ACER INCORPORTED
2019 ANNUAL REPORT
TSE : 2353

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www.acer-group.com

acer ConceptD™ PREDATOR™ PLANET9™

APPENDIX

1. Name, Title and Contact Details of Company's Spokespersons:

Principal	Meggy Chen	CFO	+886-2-2696-1234	Meggy.Chen@acer.com
Deputy	Wayne Chang	Manager	+886-2-2719-5000	Wayne.Chang@acer.com

2. Address and Telephone Numbers of Company's Headquarter and Branches

Office	Address	Tel
Acer Inc.	8F., No.88, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	+886-2-2696-1234
Acer Inc. (Shareholder Services)	7F.-5, No.369, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	+886-2-2719-5000
Acer Inc. (Hsinchu Branch)	3F., No.139, Minzu Rd., East Dist., Hsinchu City 300, Taiwan	+886-3-534-9490
Acer Inc. (Taichung Branch)	3F., No.371, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408, Taiwan	+886-4-2250-3355
Acer Inc. (Kaohsiung Branch)	4F.-6, No.38, Xinguang Rd., Lingya Dist., Kaohsiung City 802, Taiwan	+886-7-338-8386
Acer Inc. (Shipping & Warehouse Management Center)	No.28, Neixin Rd., Luzhu Dist., Taoyuan City 338, Taiwan	+886-3-324-5100

3. Address and Contact Details of Acer Shareholders' Services

Address: 7F.-5, No.369, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan
Tel: +886-2-2719-5000
E-mail: stock.affairs@acer.com

4. Address and Contact Details of Auditing CPAs in the Most Recent Year

Name: Huei-Chen Chang and Tzu-Chieh Tang at KPMG
Address: 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan
Tel: +886-2-8101-6666
Website: www.kpmg.com.tw

5. Overseas Securities Exchange

Listed Market for GDRs: London Stock Exchange Market
For further information, please refer to Website: www.Londonstockexchange.com

6. Acer Group Website: www.acer-group.com

2019 Award Winners

Acer Products

Predator Products

ConceptD Products

GERMANY
iF Product Design Award 2019

Five Acer products received an iF Design Award in 2019. Winning products include the Predator X gaming desktop, Predator Triton 900 gaming notebook, Predator Thronos gaming chair, Acer Swift 7 ultra-thin notebook and the Acer Smart Speaker.

GERMANY
Red Dot Brand Design Award

Acer believes that a brand is a promise made to consumers. Living up to its promise of providing innovative and excellent devices, the Predator gaming brand was distinguished from 8,697 global entries to become the first gaming brand to ever win the German Red Dot Award.

GERMANY
Red Dot Product Design Award

Several Acer products received Red Dot awards for product design in 2019. Winning products include the Acer Swift 7 ultra-thin notebook, Acer Swift 5 notebook, Acer Chromebook 715 notebook, Acer Chromebook 11 notebook, Acer aiSage edge computing device and the Predator XB3 Series of gaming monitors.

USA
CES Innovation Awards
in Computer Hardware & Components

Acer's ultrathin and light Swift 7 (SF714-52T) was awarded a CES 2019 Innovation Award. It features ultra-narrow bezels that grant an unprecedented 92% screen ratio and is only 890 grams light, making it easy to put into a bag and take along for business productivity anywhere.

JAPAN
Good Design Award 2019

Four Acer notebooks received Good Design Awards in 2019. Acer's ConceptD 7 and ConceptD 9 were designed for creators and feature elegant and minimal designs. The Acer TravelMate P6 is a strong and durable notebook with incredible battery life and performance that mobile professionals can rely on. The Acer Swift 7 is an ultrathin notebook that is easy to carry.

TAIWAN
Computex d&i Award 2019
Gold Award/Specialty Award/Innovative Design Award

The Predator Thronos gaming chair won a Gold Award at Computex 2019, the highest honor offered for design. Acer's smart roadside parking meter system also won a "Specialty award". Other award winning products include the ConceptD 500 workstation, Predator Triton 900 gaming notebook, Acer Swift 7 ultrathin and light notebook, Acer OJO 500 Microsoft Mixed Reality Headset and the Acer aiSage computing device.


#MakeYourMark
Swift 5
Work Anywhere
like a Pro

ConceptD™

CREATIVITY DECODED

About Creator Collaborations

ConceptD has the power to produce the finest creative work, from graphic rendering to web design and from video editing to product rendering, giving creatives the hardware they need to realize their wildest dreams and unleash their most radical ideas. Through our Creator Collaborations, we strive to promote creativity in all its forms whenever and wherever we can, providing creators with the resources needed to produce their dream passion projects.

DISCLAIMER

This is a translation of the 2019 Annual Report of Acer Incorporated (the "Company"). The translation is intended for reference only and nothing else, the Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the Annual Report shall govern any and all matters related to the interpretation of the subject matter stated herein.

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Business Report to Shareholders

1

Business Report to Shareholders

Acer has made significant progress with the dual transformation of our core business and new initiatives in 2019, and we are pleased to share with you key developments that demonstrate the forward-looking mindset of a sustainable company. Opportunities as well as challenges have arisen, in fact, the industry's CPU supply issue that began in late 2018 persisted throughout 2019, and has been reflected in our consolidated revenues, which was down slightly year-over-year at NT$234.29 billion, with net income of NT$2.63 billion, and earnings per share (EPS) at NT$0.87.

The pursuits in technological innovation, broadening the boundaries of the PC business and new markets, and creating multiple growth engines are the foundations of Acer's dual transformation. In the PC business we have focused on segments with growth opportunities, such as ultra-slim notebooks and gaming PCs. Our efforts have been rewarded with year-on-year growth for Acer gaming PC and ultrathin notebook shipments exceeding the industry (Source: FY2019, GfK & NPD), and ranking No. 2 in Taiwan patent applications with 565 filings – up 19% from the previous year.

At the same time, Acer's corporate responsibility efforts have consistently been recognized by global sustainability indices that benchmark environmental, social and governance (ESG) performance of organizations. For the sixth consecutive year we have been listed in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index.

In the gaming field, Acer has created an ecosystem with powerful PCs and cool gadgets, esports events, and an esports social platform. Our flagship Predator PCs, and Predator Thronos gaming chair provide the ultimate gaming experience. We not only sponsored esports events but also hosted our own Asia Pacific Predator League with growing success. The 2019 tournament drew 3,530 teams who competed for months and battled for the championship in Thailand. The 2020 finals will bring the league to a higher level with almost 20,000 tickets sold already. Finally, Planet9 is our new brand and latest venture in gaming announced in September. Currently in open beta stage, it is an open community platform that allows players to build their team, train, and challenge for victory. Through esports, Acer will engage new audiences while bringing innovations and game-changing designs first to market.

In the PC business we have continued to challenge ourselves and innovate. We maintained our leading edge in the thin-and-light notebook segment with the Swift 5 as the world's lightest 14-inch notebook, under 900 g. Worldwide, Acer gaming monitors ranked No. 1 (Q1-Q3 '19, IHS). As we continue our leadership in these two segments, we unveiled a new brand of high-end PCs and monitors optimized for creators such as graphic designers, filmmakers, engineers, architects, developers and others. The pristine yet powerful ConceptD portfolio, with quiet operation and high color accuracy, has been hailed as the Windows comparison of the Apple Mac, as well as receiving more the 40 “Best of Show” accolades recently at the CES consumer show, reflecting the media's positive reception of the brand.

Making up the other part of Acer's dual transformation is our multiple business engines, which have kept their momentum and have seen viable growth, these include Acer Cyber Security, Acer Synergy Tech (AST), Weblink International, and Acer e-Enabling Service Business, and more. The strategy of listing our subsidiaries is also progressing accordingly. During the fourth quarter, AST became listed on the emerging market of the Taipei Exchange, Weblink International began its public offering process, with more in the pipeline. These new businesses are also making steadily increasing contribution to Acer's overall revenues.

Many of our new initiatives are making good progress. GadgeTek captured great international media attention with the launch in the Vatican of the “Click to Pray eRosary” smart wearable for the Catholic community, reaping 2500 media articles. In the biotech realm, we forged a cross-industry cooperation with Novartis Taiwan, where the companies will focus on artificial intelligence (AI) technology in areas such as clinical trial design, disease detection, and patient care integration. Acer and Novartis will benefit from each other's global operations to bring smart medical products to markets, forming a win-win opportunity.

More exciting developments of our AI-based technologies include the indoor smart air monitor solution, developed by our AI research team in collaboration with experts in the field of air quality. Plans are in place to serve 1300 locations including schools in mid and southern Taiwan in 2020. Acer will provide a one-stop shop air quality improvement solution from detection, data analytics, reporting, solution, to maintenance. Also in the realm of smart cities, following the success of Taiwan's first roadside Smart Parking Meter BOT project in Tainan by Acer ITS, more smart parking meters will be promoted to be implemented in other cities.

Without a doubt, Acer has so much under development and we are constantly seeking for new prospects. With your trust and support, Acer's goal is to bring higher value to our customers, shareholders and employees, and to become an indispensable part of life. Thank you.

Sincerely,

Jason Chen

Chairman of the Board

Jason Chen

Meggy Chen

Corporate Officers

Sophia Chen

Accounting Officer

1.1 2019 Operating Report

1.1.1 Operating Results and Earning Abilities

Financial Information (Consolidated)

Unit: NTD Thousands

Item		2018	2019
Operating Results	Net revenue	242,270,406	234,285,354
	Gross profit	25,828,199	24,716,786
	Net income attributable to shareholders of the Parent	3,060,429	2,632,565
Earning Abilities	Return on assets(%)	1.95	1.75
	Return on equity(%)	4.96	4.35
	Net income ratio(%)	1.20	1.10
	EPS(NTD)	1.01	0.87

In 2019, operating revenue was NT$242.3 billion with 3.30% decline year-over-year. Gross profit was NT$24.7 billion with 4.30% decline year-over-year. Net income was 2.6 billion, a year-over-year decline 13.98%. In 2019, EPS was NT$0.87, a decrease NT$0.14 from the 2018 level of NT$1.01 Due to down in net income, return on assets and net income ratio were all declined in 2019.

1.1.2 Budget Expenditure in 2020

Not applicable

1.2 2020 Business Plan

1.2.1 Business Strategy

1. From gaming hardware to esports, expand to an esports social platform to form a comprehensive gaming ecosystem. Develop industry-leading thermal technologies and powerful performance to elevate brand premium.
2. Create a portfolio of products tailored for different market preferences and needs. Under the new creator brand, introduce more desktop, notebook and monitor models for the creator segment. Continue to innovate in gaming PCs, ultra-thin & light notebooks, Chromebooks, and all-in-one PCs.
3. Become a corporate group with multiple-growth engines, with subsidiaries going public to foster entrepreneurship as an important step to achieving the goal, and exploring new realms and partnerships.
4. Provide AI-ready enterprise solutions that leverage big data analytics, and the Internet of Things (IoT), such as smart transportation, smart city, smart health, and smart gadgets that enhance the quality of lives.
5. Efficiently utilize resources within company and among subsidiaries, enhance internal communications on Company's global efforts in bridging the digital divide and environmental sustainability. Initiate internal environmental campaigns.

1.2.2 Business Goals

1. Enhance brand premium in order to create high-value, high-margin products and solutions.
2. Evolve with the PC landscape, focus on the areas with high growth potential and that are profitable, and create differentiation and value to fulfill and exceed people's needs.
3. Explore new market domains to broaden our business boundaries in the traditional PC business and beyond.
4. Enable enterprise customers to make data-driven decisions in real time under a secure and robust cloud environment.
5. Increase operating income, build sustainable operations, and promote the interests of shareholders. Strengthen social responsibilities of the company and for employees.

1.2.3 Business Planning and Marketing Strategy

1. Expand beyond gaming hardware and events to the esports community. Create a comprehensive gaming ecosystem with a portfolio of PCs, peripherals, gadgets for hardcore to casual gamers. Engage with world-class e-sports events as well as host own events of regional scale promoting the gaming brands. Provide a next-generation platform for the gaming community to build their team, train, and compete together.
2. Be first-to-market with new technologies and underscore the uniqueness of the new brand for the creator segment. Develop leading and world-firsts in design innovations, such as the world's thinnest and lightest notebooks, world's first curved screen gaming laptop, as examples.
3. Through both in-house research and partnerships, explore and expand to different verticals where there is synergy with our core competencies.
4. Focus efforts on optimizing key products and accelerating the development of innovative services for the enterprise segment.
5. Enhance corporate social responsibility, create value, and pursue sustainable operations in collaboration with the supply chain and customers. Expand employee social responsibility campaigns globally.

1.2.4 Future Development Strategy

1. Develop technologies for creators, gamers, and solutions with artificial intelligence (AI).
2. Expand the gaming segment to social platforms and with new gadgets and technology innovations like the metal-blade AeroBlade 3D fans that help PCs stay cool, as well as incorporating latest industry technology to deliver best-in-class user experiences.
3. Seek opportunities in the commercial market, providing products and solutions to meet the rigid demands from different markets; the commercial business portfolio includes the new creator brand of PCs and monitors, Chromebooks, servers, and cloud solutions.
4. Continue with the dual transformation of existing PC business and new areas. Transform from a PC-oriented company to a sustainable technology group through new developments in areas such as social platforms, AI and the cloud.
5. Uphold corporate social responsibilities, realize a sustainable business mindset, and give back to society and shareholders. Promote personal social responsibilities through company-wide initiatives.

1.2.5 Impact on Company Due to Competition, Governmental Regulations and Overall Macro Market

1. Respect international laws and regulations on information privacy and security, such as GDPR, especially in the realms of AI and cloud services.
2. Step up IT security and preparedness in the event of cyber security risks, which have become prevalent in the growing digitization of business operations and consumer user habits.
3. Observe the China-US trade war impacts and follow all local regulations including the US Trade Act 301. Continue to monitor socioeconomic situations, and dynamically adjust regional business strategies according to local developments.
4. Closely observe the currency fluctuation of emerging markets and remain watchful over the global financial market dynamics, in addition to foreign exchange hedging to minimize related risks.
5. Keep abreast with the evolving digital infrastructure developments brought about by the combination of AI and 5G, and the new applications, opportunities and challenges this brings across industries.

2

Company In General

2.1 Date of Founding : August 1, 1976

2.2 Brief Account of the Company

1976 – 1986

- Commercialized microprocessor technology

1987 – 2000

- Created the Acer brand name and went global

2001 – 2007

- Transformed from manufacturing to a marketing and sales company

2008 – 2013

- Enhanced worldwide presence with a multi-brand strategy

2014 – Beyond

- Transforming into a "hardware + software + services" company

1976

- Founded under the name "Multitech" with NT$1 million (US$25,000) in capital, focusing on trade, product design, and consultancy in the use of microprocessor technologies. (Aug. 1, 1976).

1978

- Established the Microprocessor Training Centre, training 3,000 engineers for Taiwan's information industry.

1979

- Expanded the business to central and southern Taiwan.
- Designed Taiwan's first mass-produced computer for export.

1980

- Designed the Dragon Computer Terminal, the Chinese language adaptation for computers.

1981

- Established its manufacturing operations at the Hsinchu Science-based Industrial Park in Taiwan.
- Debuted the MicroProfessor-I as the Company's first branded product.

1982

- Unveiled the MicroProfessor-II as Taiwan's first 8-bit home computer.

1984

- First company to promote 16-bit PC products in Taiwan.

1984

- Established Acer Peripherals, Inc. (now BenQ Corp.) .

1985

- Founded AcerLand, Taiwan's first and largest franchised computer retail chain.

1986

- Beat IBM to offer 32-bit PCs.

1987

- Created the "Acer" name.

1988

- Completed Acer Inc. initial public offering (April 1988)

1989

- Formed the TI-Acer DRAM joint venture with Texas Instruments.

1990

- Launched Acer's first notebook.
- Acquired Altos Computer Systems, a manufacturer of multi-user and networked systems for commercial markets.

1991

- Introduced ChipUp™ technology – world's first 386-to-486 single-chip CPU upgrade solution.

1992

- Co-founder Stan Shih introduced the Smiling Curve concept.

1995

- The popular Aspire multimedia PC brought Acer closer to the consumer electronics market.

1998

- As official IT Sponsor of the 13th Asian Games in Bangkok, Acer introduced the world's first PC-based management system for a major international sporting event.

2000

- As part of its second re-engineering to transform into a marketing and sales company, Acer split off the manufacturing business unit to create Wistron Corp.

2001

- Introduced the MegaMicro e-Enabling services, an e-business model that integrates IT equipment, network, management platforms, and application software.

2002

- Inaugurated the Product Value Labs to enhance Acer's customer-centric focus in research and design.
- TravelMate C100 was the first convertible Tablet PC available in the worldwide market with pen input.

2004

- Acer Co-founder Stan Shih retired from the Group.

2005

- J.T. Wang assumed the position of Chairman and CEO, while Gianfranco Lanci stepped into the role of Corporate President.
- Launched Ferrari 4000, the first carbon-fiber notebook available in the worldwide market.
- Became the No. 1 brand in EMEA and Western Europe for notebooks.

2006

- Became a Sponsor of Scuderia Ferrari.

2007

- Completed the merger of Gateway, Inc.

2008

- Announced the acquisition of E-ten and plan to enter the smart handheld market.
- Acquired Packard Bell Inc. through the takeover of Gateway Inc.
- Launched the Aspire One, Acer's first netbook.

2009

- Launched the Aspire Timeline notebooks – thin and light with all-day battery life.
- BusinessWeek named Acer among the “10 Hottest Tech Companies of 2009.”
- Launched the Liquid line of smartphones.
- Ranked as the world No. 2 company in Total PCs.

2010

- Provided and managed computing facilities for the Vancouver 2010 Olympic Winter Games.
- Integrated Founder Tech's PC sales team and channels in the China market.

2011

- Acquired US-based iGware for investment in cloud technology.
- Debuted the first Ultrabook™ with the Aspire S3.
- Jim Wong assumed to role of Corporate President
- Launched the ICONIA tablet PCs.

2012

- Supplied all computing equipment for the London 2012 Olympic Games and earned high appraisals from the assembly.

2013

- Elected Stan Shih as company Chairman and interim Corporate President.
- Announced Build Your Own Cloud (BYOC™) and the transition to a “hardware + software + services” company.

2014

- Appointed Jason Chen as Corporate President and CEO (Jan. 1, 2014).
- Invested 7 million shares in PChome Group's third-party payment business.
- Debuted the Liquid Leap as the company's first wearable device.
- George Huang succeeded Stan Shih as Chairman; Acer's Board invited Stan Shih to become Honorary Chairman.
- Debuted on Dow Jones Sustainability Emerging Markets Index and listed on MSCI Global Sustainability Indexes for environmental, social and governance.

