369,430	6
Unrealized (profit) loss from sales		(2,877,780)	(1)	1,785,274	1
Realized gross profit		18,739,717	7	18,154,704	7
Operating expenses	6(11)(20)(21)(24), 7 and 9				
Selling expenses		(2,713,127)	(1)	(2,021,694)	(1)
General and administrative expenses		(1,959,151)	(1)	(1,346,215)	(1)
Research and development expenses		(9,337,277)	(3)	(5,882,453)	(2)
Total operating expenses		(14,009,555)	(5)	(9,250,362)	(4)
Operating profit		4,730,162	2	8,904,342	3
Non-operating income and expenses					
Other income	6(18)	2,464,991	1	2,629,355	1
Other gains (losses)	6(2)(7)(19)	1,847,030	1	228,251	-
Finance costs	6(9)	(2,221)	-	(2,547)	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	8,293,388	3	6,490,725	3
Total non-operating income and expenses		12,603,188	5	9,345,784	4
Profit before income tax		17,333,350	7	18,250,126	7
Income tax expenses	6(22)	(2,999,695)	(1)	(1,945,287)	(1)
Profit from continuing operations for the year		14,333,655	6	16,304,839	6
Loss from discontinued operations for the year	6(10)	(2,195,100)	(1)	(12,069,803)	(4)
Profit for the year		\$ 12,138,555	5	\$ 4,235,036	2
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	\$ 16,996,339	6	(\$ 9,430,925)	(4)
Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method	6(7)(16)	(84,589)	-	25,420	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(16)	(1,854,143)	(1)	2,173,611	1
Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method	6(7)(16)	(951,315)	-	(198,053)	-
Income tax relating to the components of other comprehensive income	6(16)(22)	421,751	-	(151,679)	-
Other comprehensive income (loss) for the year		\$ 14,528,043	5	(\$ 7,581,626)	(3)
Total comprehensive income (loss) for the year		\$ 26,666,598	10	(\$ 3,346,590)	(1)
Basic earnings per share (in dollars)	6(23)				
Profit from continuing operations		\$ 19.30		\$ 21.95	
Loss from discontinued operations		(2.96)		(16.25)	
Basic earnings per share		\$ 16.34		\$ 5.70	
Diluted earnings per share (in dollars)					
Profit from continuing operations	6(23)	\$ 19.19		\$ 21.90	
Loss from discontinued operations		(2.94)		(16.21)	
Diluted earnings per share		\$ 16.25		\$ 5.69	

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings				Other Equity Interest							
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unrealized gain on available-for-sale financial assets	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Remeasurements of defined benefit plan	Total equity
For the year ended December 31, 2019												
Balance at January 1, 2019	\$ 7,427,603	\$ 6,299,430	\$ 34,983,546	\$ 693,941	\$ 94,556,481	\$ 1,004,029	\$ 18,234,029	\$ -	\$ -	\$ 280,896	\$ 106,896	\$ 161,365,001
Appropriations of 2018 earnings (Note 6(15))												
Legal reserve	-	-	423,504	-	(423,504)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	(11,141,404)
Profit for the year	-	-	-	-	12,138,555	-	-	-	-	-	-	12,138,555
Other comprehensive income (loss) for the year	-	-	-	-	-	(1,796,955)	16,921,721	-	-	(586,752)	(9,971)	14,528,043
Change in associates and joint ventures accounted for under equity method	-	6,065	-	-	(843)	-	-	-	-	-	-	5,222
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(7,634)	-	-	-	-	-	-	-	-	-	(7,634)
Recognition of changes in ownership interest in subsidiaries	-	(861)	-	-	-	-	-	-	-	-	-	(861)
Reversal of special reserve	-	-	-	(13)	13	-	-	-	-	-	-	-
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(26,882)	-	-	-	-	-	-	(26,882)
Balance at December 31, 2019	\$ 7,427,603	\$ 6,297,000	\$ 35,407,050	\$ 693,928	\$ 95,102,416	\$ 2,800,984	\$ 35,155,750	\$ -	\$ -	\$ 305,856	\$ 116,867	\$ 176,860,040
For the year ended December 31, 2018												
Balance at January 1, 2018	\$ 7,427,603	\$ 5,554,197	\$ 33,429,055	\$ 693,941	\$ 102,790,860	\$ 1,875,958	\$ -	\$ 27,893,808	\$ 671,054	\$ -	\$ 98,267	\$ 175,144,185
Effect of retrospective application and restatement	-	-	-	-	289,921	-	27,630,905	(27,893,808)	671,054	(671,054)	-	27,018
Balance at January 1, after adjustments	7,427,603	5,554,197	33,429,055	693,941	103,080,781	(1,875,958)	27,630,905	-	-	(671,054)	(98,267)	175,171,203
Appropriations of 2017 earnings (Note 6(15))												
Legal reserve	-	-	1,554,491	-	(1,554,491)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	(11,141,404)
Profit for the year	-	-	-	-	4,235,036	-	-	-	-	-	-	4,235,036
Other comprehensive income (loss) for the year	-	-	-	-	-	871,929	(9,396,876)	-	-	951,950	(8,629)	(7,581,626)
Change in associates and joint ventures accounted for under equity method	-	40,891	-	-	(2,532)	-	-	-	-	-	-	38,359
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,780)	-	-	-	-	-	-	-	-	-	(4,780)
Recognition of changes in ownership interest in subsidiaries	-	709,122	-	-	-	-	-	-	-	-	-	709,122
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(60,909)	-	-	-	-	-	-	(60,909)
Balance at December 31, 2018	\$ 7,427,603	\$ 6,299,430	\$ 34,983,546	\$ 693,941	\$ 94,556,481	\$ 1,004,029	\$ 18,234,029	\$ -	\$ -	\$ 280,896	\$ 106,896	\$ 161,365,001

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>FOR THE YEARS ENDED DECEMBER 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Profit before income tax from continuing operations for the year	\$ 17,333,350	\$ 18,250,126
Loss before income tax from discontinued operations for the year	(2,379,336)	(13,315,402)
Profit before income tax from continuing and discontinued operations for year	14,954,014	4,934,724
Income and expenses that results in non-cash flows		
Depreciation (including investment property and right-of-use assets)	444,815	194,229
Amortization	116,287	131,432
Expected credit impairment losses (reversal) provision	(179,543)	170,153
Net loss (gain) on financial assets or liability at fair value through profit or loss	13,082	(11,195)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for under equity method	(6,907,772)	106,234
Gain on disposal of investments	338	(1,214,557)
Interest income	(35,639)	(35,345)
Dividend income	(2,302,852)	(2,483,233)
Unrealized profit (loss) from sales	2,563,990	(1,658,086)
Others	6,431	9,798
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	(1,006,881)	3,844,489
Notes and trade receivables	4,559,630	(3,442,587)
Trade receivables - related parties	(2,781,849)	14,150,218
Other receivables	119,373	(98,521)
Inventories	7,697,244	(8,617,223)
Prepayments	171,132	522,745
Other current assets	(45,003)	23,771
Financial liabilities at fair value through profit or loss	(176,437)	(60,187)
Contract liabilities - current	(83,293)	241,443
Notes and trade payable	(1,784,232)	6,350,225
Other payables - accrued expenses	(1,445,521)	(270,176)
Provisions for liabilities	(431,313)	(311,457)
Other current liabilities	(16,059)	36,240
Receipt of interest	36,296	34,667
Payment of interest	(2,221)	(2,547)
Payment of income tax	(999,284)	(1,085,238)
Net cash flows provided by (used in) operating activities	<u>12,484,733</u>	<u>11,460,016</u>
<u>Cash flows from investing activities</u>		
Acquisition of investments accounted for under equity method	(678,641)	(995,211)
Proceeds from disposal of investments accounted for under equity method	561,755	441,588
Acquisition of property, plant and equipment	(3,154,582)	(1,755,875)
Acquisition of intangible assets	(75,911)	(104,881)
Decrease in prepayment for investments	-	599,900
Changes in other non-current assets	(62,584)	(121,552)
Dividends received	3,663,140	3,596,942
Others	530	(1,610)
Net cash flows provided by (used in) investing activities	<u>253,707</u>	<u>1,659,301</u>
<u>Cash flows from financing activities</u>		
Payment of cash dividends	(11,141,404)	(11,141,404)
Redemption of lease liabilities	(166,492)	-
Others	12,774	140
Net cash flows provided by (used in) financing activities	<u>(11,295,122)</u>	<u>(11,141,264)</u>
Increase (decrease) in cash and cash equivalents	1,443,318	1,978,053
Cash and cash equivalents at beginning of year	2,313,288	335,235
Cash and cash equivalents at end of year	<u>\$ 3,756,606</u>	<u>\$ 2,313,288</u>

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
NOTES TO SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

- (1) ASUSTEK COMPUTER INC. (ASUS or the Company) was established in the Republic of China (R.O.C.). The Company is primarily engaged in the design, R&D and sales of 3C products (including PCs, main boards, other boards and cards, tablet PCs, smart phones and other handheld devices, etc.).
- (2) The Company resolved to spin-off its OEM businesses on January 1, 2008. Pursuant to the Company's resolution, the Company transferred its computer OEM, design and manufacture of computer cases and molds and non-computer OEM businesses to its spun-off subsidiaries, PEGATRON CORPORATION (PEGA) and UNIHAN CORPORATION, respectively. On June 1, 2010, however, the Company transferred further its OEM assets and business (the Company's investments accounted for under equity method in PEGA) to the Company's another investee, PEGATRON INTERNATIONAL INVESTMENT CO, LTD. (PII). PII issued new shares to the Company and its shareholders as consideration. On April 29, 2013, the Company disposed the partial shares of PEGA and reduced the ownership percentage to less than 20%.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE SEPARATE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These separate financial statements were authorized for issuance by the Board of Directors on March 18, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, "Prepayment features with negative compensation"	January 1, 2019
IFRS 16, "Leases"	January 1, 2019
Amendments to IAS 19, "Plan amendment, curtailment or settlement"	January 1, 2019
Amendments to IAS 28, "Long-term interests in associates and joint ventures"	January 1, 2019
IFRIC 23, "Uncertainty over income tax treatments"	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the

Company's financial condition and financial performance based on the Company's assessment.
IFRS 16, "Leases"

- A. IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and Standing Interpretations Committee (SICs). The standard requires lessees to recognize a "right-of-use asset" and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating lease and finance lease, and only increases the related disclosures.
- B. The Company recognized the lease contract of lessees in line with IFRS 16 using the modified retrospective approach. Accordingly, the Company increased both 'right-of-use asset' and lease liability by \$186,907 on January 1, 2019.
- C. The Company has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (A) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (B) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (C) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$33,611 was recognized for the year ended December 31, 2019.
 - (D) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
- D. The Company calculated the present value of lease liabilities by using the incremental borrowing interest rate of 1.15%.
- E. The Company recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	223,364
Less: Applying short-term leases exemption	(	35,268)
Total lease contracts amount recognized as lease liabilities under IFRS 16 as of January 1, 2019	\$	188,096
Incremental borrowing interest rate at the date of initial application		1.15%
Lease liabilities recognized as of January 1, 2019 under IFRS 16	\$	186,907

(2) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, “Disclosure Initiative-Definition of Material”	January 1, 2020
Amendments to IFRS 3, “Definition of a business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, “Interest rate benchmark reform”	January 1, 2020

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) International Financial Reporting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined by International Accounting Standards Board
IFRS 17, “Insurance contracts”	January 1, 2021
Amendments to IAS 1, “Classification of liabilities as current or noncurrent”	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These separate financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Statements by Securities Issuers”.

(2) Basis of preparation

A. Except for the following significant items, these separate financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets at fair value through other comprehensive income.
- (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less

present value of defined benefit obligation.

- B. The critical accounting estimates and assumptions used in preparation of financial statements and the critical judgments in applying the Company's accounting policies are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The separate financial statements are presented in "New Taiwan Dollars (NTD)", which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies at fair value through profit or loss are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains (losses)".

B. Translation of foreign operations

- (A) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - a. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;
 - b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - c. All resulting exchange differences are recognized in other comprehensive income.
- (B) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or

loss as part of the gain or loss on sale. In addition, if the Company still retains partial interests in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

- (C) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within 12 months from the end of the financial reporting period;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (A) Liabilities that are expected to be paid off within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be paid off within 12 months from the end of the financial reporting period;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at

amortized cost or fair value through other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. At initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:
 - (A) The objective of the Company's business model is achieved by both collecting contractual cash flows and selling financial assets; and
 - (B) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
 - (A) The changes in fair value of equity investments that are recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the Company's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
 - (B) The changes in fair value of debt instruments that were recognized in other comprehensive income. Before derecognition, impairment gains or losses, interest revenue and foreign exchange gains and losses are recognized in profit or loss. When the debt instruments are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured

at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset has expired.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially almost all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has not retained control of financial asset.

(11) Leasing arrangements (lessor) – operating leases

Lease income from an operating lease net of any incentives given to the lessee is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials and other direct/indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is

recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the

increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- L. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.
- M. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 10~50 years, machinery and equipment are 3~6 years and miscellaneous equipment are 1~15

years.