2015

- As sponsor of Taiwan's First IAAF certified marathon – Wan Jin Shi – Acer's BYOC™ provided runner tracking service.
- Held its inaugural "next@acer" global press conference in New York.
- Announced the availability of the Predator gaming product line.
- Acquired GPS cycling computer brand, Xplova, to expand reach in the sports industry.

2016

- Announced strategic partnership with GrandPad to tap into the senior care market.
- Began research and developments into the virtual reality realm.
- Revealed the world's first curved-screen gaming notebook, the Predator 21 X.
- Acquired Pawbo and stepped into the petware market.
- Celebrated its 40th anniversary.

2017

- Unveiled smart transportation solutions that include smart parking, and the intelligent mixology robot solution.
- The Board appointed Jason Chen as Chairman and CEO, and Meggy Chen as Corporate Chief Financial Officer.
- Sponsored 13,000 smartwatches to athletes and sports delegation members participating in the Summer Universiade Taiwan, together with MediaTek Inc. and EasyCard Corp.
- Expanded its digital signage business by participating in the private placement of AOPEN.
- The Board approved to separate the data center from Acer Cyber Security Inc. and form a new company called Acer e-Enabling Data Center Inc.

2018

- Launched the world's thinnest laptop, Swift 7, measuring at just 8.98 mm thin.
- Hosted the first APAC Predator League 2018 tournament and finals held in Jakarta, Indonesia.
- Expanded its gaming gadgets with the Predator Thronos chair.
- Announced the world's lightest 15-inch notebook with the Swift 5 weighing just 990 grams.
- Introduced the Acer OJO 500 Windows Mixed Reality headset.
- Named Proud Partner and Official Monitor Provider of the 2018 League of Legends World Championship, for the third consecutive year.
- Appointed Tiffany Huang and Jerry Kao as Co-chief Operating Officers to directly support the Chairman and CEO in the delegation of corporate direction and strategy to enhance company operations.

2019

- Hosted the grand finals of the second Asia Pacific Predator League tournament in Thailand, which started in Q3 2018 with a total of 3,530 teams' participation.
- Launched the ConceptD brand with a full portfolio of high-end products for professional and amateur creators, including desktops, notebooks, and monitors.
- As Official Sponsor of the 2019 Olympiad in Informatics in Azerbaijan, Acer provided servers to run the contest, and notebooks for the contestants and staff.
- Predator was the first gaming brand to win the Red Dot brand award.
- Unveiled Planet9, a next-generation esports platform and open community for gamers.
- Listed on the Dow Jones Sustainability Indices for sixth straight year; and on the FTSE4Good Emerging Index for the fourth year.
- The “Click to Pray eRosary” smart wearable, designed by its subsidiary GadgeTek Inc. in corporation with the Vatican for the Catholic community, captured great international media attention.
- Forged a cross-industry cooperation with Novartis Taiwan, focusing on artificial intelligence technology and smart medical products.
- Its subsidiary Acer Cyber Security Inc. (ACSI) became listed on the Taipei Exchange.
- Its subsidiary, Acer Synergy Tech Corp. (AST), became listed on the emerging market of the Taipei Exchange.

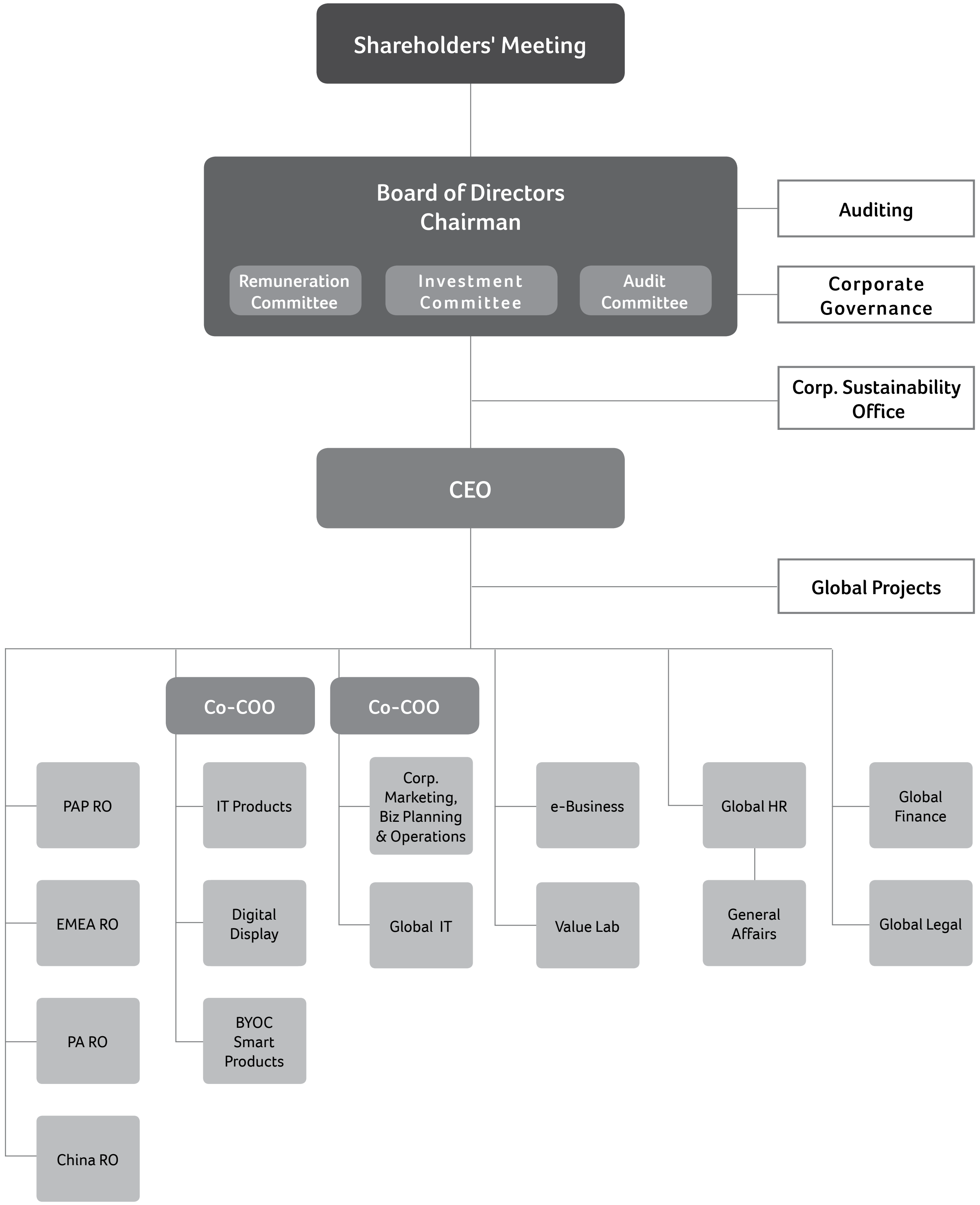
2020

- Its subsidiary, Weblink International, became listed on the emerging market of the Taipei Exchange.

3 Corporate Governance Report

3.1 Organization of the Company

3.1.1 Department Functions



3.1.2 Corporate Functions

Auditing

- To assist Acer Board of Directors and officers in inspecting and reviewing defects in the internal control systems as well as measuring operational effectiveness and efficiency, and make timely recommendations for improvements to ensure the sustained operating effectiveness of the systems and to provide a basis for review and correction.

Corporate Governance

- The procedures for and relative matters of Shareholders, Board of Directors and functional committees' meeting; to assist Acer Board of Directors and BOD members to execute their power and authority in accordance with laws and regulations, the Company's Articles of Incorporation and relevant internal rules.

Corp. Sustainability Office

- Strategic planning and management in corporate sustainability with the aim of fulfilling corporate social responsibilities

Global Projects

- Global key project planning and execution

PAP RO

- Sales, marketing and after-sales service of Acer's IT products in Taiwan and Asia Pacific

EMEA RO

- Sales, marketing and after-sales service of Acer's IT products in Europe, Middle East and Africa

PA RO

- Sales, marketing and after-sales service of Acer's IT products in Pan America

China RO

- Sales, marketing and after-sales service of Acer's IT products in China

IT Products Business

- Managing global notebook, desktops, Tablet, wearable products and gadget products business

Digital Display Business

- Managing global monitors, and projectors product lines business

e- Business

- End-to-end ICT solutions and services provider, including mobile application and enterprise software systems development, systems integration and operation services, value-added and vertical business solutions

BYOC Smart Products Business

- BYOC (Build Your Own Cloud) services empower global business development and management through cloud-connected devices and AIoT solutions. AIoT solutions including Smart Signage, Smart Video Conference and Smart Senior Care, all of the applications are based on AI applications as SaaS, device management platform as PaaS, and connects to an AI framework with AI engines of each device. Combined together as a complete end to end solution.

Corporate Marketing, Business Planning & Operations

- Corporate brand management, consolidation and implementation of global marketing strategies, corporate communications, and the strategic planning, operations of all IT business back-end function

Value Lab

- Research and development, design and devote to the technology for new value creation business

Global IT

- Corporate information infrastructure and information systems management

Global Finance

- Corporate finance, investment, treasury, credit and risk control and accounting services management

Global Legal

- Corporate legal affairs, and intellectual property management

Global HR

- In response to market changes of global trends, formalize the human resources-related talent strategies and organizational planning to meet the company's sustainable development needs

General Affairs

- General affairs, transportation services, office facilities management

3.2 Information Regarding Board of Directors and Key Managers

3.2.1 Board of Directors (April 14, 2020)

Title	Nationality or Registration	Name	Gender	Date of Election	Term	Accumulative Term	Date of First Election (Note 1)	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Managerial Position		
								Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage			Title	Name	Relation-ship
Chairman (Note 1)	R.O.C	Jason Chen	Male	06/21/2017	3 Years	Since June 2014	06/18/2014	2,555,480	0.08	2,633,480	0.09	0	0	2,264,056	0.07	Senior Vice President of Worldwide Sales and Marketing, TSMC MS in Business Administration, Missouri Columbia University	1. Chairman, Mu-Jin Investment Co., Ltd. 2. Chairman, Mu-Shi Investment Co.,Ltd. 3. Other(Note 4)	-	-	-
Director	R.O.C	Stan Shih	Male	06/21/2017	3 Years	Since July 1979	12/17/2001	69,024,395	2.24	34,989,531	1.14	399,225	0.01	0	0	Chairman, ACER MS in Electrical Engineering, National Chiao Tung University	1. Independent Director, Taiwan Semiconductor Manufacturing Co., Ltd. 2. Director, Nan Shan Life Insurance Co., ltd. 3. Director, Hung Rouan Investment Corp. 4. Director, Egis Technology Inc. 5. Director, iD Innovation Inc. 6. Chairman, Dragon Investment Co., Ltd. 7. Director, CTS Inc. 8. Director, Rongxin Management Consultants Co., Ltd. 9. Director, Bingyu Co., Ltd. 10. Chairman, Ambi Investment and Consulting Inc. 11. Chairman, StanShih Foundation 12. Chairman, Acer Foundation 13. Chairman, CLOUD GATE Foundation 14. Director, NSFG Foundation 15. Director, Chew's Culture Foundation	Legal Representative of Director (Note 2) Legal Representative of Director (Note 2)	Maverick Shih Carolyn Yeh	Son Wife
Director	R.O.C	George Huang	Male	06/21/2017	3 Years	July 1979 ~ Feburary 1993 Since June 2014	06/14/2005	8,767,642	0.29	8,267,642	0.27	1,602,819	0.05	0	0	Director, ACER Bachelor, Institute of Communication Engineering of National Chiao Tung University	1. Independent Director, PChome Online Inc. 2. Independent Director, BIONET Corp. 3. Director, Motech Industries Inc. 4. Supervisor, Les Enphants Co., Ltd. 5. Supervisor, Apacer Technology Inc.	-	-	-
Director	R.O.C	Hung Rouan Investment Corp.	-	06/21/2017	3 Years	Since June 2005	06/14/2005	73,629,933	2.39	73,629,933	2.39	0	0	0	0	-	-	-	-	-
Legal Representative of Director (Note 2)	R.O.C	Maverick Shih (Representative of Hung Rouan Investment Corp.)	Male	06/21/2017	3 Years	Since July 2019	06/14/2005	0	0	10,141,777	0.33	13,172,880	0.43	0	0	President, Acer Cloud Technology Ph.D. in Electrical Engineering, University of Southern California	1. Chairman, MAVs LAB. Inc. 2. Director, Rongxin Management Consultants Co., Ltd. 3. Director, Dragon Investment Co., Ltd. 4. Director, Kiwi Technology Inc. 5. Supervisor, Allxon Inc. 6. Other (Note 4)	Director Legal Representative of Director (Note 2)	Stan Shih Carolyn Yeh	Father Mother
Director	R.O.C	Smart Capital Corp.	-	06/21/2017	3 Years	Since June 2005	06/14/2005	12,228	0	12,228	0	0	0	0	0	-	-	-	-	-
Legal Representative of Director	R.O.C	Philip Peng (Representative of Smart Capital Corp.)	Male	06/21/2017	3 Years	Since June 2005	06/14/2005	0	0	1,319,469	0.04	258,007	0.01	0	0	CFO, ACER MBA, National Chengchi University	1. Independent Director, AU Optronics Corp. 2. Independent Director, Apacer Technology Inc. 3. Director, Aopen Inc. 4. Director, Wistron Information & Services Corp. 5. Director, Wistron NeWeb Corporation 6. Director, Wistron ITS Corporation. 7. Director and President, iDSoftcapotal Inc. 8. Chairman, Smart Capital Corp.	-	-	-
Independent Director	R.O.C	F.C. Tseng	Male	06/21/2017	3 Years	Since June 2011	06/15/2011	0	0	0	0	0	0	0	0	Deputy CEO, TSMC Ph.D, National Cheng Kung University	1. Director, TSMC 2. Chairman, TSMC China Company Ltd. 3. Chairman, Global Unichip Corp. 4. Vice Chairman, Vanguard International Semi-conductor Corp. 5. Chairman, TSMC Education and Culture Foundation	-	-	-

Title	Nationality or Registration	Name	Gender	Date of Election	Term	Accumulative Term	Date of First Election (Note 1)	Shares Held When Elected		Shares Held at Present			Shares Held by Spouse & Minors		Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Managerial Position		
								Number	Percentage	Number	Percentage		Number	Percentage	Number	Percentage			Title	Name	Relation-ship
Independent Director	R.O.C	Ji-Ren Lee	Male	06/21/2017	3 Years	Since June 2014	06/18/2014	0	0	0	0		0	0	0	0	Professor of International Business, College of Management, National Taiwan University Ph.D. in Strategic Management, University of Illinois at Urban-Champaign	1. Independent Director, Delta Electronics, Inc. 2. Independent Director, E.Sun Financial Holdings Co., Ltd. 3. Independent Director, Vivotek Inc. 4. Member of Remuneration Committee, Media Tek Inc.	-	-	-
Independent Director	R.O.C	Ching-Hsiang Hsu	Male	06/21/2017	3 Years	Since June 2017	06/21/2017	0	0	0	0		0	0	0	0	Chairman, Research Institute of Electronics Engineering, Tsing-Hua University Ph.D. in Electrical Engineering, University of Illinois at Urban-Champaign	1. Chairman, eMemory Technology Inc. 2. Chairman, iMQ Technology Inc. 3. Director, Powerflash Technology Corp. 4. Independent Director and Member of Remuneration Committee, Materials Analysis Technology Inc. 5. Director, National Applied Research Laboratories 6. Director, SecuX Technology Inc. 7. Chairman and President, PUFsecurity Corp.	-	-	-
Legal Representative of Director (Note 2)	R.O.C	Carolyn Yeh (Representative of Hung Rouan Investment Corp.)	Female	06/21/2017	3 Years	Since June 2014	06/14/2005	0	0	0 (Note 2)	0		0	0	0	0	Chief Administrative Officer of Acer Co. Ltd. Bachelor, Department of Business Administration of Fu Jen Catholic University	(Note 2)	Director Legal Representative of Director (Note 2)	Stan Shih Maverick Shih	Husband Son
Independent Director (Note 3)	R.O.C	San-Cheng Chang	Male	06/21/2017	3 Years	Since June 2017	06/21/2017	0	0	0 (Note 3)	0		0	0	0	0	Premier Ph.D. in Civil and Environmental Engineering, Cornell	(Note 3)	-	-	-

Note 1: The Company continuously focus on Dual Transformation, which means Acer not only discovers a Niche Market to its core business, but also develops multiple growth engines; to efficiently exercise the limited resource of Acer group, and achieve this challenging and complicated strategy of Dual Transformation, it is periodically necessary for one person to hold a concurrent post of Chairman and CEO. Moreover, to enhance the supervising function to Board, the Company increases the number of Independent Directors to 4 seats, in addition there is no more than half directors hold a concurrent post of employees and executors of the Company; besides, it is estimated that the majority of the Board members are independent directors after the 2020 Board re-election.

Note 2: The Board of Director, Hung Rouan Investment Corp., re-appointed Maverick Shih to be its representative on 2019.07.26, original its representative, Carolyn Yeh was dismissed on the same day. The number of shares will be "0" for the board of director dismissed or resigned.

Note 3: San-Cheng Chang resigned on 2019.11.15. the number of shares will be "0" for the board of director dismissed or resigned.

Note 4: Appointed by Company to be Director and/or President of Acer subsidiaries: please refer to pages 144 to 153.

Note 5: The Date that the Director was first elected when Acer has been a public offering Company.

Major Shareholders of Acer's Institutional Shareholders (April 14, 2020)

Name of Acer's Institutional Shareholders	Major Shareholders of Acer's Institutional Shareholders	Percentage of Shares
Hung Rouan Investment Corp.	Carolyn Yeh	20.13%
	StanShih Foundation	1.60%
	Shih Hsuen Rouan	17.25%
	Shih Hsuen Huei	26.09%
	Shih Hsuen Lin	17.16%
	Shih Fang Cheng	8.93%
	Yeh Ting Yu	8.84%
Smart Capital Corp.	Philip Peng	56.25%
	Fan Peng	43.75%

Note: StanShih Foundation is established and 100% donated by Mr. Stan Shih.

Board of Directors (BOD) Diversity Policy

Acer Group constantly pay attention to corporate governance, our BOD Diversity Policy is included into Chapter III Enhancing the Function of Board of Directors of "Acer Incorporated Corporate Governance Best-Practice Principles".

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the shareholders meetings. Procedures and arrangement relating to corporate governance shall ensure that, in exercising its authority, the board of directors will comply with laws, regulations, articles of incorporation, and the resolutions of shareholders meetings of the Company.

Regarding the structure of the board of directors, the Company shall determine an appropriate number of board members not less than five persons, in consideration of its business scale, the shareholding of its major shareholders and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

All members of the board shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgment.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Industrial knowledge.
6. International market perspective.
7. Ability to lead.
8. Ability to make decisions.

The specific management objectives of the BOD Diversity Policy

This Policy may make the Board function be more effective. The nomination and selection of board members of the Company is in accordance with the Company's Articles. In addition, there is nomination system to ensure the diversity and independence of the board members. The Company expects to invite and nominate one or more female candidates in the next board election (will be held in 2020), and to select directors with different professional knowledge, for providing different perspectives and contributions to facilitate the Board function.

The implement of the BOD Diversity Policy:

1. Director specializing in operation and sales of Global brand products and services: Jason Chen
2. Director who be devoted in innovation, public and social services: Stan Shih
3. Director specializing in E-commerce and having successfully promoted the business's transformation: George Huang
4. Director specializing in cloud and IC design: Maverick Shih
5. Director having the professional financial background in business and investment: Philip Peng
6. Director specializing in semiconductor industry and devoted in education, public and social activities: F.C. Tseng
7. Director specializing in strategic organization and business management: Ji-Ren Lee
8. Director specializing in semiconductor industry and having outstanding contribution on the R&D to non-volatile semiconductor component: Ching- Hsiang Hsu

The backgrounds of current Directors:

Name	Gender	Nationality or Registration	Classification	Age			Marketing	E-commerce	Cloud	Semiconductor		IC design	Entrepreneur	Transformation	Investment	Accounting	Academia	NPO Experience	Social / Culture
				40~50	50~60	Above 60													
Jason Chen	M	R.O.C	Non-independent		✔		✔			✔				✔					
Stan Shih	M	R.O.C	Non-independent			✔	✔						✔	✔				✔	✔
George Huang	M	R.O.C	Non-independent			✔		✔					✔	✔	✔				
Maverick Shih	M	R.O.C	Non-independent	✔					✔			✔							
Philip Peng	M	R.O.C	Non-independent			✔									✔	✔			
F.C. Tseng	M	R.O.C	Independent			✔				✔								✔	✔
Ji-Ren Lee	M	R.O.C	Independent			✔									✔	✔	✔		
Ching-Hsiang Hsu	M	R.O.C	Independent			✔				✔		✔	✔				✔		

Professional qualifications and independence analysis of directors and supervisors (April 14, 2020)

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience				Independence Criteria (Note 1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company		Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Jason Chen				✔			✔	✔	✔	✔		✔	✔	✔	✔	✔	0
Stan Shih				✔					✔	✔	✔		✔		✔	✔	1
George Huang				✔	✔			✔	✔	✔	✔	✔	✔	✔	✔	✔	2
Hung Rouan Investment Corp.	Not applicable.				Not applicable.												
Maverick Shih (Representative of Hung Rouan Investment Corp.) (Note 2)				✔						✔	✔		✔		✔	✔	0
Carolyn Yeh(Representative of Hung Rouan Investment Corp.) (Note 3)				✔	✔					✔	✔		✔		✔	✔	0
Smart Capital Corp.	Not applicable.				Not applicable.												
Philip Peng (Representative of Smart Capital Corp.)				✔	✔		✔	✔	✔	✔	✔		✔	✔	✔	✔	2
F.C. Tseng				✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0
Ji-Ren Lee	✔			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	3
San-Cheng Chang (Note 3)				✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0
Ching-Hsiang Hsu				✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1

Note 1 : Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(9) Not been a person of any conditions defined in Article 30 of the Company Law.

(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note2: The Board of Director, Hung Rouan Investment Corp., re-appointed Maverick Shih to be its representative on 2019.07.26, original its representative, Carolyn Yeh was dismissed on the same day..

Note3: Simon Chang has quit as the independent director of the Company on November 15, 2019.

3.2.2 Key Managers (April 14, 2020)

Title	Nationality or Registration	Name	Gender	Date of Accession	Shares Held Directly		Shares Held by Spouse & Minors		Shares Held by the Other's		Education	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Position as President or Vice President		
					Number	Percentage	Number	Percentage	Number	Percentage			Title	Name	Relationship
Chairman & CEO (Note 1)	R.O.C	Jason Chen	Male	01/01/2014	2,633,480	0.09	0	0	2,264,056	0.07	Senior Vice President of Worldwide Sales and Marketing, TSMC MS in Business Administration, Missouri Columbia University	1. Chairman, Mu-Jin Investment Co., Ltd. 2. Chairman, Mu-Shi Investment Co.,Ltd. 3. Other (Note 4)	-	-	-
Co-COO	R.O.C	Tiffany Huang	Female	01/01/2013	500,817	0.02	90	0	0	0	AVP of Acer PCGO Supply Chain Operations; acting Operation Analysis Officer of Corp. President Office Bachelor, Department of law of National Chung Hsing University	(Note 4)	-	-	-
Co-COO	R.O.C	Jerry Kao	Male	12/01/2014	489,375	0.02	0	0	0	0	AVP of Acer Note Book Business Group MBA, National Chung Hsing University	(Note 4)	-	-	-
Corp.VP & President	France	Emmanuel Fromont	Male	01/01/2011	470,000	0.02	0	0	0	0	VP, Acer EMEA, Packard Bell Division MBA, University of Southern California (USC)	(Note 4)	-	-	-
President	R.O.C	Ben Wan	Male	05/16/2002	247,388	0.01	0	0	0	0	Chairman & CEO of ARC Consulting Company MBA, University of Southern California	(Note 4)	-	-	-
President	USA	Gregg Prendergast	Male	09/01/2015	383,000	0.01	0	0	0	0	American East Director, Texas Instruments Business Bachelor, Temple University	(Note 4)	-	-	-
President	R.O.C	Andrew Hou	Male	03/25/2016	255,500	0.01	19	0	0	0	Vice General Manager, Lite-On Technology Corporation Computer Science Master, Syracuse University	(Note 4)	-	-	-
President	R.O.C	Victor Chien	Male	03/25/2016	212,506	0.01	11	0	0	0	Associate General Manager, Zenitron Corporation Control Engineering and Management Science Bachelor, National Chiao Tung University	(Note 4)	-	-	-
CTO	R.O.C	RC Chang	Male	09/01/2015	273,135	0.01	0	0	0	0	Department of Computer Science Professor, National Chiao Tung University PhD, Computer engineering National Chiao Tung University	(Note 4)	-	-	-
Corp. Governance Officer (Note 2)	R.O.C	Lydia Wu	Female	05/08/2019	190,903	0.01	0	0	0	0	General Counsel of Acer Global Legal Bachelor, Department of law of National Chung Hsing University	(Note 4)	-	-	-
Corp. CFO	R.O.C	Meggy Chen	Female	07/01/2017	317,265	0.01	0	0	0	0	AVP of Acer Global Treasury MBA, UCLA Anderson School of Management	(Note 4)	-	-	-
Accounting Officer	R.O.C	Sophia Chen	Female	07/01/2017	12,680	0	0	0	0	0	CFO of Acer Pan Asia Pacific Region MBA, University of Pittsburgh	(Note 4)	-	-	-
President (Note 3)	R.O.C	Maverick Shih	Male	01/24/2014	0 (Note 3)	0	0	0	0	0	President, Acer Cloud Technology Business Ph.D. in Electrical Engineering, University of Southern California	(Note 3)	-	-	-

Note 1: The Company continuously focus on Dual Transformation, which means Acer not only discovers a Niche Market to its core business, but also develops multiple growth engines; to efficiently exercise the limited resource of Acer group, and achieve this challenging and complicated strategy of Dual Transformation, it is periodically necessary for one person to hold a concurrent post of Chairman and CEO. Moreover, to enhance the supervising function to Board, the Company increases the number of Independent Directors to 4 seats, in addition there is no more than half directors hold a concurrent post of employees and executors of the Company; besides, it is estimated that the majority of the Board members are independent directors after the 2020 Board re-election.

Note 2: Lydia Wu assumed position on 2019.05.08.

Note 3: Maverick Shih released on 2019.08.01.

Note 4: Appointed by Company to be Director and/or President of Acer subsidiaries: please refer to pages 144 to 153.

3.2.3 Remuneration of Directors, President, and Vice Presidents

3.2.3.1 Remuneration of Directors

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title (Note 1)</th><th rowspan="3">Name</th><th colspan="8">Remuneration</th><th rowspan="3"></th><th colspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%)</th><th colspan="8">Relevant Remuneration Received by Directors Who are Also Employees</th><th colspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Reward of Directors (C)</th><th colspan="2">Business execution expenses (D)</th><th rowspan="3">The company</th><th rowspan="3">Companies in the consolidated financial statements</th><th colspan="2">Salary, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay (F)</th><th colspan="4">Employee Compensation (G)</th><th rowspan="3">The company</th><th rowspan="3">Companies in the consolidated financial statements</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th></th><th></th><th></th><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Chairman</td><td>Jason Chen</td><td rowspan="5">3,000</td><td rowspan="5">3,000</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">5,697</td><td rowspan="5">5,697</td><td rowspan="5">600</td><td rowspan="5">600</td><td rowspan="5"></td><td rowspan="5">0.35%</td><td rowspan="5">0.35%</td><td rowspan="5">20,935</td><td rowspan="5">103,097</td><td rowspan="5">319</td><td rowspan="5">319</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">0</td><td rowspan="5">1.16%</td><td rowspan="5">4.28%</td><td rowspan="5">None</td></tr>
<tr><td>Director</td><td>Stan Shih</td></tr>
<tr><td>Director</td><td>George Huang</td></tr>
<tr><td>Director</td><td>Hung Rouan Investment Corp.(Representative: Maverick Shih , Carolyn Yeh, (Note 2)</td></tr>
<tr><td>Director</td><td>Smart Capital Corp. (Representative: Philip Peng)</td></tr>
<tr><td>Independent Director</td><td>F.C. Tseng</td><td rowspan="4">12,000</td><td rowspan="4">12,000</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">780</td><td rowspan="4">780</td><td rowspan="4"></td><td rowspan="4">0.49%</td><td rowspan="4">0.49%</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0.49%</td><td rowspan="4">0.49%</td><td rowspan="4">None</td></tr>
<tr><td>Independent Director</td><td>Ji-Ren Lee</td></tr>
<tr><td>Independent Director</td><td>San-Cheng Chang (Note 3)</td></tr>
<tr><td>Independent Director</td><td>Ching-Hsiang Hsu</td></tr>
</table>

Note 1: In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultant.

Note 2: The representative of Hung Rouan Investment was changed from Carolyn Yeh to Maverick Shih on July 26, 2019.

Note 3: San-Cheng Chang was resigned on November 15, 2019.

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		The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Stan Shih, Jason Chen	Stan Shih, Jason Chen			
NT$1,000,000 ~ Under NT$2,000,000					
NT$2,000,000 ~ Under NT$3,500,000	Hung Rouan Investment Corp., Smart Capital Corp., George Huang, F.C. Tseng, Ji-Ren Lee, San-Cheng Chang, Ching-Hsiang Hsu	Hung Rouan Investment Corp., Smart Capital Corp., George Huang, F.C. Tseng, Ji-Ren Lee, San-Cheng Chang, Ching-Hsiang Hsu		Hung Rouan Investment Corp., Smart Capital Corp., George Huang, F.C. Tseng, Ji-Ren Lee, San-Cheng Chang, Ching-Hsiang Hsu	Hung Rouan Investment Corp., Smart Capital Corp., George Huang, F.C. Tseng, Ji-Ren Lee, San-Cheng Chang, Ching-Hsiang Hsu
NT$3,500,000 ~ Under NT$5,000,000				Jason Chen	
NT$5,000,000 ~ Under NT$10,000,000				Hung Rouan Investment Corp. Representative Maverick Shih	Hung Rouan Investment Corp. Representative Maverick Shih
NT$10,000,000 ~ Under NT$15,000,000					
NT$15,000,000 ~ Under NT$30,000,000				Stan Shih	Stan Shih
NT$30,000,000 ~ Under NT$50,000,000					
NT$50,000,000 ~ Under NT$100,000,000					Jason Chen
NT$100,000,000 & above					
Total	9	9		9	9

3.2.3.2 Remuneration of Supervisors

Not Applicable

3.2.3.3 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)			Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the con solidated financial statements	The company	Companies in the con solidated financial statements	The company	Companies in the con solidated financial statements		The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
									Cash	Stock	Cash	Stock			
Chairman & CEO	Jason Chen	58,755	120,910	3,764	8,382	83,698	211,949		0	0	0	0	5.55%	12.96%	None
Co-COO	Tiffany Huang														
Co-COO	Jerry Kao														
Corp. VP & President	Emmanuel Fromont														
President	Ben Wan														
President	Gregg Prendergast														
President	Andrew Hou														
President	Victor Chien														
CTO	RC Chang														
Corporate Governance Office	Lydia Wu (Note 1)														
Corp. CFO	Meggy Chen														
Accounting Officer	Sophia YL Chen														
President	Maverick Shih (Note 2)														

Note 1: Lydia Wu was appointed on May 8th, 2019.

Note 2: Maverick Shih resigned on August 1st, 2019.

Note 3: The above salary includes the estimated amount of the unpaid leave, bonus, special fee and the salary part which is recognized by the "share-based payment"

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated
Under NT$ 1,000,000	Emmanuel Fromont, Gregg Prendergast	
NT$1,000,000 ~ Under NT$2,000,000		
NT$2,000,000 ~ Under NT$3,500,000		
NT$3,500,000 ~ Under NT$5,000,000	Jason Chen, Maverick Shih	Maverick Shih
NT$5,000,000 ~ Under NT$10,000,000	Lydia Wu, Sophia YL Chen	Lydia Wu, Sophia YL Chen
NT$10,000,000 ~ Under NT$15,000,000	Ben Wan, RC Chang, Meggy Chen	Ben Wan, RC Chang, Meggy Chen
NT$15,000,000 ~ Under NT$30,000,000	Tiffany Huang, Jerry Kao, Andrew Hou, Victor Chien	Tiffany Huang, Jerry Kao, Andrew Hou, Victor Chien
NT$30,000,000 ~ Under NT$50,000,000		Gregg Prendergast
NT$50,000,000 ~ Under NT$100,000,000		Jason Chen, Emmanuel Fromont
NT$100,000,000 & above		
Total	13	13

The distribution of Profit Sharing as employee's compensation to President and Vice Presidents: None

3.2.3.4 Compare and explain the company'sand all companies in the consolidated statement in the past two years of the total amount of remuneration of the company'sdirectors, supervisors, general managers and deputy general managers as the percentage of the net profit after tax and after having explained the policies, standards, combination of remuneration; setting remuneration procedures; and the relevance of the business performance and the future risks.

(1) The remuneration of the company's director as the percentage of the net profit after tax in the last two years:

Title	2018 (Company)	2018 (All companies in the consolidated statement)	2019 (Company)	2019 (All companies in the consolidated statement)
Director	0.76%	0.76%	0.84%	0.84%

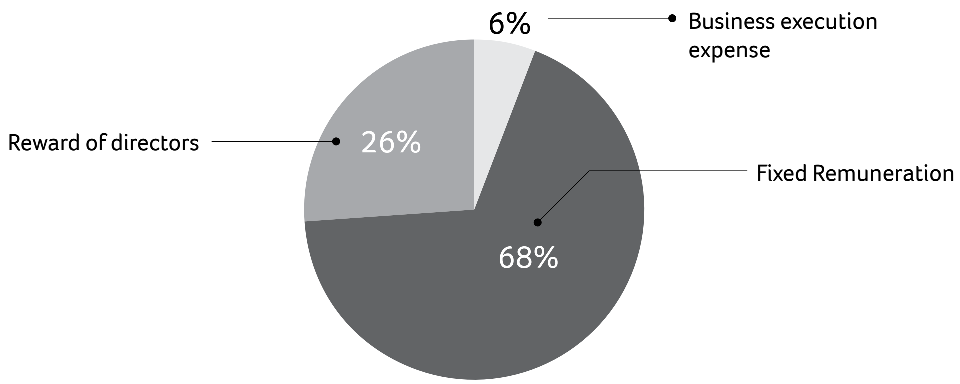
Note: It does not include relevant remuneration to the director who holds a concurrent position as an employee.

1. Policy, Standard and Combination of the Remuneration

The directors' remuneration of the Company is based on the provisions of the Company's Articles of Incorporation; in accordance with the directors' participation in the company's operations and the value of their contributions. The Remuneration Committee refers to the standard of peers in the same industry and submits to the Board of Directors for resolution and issue payment after passing the resolution, and reports to the shareholders during the annual meeting in accordance with the law. The remuneration of the directors includes fixed remuneration, reward of directors, and business execution expenses (travel expenses included). When the company makes profit that year, the profit less an amount reserved to make up for the accumulative losses and no more than 0.8% of that balance is allocated to the directors as the reward. Regardless of fixed remuneration, business execution expenses and reward of directors, they are subject to the standards of the high-tech industry and are submitted by the Remuneration Committee to the Board of Directors for resolution and issue payment after passing the resolution.

In addition, according to the principle of remuneration paid by the company's remuneration committee and the board of directors, the director concurrently served as an employee would not be awarded with other director'sremuneration (i.e. fixed remuneration and reward of directors) except for the business execution expenses.

The combination of Director'sremuneration is as follows:



2. Remuneration setting procedures

According to the first paragraph of Article 16-1 of the Company'sArticles of Incorporation, , when the company makes any profit that year, the profit less an amount reserved to make up for the accumulative losses and no more than 0.8% of that balance is allocated to the directors as the reward. The method of allocation is submitted by the Remuneration Committee to the board of directors to decide.

3. The relevance of the business performance and the future risks

The directors' remuneration is stipulated in the company's Articles of Incorporation, and the non-fixed remnumeration part is based on the company's annual profitability and is directly related to the company's operating performance. In addition, considering the directors' responsibilities, the company's operating performance and the standard of the peers in the same industry, fixed remuneration is set to avoid the negligence in assessing the future risks resulting from pursuing short-term operation profits. The Remuneration Committee also regularly evaluates and reviews the remuneration of the Board of Directors and reports the results to the Board for discussion to ensure it is balanced with the company's sustainable business operation.

(2) The remuneration of the company's general manager and deputy general manager as the percentage of the net profit after tax in the last two years:

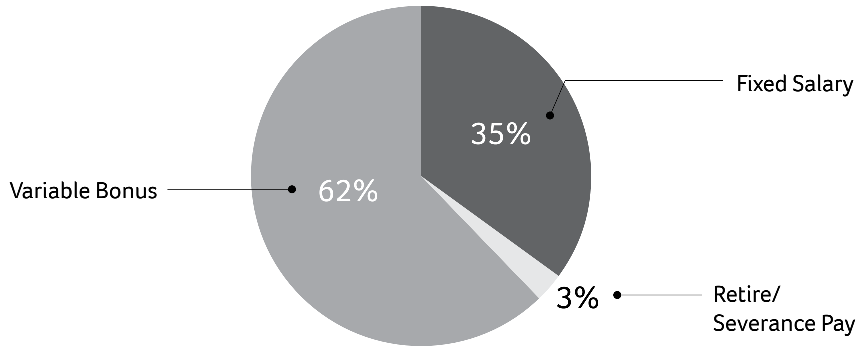
Title	2018 (Company)	2018 (All companies in the consolidated statement)	2019 (Company)	2019 (All companies in the consolidated statement)
General Manager and Deputy General Manager	4.83%	11.38%	5.55%	12.96%

1. Policy, Standard and Combination of the Remuneration

The remuneration of the company to the manager is mainly divided into fixed salary, variable bonus and retire/severance pay; fixed salary is the monthly salary agreed with the employee, and the variable bonus is further divided into short-term bonus and long-term bonus.