(15) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

Applicable for 2019

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payment, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (A) The amount of the initial measurement of lease liability;
 - (B) Any lease payments made at or before the commencement date; and
 - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Operating leases (lessee)

Applicable for 2018

An operating lease is a lease that the lessor assumes substantially all the risks and rewards incidental to ownership of the leased asset. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(18) Intangible assets

Computer software is amortized on a straight-line basis over its estimated useful life of 1~5 years.

(19) Impairment of non-financial assets

- A. The Company assesses at the end of the financial reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The

recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or decrease, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. However, the reversal should not exceed the carrying amount, net of depreciation or amortization had the impairment not been recognized.

- B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(20) Notes and trade payables

- A. Trade payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and trade payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

The Company derecognized a financial liability when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(25) Provisions for liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at

the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plan

- a. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flow using interest rates of government bonds or interest rates of return of high quality investments that have terms to maturity approximating to the terms of the related pension liability.
- b. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- c. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring cost, whichever is earlier. Benefits that are expected to be due more than 12 months after financial reporting date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the

subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

Sales of goods

- A. The Company is engaged in the selling of 3C products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from the sale of 3C products is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts. Historical experience is usually used to estimate for the discounts and returns. The sales are made mainly with a credit term of open account 30 to 180 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.
- D. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. **CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

Critical accounting estimates and assumptions – Evaluation of inventories

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory

consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be a difference against actual result.

As of December 31, 2019, the carrying amount of inventories was \$30,822,974.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	<u>2019/12/31</u>	<u>2018/12/31</u>
Cash on hand and petty cash	\$ 245	\$ 245
Checking accounts and demand deposits	3,756,361	6,932
Time deposits	-	2,306,111
	<u>\$ 3,756,606</u>	<u>\$ 2,313,288</u>

The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss

	<u>2019/12/31</u>	<u>2018/12/31</u>
Financial assets mandatorily measured at fair value through profit or loss - current:		
Listed and OTC stocks	\$ 71,652	\$ 47,600
Beneficiary certificates	3,741,183	2,484,934
Derivatives	-	7,258
	<u>\$ 3,812,835</u>	<u>\$ 2,539,792</u>
Financial assets mandatorily measured at fair value through profit or loss - non-current:		
Beneficiary certificates	<u>\$ 51,126</u>	<u>\$ 53,538</u>

Financial liabilities held for trading - current:

Derivatives	<u>\$ 101,499</u>	<u>\$ 1,104</u>
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A. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 24,052	(\$ 5,857)
Debt instruments	-	2,126
Beneficiary certificates	1,613	11,673
Derivatives	(38,747)	3,253
	<u>(\$ 13,082)</u>	<u>\$ 11,195</u>

- B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	2019/12/31			2018/12/31		
	Contract amount (in thousands)	Maturity period		Contract amount (in thousands)	Maturity period	
Derivative financial assets:						
Forward exchange contracts						
-NTD/USD	USD	-	-	USD	50,000	2019/06
Derivative financial liabilities:						
Forward exchange contracts						
-NTD/USD	USD	360,000	109/03	USD	20,000	2019/05

Forward exchange contracts

The Company entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

- C. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at fair value through other comprehensive income

	2019/12/31	2018/12/31
Equity instruments - current:		
Listed and OTC stocks	\$ 296,187	\$ 296,187
Valuation adjustment	464,749	331,940
	<u>\$ 760,936</u>	<u>\$ 628,127</u>
Equity instruments - non-current:		
Listed and OTC stocks	\$ 26,460,851	\$ 26,460,851
Unlisted and non-OTC stocks	219,730	219,730
	26,680,581	26,680,581
Valuation adjustment	34,585,926	17,722,396
	<u>\$ 61,266,507</u>	<u>\$ 44,402,977</u>

- A. The Company has elected to classify above investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$62,027,443 and \$45,031,104 as of December 31, 2019 and 2018, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2019	2018
Dividends income from investments held at end of the year	\$ 2,300,767	\$ 2,481,202

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Trade receivables

	2019/12/31	2018/12/31
Trade receivables (including related parties)	\$ 60,559,415	\$ 62,337,196
Less: Loss allowance	(14,212)	(193,755)
	<u>\$ 60,545,203</u>	<u>\$ 62,143,441</u>

A. The ageing analysis of trade receivable is as follows:

	2019/12/31	2018/12/31
Not past due	\$ 60,375,503	\$ 60,650,196
Less than 90 days past due	172,720	1,662,843
Between 91 and 180 days past due	6,635	7,258
More than 181 days past due	4,557	16,899
	<u>\$ 60,559,415</u>	<u>\$ 62,337,196</u>

B. As of December 31, 2019 and 2018, and January 1, 2018, the balances of receivables from contracts with customers amounted to \$60,559,415, \$62,337,196, and \$73,048,036, respectively.

C. The Company does not hold financial assets as security for trade receivables.

D. As of December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's trade receivables were \$60,545,203 and \$62,143,441, respectively.

E. Information about credit risk of trade receivable is provided in Note 12(2).

(5) Offsetting financial assets and financial liabilities

A. The Company has assets (fair value of \$21,943,010 and \$30,836,695 as of December 31, 2019 and 2018, respectively) and liabilities (fair value of \$29,904,514 and \$36,514,971 as of December 31, 2019 and 2018, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables and notes and trade payables.

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

Offsetting trade receivables and trade payables						
	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)	Net set off in the balance sheet: collateral (received) / provided
2019/12/31	\$ 21,943,010	(\$ 29,904,514)	(\$ 21,943,010)	\$ -	(\$ 7,961,504)	\$ -
2018/12/31	30,836,695	(36,514,971)	(30,631,626)	205,069	(5,883,345)	-

(6) Inventories

2019/12/31			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 30,298,173	(\$ 4,481,716)	\$ 25,816,457
Work in process	1,885,075	(130,287)	1,754,788
Finished goods	885,650	(45,802)	839,848
Merchandise inventories	2,215,470	(349,838)	1,865,632
Inventories in transit	546,249	-	546,249
	<u>\$ 35,830,617</u>	<u>(\$ 5,007,643)</u>	<u>\$ 30,822,974</u>
2018/12/31			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 40,355,447	(\$ 7,911,680)	\$ 32,443,767
Work in process	2,446,104	(128,904)	2,317,200
Finished goods	1,146,934	(18,380)	1,128,554
Merchandise inventories	2,483,177	(442,901)	2,040,276
Inventories in transit	590,421	-	590,421
	<u>\$ 47,022,083</u>	<u>(\$ 8,501,865)</u>	<u>\$ 38,520,218</u>

Except for cost of goods sold, the inventories recognized as operating costs from continuing and discontinued operations amounted to (\$3,456,999) and \$4,127,443, of which (\$3,494,222) and \$4,047,768 pertain to the decline (recovery) in value of inventories for the years ended December 31, 2019 and 2018, respectively. The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss had been sold during the year ended December 31, 2019.

(7) Investments accounted for under equity method

		2019/12/31		2018/12/31	
		Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:					
AIL	\$	36,802,918	100.00	\$ 38,757,749	100.00
ASGL		31,187,993	100.00	27,679,883	100.00
AAEON		3,628,900	29.47	3,665,467	29.47
ASKEY		3,006,308	100.00	3,157,795	100.00
HCVC		1,898,784	100.00	1,957,398	100.00
HMI		1,136,722	100.00	1,282,577	100.00
ASMEDIA		1,051,622	40.74	948,488	40.74
AHL		-	-	625,246	100.00
Others		1,478,942		1,158,332	
		<u>80,192,189</u>		<u>79,232,935</u>	
Associates:					
Others (Note)		1,874,895		1,485,956	
	\$	<u>82,067,084</u>		<u>\$ 80,718,891</u>	

Note: In October 2018, the Company disposed 6,430 thousand shares of its ownership of subsidiary — UPI and the disposal proceeds is \$417,950. After the Company disposed the shares, it lost control of UPI and its ownership was decreased to 27.53%. The remaining book value of equity investments was remeasured at fair value and difference between the fair value less related transaction costs and carrying amount was recognized in profit or loss. The gain on disposal of investment amounted to \$1,212,307.

A. Subsidiaries

Information about the Company's subsidiaries is provided in Note 4(3) of the 2019 consolidated financial statements.

B. Associates

The Company's associates are all immaterial, and the summary of financial information of share attributable to the Company is as follows:

	For the years ended December 31,	
	2019	2018
Profit (loss) for the year	(\$ 28,337)	\$ 34,741
Other comprehensive income (loss) for the year - net of income tax	1,810	11
Total comprehensive income (loss) for the year	(\$ 26,527)	\$ 34,752

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2019						
Cost	\$4,891,103	\$2,312,098	\$ 994,762	\$ 616,036	\$ 2,111,985	\$10,925,984
Accumulated depreciation and impairment	-	(715,417)	(740,825)	(428,662)	-	(1,884,904)
	<u>\$4,891,103</u>	<u>\$1,596,681</u>	<u>\$ 253,937</u>	<u>\$ 187,374</u>	<u>\$ 2,111,985</u>	<u>\$ 9,041,080</u>
January 1, 2019	\$4,891,103	\$1,596,681	\$ 253,937	\$ 187,374	\$ 2,111,985	\$ 9,041,080
Acquisitions	1,014,089	1,743,003	163,286	139,542	27,795	3,087,715
Disposals	-	-	(16)	-	-	(16)
Depreciation	-	(50,247)	(125,763)	(100,767)	-	(276,777)
Reclassifications	-	2,109,501	1,950	-	(2,111,985)	(534)
December 31, 2019	<u>\$5,905,192</u>	<u>\$5,398,938</u>	<u>\$ 293,394</u>	<u>\$ 226,149</u>	<u>\$ 27,795</u>	<u>\$11,851,468</u>
December 31, 2019						
Cost	\$5,905,192	\$6,164,602	\$ 1,145,122	\$ 679,594	\$ 27,795	\$13,922,305
Accumulated depreciation and impairment	-	(765,664)	(851,728)	(453,445)	-	(2,070,837)
	<u>\$5,905,192</u>	<u>\$5,398,938</u>	<u>\$ 293,394</u>	<u>\$ 226,149</u>	<u>\$ 27,795</u>	<u>\$11,851,468</u>

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2018						
Cost	\$4,891,103	\$2,312,098	\$ 925,937	\$ 2,550,307	\$ 487,270	\$11,166,715
Accumulated depreciation and impairment	- (670,080)	(728,027)	(2,337,381)	-	(3,735,488)	
	<u>\$4,891,103</u>	<u>\$1,642,018</u>	<u>\$ 197,910</u>	<u>\$ 212,926</u>	<u>\$ 487,270</u>	<u>\$ 7,431,227</u>
January 1, 2018	\$4,891,103	\$1,642,018	\$ 197,910	\$ 212,926	\$ 487,270	\$ 7,431,227
Acquisitions	-	-	140,765	35,846	1,625,259	1,801,870
Disposals	-	-	- (227)	-	(227)	
Depreciation	- (45,337)	(86,335)	(61,171)	-	(192,843)	
Reclassifications	-	-	1,597	- (544)	1,053	
December 31, 2018	<u>\$4,891,103</u>	<u>\$1,596,681</u>	<u>\$ 253,937</u>	<u>\$ 187,374</u>	<u>\$ 2,111,985</u>	<u>\$ 9,041,080</u>
December 31, 2018						
Cost	\$4,891,103	\$2,312,098	\$ 994,762	\$ 616,036	\$ 2,111,985	\$10,925,984
Accumulated depreciation and impairment	- (715,417)	(740,825)	(428,662)	-	(1,884,904)	
	<u>\$4,891,103</u>	<u>\$1,596,681</u>	<u>\$ 253,937</u>	<u>\$ 187,374</u>	<u>\$ 2,111,985</u>	<u>\$ 9,041,080</u>

The Company has no property, plant and equipment pledged to others.

(9) Leasing arrangements - lessee

Applicable for 2019

A. The Company leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use-assets

	Buildings	Other equipment	Total
January 1, 2019			
Adjustment under IFRS 16	\$ 180,827	\$ 6,080	\$ 186,907
Acquisitions	5,205	-	5,205
Depreciation	(164,034)	(2,618)	(166,652)
December 31, 2019	<u>\$ 21,998</u>	<u>\$ 3,462</u>	<u>\$ 25,460</u>

C. The information on income and expense accounts relating to lease contracts is as follows:

	For the year ended December 31, 2019
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 1,160
Expense on short-term lease contracts	30,943

D. For the year ended December 31, 2019, the Company's total cash outflow for leases was \$198,595.

(10) Discontinued operations

A. The Company is determined to reshape its smartphone business strategy and adjust product positioning to focus on perfecting solutions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been in progress and the Company recognized valuation effects of assets and liabilities accordingly.

B. The cash flow information of the discontinued operations is as follows:

	For the years ended December 31,	
	2019	2018
Operating cash flows	(\$ 4,778,723)	\$ 3,002,483
Investing cash flows	-	-
Financing cash flows (Note)	4,778,723	(3,002,483)
Total cash flows	\$ -	\$ -

Note: The continuing operations provided (obtain) financing support to (from) discontinued operations.