Short-term bonuses are awarded when the annual performance has reached the target and in accordance with the Article 20 of the Company'sArticles of Incorporation. The short-term bonus considers the performance and contribution in the current year. The remuneration committee will consider the factors such as the responsibilities of the job, the overall market of the industry and the market standard, report to the board of directors for approval. Upon approval, the annual bonus of the company will be released according to the times and date announced.

The long-term bonus is for the period of three years or more, and the profit of the shareholders' investment in the company's stock is used as the standard for issuing the bonus which connects with the interests of the shareholders.



2. **Remuneration setting procedures**

The manager's remuneration is dealt in accordance with the company's Articles of Incorporation and the relevant provisions of the company. The human resources unit submits the manager's remuneration to the remuneration committee. After reviewing and approving by the remuneration committee, it is submitted to the board of directors for verification.

3. **The relevance of the business performance and the future risks**

Employees' remuneration is dealt in accordance with the regulations and the results of the year's business operations. The standards, structure and system of, will be reviewed and adjusted at any time depending on the actual operating conditions and the changes in relevant regulations. The remuneration committee of the Company also regularly assesses the current status of the remuneration of the Manager and provides recommendations to the Board of directors for referencing and discussion to ensure the consideration of the overall remuneration.

3.3 Corporate Governance Status

3.3.1 Meetings Held by the Board of Directors

The Board of Directors held four meetings from Jan. 1, 2019 to Dec. 31, 2019. The record of the Directors' attendances is shown below:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Chairman	Jason Chen	4	0	100%	
Director	Stan Shih	4	0	100%	
Director	George Huang	4	0	100%	
Director	Maverick Shih (Representative of Hung Rouan Investment Corp.)	2	0	100%	Take office on 2019.07.26
Director	Carolyn Yeh (Representative of Hung Rouan Investment Corp.)	2	0	100%	Dismissed on 2019.07.26
Director	Philip Peng (Representative of Smart Capital Corp.)	4	0	100%	
Independent Director	F.C. Tseng	4	0	100%	
Independent Director	Ji-Ren Lee	4	0	100%	
Independent Director	San-Cheng Chang	4	0	100%	Resigned on 2019.11.15
Independent Director	Ching-Hsiang Hsu	4	0	100%	

Other matters that are required to be disclosed:

1. If any of below listed-circumstances of operation of Board Meeting occurs, it'snecessary to be disclosure, including dates of board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company'sresponse to such Independent Directors' opinions:

   (1) The matters shall be submitted to the board of directors for approval by resolution in accordance with Article 14-3 of the Securities and Exchange Act.

   (2) In addition to the above (1) mentioned matters, the matters that any independent director objected or expressed reservations which have been recorded or stated in a written statement.

BOD Meeting Date and Session	Content of Motions and Follow-up (if any)	Matters under Article 14-3 of the Taiwan SEA	Objection or Reservation by any Independent Director
2019.03.20 First 2019 BOD Meeting	To Approve the 2018 Financial Statements and Business Report	V	None
	To approve the Acer'sStatement of Internal Control System for 2018	V	None
	To Approve the Proposal for Profit & Loss Appropriation of 2018	V	None
	To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated	V	None
	To Approve the Amendments to Acer's "Articles of Incorporation"	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Convene the 2019 General Shareholders' Meeting	V	None
	To Approve the Company'sCorporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Approve the Company and Worldwide Subsidiaries' Loaning Funds to Others	V	None
	The Company'sresponse to Independent Director's Objection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		
2019.05.08 Second 2019 BOD Meeting	To Approve the First Quarter of FY2019 Consolidated Financial Statements	V	None
	To Approve the establishment and amendments of the Internal Rules	V	None
	To Propose the plan of shareholding diversification of subsidiaries	V	None
	To Adjust and Simplify the Investment Framework of Subsidiaries	V	None
	To Approve the Company'sCorporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	To Propose the Senior executive Appointment	V	None
	The Company'sresponse to Independent Director'sObjection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		

BOD Meeting Date and Session	Content of Motions and Follow-up (if any)	Matters under Article 14-3 of the Taiwan SEA	Objection or Reservation by any Independent Director
2019.08.07 Third 2019 BOD Meeting	To Approve the Second Quarter of FY2019 Consolidated Financial Statements	V	None
	To Propose the plan of shareholding diversification of subsidiaries	V	None
	To Amend The "Internal Control Procedure of Stock Affairs Unit"	V	None
	To Approve the Amendments of the Internal Rules	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	The Company's response to Independent Director'sObjection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		
2019.11.06 Fourth 2019 BOD Meeting	To Approve the Third Quarter of FY2019 Consolidated Financial Statements	V	None
	To Approve the 2020 Business Plan	V	None
	To Approve the Acer's Annual Audit Plan for 2020	V	None
	To Propose the plan of shareholding diversification of Subsidiaries	V	None
	To Propose the capital injection to the subsidiaries	V	None
	To Approve the Company's Corporate Guarantees	V	None
	To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others	V	None
	The Company's response to Independent Director's Objection or Reservation: N/A		
	Resolution: Members of the Board Present Unanimously Approved Above Proposed Items.		

2. The Execution Situation of Board Members Abstaining From Discussing and Voting on any Matters Where There is a Conflict of Interest

BOD Meeting Date and Session	Content of Motions	Execution Situation
2019.03.20 First 2019 BOD Meeting	To report 2018 employees' profit sharing bonus and directors'compensation	1. The independent directors' compensation: To avoid interest conflicts, all independent directors recused themselves from this item in accordance with Article 206 of Company Act, and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal. 2. The executive directors' compensation: To avoid interest conflicts, Director George Huang, Philip Peng, Carolyn Yeh and Stan Shih recused themselves from this item in accordance with Article 206 of Company Act and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.
	Proposal of target bonus for the executives of the Year 2018 and Acer Group Global Salary Increase Proposal of the Year of 2019	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih and Director Carolyn Yeh recused themselves from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.
2019.05.08 Second 2019 BOD Meeting	To Adjust the Framework of IoB Fund	To avoid interest conflicts, Director Stan Shih, Director Carolyn Yeh, Director Philip Peng and other attendants recused themselves from this item in accordance with Article 206 of Company Act and the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.
	Proposal of profit sharing guideline, executives allocation and Long-Term investment of 2018	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih, Director Carolyn Yeh, and other attendants recused themselves from this item in accordance with Article 206 of Company Act, and Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.
2019.08.07 Third 2019 BOD Meeting	Proposal of injection and structural adjustment of the subsidiaries	Due to Chairman Jason Chen holding an investment company which has 4.83% common shares of HSNC on the cash increase round, to avoid interest conflicts, he recused himself from this item in accordance with Article 206 of Company Act; therefore, Director Ji-Ren Lee consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.
	To Approve the Strategic Investments	Due to a second degree relative of Director Ching-Hsiang Hsu employed by the company proposed to be invested, to avoid interest conflicts, he recused himself from this item in accordance with Article 206 of Company Act; therefore, the chairman consulted other present and non-conflict directors and obtained unanimously approved to this proposal.
2019.11.06 Fourth 2019 BOD Meeting	Donation of Acer Foundation	To avoid interest conflicts, Chairman Jason Chen, Director Stan Shih, Director George Huang, and Director Maverick Shih recused themselves from this item in accordance with Article 206 of Company Act, and Director Ching-Hsiang Hsu consulted other present and non-conflict directors and obtained unanimously approved to this proposal on behalf of the Chairman.

3. The list company shall disclose the information to the Board'sself-evaluation(or peer-evaluation), and the information includes evaluation frequency, period, scope, measures, items etc.:

The Implement of the Evaluation by the Company's Board

Frequency	Period	Scope	Measures	Items
Annual	2019.01.01-2019.12.31	Board Performance Evaluation The Performance Evaluation of the Board of Directors Functional Committee Performance Evaluation	Board's self-evaluation Directors' self-evaluation Peer-Evaluation	Board's self-evaluation 1. Degree of participation in the operation of the Company 2. Enhancing the quality of decision making of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuing education of directors 5. Internal Control Directors' self-evaluation 1. Controlling the target and mission of the Company 2. Acknowledgement of the duties and responsibilities of the directors 3. Degree of participation in the operation of the Company 4. Election and continuing education of directors 5. Election and continuing education of directors 6. Internal Control Functional Committees' self-evaluation 1. Degree of participation in the operation of the Company 2. Acknowledgement of the duties and responsibilities of the functional committee 3. Enhancing the quality of decision making of the functional committee 4. Composition and structure of the functional committee 5. Internal Control

4. The Target and Situation Assessment of Strengthening Board of Directors' Functions in current and most recent year:

The Company has established following functional committees to actively strengthen board of director functions and implement good corporate governance through every functional committees' teamwork.

(1) For the purpose of building sound remuneration system of board of director and officer, the Remuneration Committee was established in August 2011 based on Board resolution in accordance with Taiwan Securities and Exchange Act and relevant Authority' ruling, it consists by three independent directors.

(2) For the purpose of good corporate governance, the Audit Committee was established in June 2014 after board of director re-election by the shareholders meeting; it consists of all independent directors in accordance with Taiwan Securities and Exchange Act and Company Act.

(3) For the purpose of previewing the investment, joint venture, M&A regarding new business and other strategic investment, the Investment Committee was established in June 2017 by board resolution in accordance with the Company'sArticles of Incorporation; it consists of 5 board of directors, and at least 2 of 5 members shall be independent directors.

"Acer's Corporate Governance Best-Practice Principles" have been amended in 2017 and 2019 to strengthen board of directors' function and duties, and we set up a series of targets to enhance board functions, such as the attendance rate of board meeting, an appropriate policy on diversity of board members, and board of directors' performance evaluation, etc.

The performance assessment result of the Board has been publicly disclosed on Acer Group website in accordance with Acer's"Measures for Performance Evaluation of the Board of Directors" from 2017. For details, please visit: https://www.acer-group.com.

3.3.2 Operational Situation of the Audit Committee

The Audit Committee is responsible to supervise the Board implementation, enhance management mechanism of Board, and assist to advance Corporate Governance. The material duties includes assistance to execute the flows of accounting, audit, financial report, and advance the quality and integrity of financial control.

The main point to audit in this year as follows:

- Reviewing Financial statements
- Enacting or amending the internal control systems in accordance with Article 14-5 of the Securities and Exchange Act.
- Checking the efficiency of internal control systems
- Engaging qualified CPA
- Reviewing yearly Business Report, budget and auditing plan
- Reviewing material items of acquiring or disposing of assets, endorsement and guarantee, and lending of capital to others

The Audit Committee held four meetings from Jan. 1, 2019 to Dec. 31, 2019. The record of the Members' attendances is shown below:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Note
Independent Director	Ching-Hsiang Hsu	4	0	100%	
Independent Director	F.C. Tseng	4	0	100%	
Independent Director	Ji-Ren Lee	4	0	100%	
Independent Director	San-Cheng Chang	3	1	75%	Resigned on 2019.11.15

Other matters that are required to be disclosed:

1. If any of below listed-circumstances of operation of Audit Committee occurs, it'snecessary to be disclosure, including dates of board meetings, sessions, the contents of motions, Audit Committee'sresolution and the Company'sresponse to such Audit Committee'sopinions:

(1) The matters shall be submitted to Audit Committee for approval and then submitted to the Board for approval by resolution in accordance with Article 14-5 of the Securities and Exchange Act.

(2)In addition to above (1) mentioned matters, any resolution made by over two-third of the board of directors but not approved by Audit Committee.

Audit Committee Meeting Date and Session	Content of Motions	Matters under Article 14-5 of the Taiwan SEA	Resolution made by over two-third of the board of directors but not approved by Audit Committee
2019.03.20 First 2019 Audit committee	To Approve the 2018 Financial Statements and Business Report	V	None
	To approve the Acer'sStatement of Internal Control System for 2018	V	None
	To Approve the Proposal for Profit & Loss Appropriation of 2018	V	None
	To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated	V	None
	To Approve the Amendments of the Internal Rules	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
	Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.		
2019.05.08 Second 2019 Audit committee	To Approve the First Quarter of FY2019 Consolidated Financial Statements	V	None
	To Approve the establishment and amendments of the Internal Rules	V	None
	To Adjust and Simplify the Investment Framework of Subsidiaries	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
	Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.		
2019.08.07 Third 2019 Audit committee	To Approve the Second Quarter of FY2019 Consolidated Financial Statements	V	None
	To Propose the plan of shareholding diversification of subsidiaries	V	None
	To Amend The "Internal Control Procedure of Stock Affairs Unit"	V	None
	To Approve the Amendments of the Internal Rules	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
	Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.		

Audit Committee Meeting Date and Session	Content of Motions	Matters under Article 14-5 of the Taiwan SEA	Resolution made by over two-third of the board of directors but not approved by Audit Committee
2019.11.06 Fourth 2019 Audit committee	To Approve the Third Quarter of FY2019 Consolidated Financial Statements	V	None
	To Approve the Acer'sAnnual Audit Plan for 2020	V	None
	To Propose the capital injection to the subsidiaries	V	None
	To Approve FY2020 Meeting Agenda of Audit Committee	V	None
	Resolution made by Audit Committee: above mentioned items have been approved unanimously by all Audit Committee members who present at the meeting.		
	Response to the Audit Committee opinions: The board of directors supported and approved all the items proposed by Audit Committee.		

2. The Execution Situation of Audit Committee Members Abstaining From Discussing and Voting on any Matters Where There is a Conflict of Interest: None

3. Communication Among Independent Directors and the Company'sChief Internal Auditor and CPAs:

(1) The Company Chief Internal Auditor monthly reports internal audit execution situation to independent directors; and in addition, the Chief Internal Auditor regularly process internal audit report in the quarterly held Audit Committee meeting. She communicates with Audit Committee members about the internal audit results and the improvement; and immediate report will be made to Audit Committee members for special case and circumstances if any.

(2) Audit Committee members and Chief Internal Auditor have good communication, the communication are summarized as below:

Date	Keys of Communication	Communitive Results
2019.03.20	1. Fy2018 Internal Audit and Fraud Investigation Report 2. FY2018 Statement of Internal Control System	The Independent Directors had no rejection and expressed reservation after consulting with the chief internal auditor for the related contents and details to the item(s).
2019.05.08	2019 Q1 Internal Audit and Fraud Investigation Report	The Independent Directors had no rejection and expressed reservation after consulting with the chief internal auditor for the related contents and details to the item(s).
2019.08.07	1. 2019 Q2 Internal Audit and Fraud Investigation Report 2. The "Internal Control Systems of Shareholder Services Unit" which is one of the Company'sInternal Control Systems	The Independent Directors had no rejection and expressed reservation after consulting with the chief internal auditor for the related contents and details to the item(s).
2019.11.06	1. 2019 Q3 Internal Audit and Fraud Investigation Report 2. 2020 Annual Audit Plan	The Independent Directors had no rejection and expressed reservation after consulting with the chief internal auditor for the related contents and details to the item(s).

(3) The CPAs the Company appointed regularly process audit or reviewing result report in the quarterly held Audit Committee meeting, and the matters to be communicated with independent directors required by laws and regulations. CPAs will immediate report to Audit Committee members for special case and circumstances if any.

(4) Audit Committee members and CPAs have good communication, the communication are summarized as below:

Date	Keys of Communication	Communitive Results
2019.03.20	1. Results of Auditing FY2018 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2019.05.08	1. Results of Reviewing 2019 Q1 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2019.08.07	1. Results of Reviewing 2019 Q2 Financial Statement 2. Update of the laws and regulations with respect to corporate governance.	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).
2019.11.06	1. Results of Reviewing 2019 Q3 Financial Statement 2. Update of Relevant laws and regulations	The Independent Directors had no rejection and expressed reservation after consulting with the CPAs for the related contents and details to the item(s).