C. Analysis of the results of discontinued operations, and the results recognized on the remeasurement of assets and restructuring constructive obligation is as follows:

	For the years ended December 31,	
	2019	2018
Operating revenue	\$ 9,956,487	\$ 39,768,689
Operating costs	(10,313,742)	(39,067,799)
Unrealized (profit) loss from sales	313,790	(127,188)
Operating expenses	(832,106)	(2,845,769)
Other gains (losses)	(118,149)	81,484
Share of loss of associates and joint ventures accounted for under equity method	(1,385,616)	(5,320,305)
Loss before tax from discontinued operations	(2,379,336)	(7,510,888)
Income tax benefit	184,236	406,134
Loss after tax from discontinued operations	(2,195,100)	(7,104,754)
Pre-tax loss recognized on the remeasurement of assets and restructuring constructive obligation (Notes 1 and 2)	-	(5,804,514)
Income tax benefit recognized on the remeasurement of assets and restructuring constructive obligation	-	839,465
After-tax loss recognized on the remeasurement of assets and restructuring constructive obligation	-	(4,965,049)
Total loss from discontinued operations	(\$ 2,195,100)	(\$ 12,069,803)

Note 1: It consists of inventory valuation loss, compensation loss for the vendors' preparation of materials in advance, sales discounts, reorganization personnel expenses, royalty loss and other losses from discontinued operations.

Note 2: Including effects of share of profit of subsidiaries, associates and joint ventures accounted for under equity method.

(11) Pensions

- A. (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. In addition, except for a few foreign employees, the Company had settled its financial obligations to its employees on December 31, 2007.
- (B) The Company contributes 2% of the employees' monthly salaries and wages for a few foreign employees in accordance with R.O.C. Labor Standards Law to an independent retirement trust fund. The pension costs under the above pension plan were \$847 and \$1,180 for the years ended December 31, 2019 and 2018, respectively.
- (C) Expected contribution to the defined benefit pension plan of the Company for the year ending December 31, 2020 is \$985.
- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan were \$293,456 and \$281,457 for the years ended December 31, 2019 and 2018, respectively.

(12) Provisions for liabilities

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2019	\$ 154,444	\$ 3,385,481	\$ 3,539,925
Recognition (reversal)	85,457	(391,132)	(305,675)
Used	(39,349)	-	(39,349)
Net exchange differences	-	(86,289)	(86,289)
December 31, 2019	<u>\$ 200,552</u>	<u>\$ 2,908,060</u>	<u>\$ 3,108,612</u>

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2018	\$ 204,294	\$ 3,647,088	\$ 3,851,382
Recognition (reversal)	149,824	(385,939)	(236,115)
Used	(208,871)	-	(208,871)
Net exchange differences	9,197	124,332	133,529
December 31, 2018	<u>\$ 154,444</u>	<u>\$ 3,385,481</u>	<u>\$ 3,539,925</u>

Analysis of total provisions for liabilities:

	2019/12/31	2018/12/31
Current	<u>\$ 3,108,612</u>	<u>\$ 3,539,925</u>

A. Provisions for warranty

The Company provides warranties on 3C products sold. Provision for warranty is estimated based on these products' historical warranty data. A provision is recognized as current when it is expected to be used in one year.

B. Provisions for legal claims and royalty

The Company recognizes provision for legal claims or royalty fees made by the patentees against the Company. After taking appropriate legal advice, the management evaluates the probable claimable fees accrued as provisions for liabilities. The provision charge is recognized in profit or loss within operating costs and expenses.

(13) Common shares

A. As of December 31, 2019, the Company's authorized capital was \$47,500,000, consisting of 4,750,000,000 shares of common stock (including 50,000,000 shares which were reserved for employee stock options), and the paid-in capital was \$7,427,603 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2019 and 2018 are both 742,760,280 shares.

B. As of December 31, 2019, the Company issued Global Depositary Receipts (GDRs), of which 4,935,000 units of the GDRs are now listed on the Luxembourg Stock Exchange. Per unit of GDR represents 5 shares of the Company's common stock and total GDRs represent 24,673,000

shares of the Company's common stock. The terms of GDR are as follows:

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(B) Dividends, stock warrants and other rights

GDR holders and common shareholders are all entitled to receive dividends. The Depositary may issue new GDRs in proportion to GDRs holding ratios or raise the number of shares of common stock represented by each unit of GDR or sell stock dividends on behalf of GDR holders and distribute proceeds to them in proportion to their GDRs holding ratios.

(14) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2019/12/31	2018/12/31
Share premium	\$ 4,227,966	\$ 4,227,966
Difference between consideration and carrying amount of subsidiaries acquired or disposed	885,390	893,024
Recognition of changes in ownership interest in subsidiaries	1,130,789	1,131,650
Changes in associates and joint ventures accounted for under equity method	52,855	46,790
	<u>\$ 6,297,000</u>	<u>\$ 6,299,430</u>

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit after income tax, shall first be offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company is facing a rapidly changing industrial environment, with the life cycle of the industry in the growth phase. In line with the long-term financial plan of the Company and the demand for cash by the shareholders, the Company should distribute cash dividends of not less

than 10% of the total dividends declared.

- C. Except for covering accumulated deficit, increasing capital or payment of cash in proportion to ownership percentage, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall be limited to the portion of legal reserve which exceeds 25% of the paid-in capital.
- D. (A) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the end of the financial reporting period before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. As resolved by the shareholders on June 12, 2018, the Company distributed cash dividends to owners amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2017 earnings. On June 18, 2019, the shareholders resolved to distribute cash dividends amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2018 earnings.
- F. The appropriations of 2019 earnings had been proposed by the Board of Directors on March 18, 2020. Details are summarized as follows:

	For the year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Cash dividends	\$ 10,398,644	\$ 14.00

As of March 18, 2020, the appropriations of 2019 earnings stated above has not been resolved by the shareholders.

- G. The information on employees' compensation and directors' remuneration is provided in Note 6(21).

(16) Other equity

	Gain (loss) on hedging instruments	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2019	\$ 280,896	\$ 18,234,029	(\$ 1,004,029)	(\$ 106,896)	\$ 17,404,000
-The Company	-	16,996,339	(1,432,392)	-	15,563,947
-Subsidiaries	(586,752)	(75,491)	(363,563)	(9,773)	(1,035,579)
-Associates	-	873	(1,000)	(198)	(325)
December 31, 2019	<u>(\$ 305,856)</u>	<u>\$ 35,155,750</u>	<u>(\$ 2,800,984)</u>	<u>(\$ 116,867)</u>	<u>\$ 31,932,043</u>

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for- sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2018	(\$ 671,054)	\$ -	\$ -	\$ 27,893,808	(\$ 1,875,958)	(\$ 98,267)	\$ 25,248,529
Effect on retrospective application and restatement	671,054	(671,054)	27,630,905	(27,893,808)	-	-	(262,903)
Balance after restatement on January 1, 2018	-	(671,054)	27,630,905	-	(1,875,958)	(98,267)	24,985,626
-The Company	-	-	(9,430,925)	-	2,021,932	-	(7,408,993)
-Subsidiaries	-	951,950	34,030	-	(1,146,251)	(7,959)	(168,230)
-Associates	-	-	19	-	(3,752)	(670)	(4,403)
December 31, 2018	<u>\$ -</u>	<u>\$ 280,896</u>	<u>\$ 18,234,029</u>	<u>\$ -</u>	<u>(\$ 1,004,029)</u>	<u>(\$ 106,896)</u>	<u>\$ 17,404,000</u>

(17) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers	\$ 284,260,259	\$ 313,009,133
Less: Revenue from contracts with customers from discontinued operations	(9,956,487)	(39,726,257)
	<u>\$ 274,303,772</u>	<u>\$ 273,282,876</u>

A. Disaggregation of revenue from contracts with customers

The Company's revenue is derived from the transfer of goods and services at a point in time in the following major product lines:

For the year ended December 31, 2019	3C products	Others	Total
Revenue from contracts with customers	<u>\$ 270,303,117</u>	<u>\$ 4,000,655</u>	<u>\$ 274,303,772</u>
Timing of revenue recognition			
At a point in time	<u>\$ 270,303,117</u>	<u>\$ 4,000,655</u>	<u>\$ 274,303,772</u>
For the year ended December 31, 2018	3C products	Others	Total
Revenue from contracts with customers	<u>\$ 268,954,242</u>	<u>\$ 4,328,634</u>	<u>\$ 273,282,876</u>
Timing of revenue recognition			
At a point in time	<u>\$ 268,954,242</u>	<u>\$ 4,328,634</u>	<u>\$ 273,282,876</u>

Revenue from contracts with customers from discontinued operations for the years ended December 31, 2019 and 2018 amounting to \$9,956,487 and \$39,726,257, respectively, and are recognized at a point in time.

B. Contract liabilities

(A) The Company recognized contract liabilities related to the contract revenue from sales amounting to \$161,824, \$245,117 and \$0 as of December 31, 2019, December 31, 2018 and January 1, 2018, respectively.

(B) The revenue recognized from the beginning balance of contract liability amounted to \$75,938 and \$2,686 for the years ended December 31, 2019 and 2018, respectively.

(18) Other income

	For the years ended December 31,	
	2019	2018
Interest income	\$ 35,639	\$ 35,345
Rent income	126,500	110,776
Dividend income	2,302,852	2,483,234
	<u>\$ 2,464,991</u>	<u>\$ 2,629,355</u>

(19) Other gains (losses)

	For the years ended December 31,	
	2019	2018
Net gains (losses) on non-derivative financial instruments	\$ 25,665	\$ 7,942
Net gains (losses) on derivative financial instruments	(38,747)	3,253
Net currency exchange gains (losses)	1,263,677	1,217,155
Gains (losses) on disposal of investments (Note 1)	(338)	1,214,557
Other net gains (losses) (Note 2)	478,624	(2,133,172)
	<u>1,728,881</u>	<u>309,735</u>
Less: Other (gains) losses from discontinued operations	118,149	(81,484)
	<u>\$ 1,847,030</u>	<u>\$ 228,251</u>

Note 1: Related disclosures are provided in Note 6(7).

Note 2: The European Commission has started an investigation into whether the Company has restricted the retail prices of distributors in February, 2017. The Company has always followed the law seriously and worked with the European Union together to complete the investigation following the cooperation process. The Company recognized the loss amounting to \$2,296,320 for the case of the restricted retail prices as other gains (losses) in the year of 2018. The European Commission has finished the investigation in July, 2018 and the Company has already paid the related payables in 2018. The financial position of the Company is sound enough and cash and cash equivalents balance is assessed to be sufficient to cover the probable loss of the case. Therefore, the case has no significant impact to the operations of the Company. In addition, the Company will manage properly and respond to various types of operational and non-operational risk in the future.

(20) Costs and expenses by nature (including discontinued operations)

	For the years ended December 31,					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 460,586	\$ 9,819,432	\$10,280,018	\$ 323,068	\$ 7,255,917	\$7,578,985
Depreciation	39,577	403,852	443,429	4,961	187,882	192,843
Amortization	9	116,278	116,287	53	131,379	131,432

(21) Employee benefit expenses (including discontinued operations)

	For the years ended December 31,	
	2019	2018
Wages and salaries	\$ 9,242,393	\$ 6,569,567
Labor and health insurance	530,740	536,555
Pension (Note)	294,303	282,637
Director's remuneration	50,725	18,749
Other personnel expenses	161,857	171,477
	<u>\$ 10,280,018</u>	<u>\$ 7,578,985</u>

Note: Includes the pension expense under the defined contribution plan and defined benefit plan.

A. The Company's average headcount were 5,788 and 6,223 employees for the years ended December 31, 2019 and 2018, respectively. There were 8 and 7 non-employee directors for the years ended December 31, 2019 and 2018, respectively.

B. (A) The Company's average employee benefit expense amounted to \$1,770 and \$1,216 for the years ended December 31, 2019 and 2018, respectively.

(B) The Company's average wages and salaries amounted to \$1,599 and \$1,057 for the years ended December 31, 2019 and 2018, respectively.

(C) Average wages and salaries increased by 51%.

C. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.

D. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$906,786 and \$299,233, respectively; directors' remuneration was accrued at \$47,725 and \$15,749, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration amounting to \$299,233 and \$15,749, respectively, for 2018 as resolved by the Board of Directors were in agreement with the amounts recognized in the 2018 financial statements. The employees' compensation and directors' remuneration were distributed in cash. Related information is available at the Market Observation Post System website.

(22) Income tax

A. Income tax expenses

(A) Components of income tax expenses:

	For the years ended December 31,	
	2019	2018
Current income tax:		
Current income tax on profits for the year	\$ 663,050	\$ 1,389,316
Additional income tax on unappropriated earnings	-	284,901
Difference between prior year's income tax estimation and assessed results	(84,908)	(408,483)
Total current income tax	<u>578,142</u>	<u>1,265,734</u>
Deferred income tax:		
Origination and reversal of temporary differences	2,237,317	(2,220,119)
Effect of change in tax rate	-	1,654,073
Total deferred income tax	<u>2,237,317</u>	<u>(566,046)</u>
Income tax expenses (including discontinued operations)	2,815,459	699,688
Add: Income tax benefit from discontinued operations	184,236	1,245,599
Income tax expenses from continuing operations	<u>\$ 2,999,695</u>	<u>\$ 1,945,287</u>

(B) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2019	2018
Currency translation differences	<u>(\$ 421,751)</u>	<u>\$ 151,679</u>

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2019	2018
Income tax calculated based on profit before tax and statutory tax rate	\$ 2,990,803	\$ 986,945
Tax exempt income by tax regulation	(464,092)	(743,009)
Effect of tax exemption on investment income	(78,210)	(1,257,437)
Additional income tax on unappropriated earnings	-	284,901
Difference between prior year's income tax estimation and assessed results	(84,908)	(408,483)
Effect of tax rate changes on unrealized profit from sales	162,404	98,741
Effect of tax rate changes	-	1,654,073
Effect of exchange rate changes	293,862	(117,414)
(Income) expenses adjusted by tax regulation	(2,272)	229,632
Others	(2,128)	(28,261)
Income tax expenses (including discontinued operations)	2,815,459	699,688
Add: Income tax benefit from discontinued operations	184,236	1,245,599
Income tax expenses from continuing operations	<u>\$ 2,999,695</u>	<u>\$ 1,945,287</u>

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	\$ 379,486	\$ 505,388	\$ -	\$ 884,874
Unrealized purchase discounts	123,331	(8,597)	-	114,734
Decline in value of inventories	1,700,373	(698,844)	-	1,001,529
Unrealized expenses and provisions for royalty	1,099,854	(271,158)	-	828,696
Currency translation differences	193,177	-	421,751	614,928
Others	51,496	(295)	-	51,201
Subtotal	3,547,717	(473,506)	421,751	3,495,962
- Deferred income tax liabilities:				
Investment income from foreign investees	(10,934,728)	(1,702,450)	-	(12,637,178)
Unrealized exchange gains	(57,512)	(61,361)	-	(118,873)
Subtotal	(10,992,240)	(1,763,811)	-	(12,756,051)
Total	(\$7,444,523)	(\$ 2,237,317)	\$ 421,751	(\$ 9,260,089)
2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	\$ 550,369	(\$ 170,883)	\$ -	\$ 379,486
Unrealized purchase discounts	342,805	(219,474)	-	123,331
Decline in value of inventories	757,197	943,176	-	1,700,373
Unrealized expenses and provisions for royalty	642,953	456,901	-	1,099,854
Currency translation differences	344,856	-	(151,679)	193,177
Others	36,779	14,717	-	51,496
Subtotal	2,674,959	1,024,437	(151,679)	3,547,717
- Deferred income tax liabilities:				
Investment income from foreign investees	(10,460,627)	(474,101)	-	(10,934,728)
Unrealized exchange gains	(73,222)	15,710	-	(57,512)
Subtotal	(10,533,849)	(458,391)	-	(10,992,240)
Total	(\$7,858,890)	\$ 566,046	(\$ 151,679)	(\$ 7,444,523)

D. The Tax Authority has examined the Company's income tax returns through 2016.

E. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. The Company has assessed and recognized the impact of the change in income tax rate.

(23) Earnings per share

	For the years ended December 31,	
	2019	2018
Profit:		
Profit from continuing operations	\$ 14,333,655	\$ 16,304,839
Loss from discontinued operations	(2,195,100)	(12,069,803)
Profit for the year	<u>\$ 12,138,555</u>	<u>\$ 4,235,036</u>
Number of shares (shares in thousands):		
Weighted average number of shares outstanding - basic	<u>742,760</u>	<u>742,760</u>
Basic earnings per share (in dollars):		
Profit from continuing operations	\$ 19.30	\$ 21.95
Loss from discontinued operations	(2.96)	(16.25)
Profit for the year	<u>\$ 16.34</u>	<u>\$ 5.70</u>
	For the years ended December 31,	
	2019	2018
Profit:		
Profit from continuing operations	\$ 14,333,655	\$ 16,304,839
Loss from discontinued operations	(2,195,100)	(12,069,803)
Profit for the year	<u>\$ 12,138,555</u>	<u>\$ 4,235,036</u>
Number of shares (shares in thousands):		
Weighted average number of shares outstanding - basic	<u>742,760</u>	<u>742,760</u>
Assumed conversion of all dilutive potential shares - employees' compensation	<u>4,195</u>	<u>1,801</u>
Weighted average number of shares outstanding - diluted	<u>746,955</u>	<u>744,561</u>
Diluted earnings per share (in dollars):		
Profit from continuing operations	\$ 19.19	\$ 21.90
Loss from discontinued operations	(2.94)	(16.21)
Profit for the year	<u>\$ 16.25</u>	<u>\$ 5.69</u>

(24) Operating leases (Not applicable from 2019)

The Company leases offices and parking lots under operating lease agreements. The Company recognized rental expenses of \$229,594 for the year ended December 31, 2018. The Company leases offices and parking lots under non-cancellable operating leases agreements. The future aggregate minimum lease payments are as follows:

	2018/12/31
Less than 1 year	\$ 201,634
Between 1 and 2 years	20,872
Between 2 and 3 years	858

(25) Changes in liabilities arising from financing activities

	January 1, 2019	Cash flow	Non-cash changes Others (Note)	December 31, 2019
Lease liabilities	\$ 186,907	(\$ 166,492)	\$ 5,205	\$ 25,620

Note: Others is leases modifications.

7. **RELATED PARTY TRANSACTIONS**

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASGL	Subsidiary
Others (related parties with non-significant transactions)	Subsidiary, associate and other related parties

(3) Significant transactions and balances with related parties

A. Sales of goods (including discontinued operations)

	For the years ended December 31,	
	2019	2018
Sales of goods		
-ASGL	\$ 256,202,959	\$ 279,023,384
-Subsidiaries	19,380,357	22,770,115
-Associates	65,351	484
-Others	206	259
	<u>\$ 275,648,873</u>	<u>\$ 301,794,242</u>

The sales prices of transactions with related parties were decided on the basis of the economic environment and market competition in each sales area. The terms of the transactions are due 30 to 180 days after the date of delivery or open account 30 to 60 days. The terms of the above transactions are similar to those for third parties.

B. Purchases of goods and expenses

	For the years ended December 31,	
	2019	2018
Purchases of goods		
-Subsidiaries	\$ 1,327,015	\$ 1,241,570
-Associates	16,879	12,218
-Others	47,822	43,124
	<u>1,391,716</u>	<u>1,296,912</u>
Purchases of services and other expenditures		
-Subsidiaries	43,116	81,046
-Associates	149	57
-Others	19,394	15,000
	<u>62,659</u>	<u>96,103</u>
	<u>\$ 1,454,375</u>	<u>\$ 1,393,015</u>

Purchase terms are due 30 to 90 days after the date of acceptance or open account 30 to 60 days, which were similar to those for third parties.

C. Trade receivables

	2019/12/31	2018/12/31
Trade receivables		
-ASGL	\$ 51,625,428	\$ 48,265,302
-Subsidiaries	3,493,625	4,072,764
-Associates	862	-
	<u>\$ 55,119,915</u>	<u>\$ 52,338,066</u>

The trade receivables arise mainly from sales transactions, and are unsecured in nature and bear no interest.

D. Notes and trade payables and other items of current liabilities

	2019/12/31	2018/12/31
Notes and trade payables		
-Subsidiaries	\$ 282,505	\$ 372,641
-Associates	2,412	5,283
-Others	15,510	13,690
	<u>300,427</u>	<u>391,614</u>
Other items of current liabilities		
-Subsidiaries	66,364	54,913
-Associates	3,873	-
-Others	3,309	-
	<u>73,546</u>	<u>54,913</u>
	<u>\$ 373,973</u>	<u>\$ 446,527</u>

The trade payables arise mainly from purchase transactions and bear no interest.

(4) Key management compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 613,520	\$ 671,817
Post-employment benefits	5,391	5,628
	<u>\$ 618,911</u>	<u>\$ 677,445</u>

8. **PLEDGED ASSETS**

Pledged assets	Item	Book Value		Purpose
		2019/12/31	2018/12/31	
Other non-current assets	Pledged restricted deposits	\$ 184,923	\$ 184,819	Pledged for lodgment for security decided by court, customs duties, etc.

9. **SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS**

(1) Contingencies

Lawsuits for infringement of intellectual property rights

A. Several patentees filed lawsuits or investigations for patent infringement including the user interface, audio signal encoding and decoding system, audio stream, UMTS communication function products, product with remote upgrade code function, tablet, cellphone and pad supporting OK Google functions, products with Google Play Movies and TV function, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control, display and projector products, products supporting LTE Aperiodic CQI / PMI / RI Reporting and smartphone communications products against the Company. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Germany court, in a French court, in a Netherlands court, in an England court and in a Tokyo court. The Company cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

B. Several patentees filed lawsuits or investigations for patent infringement including MP3 function for desktop and notebook, ZenFone trademarks, AP and Router products supporting MU-MIMO, notebook, products supporting HDCP 2.0 or higher version, cellphone and tablet, microprocessor with Intel's 14nm process Tri-Gate technology, products that support Google Voice Assist or Microsoft Cortana Voice Assist and mixed reality products against the Company. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Delaware court, in an Alabama court, United States International Trade Commission, in a Germany court, in an India court and in a China court. The Company cannot presently determine the ultimate outcome and effect of these lawsuits.

(2) Commitments

The Company has signed a contract amounting to \$463,707 for the construction of new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2019.

10. **SIGNIFICANT DISASTER LOSS:** None.

11. **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL REPORTING PERIOD:**

The Company's subsidiary – ASMEDIA plans to exchange stocks with WT MICROELECTRONICS CO., LTD. (WT MICROELECTRONICS) for operational planning and scaling up business as resolved by the Board of Directors during its meeting on February 21, 2020. ASMEDIA is expected to increase its capital by issuing 9,000,000 shares of common stock in exchange for 171,000,000 shares of common stock of WT MICROELECTRONICS. The stock exchange ratio is 1 ASMEDIA share to be exchanged for 19 WT MICROELECTRONICS's shares, with the expected record date for exchange, March 20, 2020. The application for the above shares exchange is subject to the approval by the FSC.

12. **OTHERS**

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the liability ratio. This ratio is calculated as total liabilities by total assets. Total liabilities calculated as "current liabilities plus non-current liabilities" as shown in the separate balance sheets.

During 2019, the Company's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2018. The liability ratios are as follows:

	2019/12/31	2018/12/31
Total liabilities	\$ 88,173,656	\$ 89,219,530
Total equity	176,860,040	161,365,001
Total assets	\$ 265,033,696	\$ 250,584,531
Liability ratio	33.27%	35.60%

(2) Financial instruments

A. Financial instruments by category

	<u>2019/12/31</u>	<u>2018/12/31</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,863,961	\$ 2,593,330
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	62,027,443	45,031,104
Financial assets at amortized cost		
Cash and cash equivalents	3,756,606	2,313,288
Trade receivables	60,545,203	62,143,441
Other receivables	6,823	127,190
Refundable deposits	287,879	352,830
	<u>\$ 130,487,915</u>	<u>\$ 112,561,183</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 101,499	\$ 1,104
Financial liabilities at amortized cost		
Notes and trade payables	51,015,301	52,799,533
Other payables - accrued expenses	17,644,938	18,943,662
Deposits received	65,055	52,280
Lease liabilities	25,620	-
	<u>\$ 68,852,413</u>	<u>\$ 71,796,579</u>

B. Financial risk management policies

- (A) The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (B) The Company's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Company's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.
- (C) Information about derivative financial instruments that are used to hedge financial risk are provided in Note 6(2).

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

- a. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- b. The management has set up the policy to require the organisation to manage the foreign exchange risk against the functional currency. The organisation is required to hedge its entire foreign exchange risk exposure with the Company's treasury. Exchange rate risk is measured through a forecast of highly probably USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of revenue of forecast sale.
- c. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- d. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- e. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	2019/12/31					
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,969,229,278	29.980	\$59,037,494	1%	\$ 590,375	\$ -
<u>Non-Monetary items</u>						
USD:NTD	2,264,604,009	29.980	67,892,828	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,111,720,278	29.980	63,309,374	1%	633,094	-

2018/12/31

2018/12/31

				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,923,470,967	30.715	\$59,079,411	1%	\$ 590,794	\$ -
<u>Non-Monetary items</u>						
USD:NTD	2,265,208,202	30.715	69,575,870	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,205,736,566	30.715	67,749,199	1%	677,492	-

f. Net currency exchange (losses) gains (including realized and unrealized) arising from foreign exchange variation on the monetary items from continuing and discontinued operations held by the Company for the years ended December 31, 2019 and 2018 amounted to \$1,263,677 and \$1,217,155, respectively.

Price risk

- a. The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- b. The Company mainly invests in equity instruments comprised of shares and open-end funds issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Company's non-operating revenue for the years ended December 31, 2019 and 2018 by \$717 and \$476, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income could increase the Company's other comprehensive income for the years ended December 31, 2019 and 2018 by \$620,274 and \$450,311, respectively.

Cash flow and fair value interest rate risk

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used

for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Company expects no significant interest rate risk.