3.3.3 Situation of Supervisor's participation in Board Operation

Not Applicable

3.3.4 Enforcement of Corporate Governance Implemented by the Company and Reasons for Discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
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"?	✔		The Company has enacted Acer's "Corporate Governance Best-Practice Principles" to establish sound corporate governance systems.	No discrepancy
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?	✔		The Company has enacted related procedures to handle the shareholders' proposals, disputes and litigations, and designated the Office of Shareholders' Affairs, Investment Relations Unit, and Legal Unit to take care to these issues in accordance with these procedures.	No discrepancy
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✔		The Company holds information on the identities of major shareholders and its ultimately controlling persons.	No discrepancy
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✔		The Company has established the appropriate risk control mechanism and firewalls according to Internal Controlling Systems and related procedures such as rules of supervision over subsidiaries, rules governing endorsement and guarantee, and the rules governing acquisitions and dispositions of assets, etc.	No discrepancy
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✔		The Company enacted Regulations on Insider Trading to prevent any illegal activities in terms of insider trading.	No discrepancy
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✔		The Company has set the diversity policy of the board of directors by of issued and valid Acer's Corporate Governance Best Practice Principles. Moreover, the Company endeavors to execute the diversity policy and will increase the number of female or different-nationality candidates on the shareholders meetings, re-electing all directors, in 2019.	No discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✔		The Company has set up Audit Committee, Remuneration Committee, and Investment Committee. Acer is willing to set up other functional committees depends on practical needs.	No discrepancy
(3) Does the company establish a standard to measure the performance of the Board, implement it annually, recommend its result to Board of Directors, and make the result as reference of individual directors' remuneration and his renomination?	✔		The Company has formulated rules and procedures for board of directors' performance assessments, and that each year we conduct regularly scheduled performance assessments of the board of directors, and the result of assessments will be offered to Board of Directors, and the result of assessments will be considered for compensation and renomination of each directors.	No discrepancy
(4) Does the company regularly evaluate the independence of CPAs?	✔		1. The annual evaluation by the CPA is one of the main duties of the Audit Committee, and being passed by the Board of Directors meeting. 2. The Board of Directors and Audit Committee comprehensively evaluates the independence of CPA based on CPA's Statement of Independence and items stated in relevant regulations. The important evaluation items are summarized as following: (1) Whether the management of the Company will respect objective and challenging audit procedures. (2) Whether CPA's non-audit service may affect the independence of CPA's auditing. (3) Whether CPA firm enacts independence rules and request the itself, staffs and any other person to keep independence in accordance with the Norm of Professional Ethics for CPA, and prohibit insider trading, misusing internal information or any behavior which the security or capital market may be misleading. (4) Whether the CPA mandatory rotation is applied and implemented to the lead auditor and review auditor in accordance with competent regulations.	No discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
4. Does a TWSE/TPEx listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, assisting board of directors and supervisors in in compliance with laws and regulations, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	✔		On May 8th, 2109, Board of Directors has resolved that Acer General Counsel acting as Corporate Governance Officer and "Procedures to Standard Operating Procedures for the Handling of Requests made by Directors", which appoints The Secretary of Board of Directors as the agenda working group of Board of Directors and functional committees, and Corporate Governance Officer leads the Company's Global Finance, Legal, Office of Shareholders' Affairs, HR, Corporate Venture and relevant departments to comprise a specific Corporate Governance Team to handle related matters as following summary: 1. Developing and designing a competent system to improve transparency, compliance and implementation of internal auditing. 2. Handling the affairs of Shareholder's meetings, including but not limited preparing and providing Shareholder's meeting notices, agendas and minutes within the prescribed period. 3. Sending the board of directors (including independent directors, Audit Committee and other functional committees) the notice, information and materials which will be discussed in the meeting at least 7 days in advance. 4. Providing and updating the status of applicable laws and regulations related to the Company's operation and business to assist the board of directors (including independent director) in compliance.	No discrepancy
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, including but not limited shareholders, employees, customers, and suppliers, as well as handle all the issues they care for in terms of corporate social responsibilities?	✔		The Company has established the appropriate communication channels with suppliers, buyers, banks, investors and other stakeholders, including a stakeholders section on our website. Also, the "Stakeholder Grievance Mechanism" has been disclosed on Acer Inc.'s official website(http://www.acer-group.com) and there is a public E-mail Box (Whistleblower.acer@acer.com) handled by a dedicated officer.	No discrepancy

Evaluation items	Enforcement Status: Yes	Enforcement Status: No	Enforcement Status: Summary	Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?		✔	The Company's Office of Shareholders' Affairs will take charge in, with the standard which is no less than the one of professional shareholder service agency, the affair of shareholder meeting specifically in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.	The Company's Office of Shareholders' Affairs will take charge in the affair of shareholder meeting specifically.
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✔		The Company has set up Acer Group website (https://www.acer-group.com/ag/en/TW/content/home) containing the information regarding its finance and operations. The Company also discloses the enforcement of corporate governance in the shareholders' meeting and other institutional investor meetings.	No discrepancy
(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 spokesman system, webcasting investor conferences)?	✔		The Company has one speaker, one acting speaker and a designated team to be responsible for gathering and disclosing relevant information.	No discrepancy
(3) Does the company announce and declare current annual financial report within 2 months after the close of each fiscal year, and early announce and declare the financial reports of First, Second, Third Quarter and the company's operations of each month within the lawful period?	✔		The Company has announced and declared the first, second and third quarter financial reports and the operation of each month in advance of the legal period. Although it is difficult for the Company to announce and report the annual financial report within two months after the end of the fiscal year, we still completed the announcement and declaration within the period specified in Article 36 of the Securities and Exchange Act.	Only slight gap of the period of announcement and declaration of the annual financial report, the others are all complied with "Corporate Governance Best-Practice Principles". More time is required, it is because that the Company has a large number of global subsidiaries, which are located in different countries, in which the accounting standards and systems are different; in addition, annual reports are not only prepared by these subsidiaries but also shall be reviewed and audited by CPAs.
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)?	✔		1. The relevant information has been disclosed on Acer Inc.'s official website (https://www.acer-roup.com/ag/en/TW/content/home) and the chapter of Corporate Social Responsibility in the annual reports 2. The Company has set up an exclusive web site for the new labor pension system containing information for employees regarding to the laws and regulations, and to offer assistance 3. In additional to the training courses required by authorities, the Company also held related training courses for members of the Board. 4. The Company has clearly set forth in the rules for the proceedings of Board meetings, that a director shall voluntarily abstain from voting on a proposal involved with his/her own interests. 5. It's stipulated in Acer's "Corporate Governance Best-Practice Principles" that in case the Chairman also acts as the President or the Chairman and President are spouses or relatives within one degree of consanguinity, it is advisable that the number of independent directors be increased accordingly, and there will be 4 independent directors of the Company on 2019. 6. Acer has purchased liability insurance for directors and officers. 7. The Company has actively participated in community or charitable activities, as the content in the chapter of Corporate Social Responsibility. 8. The company has set the targets and strategies of Green Mission measures such as reduction of Greenhouse Gas and Carbon Emissions, Energy and Water saving etc.	No discrepancy

Evaluation items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
9. Please indicate the improvement that has been done for the results of the corporate governance evaluation issued by the Center for Corporate Governance of TWSE in the most recent year and provide priority measures for those items that have not yet been improved. (1) The company has completed the priority measures for the item last year as following: a. Enhance the disclosure of the communication among interdependent directors, chief internal auditor and CPA on the Company's website. b. Amend the Company's Corporate Governance Best Practice Principals to improve the diversification policy of the board of directors. (2) The Board has appointed Corporate Governance Officer to be responsible for Corporate Governance on May 8th, 2019. (3) The Company makes the following as the priority measures this year: Disclosing the practice of Corporate Governance department in annual reports and our official website.				

3.3.5 The Establishment and Enforcement of Remuneration Committee

A. Remuneration Committee held four meetings from Jan. 1, 2019 to Dec. 31, 2019. The record of their attendance is shown below:

Title	Name	No. of Meetings Attended	No. of Meetings Attended by Proxy	Meeting Attendance Rate(%)	Remark
Independent Director	Ji-Ren Lee	4	0	100%	
Independent Director	F.C. Tseng	4	0	100%	
Independent Director	Ching-Hsiang Hsu	4	0	100%	

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified

Date	Meeting	Major Resolutions	Resolution made by over two-third of the board of directors but not approved by Remuneration Committee
2019.03.20	First 2019 BOD Meeting	To report 2018 employees' profit sharing bonus and directors	None
		Proposal of target bonus for the executives of the Year 2018 and Acer Group Global Salary Increase Proposal of the Year of 2019	None
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting.	
		Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.	
2019.05.08	Second 2019 BOD Meeting	Proposal of profit sharing guideline, executives allocation and Long-Term investment of 2018	None
		To Propose the Senior executive Appointment	None
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting.	
		Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.	
2019.11.06	Fourth 2019 BOD Meeting	Proposal of target bonus for the executives of the Year 2020	None
		Acer Group Global Salary Increase Proposal of the Year of 2020	None
		Proposal of long term incentive program for the executives of the Year 2020	None
		Resolution made by Remuneration Committee: above mentioned items have been approved unanimously by all Remuneration Committee members who present at the meeting.	
		Response to the Remuneration Committee opinions: The board of directors supported and approved all the items proposed by Remuneration Committee.	

B. Responsibilities of the Remuneration Committee

The Acer Inc. "Board of Directors Remuneration Guidelines" and "Executive Remuneration Guideline" are proposed by Remuneration Committee, effective upon the approval of Acer Inc. Board of Directors. The compensation of the Board of Directors is defined in "Acer's Articles of Incorporation". Where there are earnings at the end of the fiscal year after making up the losses of previous years. Then, if any balance left over, no more than 0.8% of profits shall be distributed as profit sharing for the Board of Directors according to Acer Inc. "Board of Directors Remuneration Guidelines". Employee Director are not entitled to receive Director profit-sharing.

The remuneration of Acer executive is governed under Acer Group "Executive remuneration guideline". The short-term incentive links to both individual and company overall team performance, while the long-term incentive links to long-term shareholders' value. The annual KPIs, which includes a portion of strategic KPIs assigned by the board whether financial or non-financial, ensures the executive team move on the same direction to reach the strategic goal of the company. Standards of Business Conduct (SBC) is reminded and confirmed by each executive on the compensation sign back letter each year.

C. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience: An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	Independence Criteria (Note): 1	2	3	4	5	6	7	8	9	10	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
Independent Director	Ji-Ren Lee	✔		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	4	
Independent Director	F.C. Tseng			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	0	
Independent Director	Ching-Hsiang Hsu			✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	1	

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, the officers set forth in paragraph 1 or any of the persons listed in the preceding two subparagraphs.

(5) Not/director, supervisor, or employee be as of a shareholder that directly holds 5% or more of the total number of issued shares of the Company, a top 5 shareholder, or the juristic person or the authorized representative of the juristic person who is the director, supervisor, or employee of the Company elected in accordance with Article 27 of Taiwan Company Act. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

(6) Not/director, supervisor, or employee of other company who controlling over the half of directors or 50% voting right of the Company. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

(7) Not a director (managing member), supervisor (observer), or employee of other company, together the person's spouse, be as of the chairman, general manager, or equivalent officer of the Company. (This item does not apply, however, in cases where the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

(8) Not a director (managing member), supervisor (observer), officer, or shareholder holding 5%t or more of the Company shares, of a specified company or institution that has a financial or business relationship with the Company. (This item does not apply, however, in cases where specified company or institution holds 20% or more of the total number of issued shares but not over 50%, in the same time, the person is an independent director of the Company, its parent company, subsidiaries, or the affiliates and subsidiaries owned/controlled by the same parent company, as appointed in accordance with Taiwan Securities and Exchange Act or with the laws of the country of the parent or subsidiary.)

(9) Not a professional individual, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides audit services, or the aggregated compensation exceeds NT$ 500,000 in the past 2-year for commercial, legal, financial, accounting services to the Company or to any of its affiliate, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to Taiwan Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not been a person of any conditions defined in Article 30 of the Company Law.

3.3.6 Code of Ethics and Business Conduct

As good corporate citizens Acer Group respect human rights, local communities and compliance with laws, environment, ethics, safety standards, regulations and social norms. Based on our core values of "Serve with honor and work with pride", we have formulated a Standards of Business Conduct (SBC) document to guide us on how we interact with each other, our customers, our business partners, our shareholders and the communities where the Acer Group does business. This is done every day in every decision and every action by each one of us. We continue to build on our reputation for trust, integrity and honesty, both internally and externally, by appreciating people, their diversities and cultures.

You are welcome to visit Acer Group website (http://www.acer-group.com) for the details of our "Standards of Business Conduct."

Items	Enforcement Status: Yes	No	Summary	Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Has the Company formulated a Board-approved policy related to code of ethics and business Conduct? Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the top management team demonstrated their commitments to implement the policies?	✔		(1) Integrity is the most important core value of Acer's culture. The Board of Directors and the management team are dedicated to enforcing the Company's guideline on corporate conduct and ethics. Apart from the "Standards of Business Conduct (SBC) ", Acer further formulated and promulgated a series policies related to business integrity, including "Anti-Bribery and Anti-Corruption Policy" approved by the Board on March 20, 2018, "Regulations on Insider Trading", "Export Compliance Policy", "Antitrust and Fair Competition Guidelines", "Group Personal Data Protection Management Policy" and so on.	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(2) Has the company established any evaluation system for analyzing its business activities periodically to avoid unethical conducts, and strengthen the preventive measures, when establishing appropriate preventive measures at least against the acts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other higher potential unethical conducts in the relevant policies?	✔		(2)As above-mentioned, Acer formulated and promulgated a series policies related to business integrity. Furthermore, Acer established the Risk Management Working Group in 2012, the membership of which spans the Legal, Finance, Human Resource, Supply Chain Management, Enterprise Communication, Marketing, QA & Services, IT, Environmental Safety and Health, Asset Management, all Product Business Groups, and the Corporate Sustainability Office. Every year, the working group holds regular meetings, inviting members of various working groups to engage in identifying, assessing, and discussing risks the Company may face in three aspects: economic, environmental, and social. The Risk Management Working Group uses risk mapping to assess potential threats to the Company's future operations based on the likelihood of various risks and the extent of the damage were they to occur, classifying the risks and ensuring proper prioritization of risk management strategies. At the same time, we use sensitivity analysis and stress testing to undertake further regularly quantitative analysis of relatively high risk business activities in the scope of Acer business, and aggregates the results of these analyses and tests, then drafting follow-up action plans. The assessed items, content and preventive measures have exceeded the relevant provisions of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"	No discrepancy
(3) Has the company established relevant policies for preventing any unethical conduct? Are the implementation of the relevant procedures, guidelines and training mechanism provided in the policies and review the abovementioned policies regularly?	✔		(3)As above-mentioned, Acer has formulated and promulgated a series policies related to business integrity. The plan to prevent unethical conducts, including normative measures and cycles under the internal control systems; also, there are relevant regulations for the disciplinary and appeal system for employee violations. Furthermore, we arrange new employee orientation and on-the-job training for our employees to prevent any unethical conduct. Most importantly, our Internal Audit Unit would conduct regular audits to raise overall awareness, detect potential misconduct and monitor the procedures compliance, then review the abovementioned policies regularly.	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
2. Corporate Conduct and Ethics Compliance Practice				
(1) Has the company conducted investigation regarding unethical records with whomever the Company doing business with, and included business conduct and ethics related clauses in the business contracts.	✔		(1) To avoid transactions with those with unethical records, all business activities in Acer will be conducted by the operation department to review and evaluation of current and potential business partners, and the Legal Unit will review the contracts. Acer will request its Business Partners to enter into a "VENDOR'S LETTER OF DECLARATION" or other documents related to compliance to ensure honesty and integrity in all dealings with or on behalf of Acer. Acer also remind or request appropriate business partners to comply affirm with their compliance with this policy by sending email every year.	No discrepancy
(2) Has the Company set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics, and the dedicated unit shall report to the board regularly (at least once every year)?	✔		(2)Acer Group has committed ourselves to meeting high standards of law and ethics compliance to carry out our business. The management is required to establish a paragon of placing a high value of corporate conduct and ethics. Under the supervision of the board of directors, HR, Legal, Internal Auditor and other cross-functional teams co-work to promote the Company's corporate conduct and ethics and urge all employees and stakeholders to act up to the corporate conduct and ethics. For the concrete implementation of the code of conduct and ethics, the pertinent compliance status, as an audit item of the annual audit plan, will be reported to Audit Committee and the Board of Directors meeting by Chief Internal Auditor. The core implementation is summarized as follows: 1. Reviewing contractual terms and conditions to avoid dealing with someone who has negative record regarding corporate conduct and ethics. 2. Promoting the Company's cooperative parties to sign Acer's integrity declaration and undertaking (or including similar terms and conditions in the contracts) 3. Disseminating Acer's corporate conduct and ethics relevant policies to every employee. 4. Requesting anyone who participates in important project to sign non-disclosure agreement and promise not to disclose the Company's trade secret or other significant information to third party. 5. Promoting other project with respect to the corporate conduct and ethics.	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(3) Has the Company established policies to prevent conflicts of interest and provided appropriate communication and complaint channels?	✔		(3) As above-mentioned, we have enacted "Acer Group Standards of Business Conduct", "Anti-Bribery and Anti-Corruption Policy", "Acer's Corporate Governance Best-Practice Principles" and "Regulations Governing Procedure for Board of Directors Meetings" to prevent the conflicts of interest and provide whistleblower mailbox on our website (http://www.acer-group.com/public/Investor_Relations/corporate.htm).	No discrepancy
(4) Has the Company established effective accounting and internal control systems for the implementation of policies? Besides, has the Company appointed internal auditor to draw up an audit plan based on the risk assessment for preventing from the unethical behaviors, or assigned CPA to audit?	✔		(4) All the implementation of our accounting system, internal control system, and anti-corruption and anti-bribery policies will be part of the risk assessment process. The Internal Audit Unit will perform such execution and compliance according to the annual audit plan, and further entrusting external CPA to carry out an audit.	No discrepancy
(5) Does the Company provide training regarding ethic compliance practice regularly?	✔		(5) Internally, "Standards of Business Conduct (SBC)" instructs all employees how to do their business practices. Every newly coming staff would be requested to attend internal SBC training, and Acer has regularly held online anti-corruption and anti-bribery courses arranged by HR unit for current staffs. Externally, we will emphasize the importance of the Policy and encourage compliance with the Policy to our business partners by every gathering or opportunity, such as the annual Acer supplier conference, agents and distributor conferences.	No discrepancy
3. Channels for reporting any ethical irregularities				
(1) Has the Company established policy and channels in terms of reporting ethical irregularities and designated competent personnel to handle such matters?	✔		(1) We have established specific channels in terms of reporting ethical irregularities in "Standards of Business Conduct (SBC) "and "Anti-bribery and anti-corruption policy". Acer has specific reporting systems both in its "Standards of Business Conduct (SBC)" and "Anti-corruption and Anti-bribery Policy". In addition, Acer provides a whistleblower mailbox (Whistleblower.acer@acer.com)on our website for people to report any threats of involvement of fraudulence, corruption, violation of Acer's Standards of Business Conduct, any illegal conducts or conducts violated corporate governance by Acer employee. The Internal Audit Unit, which functions directly under the board of directors, will handle the report exclusively.	No discrepancy

Items	Enforcement Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
(2) Has the Company established policy and security mechanisms regarding the procedures for responding to the reports of ethical irregularities, follow-up measures after the investigation is completed, and related confidentiality mechanisms?	✔		(2) Acer has further established the "Stakeholder Grievance Mechanism" which details the standard operating procedures and security mechanisms regarding responding to the reports of ethical irregularities, and announced it on acer group's website.	No discrepancy
(3) Has the Company established measures to protect the identity of the informer?	✔		(3) The "Stakeholder Grievance Mechanism" specified that we have to take measures to protect the identity of the informant.	No discrepancy
4. Information Disclosure Has the Company published information relating to the Company's corporate conduct and ethics on its website or Market Observation Post System?	✔		The Company has published information relating to the Company's corporate conduct and ethics on our website (www.acer-group.com) and Market Observation Post System, and disclosed the relevant promotion results in this annual report.	No discrepancy
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: No discrepancy				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., promote and demonstrate the company's commitment to ethical standard and provide training to its business partners; review the company's corporate conduct and ethics policy). For details on the implementation of Acer's Corporate Conduct and Ethics, please refer to "Acer's Corporate Governance Best-Practice Principles ".				

3.3.7 Disclosure to the Company's Corporate Governance Principles

The Company has enacted "Corporate Governance Best-Practice Principles" and related internal rules. You are welcome to visit Acer Group website (http://www.acer-group.com) and Mops (http://mops.twse.com.tw)

3.3.8 Statement of Personnel Having Licenses Associated with Financial Information Transparency from Competent Authorities

Name of Licenses	Numbers	
	Internal Auditor	Financial Officer
Certified Public Accountants (CPA)	0	3
US Certified Public Accountants (US CPA)	1	0
Certified Internal Auditor (CIA)	1	3
BS7799/ISO 27001 Lead Auditor	1	0

Board of Director Training Status

Training Time		Sponsoring Organization	Course	Training Hours	Training Participants (Board of Directors)
From	To				
2019.03.20	2019.03.20	Taiwan Corporate Governance Association	Corporate Governance and Compliance: Anti-Corruption and Economic Crimes	1.5	Jason Chen, Stan Shih, George Huang, Philip Peng, F.C. Tseng, Ji-Ren Lee, Ching-Hsiang Hsu, Maverick Shih,San-Cheng Chang
2019.05.08	2019.05.08	Taiwan Corporate Governance Association	Information Security Insurance and Corporate Governance	3	Jason Chen, Stan Shih, George Huang, Philip Peng, F.C. Tseng, Ji-Ren Lee, Ching-Hsiang Hsu, Maverick Shih,San-Cheng Chang
2019.08.07	2019.08.07	Taiwan Corporate Governance Association	The Updates to the regulations of Security and Tax	1.5	Jason Chen, Stan Shih, George Huang, Philip Peng, F.C. Tseng, Ji-Ren Lee, Ching-Hsiang Hsu, Maverick Shih,San-Cheng Chang
2019.11.06	2019.11.06	Taiwan Corporate Governance Association	Retrospect and Prospect of Real Estates for Business Use	1.5	Jason Chen, Stan Shih, George Huang, Philip Peng, F.C. Tseng, Ji-Ren Lee, Ching-Hsiang Hsu, Maverick Shih,San-Cheng Chang

The Implement and continuous education of Chief Corporate Governance Officer

The Implement to the Corporate Governance Matters of 2019:

1. Assisting the Independent Directors and directors to accomplish his/her responsibilities, providing the must materials and arrange the continuous education of directors:
   a. Providing directors the reversion to the laws and regulations of corporate governance matters;
   b. Handling and providing members of meetings the substantial meeting materials, adequate and timely information, and administrative assistances; and
   c. Arranging the independent directors to meet the CPA for figuring out the finance and business status of the Company; assisting directors (including independent directors) to communicate with internal chief audit officer for the matters of internal control.
2. Assisting the procedures and resolutions of the Board and Shareholder meetings with legal compliance:
   a. Reporting to the implement of the relevant corporate governance affairs to the Board, independent directors and members of Audit Committee;
   b. Ensuring all the procedures of shareholding and Board meetings in accordance with relevant laws and the guidance of corporate governance;
   c. Assisting and reminding the directors to comply with laws when executing business or reaching a resolutions of Board meetings; and
   d. Reviewing that the resolutions whether applying to the public announce requirements, ensuring the announcement is legally and accurate to protect the investors using these information to their transactions.
3. Responsible to issue the notice and provide necessary materials 7 days prior to the date of Board meeting, notifying the interest conflicts to the proposed items in advance, and producing the meeting minutes within 20 days after the Board meeting.
4. Urging to arrange and register the date of shareholder meetings in advance, producing the meeting notices, agenda, minutes, and registration to the reversion of the Company Article of Incorporation within statuary period.

The continuous education of Chief Corporate Governance Officer on 2019

Institute	Name of Courses	Date	Period	Total Time
Securities and Future Institute	Practice Seminar to Directors(including independence directors), Supervisors and Corporate Governance Office: Discussing Directors and Supervisors' Liabilities from the Cases of Securities Market Malpractices	2019.06.20	3 hours	9 hours
Taiwan Corporate Governance Association	The business influence and measures to the changing of current international tax laws	2019.11.12	3 hours	
Taiwan Corporate Governance Association	Practice to Digital Resilience: the adaptability of Directors, Supervisors and Executives	2019.12.20	3 hours	

3.3.9 Statement of Internal Control System

3.3.9.1 A Statement on Internal Control

Date: March 18, 2020

Based on the findings of a self-assessment, Acer Incorporated (hereinafter, the "Company") states the following with regard to its internal control system during year 2019:

5. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safe-guarding of assets), (2) reliability, timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations and bylaws.
6. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified.
7. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element further contains several items. Please refer to the Regulations for details.
8. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
9. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2019, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
10. This Statement will be an essential content of the Company's Annual Report for the year 2019 and Prospectus, and will be publicly disclosed. Any false-hood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
11. This Statement has been passed by the Board of Directors in their meeting held on March 18, 2020, with 0 of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Acer Incorporated

CEO

Chairman

3.3.9.2 Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report

None

3.3.10 For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements

None

3.3.11 Resolutions of the Board of Directors' Meeting and the General Shareholders' Meeting

Resolutions of the Board of Directors' Meeting

Date	Meeting	Major Resolutions
2019.03.20	First 2019 BOD Meeting	• To report 2018 employees' profit sharing bonus and directors' compensation • To Approve the 2018 Financial Statements and Business Report • To approve the Acer's Statement of Internal Control System for 2018 • To Approve the Proposal for Profit & Loss Appropriation of 2018 • To Approve the Appointment CPAs of KPMG as the Auditors of Acer Incorporated • To Approve the Amendments to Acer's "Articles of Incorporation" • To Approve the Amendments of the Internal Rules • To Convene the 2019 General Shareholders' Meeting • To Approve the Company's Corporate Guarantees • To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others • Proposal of target bonus for the executives of the Year 2018 and Acer Group Global Salary Increase Proposal of the Year of 2019

Date	Meeting	Major Resolutions
2019.05.08	Second 2019 BOD Meeting	• To Approve the First Quarter of FY2019 Consolidated Financial Statements • To Approve the establishment and amendments of the Internal Rules • To Propose the plan of shareholding diversification of subsidiaries • To Adjust and Simplify the Investment Framework of Subsidiaries • To Adjust the Framework of IoB Fund • To Approve the Company's Corporate Guarantees • To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others • Proposal of profit sharing guideline, executives allocation and Long-Term investment of 2018 • To Propose the Senior executive Appointment
2019.08.07	Third 2019 BOD Meeting	• To Approve the Second Quarter of FY2019 Consolidated Financial Statements • To Propose the plan of shareholding diversification of subsidiaries • To Amend The "Internal Control Procedure of Stock Affairs Unit" • Proposal of injection and structural adjustment of the subsidiaries • To Approve the Strategic Investments • To Approve the Amendments of the Internal Rules • To Approve the Company's Corporate Guarantees • To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to other
2019.11.06	Fourth 2019 BOD Meeting	• To Approve the Third Quarter of FY2019 Consolidated Financial Statements • To Approve the 2020 Business Plan • To Approve the Acer's Annual Audit Plan for 2020 • To Propose the plan of shareholding diversification of Subsidiaries • To Propose the capital injection to the subsidiaries • Donation of Acer Foundation • To Approve the Company's Corporate Guarantees • To Adoption of the Company and Worldwide Subsidiaries' Lending of Capital to others

Implementation of Resolutions in 2019 General Shareholders' Meeting

Major Resolutions	Carries out the situation
1. Ratification Proposal of the Financial Statements and Business Report for the Year 2018	The shareholder resolution was adopted and approved as proposed.
2. Discussion Proposal for Profit & Loss Appropriation for the Year 2018	To set July 11, 2019 and August 7, 2019 as the record date and the distribution date of ex-dividend respectively. (Distribution ratio for cash dividend : NT$0.77 per share)
3. Discussion Proposal of the Amendments to Acer's Articles of Incorporation	The shareholder resolution was adopted and approved as proposed.
4. Discussion Proposal of the Amendments to Acer's Internal Rules A. Procedures for Acquiring or Disposing of Assets. B. Procedures Governing Lending of Capital to Others C. Procedures Governing Endorsement and Guarantee	The shareholder resolution was adopted and approved as proposed.

3.3.12 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof

None

3.3.13 Summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, chief corporate governance officer and principal research and development officer

None

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Unit: NTD Thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee: System Design	Non-audit Fee: Company Registration	Non-audit Fee: Human Resource	Non-audit Fee: Others	Non-audit Fee: Subtotal	CPA's Audit Period	Remark
KPMG	Chang, Huei Chen Tang, Tzu-Chieh	25,115	0	0	0	6,587	6,587	2019.01.01-2019.12.31	Fees mainly related to sustainability and tax consultancy services.

3.4.2 When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed

Not applicable

3.4.3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed

Not applicable

3.5 Information on replacement of certified public accountant

Not applicable

3.6 The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm

None

3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title	Name	2019		As of April 14, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & CEO	Jason Chen	0	0	0	0
Director	Stan Shih	(16,112,864) (Note 3)	0	0	0
Director	George Huang	0	0	0	0
Director	Hung Rouan Investment Corp.	0	0	0	0
Legal Representative of Director (Note 1)	Maverick Shih (Representative of Hung Rouan Investment Corp.)	0	0	4,044	0
Legal Representative of Director (Note 1)	Carolyn Yeh (Representative of Hung Rouan Investment Corp.)	0	0	0	0

Title	Name	2019		As of April 14, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Smart Capital Corp.	0	0	0	0
Legal Representative of Director	Philip Peng (Representative of Smart Capital Corp.)	0	0	0	0
Independent Director	F.C. Tseng	0	0	0	0
Independent Director	Ji-Ren Lee	0	0	0	0
Independent Director (Note 2)	San-Cheng Chang	0	0	0	0
Independent Director	Ching-Hsiang Hsu	0	0	0	0
Co-COO	Tiffany Huang	220,000	0	0	0
Co-COO	Jerry Kao	146,000	0	0	0
Corp.VP & President	Emmanuel Fromont	280,000	0	0	0
President	Ben Wan	101,000	0	0	0
President	Gregg Prendergast	220,000	0	0	0
President	Andrew Hou	116,000	0	0	0
President	Victor Chien	115,000	0	0	0
CTO	RC Chang	101,000	0	0	0
Corp. Governance Officer (Note 2)	Lydia Wu	0	0	0	0
Corp. CFO	Meggy Chen	110,000	0	0	0
Accounting Officer	Sophia Chen	0	0	0	0
President (Note 1)	Maverick Shih	0	0	0	0

Note 1: The Board of Director, Hung Rouan Investment Corp., re-appointed Maverick Shih to be its representative on 2019.07.26, original its representative, Carolyn Yeh was dismissed on the same day. Besides, Maverick Shih resigned from Acer Officer from 2019.08.01.

Note 2: Lydia Wu assumed position on 2019.05.08. San-Cheng Chang resigned on 2019.11.15.

Note 3: The decrease of shares resulted from a gift to a relative rather than a sale.

Shares Trading information

None

Shares Pledge information

None

3.8 Relationship among the Top Ten Shareholders (April 14, 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		Remark
	Shares	%	Shares	%	Shares	%	Shares	Relationship	
Hung Rouan Investment Corp.	73,629,933	2.39%	0	0.00%	0	0.00%	Stan Shih	The spouse of this company's Chairman	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	54,123,771	1.76%	0	0.00%	0	0.00%	-	-	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	42,737,897	1.39%	0	0.00%	0	0.00%	-	-	-
Stan Shih	34,989,531	1.14%	399,225	0.01%	0	0.00%	Hung Rouan Investment Corp.	This company's Chairman is the spouse of the stakeholder to this company	-
Management Board of Public Service Pension Fund	34,663,600	1.13%	0	0.00%	0	0.00%	-	-	-
Acer GDR	28,966,180	0.94%	0	0.00%	0	0.00%	-	-	-
Acer Inc.	27,080,000	0.88%	0	0.00%	0	0.00%	-	-	-
Polunin Developing Countries Fund, LLC	23,479,197	0.76%	0	0.00%	0	0.00%	-	-	-
ISHARES MSCI TAIWAN ETF	23,426,737	0.76%	0	0.00%	0	0.00%	-	-	-
iShares Core MSCI Emerging Markets ETF	23,082,872	0.75%	0	0.00%	0	0.00%	-	-	-

Note: The total share proportion hold by all family members of Stan Shih is 6.03%.

3.9 Ownership of Shares in Affiliated Enterprises (December 31, 2019)

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Acer European Holdings SA	147,000	100.00%	0	0.00%	147,000	100.00%
Boardwalk Capital Holdings Limited	1,263,432,141	92.02%	109,639,200	7.98%	1,373,071,341	100.00%
Acer Digital Service Co.	128,281,861	100.00%	0	0.00%	128,281,861	100.00%
Cross Century Investment Limited	company limited	100.00%	0	0.00%	company limited	100.00%
Acer Holdings International, Incorporated	191,155,465	100.00%	0	0.00%	191,155,465	100.00%
Acer SoftCapital Incorporated	158,475,324	100.00%	0	0.00%	158,475,324	100.00%
Weblink International Inc.	49,674,116	67.36%	1,432,188	1.94%	51,106,304	69.30%
E-TEN Information Systems Co., Ltd	16,000,000	100.00%	0	0.00%	16,000,000	100.00%
Acer Cyber Security Incorporated	10,545,000	64.54%	0	0.00%	10,545,000	64.54%
Acer BeingWare Holding Inc.	149,778,981	100.00%	0	0.00%	149,778,981	100.00%
Sertec (Beijing) Ltd.	company limited	100.00%	0	0.00%	company limited	100.00%
Acer China Venture Corp.	company limited	100.00%	0	0.00%	company limited	100.00%
Acer China Venture Partnership	Limited Partnership	93.33%	Limited Partnership	6.67%	Limited Partnership	100.00%
StarVR Corporation	32,211,790	66.80%	0	0.00%	32,211,790	66.80%
AOPEN Inc.	28,970,000	40.55%	2,534,725	3.55%	31,504,725	44.10%
Acer e-Enabling Data Center Incorporated	162,956,113	100.00%	0	0.00%	162,956,113	100.00%
Bluechip Infotech Pty Ltd	1,225,000	33.39%	570,000	15.54%	1,795,000	48.93%
GadgeTek Inc.	4,500,000	83.64%	400,000	7.44%	4,900,000	91.08%
Highpoint Service Network Corporation	15,000,000	92.54%	700,000	4.32%	15,700,000	96.86%
Acer Synergy Tech Corp.	6,775,489	60.88%	469,158	4.22%	7,244,647	65.10%
Smart Frequency Technology Inc.	13,200,000	55.00%	0	0.00%	13,200,000	55.00%
Aegis Semiconductor Technology Inc.	1,202,840	19.39%	1,626,519	26.21%	2,829,359	45.60%

4

Capital and Shares

4.1 Sources of Capital

4.1.1 Sources of Capital (April 14, 2020)

Unit: Share/NTD Thousands

Date	Price of Issuance	Authorized Common stock		Paid-in Common stock		Note
		Shares	Value	Shares	Value	
July, 2019	Share/NTD10	4,000,000,000	40,000,000	3,074,933,828	30,749,338	-

Unit: Share

Shares Category	Authorized capital			Note
	Issued shares	Non-issued	Total	
Common shares	3,074,933,828	925,066,172	4,000,000,000	-

4.1.2 Shareholding Structure (April 14, 2020)

Unit: Share

Category Number	Government Institution	Financial Institution	Other Institution	Individual	FINI and Foreign Investors	Total
No. of Shareholders	6	40	550	317,853	922	319,371
Shares	7,427,733	20,104,856	218,279,414	1,982,935,777	846,186,048	3,074,933,828
Percentage	0.24%	0.65%	7.10%	64.49%	27.52%	100.00%

4.1.3 Distribution of Shareholdings (April 14, 2020)

Par value NTD 10

Category	The Number of Shareholders	Shares	Percentage
1~999	111,333	28,477,739	0.93%
1,000~5,000	141,416	321,648,964	10.46%
5,001~10,000	32,338	248,014,980	8.07%
10,001~15,000	11,308	139,969,660	4.55%
15,001~20,000	6,832	124,667,064	4.05%
20,001~30,000	6,056	151,078,356	4.91%
30,001~50,000	4,650	182,912,744	5.96%
50,001~100,000	3,084	218,621,215	7.11%
100,001~200,000	1,312	182,392,626	5.93%
200,001~400,000	535	149,194,323	4.85%
400,001~600,000	157	75,793,102	2.46%
600,001~800,000	87	60,071,879	1.95%
800,001~1,000,000	43	38,485,559	1.25%
1,000,001 and above	220	1,153,605,617	37.52%
Total	319,371	3,074,933,828	100.00%

Preferred shares: None

4.1.4 List of Major Shareholders (April 14, 2020)

Item / Name	Shares	Percentage
Hung Rouan Investment Corp.	73,629,933	2.39%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	54,123,771	1.76%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	42,737,897	1.39%
Stan Shih	34,989,531	1.14%
Management Board of Public Service Pension Fund	34,663,600	1.13%
Acer GDR	28,966,180	0.94%
Acer Inc.	27,080,000	0.88%
Polunin Developing Countries Fund, LLC	23,479,197	0.76%
ISHARES MSCI TAIWAN ETF	23,426,737	0.76%
iShares Core MSCI Emerging Markets ETF	23,082,872	0.75%

Note: The total share proportion hold by all family members of Stan Shih is 6.03%.

4.1.5 Market Price Per Share, Net Value, Earning& Dividend For Last Two Years

Unit: NTD

Item / Period			2018	2019	Until Mar. 31, 2020
Market Price Per Share	Highest		33.75	22.25	18.40
	Lowest		18.65	16.40	12.80
	Average		23.85	18.82	15.63
Net Value Per Share	Before Distribution		19.24	19.10	-
	After Distribution		18.46	18.65(Note)	-
Earning Per Share	Weighted Average Share Numbers		3,026,914 Thousand shares	3,028,188 Thousand shares	-
	Earning Per Share	Current	1.01	0.87	-
		Adjusted	1.01	0.87(Note)	-
Dividend Per Share	Cash Dividend (NTD)		0.77	0.44(Note)	-
	Stock Dividend	Retained Earning (%)	0	0(Note)	-
		Capital Surplus (%)	0	0(Note)	-
	Accumulated unpaid dividends		0	0(Note)	-
Return on Investment Analysis	P/E Ratio		23.61	21.63(Note)	-
	P/D Ratio		30.97	42.77(Note)	-
	Cash Dividend Yield		3.23%	2.34%(Note)	-

The appropriation of 2019 earnings had been proposed by the Board of Directors on March 18, 2020, which included the distribution of cash dividends.

4.1.6 Dividend Policy and the Execution

4.1.6.1 Proposed Distribution of Dividends

Due to rapid changes of the industrial situation and development trend, the Company's dividend strategy depends on annual earnings and external environments, therefore, the Company adopts balance dividend policy in accordance with relevant laws and regulations: Cash dividends shall be distributed at least ten percent of total annual dividends, such policy has been approved at the General Shareholder's Meeting held on June 17, 2004.

4.1.6.2 Dividends of the Company Proposed to 2020 General Shareholders Meeting

1. The Board of Directors proposed FY2019 dividends to 2020 General Shareholders Meeting as following:

   The beginning balance of the un-appropriated retained earnings of the Company is NT$5,577,294 in 2019. After plus the net income after tax of 2019 and the impact caused by the new accounting standards applied and the disposal of fair value through other comprehensive income financial assets, set aside legal reserve and special reserve in accordance with applicable laws and regulations, the total accumulative retained earnings available for appropriation is NT$1,366,138,542. It is proposed to distribute NT$1,352,970,884 as the dividends to the shareholders, the ending balance of the unappropriated retained earnings is NT$13,167,658, which is reserved for distribution in the future.