(B) Credit risk

- a. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- b. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" class above as evaluated by an independent party are accepted as counterparties. According to the Company's credit policy, each operating entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.
- c. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- d. The Company adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over 90 days.
- e. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using provision matrix and loss rate method to estimate expected credit loss.
- f. The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2019 and 2018, the Company has no written-off financial assets that are still under recourse procedures.
- g. (a) The expected loss rate for the excellent credit quality clients is 0%, and the total carrying amount of trade receivables and loss allowance amounted to \$55,119,915, \$0, \$52,338,066 and \$0 as of December 31, 2019 and 2018, respectively.
(b) The Company refers to the forecast ability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of trade receivable. The provision matrix as of December 31, 2019 and 2018 is as follows:

<u>2019/12/31</u>	<u>Not past due</u>	<u>Less than 90 days past due</u>	<u>More than 91 days past due</u>	<u>Total</u>
Total book value	\$ 5,298,600	\$ 129,708	\$ 11,192	\$ 5,439,500
Loss allowance	\$ 6,358	\$ 2,219	\$ 5,635	\$ 14,212
Expected loss rate	0.12%	1.71%~34.62%	50%~100%	

<u>2018/12/31</u>	<u>Not past due</u>	<u>Less than 90 days past due</u>	<u>More than 91 days past due</u>	<u>Total</u>
Total book value	\$ 8,322,060	\$ 1,652,913	\$ 24,157	\$ 9,999,130
Loss allowance	\$ 15,812	\$ 157,893	\$ 20,050	\$ 193,755
Expected loss rate	0.19%	1.04%~22.72%	53.68%~100%	

h. Movement in relation to the Company applying the simplified approach to provide loss allowance for trade receivables is as follows:

	<u>2019</u>	<u>2018</u>
January 1	\$ 193,755	\$ 26,811
Recognition (reversal)	(179,543)	170,153
Write-offs	-	(3,209)
December 31	<u>\$ 14,212</u>	<u>\$ 193,755</u>

For provisioned loss for the years ended December 31, 2019 and 2018, the net impairment loss arising from customer's contract was (\$179,543) and \$170,153, respectively.

(C) Liquidity risk

- Cash flow forecasting is performed in the various departments of the Company and aggregated by the Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's cash flow plans and compliance with internal balance sheets ratio targets.
- The Company treasury invests surplus cash in demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2019 and 2018, the Company held financial assets at fair value through profit or loss of \$3,812,835 and \$2,532,534, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

		2019/12/31				
		Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<u>Non-derivative</u>						
<u>financial liabilities:</u>						
Notes and trade payables	\$51,015,301	\$	-	\$	-	\$51,015,301
Other payables	17,644,938		-	-	-	17,644,938
- accrued expenses						
Lease liabilities	23,464		2,080	174	-	25,718
<u>Derivative financial liabilities:</u>						
Forward exchange contracts	101,499		-	-	-	101,499
		2018/12/31				
		Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
<u>Non-derivative</u>						
<u>financial liabilities:</u>						
Notes and trade payables	\$52,799,533	\$	-	\$	-	\$52,799,533
Other payables	18,943,662		-	-	-	18,943,662
- accrued expenses						
<u>Derivative financial liabilities:</u>						
Forward exchange contracts	1,104		-	-	-	1,104

d. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, trade receivables, other receivables, refundable deposits, notes and trade payables, other payables - accrued expenses, other current liabilities, lease liabilities and guarantee deposits received are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

2019/12/31				
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 71,652	\$ -	\$ -	\$ 71,652
Beneficiary certificates	3,741,183	51,126	-	3,792,309
Financial assets at fair value through other comprehensive income				
Equity securities	61,828,699	198,744	-	62,027,443
	<u>\$65,641,534</u>	<u>\$ 249,870</u>	<u>\$ -</u>	<u>\$65,891,404</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 101,499	\$ -	\$ 101,499
	<u>\$ -</u>	<u>\$ 101,499</u>	<u>\$ -</u>	<u>\$ 101,499</u>
2018/12/31				
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 47,600	\$ -	\$ -	\$ 47,600
Beneficiary certificates	2,484,934	53,538	-	2,538,472
Forward exchange contracts	-	7,258	-	7,258
Financial assets at fair value through other comprehensive income				
Equity securities	44,863,737	167,367	-	45,031,104
	<u>\$47,396,271</u>	<u>\$ 228,163</u>	<u>\$ -</u>	<u>\$47,624,434</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,104	\$ -	\$ 1,104
	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 1,104</u>

(B) The methods and assumptions the Company used to measure fair value are as follows:

- a. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed and OTC stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- b. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.
- c. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.
- d. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- e. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the separate balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

E. The movement of Level 3 is as follows:

	2018		
	Equity instruments	Debt instruments	Total
January 1	\$ -	\$ 7,575	\$ 7,575
Recognized in profit (loss) (Note)	-	2,126	2,126
Sold	-	(9,701)	(9,701)
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Recorded as other gains (losses).

There was no change of Level 3 for the year ended December 31, 2019.

F. There was no transfer into or out from Level 3 for the years ended December 31, 2019 and 2018.

G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

H. There was no Level 3 financial instruments as of December 31, 2019.

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in a different outcome.

13. **SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

A. Financings provided: Please refer to table 1.

B. Endorsements and guarantees provided: Please refer to table 2.

C. Marketable securities held at the ended of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to table 4.

E. Acquisition of real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to table 5.

F. Disposal of real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to table 6.

H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to 6(2).

J. Intercompany relationships and significant intercompany transactions: Please refer to table 8.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to table 9.

(3) Information on investments in mainland China

A. Information on investment in mainland China: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to table 8.

14. **OPERATING SEGMENT INFORMATION**

Not applicable.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 1 (Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Loss allowance	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	ASTP	ASGL	Non-current assets	Yes	26,982,000 (USD 900,000)	26,982,000 (USD 900,000)	26,982,000 (USD 900,000)	0.99706 ~ 1.61331	b	-	Need for operations	-	-	-	40,920,516 (USD 1,364,927)	40,920,516 (USD 1,364,927)	
2	ONYX	ONYXSH	Other receivable	Yes	4,131 (USD 138)	4,131 (USD 138)	4,131 (USD 138)	5.756	b	-	Need for operations	-	-	-	100,793	403,172	

Note 1 : Nature for Financing : a. Business transaction calls for a loan arrangement.

b. The need for short-term financing.

Note 2 : Limit of total financing amount : a. According to Procedures for Lending of ASTP, limit of total financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, shall not exceed 100% of the net worth of ASTP as of the period.

b. According to Procedures for Lending of ONYX, limit of total financing amount shall not exceed 40% ONYX's net worth of the latest audited or reviewed report.

Limit financing amount for individual counterparty : a. According to Procedures for Lending of ASTP, limit of financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, for individual counterparty shall not exceed 100% of the net worth of ASTP as of the period.

b. According to Procedures for Lending of ONYX, limit of financing amount for individual counter-party shall not exceed 10% of the net worth of ONYX as of the period.

Where funds are loaned for business dealings, limit of financing amount for individual counter-party shall not exceed business dealings amount of latest year.

Business dealings amount here means sales amount or purchase amount of lender and borrower, which is higher.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
ENDORSEMENTS AND GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 2 (Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement / Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
1	ASKEY	ASKEYJS	Subsidiary	904,708	599,600 (USD 20,000)	- (USD -)	- (USD -)	-	-	1,206,277	Y	N	Y	

Note : Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.
Limit of the total amount of guarantee for individual counterparty : According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counterparty shall not exceed 30% of the net worth of ASKEY as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2019

Table 3 (Amounts in thousands of New Taiwan dollars)

Held Company Name	Marketable Securities		Relationship with the Company (Note 1)	Financial Statement Account (Note 2)	December 31, 2019				Note
	Type	Name			Shares/Units	Carrying Value	(%)	Fair Value	
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	-	a	32,894,521	500,082	-	500,082	
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	-	a	71,423,578	1,198,359	-	1,198,359	
ASUS	Fund	SINOPAC TWD MONEY MARKET	-	a	71,083,476	993,335	-	993,335	
ASUS	Fund	UNION MONEY MARKET	-	a	79,175,992	1,049,407	-	1,049,407	
ASUS	Stock	SPORTON	-	a	336,394	71,652	0.36	71,652	
ASUS	Stock	GLOBALWAFERS	-	c	1,626,626	622,184	0.37	622,184	
ASUS	Stock	JMC	-	c	1,000,000	80,700	1.00	80,700	
ASUS	Stock	ENE	a	c	917,247	10,090	1.22	10,090	
ASUS	Stock	ALCOR MICRO	-	c	905,879	12,773	1.21	12,773	
ASUS	Stock	AZUREWAVE	-	c	934,745	16,685	0.62	16,685	
ASUS	Stock	LEDLINK	-	c	718,607	18,504	1.44	18,504	
ASUS	Fund	TNP	-	b	98	19,835	2.06	19,835	
ASUS	Fund	TNP LIGHT	-	b	160	31,291	3.67	31,291	
ASUS	Stock	EMPASS	-	d	704,460	48,396	19.90	48,396	
ASUS	Stock	ADVANTECH	-	d	100,628,870	30,389,919	14.38	30,389,919	
ASUS	Stock	PEGA	-	d	448,506,484	30,677,844	17.17	30,677,844	
ASUS	Stock	NANOLUX	-	d	536	33,633	11.43	33,633	
ASUS	Stock	APTOS	-	d	312,600	-	0.35	-	
ASUS	Stock	94BOT	-	d	100,000	-	4.80	-	
ASUS	Stock	A-WEI TECH	-	d	301,876	1,157	1.83	1,157	
ASUS	Stock	EOSTEK	-	d	1,600,000	13,335	14.94	13,335	
ASUS	Stock	AMTRUST	a	d	10,000,000	102,223	7.81	102,223	
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	-	a	60,031,084	983,255	-	983,255	
ASMEDIA	Fund	FUH HWA RMB MONEY MARKET	-	a	531,862	27,592	-	27,592	
ASMEDIA	Fund	MEGA DIAMOND MONEY MARKET	-	a	4,777,983	60,160	-	60,160	
ASMEDIA	Fund	CAPITAL MONEY MARKET	-	a	1,862,833	30,172	-	30,172	
ASMEDIA	CB	AUGENTIX	-	b	1,000,000	120,000	-	120,000	
ASMEDIA	Stock	ICATCH TECHNOLOGY	-	d	5,500,000	95,960	7.71	95,960	
ASKEY	Stock	CIPHERMAX	-	b	9,234	-	-	-	
ASKEY	Stock	RETI	-	b	80,700	-	3.32	-	
MIC	Stock	BROADCOM	-	b	90	853	-	853	
MIC	Stock	ZARLINK SEMI-CONDUCTOR	-	b	44,775	-	0.04	-	
HCVC	Fund	YUANTA WAN TAI MONEY MARKET	-	a	558,765	8,495	-	8,495	
HCVC	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	757,861	10,808	-	10,808	
HCVC	Fund	YUANTA DE BAO MONEY MARKET	-	a	348,419	4,203	-	4,203	
HCVC	Fund	TAISHIN 1699 MONEY MARKET	-	a	3,812,513	51,790	-	51,790	
HCVC	Stock	PRIMESENSOR TECHNOLOGY	-	d	73,894	1,013	0.19	1,013	
HCVC	Stock	APAQ TECHNOLOGY	a	d	10,668,012	425,654	12.63	425,654	
HCVC	Stock	A-WEI TECH	-	d	301,876	1,157	1.83	1,157	
HCVC	Stock	LEDLINK	-	c	336,546	8,667	0.67	8,667	
HMI	Fund	TAISHIN 1699 MONEY MARKET	-	a	1,405,374	19,091	-	19,091	
HMI	Stock	APAQ TECHNOLOGY	-	d	3,210,015	128,080	3.80	128,080	
HMI	Stock	A-WEI TECH	-	d	174,417	669	1.06	669	
AAEON	Stock	ADVANTECH	-	a	730	221	-	221	
AAEON	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,091,070	26,329	-	26,329	
AAEON	Stock	MACHVISION TECHNOLOGY	b	a	1,135,020	409,175	2.66	409,175	
AAEON	Stock	ATECH OEM TECHNOLOGY	b	a	234	2	-	2	
AAEON	Stock	INSYNERGER TECHNOLOGY	-	b	1,710,000	19,360	19.29	19,360	
AAEON	Stock	UNITECH ELECTRONICS	-	a	549,600	9,975	1.17	9,975	
AAEON	Stock	LILEE SYSTEMS	-	a	468,750	-	-	-	
AAEON	Stock	YAN CHUNG TECHNOLOGY	-	a	266,600	-	7.27	-	
AAEON	Stock	ALLIED BIOTECH	b	a	300,000	5,244	0.32	5,244	
AAEON	Stock	TELEION WIRELESS	-	a	149,700	-	-	-	
AAEON	Stock	V-NET AAEON	-	b	29	10,928	14.50	10,928	
AAEONI	Fund	HSBC GLOBAL INCOME BOND	-	a	555,078	7,183	-	7,183	
AAEONI	Stock	ATECH OEM TECHNOLOGY	b	a	3,456,000	36,115	6.02	36,115	
AAEONI	Stock	MUTTO OPTRONICS	-	a	310,000	2,846	0.68	2,846	
AAEONI	Stock	SUNENGINE	b	a	550,537	1,089	2.75	1,089	
ONYX	Stock	MELTEN CONNECTED HEALTHCARE	-	d	4,193,548	2,381	6.47	2,381	
ONYX	Stock	MACHVISION TECHNOLOGY	b	a	27,000	9,734	0.06	9,734	
ONYX	Stock	INNO FUND III	-	b	3,000,000	33,869	13.04	33,869	
ASGL	Fund	JIH SUN MONEY MARKET	-	a	481,721	7,167	-	7,167	
AIL	Fund	PRODIGY STRATEGY INVESTMENT XIV	-	a	3,530	144,025	-	144,025	
AIL	Stock	EONEX	-	d	31,733	-	2.70	-	
AIL	Stock	ISTAGING	-	d	988,889	11,241	2.15	11,241	
AIL	Stock	PTSN	-	d	260,977,800	150,973	4.91	150,973	
AIL	Fund	ASIA PACIFIC GENESIS C	-	b	-	8,088	9.00	8,088	
UEI	Fund	CAPITAL MONEY MARKET	-	a	497,965	8,066	-	8,066	

Note 1 : a. Other related parties - Held company is the legal entity as director of investee company. b. Other related parties - Director of held company is the director of investee company.

Note 2 : a. Financial assets at fair value through profit or loss - current; b. Financial assets at fair value through profit or loss - non-current; c. Financial assets at fair value through other comprehensive income - current; d. Financial assets at fair value through other comprehensive income - non-current.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION
OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 4

(Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal					Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	24,915,857	346,412	306,878,018	4,280,000	a 7 b	260,710,399	3,635,450	3,633,084	a	2,366	71,083,476	993,335
ASUS	Fund	UNION MONEY MARKET	a	-	-	68,708,454	905,818	507,566,402	6,714,000	a	497,098,864	6,574,226	6,570,340	a 71 b	3,886	79,175,992	1,049,407
ASUS	Fund	FSITC MONEY MARKET	a	-	-	-	-	7,945,095	1,420,000	a	7,945,095	1,420,245	1,420,000	a	245	-	-
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	72,633,103	1,182,525	99,777,231	1,630,000	a	172,410,334	2,815,190	2,809,095	a 3,430 b	6,095	-	-
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	-	-	68,514,069	1,050,000	a	68,514,069	1,050,533	1,050,000	a	533	-	-
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	-	-	307,767,223	4,670,000	a 82 b	274,872,702	4,170,661	4,170,000	a	661	32,894,521	500,082
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	-	-	84,445,822	1,380,000	a	84,445,822	1,380,381	1,380,000	a	381	-	-
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	-	-	323,926,771	3,900,000	a	323,926,771	3,900,399	3,900,000	a	399	-	-
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	457,804,973	7,670,000	a 325 b	386,381,395	6,473,903	6,471,966	a	1,937	71,423,578	1,198,359
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	3,537,572	50,179	35,131,658	500,000	a	38,669,230	550,372	550,089	a 90 b	283	-	-
ASUS	Fund	TAISHIN 1699 MONEY MARKET	a	-	-	-	-	147,542,269	2,000,000	a	147,542,269	2,000,260	2,000,000	a	260	-	-
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	-	-	47,158,782	700,000	a	47,158,782	700,564	700,000	a	564	-	-
ASUS	Stock	AHL	c	-	-	20,452,104	625,246	-	10,513	c	20,452,104	-	561,755	a	-	-	-
											-	-	1,738	d			
											-	-	72,266	e			
ASUS	Stock	GAIUS	c	-	-	-	-	16,386,481	310,400	a	-	-	5,618	c	-	16,386,481	304,782

Note 1 : a. Financial assets at fair value through profit or loss - current.

b. Financial assets at fair value through profit or loss - non-current.

c. Financial assets at fair value through other comprehensive income - current.

d. Financial assets at fair value through other comprehensive income - non-current.

e. Investments accounted for under equity method.

Note 2 : a. Acquired or capital increase/ disposed or capital reduction/liquidation in this period.

b. Current-revaluation.

c. Recognized investment gain or loss under equity investment.

d. Recognized effect of exchange rate changes and recognized cumulative translation adjustment under equity investment.

e. Inter-organization transfer.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

ACQUISITION OF REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2019

Table 5

(Amounts in thousands of New Taiwan dollars)

Company Name	Type of Property	Transaction Date	Transaction Amount	Status of Payment	Counterparty	Nature of Relationship	Where Counterparty is a Related Party, Details of Prior Transaction				Price Reference	Purpose of Acquisition	Other Commitments
							Former Holder of Property	Former Holder	Transfer Date	Amount			
ASUS	Land and buildings	2019/5/7	1,323,128	Completed payment	Pfizer Pharmaceutical Co., Ltd.	-	NA	NA	NA	NA	Appraisal report and price negotiation	Office use and rental	-
ASUS	Buildings	As of 2019/7/17	531,467	T/T based on construction progress and acceptance	Yankey Engineering Co., Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use	-
ASUS	Buildings	As of 2019/9/18	2,773,206	T/T based on construction progress and acceptance	Chung-Lin General Contractors, Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use	-
ACCQ	Construction in progress and equipment under installation	As of 2019/1/25	290,342	T/T based on construction progress and acceptance	Shanghai Construction No.1 (Group) Co., Ltd.	-	NA	NA	NA	NA	Tendering, price comparison and price negotiation	Office use and rental	-

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 6

(Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Trade Receivables or Payables (Note 3)		Note
			Purchases/ (Sales)	Amount	% to Total Purchases/ (Sales) amount	Payment Terms (Note 2)	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Trade Receivables or Payables (Note 3)	
ASUS	ASUTC	b	(Sales)	(17,893,311)	(6.29)	OA 90	-	-	3,144,545	5.19	
ASUS	ASGL	b	(Sales)	(256,202,959)	(90.13)	OA 180	-	-	51,625,428	85.27	
ASUS	AAEON	b	(Sales)	(1,276,113)	(0.45)	Month-end 30 days	-	-	146,192	0.24	
ASUS	ASUSCLOUD	b	(Sales)	(164,078)	(0.06)	OA 150	-	-	103,004	0.17	
ASUS	ASKEY	b	Purchases	1,135,432	0.48	Month-end 60 days	-	-	(282,434)	(0.55)	
ASUS	ASMEDIA	b	Purchases	190,565	0.08	Month-end 30 days	-	-	-	-	
ASGL	ACCQ	b	(Sales)	(11,292,112)	(3.94)	OA 180	-	-	6,288,166	7.35	
ASGL	ACI	b	(Sales)	(49,720,339)	(17.36)	OA 180	-	-	21,134,240	24.71	
ASGL	ACSH	b	(Sales)	(43,891,501)	(15.33)	OA 180	-	-	19,512,733	22.82	
ASGL	ACJP	b	(Sales)	(5,471,031)	(1.91)	OA 120	-	-	1,027,152	1.20	
ASGL	ASIN	b	(Sales)	(5,609,834)	(1.96)	OA 180	-	-	3,185,922	3.73	
ASGL	ACMH	b	(Sales)	(1,539,989)	(0.54)	OA 180	-	-	996,080	1.16	
ASGL	ACNL	b	(Sales)	(18,017,172)	(6.29)	OA 180	-	-	3,549,753	4.15	
ASGL	ACJK	b	(Sales)	(8,586,503)	(3.00)	OA 180	-	-	4,507,344	5.27	
ASKEY	LP	b	(Sales)	(6,215,054)	NA (Note 4)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,610,884	19.34	
ASKEY	LP	b	Purchases	1,144,796	3.97	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASKEY	UNI	b	Purchases	13,142,379	45.60	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(166,769)	(2.68)	
ASKEY	ASKEYJS	b	Purchases	4,476,613	15.53	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,390,380)	(70.59)	
ASKEY	ASKEYI	b	(Sales)	(4,342,310)	(16.05)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,350,704	16.21	
ASKEY	SILIGENCE	b	(Sales)	(548,236)	(2.03)	Month-end 90 days	-	Payment term is one to two months longer than third parties	63,241	0.76	
LP	ASKEYJS	b	(Sales)	(6,230,057)	(84.50)	Month-end 90 days	-	Payment term is one to two months longer than third parties	1,726,271	100.00	
LP	ASKEYJS	b	Purchases	1,143,190	15.50	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(168,135)	(9.45)	
UNI	ASKEYJS	b	Purchases	13,007,966	100.00	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(156,428)	(99.96)	
AAEON	ONYX	b	(Sales)	(127,693)	(2.99)	Month-end 30 days	-	-	50,594	7.63	
AAEON	AAEONEU	b	(Sales)	(399,629)	(9.37)	Month-end 60 days	-	-	67,828	10.23	
AAEON	AAEONSZ	b	(Sales)	(278,529)	(6.53)	Month-end 60 days	-	-	54,439	8.21	
AAEON	AAEONEI	b	(Sales)	(649,648)	(15.23)	Month-end 60 days	-	-	107,909	16.28	
AAEON	ONYXHU	b	(Sales)	(159,777)	(3.75)	Month-end 60 days	-	-	15,218	2.30	
ONYX	ONYXHU	b	(Sales)	(282,445)	(24.40)	Month-end 90 days	-	-	29,359	21.69	

Note 1 : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

Note 2 : In addition to the original transaction terms, accounts receivable hold between each subsidiaries which 100% owned by ASUS could be extended payment terms and transferred to long-term receivables depend on actual demands of capital, when the transactions continuous.

Note 3 : Including transferred to long-term receivables amount as meeting transaction terms.

Note 4 : Purchasing raw material is for subsidiary and the related sales revenue are eliminated in the financial reports.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2019

Table 7 (Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note)	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Loss allowance
					Amount	Action Taken		
ASUS	ASUTC	b	3,144,545	5.21 times	-	-	2,900,554	-
ASUS	ASGL	b	51,625,428	5.13 times	-	-	49,296,409	-
ASUS	AAEON	b	146,192	7.45 times	-	-	125,621	-
ASUS	ASUSCLOUD	b	103,004	3.19 times	-	-	67,511	-
ASGL	ACCQ	b	6,288,166	3.06 times	-	-	1,556,608	-
ASGL	ACI	b	21,134,240	2.33 times	-	-	9,352,587	-
ASGL	ACSH	b	19,512,733	1.92 times	-	-	5,402,965	-
ASGL	ACJP	b	1,027,152	4.01 times	-	-	879,311	-
ASGL	ASIN	b	3,185,922	1.90 times	6,283	Keep in reconciliation and dunning monthly	1,058,339	-
ASGL	ACMH	b	996,080	1.54 times	10,829	Keep in reconciliation and dunning monthly	301,340	-
ASGL	ACNL	b	3,549,753	4.58 times	-	-	2,616,430	-
ASGL	ACBT	b	933,818	0.08 times	521,715	Keep in reconciliation and dunning monthly	439,289	-
ASGL	ACJK	b	4,507,344	3.70 times	-	-	1,303,771	-
ASGL	ACIN	b	130,435	0.04 times	-	-	-	27
ASKEY	ASUS	a	282,434	3.47 times	-	-	147,739	-
ASKEY	LP	b	1,610,884	4.89 times	-	-	640,637	-
ASKEY	ASKEYI	b	1,350,704	3.90 times	-	-	301,139	-
UNI	ASKEY	b	166,769	5.92 times	-	-	112,629	-
LP	ASKEYJS	b	1,726,271	4.32 times	-	-	640,636	-
ASKEYJS	UNI	b	156,428	5.82 times	-	-	96,873	-
ASKEYJS	LP	b	168,135	5.94 times	-	-	34,849	-
ASKEYJS	ASKEY	b	4,390,380	2.00 times	-	-	907,495	-
AAEON	AAEONEI	b	107,909	6.88 times	-	-	-	-