   The dividends to the shareholders will be distributed by cash, and it is proposed to distribute to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a ratio of NT$0.44 per share. (Rounded down to NT$1.0 and the residue will be calculated as the Company's other income)
2. It is proposed on 2020 General Shareholders Meeting by the Company's Board for distributing capital surplus cash dividends of NT$1,014,728,163 which is derived from the issuance of new shares at a premium to the shareholders whose names and respective shares are in the shareholders' register on the record date for capital surplus cash dividend, at a ratio of NT$0.33 per share. (Rounded down to NT$1.0 and the residue will be calculated as the Company's other income)
3. Should the cash distribution of retained earnings and capital surplus be adjusted due to the amendment of laws or regulations, a request by competent authorities, or any change of the numbers of outstanding share, subject to the approved distribution, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust the distribution ratio.
4. The record date for the above dividends is temporarily set on July 10, 2020, and the distribution date is set on August 6, 2020. Should the dates above be adjusted due to the amendment of laws or regulations, a request by competent authorities, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust accordingly.

4.1.7 Analysis on Impact of Proposed Stock Dividends Appropriation in Terms of Operating Results, Earnings Per Share and Rate of Return of Shareholders' Investment

Not Applicable

4.1.8 Compensation of Employees, Directors, and Supervisors

1. Remuneration of the Board of Directors and Employee Compensation Stipulated in Acer's Articles of Incorporation:

   (1) Remuneration of the Board of Directors:

   Where there is profit in each fiscal year, after covering the accumulated losses, not more than eight thousandths (8‰) of the profit shall be distributed as profit sharing/remuneration for the Board of Directors; the standard for distribution of remuneration will be recommended by Remuneration Committee and determined by the Board of Directors In accordance with Acer Inc. “Board of Directors Remuneration Guidelines”. Employee Director are not entitled to receive Director profit-sharing.

   (2) Employees' Compensation Resulted from Annual Earnings:

   Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation.

   The employees' compensation in the previous section may be distributed in the form of either cash or stock bonus, and may be distributed to the employees of subsidiaries of this Company. Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors.
2. The standard of accruing employee compensation and remuneration of the Board of Directors and Supervisors, the standard of distributing employees' compensation in the form of stock bonus, and the accounting treatment of difference between the actual distribution amount and the accrued amount:

   The Company accrues employee compensation and remuneration of the Board of Directors proportionally from the pre-tax income which referred in Acer's Articles of Incorporation before deducting employee compensation and remuneration of the Board of Directors. Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the difference should be treated as changes in accounting estimates and adjusted in the following year.
3. Distribution of Remuneration of the Board of Directors and Employee Compensation:

   (1) The total amount of employees' compensation distributed in the form of either cash or stock bonus, and Remuneration of the Board of Directors. Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the revealing differences, causes and treatment:

   - The total amount of employees' 2019 profit sharing bonus is NT$138,000,000, and the total amount of Board Directors' 2019 compensation is NT$5,697,078. The Board of Directors approved the proposal of employees' 2019 profit sharing bonus and Board Directors' compensation on March 18, 2020. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.
   - There is difference of NT$12,346 between the actual distribution amount and the accrued amount, and this difference will be recognized as profit or loss at next year.

   (2) The proportion that the amount of employees' compensation distributed in stock bonus to net income stated in this year financial statement or individual financial reports, and the total amount employee compensation: Not applicable
4. The actual distribution to the remunerations to employees, Directors and Supervisors in 2018(including distributed shares, amount and price of shares.) Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the revealing differences, causes and treatment:

	2018		
	Dividend Distribution Proposed by the BOD	Actual Dividend Distribution	
		Amount	Share
Remunerations to Employees is paid in cash	NTD 163,312,526	NTD 163,312,526	-
Remunerations to Employees is paid in stock	NTD 0	NTD 0	0 Share
Remunerations to Directors	NTD 6,910,504	NTD 6,910,504	-
Total	NTD 170,223,040	NTD 170,223,040	0 Share

4.1.9 The Execution for Shares Buyback (April 14, 2020)

1. The status of Buyback (executed): None

2. The status of Buyback (executing):

Number of times of Buyback	Number 16
Purpose of Buyback	In order to maintain the Company's credit and shareholders' equity
Type of Shares Buyback	Common Shares
Estimated amount for Buyback	NTD 30,477,974,569
Estimated Period of Buyback	March 13, 2020 to May 5, 2020
Estimated Number of Shares to Buyback	230,000,000 Shares
Announced Price Range of Buyback	NTD 10.05 ~ NTD 13.50 Shares Buyback continued if the market price was below the stated price range.
Number of bought back Shares	27,080,000 Shares
Amount of bought back Shares	NTD 361,943,540
Ratio of Number bought back Shares to Estimated Number of Buyback Shares (%)	11.77%

4.2 Corporate Bonds

None

4.3 Special Shares

None

4.4 Global Depository Receipts (GDRs) Issuance (March 31, 2020)

Description / Date of issuance	November 1,1995	July 23, 1997
Date of issuance	November 1,1995	July 23, 1997
Location of issuance and transaction	London	London
Total amount of issuance	US$220,830,000	US$160,600,000
Unit price of issuance	US$32.475	US$40.15
Total number of units issued	6,800,000units	4,000,000units
Sources of valuable securities demonstrated	Capital increased in cash	Capital increased in cash

Description / Date of issuance			November 1,1995	July 23, 1997
Number of valuable securities demonstrated			Each unit stands for Acer's 5 common shares	Each unit stands for Acer's 5 common shares
Rights and obligations of GDR holders			Same as Acer's common shareholders	Same as Acer's common shareholders
Consignee			None	None
Depository organization			Citicorp	Citicorp
Custodian organization			Citibank Taipei Branch	Citibank Taipei Branch
Balance not retrieved			5,793,217 units of Global Deposit Receipt as representing 28,966,180 shares of common stocks	
Method to allocate fees incurred during the period of issuance and existence			The expenses incurred by issuance being taken to offset premium reserve. Expenses incurred during existence being taken as expenses of the current term.	The expenses incurred by issuance being taken to offset premium reserve. Expenses incurred during existence being taken as expenses of the current term.
Any key issue for the depository and custodian agreements			None	None
Market Price Per Share	2019	Highest	US$ 3.52	
		Lowest	US$ 2.63	
		Average	US$ 3.05	
	Until March 31, 2020	Highest	US$ 3.05	
		Lowest	US$ 2.18	
		Average	US$ 2.73	

4.5 Employee Stock Options

None

4.6 Restricted Stock Awards

None

4.7 Issuance of New Shares Due to Company's Mergers and Acquisitions

None

4.8 Issuance of New Shares by Cash

None

Acer's Business Formula

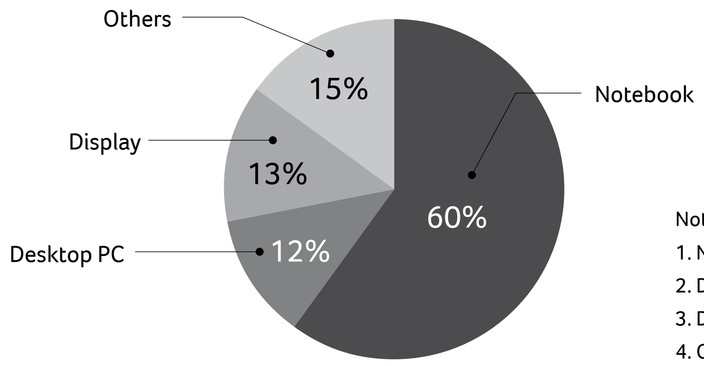
5

5.1 Business content

5.1.1 Business Scope

5.1.1.1 Business Portfolio

Founded in 1976, Acer is now one of the world's top ICT companies and has a presence in over 160 countries. As Acer looks into the future, it is focused on enabling a world where hardware, software and services will fuse with one another to open up new possibilities for consumers and businesses alike. Acer's 7,700 employees are dedicated to the research, design, marketing, sale, and support of products and solutions that break barriers between people and technology.



2019
NT$234,285 Million

Notes:
1. NB includes detachable 2-in-1 NB PC.
2. Desktop PC excludes displays.
3. Display includes desktop monitor and projector.
4. Others include servers, android device, service, accessories, and subsidiaries.

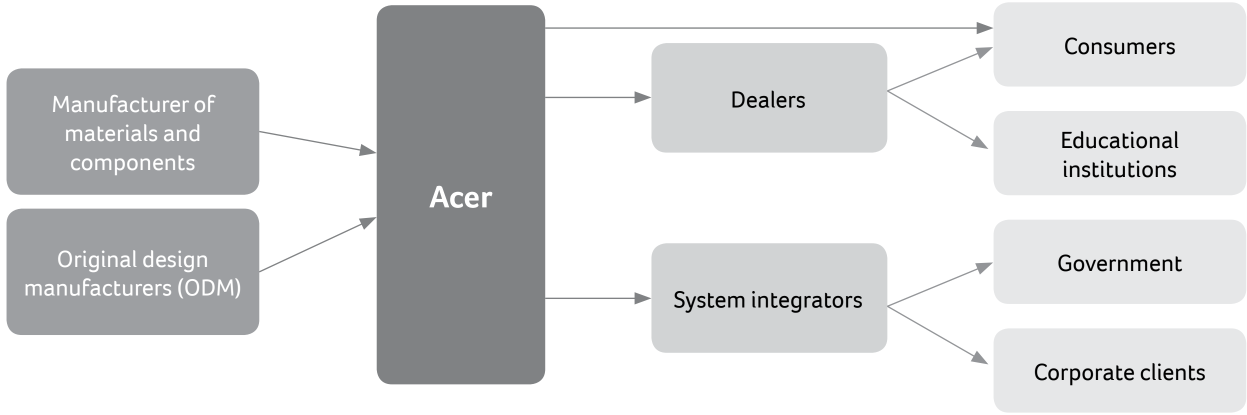
5.1.1.2 Industry Highlights

1. Status and Opportunity: AIoT is the convergence of artificial intelligence (AI) and internet of things (IoT) technologies and solutions, which leads to smarter networks and systems that are becoming ever more capable of solving problems across a diverse number of industry verticals. The direct connectivity of AIoT devices to the cloud has opened the way for a wider scope of innovation. AI adds value to IoT with big data analytics and machine learning to more sophisticated decision making, while IoT brings the additional benefits of connectivity, signaling, and data exchange to AI. Medical, smart transportation or cities are examples of the various solutions being developed by Acer through AIoT.

   The surge in connectivity through the internet and cloud also brings the need for enhanced security measures to ensure the information of companies and organizations stays safe against cyberattacks. Acer Cyber Security, an Acer subsidiary, is an established leader of cyber security business in Taiwan and offers solutions in this realm.

   Under the situation of the COVID-19 virus, restrictions applied to staff across the globe to work from home is creating increased demands for notebook PCs, Chromebooks and other mobile devices to enable working from remote locations and ensure business continuity. Also, as people learn to adopt the Otaku culture during the pandemic, demands for home entertainment devices are also seeing growth, such as the global shortage of a popular gaming console that is distributed by Acer subsidiary, Weblink International, in Taiwan.

2. Upstream to Downstream Suppliers:



3. Trends: Acer's core business includes notebook and desktop PCs, projectors, monitors, gadgets and other smart devices. While continuing to research and innovate to enhance its product offerings, Acer has also dedicated more resources to segments with high growth opportunities to optimize investments, such as gaming PCs, thin-and-light notebooks, and Chromebooks. With the prevalence of AIoT, Acer has actively invested in new businesses, including digital signage, servers, cyber security, and other cloud application solutions. Some of these services are provided through the various Acer subsidiaries.

   Altos Computing supplies servers integrated with other software and services to offer a wide range of solutions, and has won more than a dozen high-performance computing (HPC) tenders worldwide in 2019.

   Acer Synergy Tech lets companies focus on business development by taking care of the systems integration. It provides customers with a one-stop-shop of integrated IT services including planning, integration, installation, and management of enterprise information infrastructure.

   AOPEN offers digital signage solutions, such as kiosks to speed up the ordering process in fast food restaurants or to relief customers from having to stand in a line queueing to be served.

4. Competition: The gaming market is now an entire ecosystem that has grown from hardware to esports events to gaming social platforms, and the competition is rigorous. In gaming hardware, Acer has stood out from competition by introducing generation after generation of its advanced thermal cooling solutions to enable its gaming notebooks and desktops to run at peak performance. Each year, Acer's Predator League esports event has expanded in participating teams, and in both the physical and online audiences. Finally, is the latest addition to the ecosystem is Planet9, an open community platform for gamers to build their team, train, and challenge for victory.

   Through continuous research, Acer identified a new group of users who have chosen gaming PCs for their powerful performance to manage their creative work. This is a group of creators, such as graphic designers, filmmakers, engineers, architects, and developers who need quiet yet powerful functioning PCs, which is the inspiration behind the ConceptD brand of high-end Windows 10 desktops, notebooks and monitors.

   At the same time, the PC industry continues to demand thinner, lighter, and more mobile devices. Acer has successfully introduced a series of notebooks weighing under 1 kg and measuring less than 1 cm thin.

Figure: Social Network Platform for Gamers

5.1.1.3 Technology and R&D

In 2019, Acer spent NT$2.57 billion on research and development, which accounted for 1.10% of total revenues, focusing on user interface, industrial design and usage scenarios, ICT related hardware and software, IoT technology. In addition, the company has been building on its existing PC business and expanding into new areas that can seamlessly integrate PCs with new software applications and also integrate cloud services in its transition to a "hardware + software + services" company. Focusing on areas with high growth opportunities, Acer has been working on designs that fulfill the needs and desires of various markets, such as mobile professionals, gamers, creators, and education.

Underscoring the importance it places on research and development, in 2019 Acer ranked No. 2 in Taiwan patent applications with 565 filings, up 19% from the previous year.

With the commitment in designing for customer needs, Acer has received many international awards for design excellence in 2019:

Design Awards

Design Award		Award Winners
Good Design Award of Japan	GOOD DESIGN AWARD 2019	Creator notebooks: ConceptD 7 & ConceptD 9 notebooks Commercial notebook: Acer TravelMate P6 Thin-and-light notebook: Acer Swift 7
Red Dot Award of Germany: brand	reddot award 2019 brand	World's first gaming brand to win the Red Dot brand award - Predator
Red Dot Award of Germany: product design	reddot award 2019 winner	Thin-and-light notebooks: Acer Swift 7 & Swift 5 Chromebook: Acer Chromebook 715 & Chromebook 11 Display: Predator XB3 gaming monitor Edge-computing device: aiSage
Computex design and innovation gold award	COMPUTEX	Predator Thronos gaming chair
Computex design and innovation special award	COMPUTEX	Smart parking and payment system (by subsidiary Acer ITS)
Computex design and innovation award	COMPUTEX	Creator desktop: ConceptD 500 Gaming notebook: Predator Triton 900 Thin-and-light notebook: Acer Swift 7 Peripherals: Acer OJO 500 mixed reality headset & aiSage edge-computing device
iF Design Award	iF DESIGN AWARD 2019	Gaming: Predator X Desktop & Predator 900 notebooks, Predator Thronos gaming chair Thin-and-light notebook: Acer Swift 7 Peripheral: Acer Smart Speaker
CES 2019	CES INNOVATION AWARDS 2019	Thin-and-light notebook: Acer Swift 7

New Technologies

- In the smart medical field, Acer has forged a cross-industry cooperation with Novartis Taiwan, combining advanced AI and ICT solutions with the pharmaceutical industry's expertise in diseases and treatments. The cooperation will introduce AI technology into clinical trial design, inspection and registration, disease detection, and patient care integration. Acer and Novartis Taiwan will start by targeting macular degeneration, diabetic retinopathy, and cardiovascular diseases, and aim to build a smart medical ecosystem in Taiwan that is compliant with the information security regulations, and to accelerate smart medical treatments' go to market.
- Acer has been actively involved in realizing the smart city vision. Its subsidiary, Acer Being Communication, unveiled several business IoT solutions for smart cities and Industry 4.0 throughout 2019. With smart connection as the foundation, the smart solutions include agriculture monitoring stations, water quality monitoring, water meter, street lighting, air pollution detection, and such, providing a variety of choices for more efficient and effective business IoT applications.

5.1.1.4 Long and Short Term Business Plan

Acer is engaging in dual transformation with its core business and new initiatives. In its core business, Acer will continue to optimize the foundations of existing product lines and innovations, along with the development of software applications, integrating cloud platforms and cloud services.

In new initiatives, Acer is expanding its business boundaries and aims to identify and incubate micro trends, followed by the scale up of feasible technologies, to ultimately create multiple growth engines for the company's future.

Short Term Plan:

In core business, Acer will continue to optimize its PC business by focusing on thin-and-light notebook innovations, designing high-end and powerful products for creators' needs with the ConceptD line, and creating a complete gaming ecosystem from hardware to events to social platform for a comprehensive esports experience. At the same time, Acer is constantly observing the changes of the global economy and taking measures as necessary to minimize impacts and maintain operational growth. In new businesses, in addition to the existing stock listing of its subsidiary AOPEN, in 2019 two subsidiaries became publicly traded: Acer Cyber Security became listed on the Taipei Exchange, Acer Synergy Tech became listed on the emerging market of the Taipei Exchange. In March 2020, Weblink International became listed on the emerging market of the Taipei Exchange.

Long Term Plan:

Acer continues to research and develop customer-centric products, and explore beyond boundaries to identify and incubate micro trends that have potential for growth. Its strategy is to list more new businesses to create a fleet of growth engines. In both its core PC and new business developments, Acer seeks for long-term sustainability. This includes applying the Responsible Business Alliance (RBA) Code of Conduct as the standard to ensure responsible sourcing of materials, and compliant working environments that uphold human rights. It demonstrates Acer's commitment to environmental protection, social responsibility, while carrying out its dual transformation of operations.

More information may be found in Chapter 6: Corporate Social Responsibility

5.1.2 Market Highlights

5.1.2.1 Market Analysis

1. Market Share of PC Products

Acer's 2019 revenue breakdown by regional operations were: Pan Asia Pacific with 40% share, EMEA with 33% share, and Pan America with 27% share. In worldwide PC shipments (Source: IDC), Acer ranked No. 5 for total PCs with 6% share, No. 5 for notebooks with 8% share, and No. 4 for desktops with 3% share.

2. The Future of Market Demand and Supply

According to IDC (Feb. 20, 2020), the worldwide PC industry will decline by 7% in 2020. However, in notebooks IDC highlighted two segments expected to continue their growth momentum: ultra-slim (<18 mm) with 14% and Chromebooks with 9% growth compared to the previous year. In the commercial market there is opportunity to grow in notebooks in the Pan America region, while overall the consumer PC segment is expected to decline.

The global CPU supply issue that began at the end of 2018 continued throughout 2019 and deeply impacted on Acer's PC output. The mismatch of CPU type supply and Acer's demand is something we have had to handle carefully, and adjust our strategy to keep more stock on hand. It will be an ongoing challenge as the next generation of CPUs are launched and potentially create more mismatch issues.