Note : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 8-1 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Sales	17,893,311	OA 90	4.86%
0	ASUS	ASGL	a	Sales	256,202,959	OA 180	69.53%
0	ASUS	AAEON	a	Sales	1,276,113	Month-end 30 days	0.35%
0	ASUS	ASUSCLOUD	a	Sales	164,078	OA 150	0.04%
1	ASMEDIA	ASUS	b	Sales	190,565	Month-end 30 days	0.05%
2	ASGL	ACCQ	c	Sales	11,292,112	OA 180	3.06%
2	ASGL	ACI	c	Sales	49,720,339	OA 180	13.49%
2	ASGL	ACSH	c	Sales	43,891,501	OA 180	11.91%
2	ASGL	ACJP	c	Sales	5,471,031	OA 120	1.48%
2	ASGL	ASIN	c	Sales	5,609,834	OA 180	1.52%
2	ASGL	ACMH	c	Sales	1,539,989	OA 180	0.42%
2	ASGL	ACNL	c	Sales	18,017,172	OA 180	4.89%
2	ASGL	ACJK	c	Sales	8,586,503	OA 180	2.33%
3	ASKEY	ASUS	b	Sales	1,135,432	Month-end 60 days	0.31%
3	ASKEY	LP	c	Sales	6,215,054	Month-end 90 days	1.69%
3	ASKEY	SILIGENCE	c	Sales	548,236	Month-end 90 days	0.15%
3	ASKEY	ASKEYI	c	Sales	4,342,310	Month-end 90 days	1.18%
4	UNI	ASKEY	c	Sales	13,142,379	Month-end 90 days	3.57%
5	LP	ASKEY	c	Sales	1,144,796	Month-end 90 days	0.31%
5	LP	ASKEYJS	c	Sales	6,230,057	Month-end 90 days	1.69%
6	ASKEYJS	UNI	c	Sales	13,007,966	Month-end 90 days	3.53%
6	ASKEYJS	LP	c	Sales	1,143,190	Month-end 90 days	0.31%
6	ASKEYJS	ASKEY	c	Sales	4,476,613	Month-end 90 days	1.21%
7	AAEON	AAEONEI	c	Sales	649,648	Month-end 60 days	0.18%
7	AAEON	AAEONSZ	c	Sales	278,529	Month-end 60 days	0.08%
7	AAEON	AAEONEU	c	Sales	399,629	Month-end 60 days	0.11%
7	AAEON	ONYXHU	c	Sales	159,777	Month-end 60 days	0.04%
7	AAEON	ONYX	c	Sales	127,693	Month-end 30 days	0.03%
8	ONYX	ONYXHU	c	Sales	282,445	Month-end 90 days	0.08%
9	ACH	ASGL	c	Service revenue	409,280	Pay on delivery	0.11%
10	ACAE	ASGL	c	Service revenue	146,828	Pay on delivery	0.04%
11	ACI	ASGL	c	Service revenue	545,058	Pay on delivery	0.15%
12	ACCZS	ASGL	c	Service revenue	450,380	Pay on delivery	0.12%
13	ACF	ASGL	c	Service revenue	411,778	Pay on delivery	0.11%
14	ACG	ASGL	c	Service revenue	457,501	Pay on delivery	0.12%
15	ACHK	ASGL	c	Service revenue	152,144	Pay on delivery	0.04%
16	ACIN	ASGL	c	Service revenue	193,924	Pay on delivery	0.05%
17	ACKR	ASGL	c	Service revenue	101,736	Pay on delivery	0.03%
18	ACPL	ASGL	c	Service revenue	110,279	Pay on delivery	0.03%
19	ACTH	ASGL	c	Service revenue	110,709	Pay on delivery	0.03%
20	ACTR	ASGL	c	Service revenue	110,512	Pay on delivery	0.03%
21	ACUK	ASGL	c	Service revenue	243,463	Pay on delivery	0.07%
22	ACVN	ASGL	c	Service revenue	132,325	Pay on delivery	0.04%
23	ACCQ	ASGL	c	Service revenue	331,331	Pay on delivery	0.09%
24	ACSH	ASGL	c	Service revenue	112,093	Pay on delivery	0.03%
25	ACSZ	ASGL	c	Service revenue	1,633,303	Pay on delivery	0.44%
26	ACAU	ASGL	c	Service revenue	147,131	Pay on delivery	0.04%
27	ACN	ASGL	c	Service revenue	263,848	Pay on delivery	0.07%
28	ACIT	ACNL	c	Service revenue	295,757	Pay on delivery	0.08%
29	ACIB	ACNL	c	Service revenue	174,899	Pay on delivery	0.05%
30	ACS	ASGL	c	Service revenue	195,142	Pay on delivery	0.05%
31	AAEONEU	AAEON	c	Service revenue	128,803	Month-end 30 days	0.03%

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT\$100 MILLION ARE DISCLOSED)
DECEMBER 31, 2019

Table 8-2 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Trade receivables	3,144,545	OA 90	0.89%
0	ASUS	ASGL	a	Trade receivables	51,625,428	OA 180	14.67%
0	ASUS	AAEON	a	Trade receivables	146,192	Month-end 30 days	0.04%
0	ASUS	ASUSCLOUD	a	Trade receivables	103,004	OA 150	0.03%
2	ASGL	ACCQ	c	Trade receivables	6,288,166	OA 180	1.79%
2	ASGL	ACI	c	Trade receivables	21,134,240	OA 180	6.00%
2	ASGL	ACSH	c	Trade receivables	19,512,733	OA 180	5.54%
2	ASGL	ACJP	c	Trade receivables	1,027,152	OA 120	0.29%
2	ASGL	ASIN	c	Trade receivables	3,185,922	OA 180	0.91%
2	ASGL	ACMH	c	Trade receivables	996,080	OA 180	0.28%
2	ASGL	ACNL	c	Trade receivables	3,549,753	OA 180	1.01%
2	ASGL	ACBT	c	Trade receivables	933,818	OA 180	0.27%
2	ASGL	ACJK	c	Trade receivables	4,507,344	OA 180	1.28%
2	ASGL	ACIN	c	Trade receivables	130,435	OA 150	0.04%
3	ASKEY	ASUS	b	Trade receivables	282,434	Month-end 60 days	0.08%
3	ASKEY	LP	c	Trade receivables	1,610,884	Month-end 90 days	0.46%
3	ASKEY	ASKEYI	c	Trade receivables	1,350,704	Month-end 90 days	0.38%
4	UNI	ASKEY	c	Trade receivables	166,769	Month-end 90 days	0.05%
5	LP	ASKEYJS	c	Trade receivables	1,726,271	Month-end 90 days	0.49%
6	ASKEYJS	UNI	c	Trade receivables	156,428	Month-end 90 days	0.04%
6	ASKEYJS	LP	c	Trade receivables	168,135	Month-end 90 days	0.05%
6	ASKEYJS	ASKEY	c	Trade receivables	4,390,380	Month-end 90 days	1.25%
7	AAEON	AAEONEI	c	Trade receivables	107,909	Month-end 60 days	0.03%
12	ACCZS	ASGL	c	Trade receivables	124,333	Pay on delivery	0.04%
14	ACG	ASGL	c	Trade receivables	135,991	Pay on delivery	0.04%
9	ACH	ASGL	c	Trade receivables	102,127	Pay on delivery	0.03%
25	ACSZ	ASGL	c	Trade receivables	412,821	Pay on delivery	0.12%
11	ACI	ASGL	c	Other receivables	132,234	Pay on delivery	0.04%

Note 1 : ASUS and its subsidiaries are coded as follows:

- a. ASUS is coded 0.
- b. The subsidiaries are coded consecutively beginning from 1 in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

- a. The parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 9 (Amounts in thousands of New Taiwan dollars)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
ASUS	ACI	U.S.A	Selling of 3C products in North America	13,320	13,320	50,000	100.00	-	222,776	222,776	Note 2 and 3
ASUS	ASUTC	Taiwan	Selling of 3C products in Taiwan	204,244	204,244	19,000,000	100.00	-	(284,060)	(284,060)	Note 1、2 and 3
ASUS	ACH	Netherlands	Repairing of 3C products	37,821	37,821	3,000,000	100.00	205,263	13,369	13,369	Note 2
ASUS	AIL	Cayman Islands	Investing in 3C and computer peripheral business	3,281,057	3,281,057	89,730,042	100.00	36,802,918	329,602	329,602	Note 1 and 2
ASUS	ASKEY	Taiwan	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts	5,021,108	5,021,108	480,000,000	100.00	3,006,308	(26,382)	(35,915)	Note 2
ASUS	HCVC	Taiwan	Investing in computer peripherals business	1,100,000	1,100,000	114,500,000	100.00	1,898,784	131,114	131,114	Note 2
ASUS	HMI	Taiwan	Investing in computer peripherals business	680,000	680,000	68,000,000	100.00	1,136,722	95,168	95,168	Note 2
ASUS	ASGL	Singapore	Selling of 3C products	838,070	838,070	28,000,000	100.00	31,187,993	4,623,038	6,142,127	Note 2
ASUS	QCI	Singapore	Servicing of information technology	25,290	25,290	830,001	100.00	5,674	783	783	Note 2
ASUS	ASUSCLOUD	Taiwan	Selling and consulting of internet service	596,678	596,678	23,645,558	94.58	119,515	2,409	2,278	Note 2
ASUS and UHL	UEI	Taiwan	Manufacturing and selling of automotive electronics and computer peripherals	66,354	198,041	21,300,000	100.00	68,328	2,598	1,974	Note 2
ASUS	GAUIS	Cayman Islands	Investing in electric motor tricycle industry	310,400	-	16,386,481	35.00	304,782	(16,052)	(5,618)	Note 2
ASUS and AHL	NEXTS	Cayman Islands	Investing in cloud computing service business	94,324	87,886	8,560,974	43.48	71,515	(5,988)	(2,605)	Note 2
ASUS and HCVC	ACJK	Indonesia	Selling of 3C products in Indonesia	244,480	244,480	8,000	100.00	298,827	117,970	117,970	Note 2
ASUS and HCVC	IMOTION	Taiwan	AIOT business	180,000	180,000	18,000,000	30.00	112,954	(223,138)	(56,900)	Note 2
ASUS and HCVC	ACBT	Indonesia	Selling of 3C products in Indonesia	301,321	301,321	1,100,000	100.00	-	(323,490)	(323,490)	Note 2 and 3
ASUS and HCVC	SWI	Taiwan	Researching, developing, selling and consulting of information system software	72,146	72,146	5,469,750	51.00	78,367	(10,171)	(5,187)	Note 2
ASUS and HCVC	IUT	Taiwan	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	177,743	123,227	11,323,682	69.25	118,674	5,194	3,457	Note 2
ASUS、HCVC and HMI	ASMEDIA	Taiwan	Designing, researching, developing and manufacturing of high-speed analog circuit	342,673	342,673	31,775,315	52.93	1,366,264	965,207	393,197	Note 2
ASUS、HCVC and HMI	EMC	Taiwan	Designing, manufacturing and selling of computer peripheral spare parts	81,060	81,060	6,359,548	18.05	194,401	280,585	17,903	Note 2
ASUS、HCVC and HMI	AAEON	Taiwan	Manufacturing and selling of industrial computers and computer peripherals	3,357,568	3,357,568	60,474,000	40.73	5,016,648	552,152	153,514	Note 2
ASUS、HCVC and HMI	JPX	Taiwan	Designing and selling of computer peripheral spare parts	20,000	20,000	2,000,000	22.22	3,932	(8,676)	(1,002)	Note 2
ASUS and HCVC	UPI	Taiwan	Designing, researching, developing and selling of integrated circuits	486,532	425,702	24,790,905	35.54	1,639,948	71,923	19,885	Note 2
ASUS、HMI and AAEON	ONYX	Taiwan	Designing, manufacturing and selling of medical computers	146,376	117,680	12,500,584	56.80	562,697	239,377	13,401	Note 2 and 4
HMI	JOTECH	Taiwan	Repairing and selling of information software and electronic information materials	30,000	-	3,000,000	100.00	29,541	(459)	-	Note 2
ASKEY	ASKEYI	U.S.A	Selling and servicing of communication products	307,607	307,607	10,000,000	100.00	14,248	(56,166)	-	Note 2
ASKEY	DIC	British Virgin Islands	Investing in communication business	271,695	271,695	8,160,172	100.00	80,740	2,099	-	Note 2
ASKEY	MIC	British Virgin Islands	Investing in communication business	3,752,306	3,847,164	114,942,014	100.00	3,245,931	(31,477)	-	Note 2
ASKEY	ECOLAND	Taiwan	Green energy industry	21,840	21,840	780,000	33.91	6,202	(5,998)	-	Note 2
ASKEY	ASKEYDT	Taiwan	Selling and servicing of communication products	30,000	-	3,000,000	100.00	29,997	(3)	-	Note 2
ASKEY	WONDA	Taiwan	Manufacturing and product design of wired and wireless communication, electronic parts	65,344	-	9,242,232	100.00	57,366	(19,565)	-	Note 2
DIC	ASKEYVN	Vietnam	Manufacturing and selling of communication products	171,921	176,136	2,883,359	100.00	76,497	1	-	Note 2
DIC	WISE	Hong Kong	Investing in communication business	40,518	41,511	1,600,000	100.00	11,121	1,701	-	Note 2
MIC	MAGICOM	Cayman Islands	Investing in communication business	2,729,079	2,795,986	91,030,000	100.00	3,326,572	(11,139)	-	Note 2
MIC	OB	British Virgin Islands	Selling of communication products and peripherals	1,499	1,536	50,000	100.00	33,049	-	-	Note 2
MIC	LP	Mauritius	Selling of communication products and peripherals	1,500,499	1,537,286	50,050,000	100.00	-	193	-	Note 2 and 3
MIC	UNI	Mauritius	Selling of communication products and peripherals	1,499	1,536	50,000	100.00	19,451	-	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
MIC	ASKEYCG	Germany	Selling and servicing of communication products	3,923	4,019	100,000	100.00	3,235	12	-	Note 2
MIC	ASKEYTH	Thailand	Selling and servicing of communication products	1,880	1,926	20,000	100.00	-	(7,173)	-	Note 2 and 3
MIC	ASKEYJP	Japan	Selling and servicing of communication products	1,409	1,444	500,000	100.00	-	(1,617)	-	Note 2 and 3
MIC and OB	ASKEYBR	Brazil	Servicing of communication products	28,299	28,993	3,200,000	100.00	4,155	(6,022)	-	Note 2
ASKEY and WISE	SILIGENCE	France	Selling and servicing of communication products	177,170	178,160	4,623,090	95.95	65,732	10,663	-	Note 2
AAEON	AAEONEI	U.S.A	Selling of industrial computers and computer peripherals	146,902	150,504	490,000	100.00	174,461	20,912	-	Note 2
AAEON	AAEONTCL	British Virgin Islands	Investing in industrial computers and interface cards business	264,037	270,510	8,807,097	100.00	209,935	(13,543)	-	Note 2
AAEON	AAEONEU	Netherlands	Selling of industrial computers and computer peripherals	3,359	3,520	-	100.00	40,557	9,338	-	Note 2
AAEON	AAEONI	Taiwan	Investing in industrial computers and computer peripherals business	150,000	150,000	15,000,000	100.00	110,888	218	-	Note 2
AAEON	LITEMAX	Taiwan	Selling of computer peripherals	70,218	70,218	5,015,050	12.09	111,998	171,797	-	Note 2
AAEON	IBASE	Taiwan	Manufacturing and selling of industrial motherboard	3,498,501	3,498,501	52,921,856	30.55	3,369,909	255,432	-	Note 2
AAEON and AAEONDI	AAEONSG	Singapore	Selling of industrial computers and computer peripherals	12,998	13,114	465,840	100.00	39,509	(2,412)	-	Note 2
AAEONEU	AAEONG	Germany	Selling of industrial computers and computer peripherals	1,008	1,056	-	100.00	17,681	2,031	-	Note 2
ONYX	ONYXHU	U.S.A	Selling of medical computers and peripherals	59,960	61,430	200,000	100.00	84,047	13,462	-	Note 2
ONYX	ONYXHE	Netherlands	Marketing support and repairing of medical computers and peripherals	3,359	3,520	100,000	100.00	11,582	2,636	-	Note 2
ONYX	IHELPER	Taiwan	Researching, developing and selling of medical robots	16,560	16,560	1,656,000	46.00	10,292	(7,125)	-	Note 2
ONYX	WINMATE	Taiwan	Bidding and distribution of liquid crystal display application equipment and modules	510,248	-	9,363,000	12.97	505,586	241,183	-	Note 2
ASUSCLOUD	ASUSCLOUDSG	Singapore	Investing in internet service business	24,853	19,935	-	100.00	4,492	(55)	-	Note 2
ASUSCLOUD	ASUSCLOUDLB	Luxembourg	Providing maintenance and operating service of information hardware	18,065	18,065	-	100.00	3,112	192	-	Note 2
ASUSCLOUD	ASUSLC	Taiwan	Selling of internet information service	5,000	5,000	500,000	50.00	921	(4,662)	-	Note 2
AIL	CHANNEL	British Virgin Islands	Investing in 3C business	900,389	922,464	30,033,000	100.00	36,388,889	285,697	-	Note 2
CHANNEL	ASTP	Singapore	Investing in 3C business	899,475	921,527	44,419,424	100.00	40,920,516	458,002	-	Note 2
CHANNEL and ASTP	ACAE	United Arab Emirates	Providing support and repair for 3C products in Middle East	4,134	4,236	5	100.00	23,799	11,493	-	Note 2
CHANNEL and ASTP	ACEG	Egypt	Providing support for 3C products in Egypt	-	768	-	100.00	1,774	(143)	-	Note 2
CHANNEL and ASTP	ASID	Indonesia	Repairing of 3C products in Asia-pacific and America	44,970	46,073	1,500,000	100.00	38,601	755	-	Note 2
CHANNEL 、ASTP and ACNL	ACTH	Thailand	Providing support for 3C products in Thailand	14,163	14,510	20,000	100.00	22,178	3,454	-	Note 2
CHANNEL 、ASTP and ACNL	ASTH	Thailand	Repairing of 3C products in Thailand	5,684	2,856	60,000	100.00	6,174	136	-	Note 2
ASTP	ACG	Germany	Selling and providing support for 3C products in Germany	2,840	2,909	-	100.00	154,041	14,609	-	Note 2
ASTP	ACF	France	Providing support for 3C products in France	1,495	1,531	5,300	100.00	50,427	608	-	Note 2
ASTP	ACUK	U.K.	Providing support for 3C products in United Kingdom	2,705	2,772	50,000	100.00	50,979	9,754	-	Note 2
ASTP	ACHK	Hong Kong	Providing support and repair for 3C products in Hong Kong	1,929	1,976	500,000	100.00	11,676	1,548	-	Note 2
ASTP	ACKR	South Korea	Providing support and repair for 3C products in South Korea	10,371	10,626	158,433	100.00	43,388	3,094	-	Note 2
ASTP	ACSG	Singapore	Repairing of 3C products in Singapore	-	389	20,002	100.00	-	(99)	-	Note 2
ASTP	ACIN	India	Providing support and repair for 3C products in India	247,859	253,935	20,134,400	100.00	313,529	22,064	-	Note 2
ASTP	ACNL	Netherlands	Selling of 3C products	17,454	17,881	375,000	100.00	1,431,024	179,442	-	Note 2
ASTP	ACVN	Vietnam	Repairing of 3C products in Vietnam	2,398	2,457	-	100.00	20,781	5,355	-	Note 2
ASTP	ACIB	Spain	Providing support for 3C products in Spain	18	18	3,000	100.00	40,352	5,584	-	Note 2
ASTP	ACJP	Japan	Selling of 3C products in Japan	73,380	75,179	20,500	100.00	297,549	44,109	-	Note 2
ASTP	ASAU	Australia	Repairing of 3C products in Australia	28,940	29,649	950,000	100.00	38,530	10,345	-	Note 2
ASTP	ACAU	Australia	Providing support for 3C products in Australia	10,817	11,082	350,000	100.00	52,234	6,450	-	Note 2
ASTP	ACIL	Israel	Providing support for 3C products in Israel	390	399	50,000	100.00	206	(2,618)	-	Note 2
ASTP	ACCO	Colombia	Providing support for 3C products in Colombia	899	921	74,489	100.00	2,192	921	-	Note 2
ASTP	ACZA	South Africa	Providing support and repair for 3C products in Africa	2	2	1,000	100.00	5,513	1,852	-	Note 2
ASTP	ACMY	Malaysia	Providing support and repair for 3C products in Malaysia	3,504	3,590	500,000	100.00	20,811	1,677	-	Note 2
ASTP	ACCL	Chile	Providing support for 3C products in Chile	51	53	1,000	100.00	1,433	1,280	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
ASTP	ASPH	Philippines	Providing support and repair for 3C products in Philippines	6,006	-	1,059,995	100.00	5,973	(288)	-	Note 2
ASTP and ACNL	ACPE	Peru	Providing support for 3C products in Peru	37,936	12	4,195,740	100.00	37,849	(1,933)	-	Note 2
ASTP and ACNL	ACMH	Mexico	Selling of 3C products in Mexico	113,843	116,658	51,120	100.00	-	21,612	-	Note 2 and 3
ASTP and ACNL	ACBZ	Brazil	Selling of 3C products in Brazil	5,909,388	6,054,272	549,469,000	100.00	3,785,597	(272,073)	-	Note 2
ASTP and ACNL	ASIN	India	Selling of 3C products in India	203,189	208,171	33,500,000	100.00	98,456	53,800	-	Note 2
ASTP and ACMH	ACMX	Mexico	Providing support for 3C products in Mexico	305	312	132	100.00	7,788	936	-	Note 2
ACNL	ACHU	Hungary	Providing support and repair for 3C products in Hungary	1,679	1,760	-	100.00	9,347	1,509	-	Note 2
ACNL	ACPT	Portugal	Providing support for 3C products in Portugal	1,008	1,056	30,000	100.00	11,717	1,699	-	Note 2
ACNL	ACCCH	Switzerland	Providing support for 3C products in Switzerland	7,676	8,044	3,400	100.00	26,042	2,497	-	Note 2
ACNL	ACN	Sweden	Providing support for 3C products in North Europe	1,070	1,122	3,000	100.00	62,396	9,633	-	Note 2
ACNL	ACTR	Turkey	Providing support and repair for 3C products in Turkey	14,782	15,490	2,046	100.00	45,706	5,104	-	Note 2
ACNL	ASTR	Turkey	Repairing of 3C products in Turkey	342	359	3,000	100.00	4,382	4,599	-	Note 2
ACNL	ACPL	Poland	Providing support for 3C products in Poland	48,896	51,239	1,000	100.00	54,158	2,713	-	Note 2
ACNL	ACIT	Italy	Providing support for 3C products in Italy	1,612	1,690	-	100.00	-	(19,327)	-	Note 2 and 3
ACNL	ACCZ	Czech Republic	Providing support for 3C products in Czech Republic	263	275	-	100.00	17,463	2,450	-	Note 2
ACNL	ACCZS	Czech Republic	Repairing of 3C products in Europe	7,035	7,372	-	100.00	103,131	15,716	-	Note 2
ACNL	QCS	Sweden	Servicing of information technology	157	-	500	100.00	131	(31)	-	Note 2

Note 1 : Original investment amount excludes other interest oriented from shareholders' stock trust which distributes to employees.

Note 2 : According to regulation, only disclose the share of profits/losses of investee recognized by ASUS.

Note 3 : Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note 4 : Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019

Table 10

(Amounts in thousands of New Taiwan dollars and foreign currencies)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Ending Balance Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee Company	Percentage of Ownership (%)	Investment Income (Loss) Recognized in Current Period (Note 2 c)	Carrying Amount as of December 31, 2019 (Note 2 c and Note 3)	Ending Balance of Accumulated Inward Remittance of Earnings	Note (Note 1 b)
					Outflow	Inflow							
ACSH	Selling of 3C products in China	1,442,038	b	1,442,038	-	-	1,442,038	(571,390)	100.00	(571,390)	-	-	ASTP Invested
ACS	Repairing of 3C products	59,960	b	59,960	-	-	59,960	3,361	100.00	3,361	69,388	-	ASTP Invested
ACSZ	Researching and developing of 3C products	1,469,020	b	1,469,020	-	-	1,469,020	137,814	100.00	137,814	2,964,256	-	ASTP Invested
ACCQ	Selling of 3C products in China	2,068,620	b	2,068,620	-	-	2,068,620	357,842	100.00	357,842	5,357,493	-	ASTP Invested
ACISZ	Leasing real estate	492,119	c	-	-	-	-	(6,859)	100.00	(6,859)	427,431	-	-
ASKEYSH	Researching, developing and selling of communication products	89,940	b	89,940	-	-	89,940	(5,897)	100.00	(5,897)	1,637	-	MIC Invested
ASKEYJS	Manufacturing and selling of communication products	2,698,200	b	2,698,200	-	-	2,698,200	(5,348)	100.00	(5,348)	3,288,949	-	MAGICOM Invested
ASKEYMWJ	Manufacturing and selling of communication products	-	b	89,940	-	(89,940)	-	142	-	142	-	88,963	MAGICOM Invested
AAEONSZ	Manufacturing and selling of industrial computers and interface cards	260,534	b	260,534	-	-	260,534	(13,428)	100.00	(13,428)	215,955	-	AAEONTCL Invested
ONYXSH	Selling of medical computers and peripherals	59,960	a	44,970	14,990	-	59,960	(15,199)	100.00	(15,199)	7,495	-	-
EMES	Selling and consulting of information system software	8,994	a	8,994	-	-	8,994	256	100.00	256	10,182	-	-
JSCD	Professional eSports	673,900	a	487,360	186,540	-	673,900	(46,482)	100.00	(46,482)	530,559	-	-
9SKY HANGZHOU	Manufacturing and serving of data storage media	89,940	c	5,139	-	-	5,139	-	5.71	-	-	-	-
9SKY SHANGHAI	Manufacturing and serving of data storage media	29,980	c	1,368	-	-	1,368	-	5.71	-	-	-	-
EOSTEK SHENZHEN	Smart TV and projector platform service	209,860	c	53,724	-	-	53,724	-	14.94	-	-	-	-

Company Name	Ending Balance of Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 4)
ASUS	6,316,858 USD 210,702	6,508,730 USD 217,102	109,972,075
ASKEY	3,175,547 USD 105,922	3,175,547 USD 105,922	1,811,079
AAEON	260,534 USD 8,690	260,534 USD 8,690	4,989,908
SWI	8,994 USD 300	10,193 USD 340	92,197
ONYX	59,960 USD 2,000	59,960 USD 2,000	612,007

Note 1 : The methods for engaging in investment in Mainland China include the following:

- Direct investment in Mainland China.
- Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- Other methods.

Note 2 : The investment income (loss) recognized in current period:

Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

The investment income (loss) were determined based on the following basis:

- The financial report was audited by an international accounting firm in cooperation with an R.O.C. accounting firm.
- The financial statements was audited by independent auditors of the parent company in Taiwan.
- Others.

Note 3 : Credit balance of investments accounted for under equity method of ACSH is transferred to other liabilities - non-current.

Note 4 : Upper Limit on Investment of ASKEY amounting to \$1,811,079 is calculated by net worth as of December 31, 2019, however amount authorized by Investment Commission in the latest application is \$5,728,299.

ASUSTek Computer Inc.

Chairman

Jonney Shih





IN SEARCH OF INCREDIBLE

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中華民國109年4月11日刊印