There are great opportunities arising from the rapid emergence of the gaming ecosystem with diversified business models and innovative applications. The esports total audience, which stood at 443 million in 2019, is expected to grow by 11.7% to 495 million and surpass US$1 billion in revenues in 2020 (Source: 2020 Global Esports Market Report, Newzoo). This expectation is substantiated by a separate report that states that by 2020 more people will watch an esports final than MLB or NBA finals (Source: Syracuse University, January 18, 2019).

Under this market condition, Acer will continue to focus on high-growth segments, such as thin-and-light notebooks, gaming PCs, Chromebooks, in addition to the new and powerful ConceptD line of desktop, notebooks and monitors launched in 2019 for creators. ConceptD's powerful yet quiet operation and high color accuracy are made for creators such as graphic designers, filmmakers, engineers, architects, and developers. In addition, Acer unveiled Planet9, an open community platform for gamers that allows them to build their team, train, and challenge for victory.

In 2019, Acer gaming PCs' growth of 14% exceeded the industry growth of 8%. It ranked No. 1 for gaming PCs in 8 countries and for gaming notebooks in 10 countries. Year-on-year growths for Acer were significant with 17% in gaming notebooks and 14% in gaming monitors. Notably, in Q4 2019 Acer rounded out the year with 23% year-on-year growth in gaming notebooks.

In the year ahead, the company will continue to observe users' needs and identify micro-trends that have the potential to create a new blue ocean of opportunities. In parallel to focusing on its core PC products, Acer will persist in developing multiple growth engines, and integrate “software + hardware + services” as a forward-looking company.

3. Competitive Advantage

Acer continues to engage in a dual transformation of its core business and new initiatives. Underscoring the importance the company places on research and development, in 2019 Acer ranked No. 2 in Taiwan patent applications with 565 filings for design.

In addition, its R&D takes into account of the design thinking process and key technologies, creating a competitive advantage for the company and resulting in the launch of numerous highly competitive and innovative products. In new business developments, Acer has shifted away from traditional computer hardware manufacturers' mindset. Its Value Lab has gradually invested more resources in developing artificial intelligence, big data and more, while exploring new business models to create opportunities for growth. Acer also has a number of subsidiaries in diverse scopes of business including information security, smart transportation, servers, digital signage solutions, and these are just some examples of the multiple growth engines. Several of these engines have made progress to becoming listed companies. In 2019, Acer Cyber Security became listed on the Taipei Exchange, and Acer Synergy Tech became listed on the emerging market of the Taipei Exchange.

In terms of sales channel reach, Acer has a presence in over 160 countries and a lean organization for effective and fast decision making. Its R&D, design, marketing, sales, and services all adopt a global strategy, which is the company's advantage.

4. Advantages, Disadvantages and Counter Measures

Advantages

(1) The traditional PC market is stagnating, segmentation of the market has become the mainstream. Acer focuses on PCs in the areas of thin-and-light, gaming, creators, Chromebooks, and more, for different users' needs. Market segments are further divided to address specific users, for example, gaming PCs for hardcore and casual gamers.

(2) Consistent marketing activities for high-profile brand and products, such as the Predator brand and Predator Thronos gaming chair, have helped to build the company's brand awareness. This is proven by the rise of average selling price by 5% in 2019 demonstrating its gain in brand premium.

(3) Facing the rapidly changing market dynamics, innovation and entrepreneurship pave the way to the future. Acer ranked No. 2 in Taiwan patent applications with 565 filings, reflecting its competitive edge in design and innovation.

(4) With a presence in over 160 countries, Acer has a comprehensive network of sales channels, and a lean organization for effective and fast decision making.

(5) Acer has expanded beyond the PC market to new businesses that make up its multiple business engines to ensure the long-term sustainability of the company.

(6) Corporate social responsibilities: Acer and its subsidiaries adhere to the brand spirit of "innovative caring." The three key pillars of CSR are sustainable operations, financial transparency, and caring for the environment, while keeping a balance of stakeholders and company interests, lifting the brand image of Acer as a whole.

Disadvantages and Countermeasures:

(1) The volatile and rapidly changing ICT industry presents a challenge to forecast the future PC demand with accuracy.

Actions: Continue to adopt "dual transformation" as the core strategy, explore different markets and launch products for different applications, identify micro trends for a blue ocean of opportunities. In addition to core PC businesses, fulfill the needs of more user groups and market segments; Acer is expanding its offering to smart wearable devices, smart parking solutions, information security and others, to discover new opportunities. With issues such as global trade and tax, Acer has been considering various locations for outsourced productions besides China.

(2) Market volatility may result in greatly fluctuating demands.

Actions: Acer and its subsidiaries will continue to adopt the channel business model and strengthen cooperation with key suppliers and distributors, while continuously monitoring market demands and new trends. In addition, e-commerce sales models have been adopted to directly serve consumers and understand their preferences.

5.1.2.2 Key Products and Manufacturing Process

1.Current product and service offering

(1) Notebook PCs
(2) Desktop PCs
(3) LCD monitors
(4) Projectors
(5) Gaming
(6) Gadgets
(7) Servers
(8) Cloud services
(9) E-business and services
(10) Commercial solutions
(11) Digital signage solutions
(12) Cyber security and datacenter
(13) Esports platform

2.Manufacturing process

Acer and its subsidiaries outsource all manufacturing, and are not directly involved in the manufacturing processes. However, to fulfill its responsibilities as a corporate citizen, and to support global standards in strictly controlling the use of harmful environmental substances, the company released the "Guidelines for the Control of Restricted Substances", which suppliers required to adhere to in the restriction of harmful substances including chemicals. Since July 1, 2006, all Acer products have complied with the European Union's Restriction of Hazardous Substances (RoHS). In addition, the company's products are designed to reduce environmental impact from stages from design, packaging, transportation, usage, through to recycling for the goal of reducing harmful impacts on the environment. For example, in 2019, Acer achieved 100% use of recycled paper for its products, saving the earth's resources.

5.1.3 Production Process of Key Products

Acer has long-term cooperation with reputable firms, in and out of Taiwan, for the supply for raw materials. In addition, the company joined the Electronic Industry Citizenship Coalition in 1997, which later became the Responsible Business Alliance (RBA), and continues to be an active participant in the organization's actions. The company strictly prohibits suppliers from using components and finished products produced with raw materials obtained illegally or via inhumane ways; or purchasing tantalum, tin, tungsten and gold (known as 3TG) from sources with direct or indirect funding or benefits from armed groups of the Congo or neighboring countries. Acer also updated the "Responsible Raw Materials Purchasing Policy" in 2017 by expanding the scope of mineral management beyond 3TG and Congo to ensure minerals management is consistent with the OECD's guidance for mineral supply chains in conflict-affected and high-risk areas. The company requires suppliers to provide mineral procurement policies and processes, take due diligence process, and shoulder the responsibility of social and environmental protection.

Since 2016, the company has expanded its supplier responsibility management to the second-tier supplier (i.e. the supplier of suppliers), and plans to expand to third-tier suppliers in 2021 to promote a positive cycle for sustainable future.

5.1.4 Key Buyers and Suppliers Accounting Over 10% of Total Net Sales and Purchase:

(1) Key Buyers for Acer Group: None

(2) Key Suppliers for Acer Group

Unit: NTD Thousands

Item	Year 2018				Year 2019			
	From	Amount	Percentage of total net purchase (%)	Relationship with Acer Inc.	From	Amount	Percentage of total net purchase (%)	Relationship with Acer Inc.
1	Supplier A	27,032,448	16.81	None	Supplier A	26,806,178	17.71	None
2	Supplier C	26,096,605	16.22	None	Supplier C	22,440,788	14.82	None
3	Supplier D	22,443,623	13.95	None	Supplier D	20,993,426	13.87	None
	Others	85,303,623	53.02		Others	81,155,242	53.60	
	Total Net Purchase	160,876,299	100.00		Total Net Purchase	151,395,634	100.00	

Note: The key suppliers are not significant change for 2019.

5.1.5 Production Value in the Last Two Years:

Not applicable.

5.1.6 The Sales Value in the Last Two Years:

Unit: NTD Thousands

Year / Major production	2018		2019	
	Domestic Sales	Foreign Sales	Domestic Sales	Foreign Sales
Computer	6,801,548	176,159,653	6,761,776	165,656,209
Peripherals & Others	24,090,391	35,218,814	25,997,577	35,869,792
Total	30,891,939	211,378,467	32,759,353	201,526,001

5.2 Keys to a Sustainable Future

5.2.1 Focus on competitive IT products with high growth including the gaming PC market

Acer continues to pursue business growth and expansion, and upholds the following business philosophy and strategies:

Combining the strength and scale of its core products business with the innovation and integration capabilities of new businesses, Acer is transforming into a "hardware + software + services" company. In addition, Acer is reinforcing its core competencies: entrepreneurship, innovation, talent cultivation and brand value, and aims to deepen the qualities of "trust", "innovation" and "excellence" associated with the Acer brand. The company will continue to push for operational growth through an efficient mix of people-centric products with unique designs and innovative technologies with high growth potential and address the market needs.

Acer's long term commitment to innovation, from PCs to gaming and the creator line, provides consumers with a variety of choices to meet their needs. In the gaming market, it has expanded from the research and development of hardware to esports events and gaming social platform. Acer has taken part in international esports events and hosted its own Asia Pacific Predator League tournament, in addition to unveiling Planet9, the next generation esports social platform that integrates esports platform features for gamers to enhance their skills. The gaming and creator lines of powerful devices feature advanced thermal cooling technologies and sophisticated designs, such as the new Predator Thronos Air gaming chair, and the timeless design of the ConceptD series for creators with powerful yet quiet operation required for their creativity flow. Acer will continue to engage new audiences with game-changing designs first to market.

In the PC market, Acer seeks to focus on segments with high growth potential; such as thin-and-light notebooks, Chromebooks, and displays, where Acer has delivered many award-winning innovations.

5.2.2 Transforming with effective strategies

Acer diligently builds on the synergy of partnerships and resources to effectively operate and grow its business. With a creative marketing mindset, the global headquarters works closely with regional offices to understand local market conditions and customers preferences.

5.3 Employees

5.3.1 Global Human Asset Management

Employees are the Company's key assets and the main driver of business growth. Acer has fostered a work environment that empowers employees by entrusting them with the tasks matched to their skill or qualification. There are clear objectives and reward for achievement, extensive communication and interaction among coworkers, constant encouragement for innovations, and an effective decision making process. On-the-job training provides the ideal platform for learning and development.

As a result of employees' joint effort, Acer has received numerous industry and media recognition. For example, Acer has been listed on the DJSI Sustainability Indices (Emerging Markets Index) for the sixth consecutive year since 2014. Besides, Acer spent NT$2.57 billion on research and development in 2019 and ranked No. 2 in Taiwan patent applications with 565 filings. With the commitment in designing for customer needs, Acer has received many international awards for design excellence in 2019 such as Good Design Award of Japan, Red Dot Award of Germany: Brand, Red Dot Award of Germany: Product Design, Computex design and innovation award, iF Product Design Award of Germany, CES Innovation Award. All above results are contributed by our most valuable assets: our employees

-Human Asset Analysis by Manpower, Average Age and Years of Employment

Date / Category	End of 2018	End of 2019	March of 2020
Manpower	7,338	7,240	7,232
Average Age	39.6	40.0	40.2
Average Years of Employment	8.4	8.7	8.8
Male (%)	62.8%	62.5%	62.4%
Female (%)	37.2%	37.5%	37.6%

-Human Asset Analysis by Job Function

Date / Job Function	End of 2018	End of 2019	March of 2020
General Management	202	179	178
Sales & Product Marketing	2,233	2,146	2,094
Customer Service	1,831	1,782	1,769
Research & Development	1,172	1,202	1,228
Sales Support	957	988	1,030
Administration	943	943	933
Total	7,338	7,240	7,232

- Human Asset Analysis by Education Level

Education Level / Date	End of 2018	End of 2019	March of 2020
Doctor of Philosophy	1.8%	1.6%	1.6%
Master's Degree	28.0%	28.8%	28.6%
Bachelor's Degree	42.0%	43.3%	43.8%
Vocational Study	26.1%	24.2%	24.0%
Senior High School or below	2.1%	2.1%	2.0%
Total	100.0%	100.0%	100.0%

5.3.2 Recruitment

The Company abides to each country's labor laws and customs. We are committed to providing equal opportunities and following Anti-discrimination law that it is illegal to make employment decisions based on legally protected factors like race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, or past membership in any labor union, and we are sticking to the principle of putting the right people at the right position. Acer seeks high-potential candidates with multi-disciplinary backgrounds in order to build a strong global workforce.

5.3.3 Continuing Learning and Growth

People Development and Career Growth

The company's training policy in 2019 was set to be aligned with the corporate strategy, which was to optimize the operations of core business and new business for advancing the group's overall effectiveness.

By the policy's guidance, the training and development was to equip the employees with the capabilities to stay on top of cutting-edge trends, explore technology with business opportunities, and enhance the efficiency of digital marketing. All of the efforts were directed to strengthen the consolidation of hardware, software, and service, create value, boost profitability, and ultimately, improve brand premium.

For management training, we helped the supervisory-level managers to acquire the essential people management competencies; while the leadership training guided the mid-level managers to develop strategic thinking and leadership capabilities.

In terms of profession development training, we delivered the core essential trainings to the line product managers, enhancing the capabilities of the product development team in more systematic and strict manner. In addition, we continued to hold a series of trend analysis forums, aiming to help the product development teams to understand the end-users' requirements and the industrial development trends, so as to apply these insights to the new product development or solutions provided.

As for general education and training, we guided employees to use technology to maximize operation efficiency. By strengthening a full range of essential skills and the awareness of corporate responsibilities, we built up the competitiveness of the organization continuously.

To ensure the quality implementation of such training, all trainings were conducted in accordance with the "Management Process of Internal and External Training." In 2019, a global total of 39,911 attendees participated in trainings, accounting for 103,436 man-hours. The averaged training hours reached up to 13.23 per person. All trainings were done in accordance with the principles of operational necessity, gender equality, and equal opportunity.

Multiple Approaches of Learning and Development

Each employee was provided with multiple development paths to enhance the profession--- for example, from company within, such opportunities can be found as on-the-job trainings, coaching, job rotations, forums, online learnings. For the company outside, they included profession seminars, short-term intensive training hosted by the prestigious universities or training institutions.

Management Systems

1. Managerial Training

(1) Management Training for First-Level

In order to help the managers at supervisor level to enhance people management skills, we have held 8 batches of the training since 2018. The training had two phases— Phase 1 was positioned to assist supervisors to develop the skills of management communication, performance management, and coaching, aiming to boost the efficiency of team collaboration in creating values; Phase 2 was to guide the managers to specialize in such management skills as target selection, goal setting, how to motivate and retain talents, and performance evaluation.

(2) Leadership Training for Mid- Level

Starting 2019, we redesigned our leadership training, and requested the mid-level managers to attend the training, which covered the effective ways of inspiring trust, creating vision, executing strategy, and coaching potentials.

(3) Executives Training

In making persistent efforts to incubate the future leaders in Acer's Group, in 2019 we held the trainings concentrating on corporate governance, business judgment, and business operation. The trainings in 2019 contained the topics about "How to Review and Interpret the Implications of the Business Reports in the Perspective of Business Dynamics"; "How to Act As A Competent A Spokesman to Deal with Media", and "IPO Strategy Formulation and Implementation".

2. Professional Training

The flagship training program for professional development in 2019 was a series of Product Manager training, enabling all of the colleagues involved with the product development and operation to understand the core knowledge of PM, the workflows of multiple functions, and the protocols of cross-department collaboration. The Program is intended to shorten the learning curves through detailed lectures and effective business practices. The training consisted of 18 modules based on the chained operation, covering CPU, BIOS, design quality, quality control, mechanical engineering, customer services, software and hardware, supply chain, marketing, and branding management, etc. Case studies, simulation and group projects were employed throughout these trainings to ensure the learning effectiveness.

In 2019, the multiple teams of senior analysts from the Institute for Information Industry of Taiwan were invited to share the insights on the consumers and marketing trends with RD and PM teams. The topics for 2019 included: The Business Innovations in the AIoT Epoch; The trend of Gaming NB; Forecast the Emerging AI Products from the Observations of CES; The Trending Applications of 3D Sensors; Edge AI's Trend; and Examining the Future of Gaming Products in the Perspectives of Gaming Players.

3. General Training

The general education and training in 2019 focused on three key areas:

(1) Learned about how to use new IT technology to improve business efficiency, such as Make Business Intelligence Reports, and Conduct Data Analysis using MS-Excel.

(2) For the essential skills and awareness of corporate social responsibility, we have held the training of IP Protection, Antitrust Compliance, Labor Health and Safety, and Information Security, etc.

(3) ConceptD was a new premium brand dedicated to creators, with a complete product line to fulfill different needs of creators in various fields. To ensure all Acer employees to have a proper understanding of the ConceptD brand, we have rolled-out the eLearning programs in 2019, introducing the brand position, design concept, and feature of the products. We also had "Executive Talks" share visions and missions of ConceptD in the eLearning, to stimulate the passion and encourage the all employees dedication to ConceptD.

4. New Employee Orientation Training

On their first day of work, new staff were given orientation training to help them quickly to grip with the Company's basic operating processes. Within their first month, new staff were put through training to better understand the company's mechanisms, regulations, core values, brand values, corporate culture, and the Standards of Business Conduct (including instruction on labor rights, freedom of expression, individual privacy rights, sexual harassment prevention, and corruption prevention), thus helping them become fully integrated parts of the team.

New staff working in product-related positions also received training on patent protection, CSR (including green products, EICC, and greenhouse gasses), and electrostatic discharge (ESD). We also actively encourage staff to take training in CPR and automated external defibrillator (AED) use.

5. Performance Management and Development

The goal of Acer's performance management and development system is to improve performance at individual, departmental and organizational levels, and includes goal setting, delegation, communication & coaching, the link between performance & remuneration, and career development.

5.3.4 Compensation

Acer provides a competitive salary package to attract and retain high-potential human assets. The Company surveys global IT companies' salary levels annually, to ensure that our salary packages are adjusted accordingly and reasonably to reflect market conditions. On top of the monthly salary, the Company offers the bonuses that are differentiated from the performance of business unit and each individual. Taking Taiwan for example, in addition to the fixed monthly salary and festival bonuses, Acer offers incentives that reward new innovations, intellectual property rights, sales achievements, performance bonus and profit sharing.

5.3.5 Welfare

The Company shall abide by the labor laws of local governments and also conform to social norms. By sticking to these principles, we strived to provide the comfortable working environment, attractive welfare programs, candid communication ways to enhance productivity and creativity. Taking Taiwan for example, Acer has established a welfare committee that initiated activities for employees' welfare. For the past years of activities, they included company trips, sports competition activities, Acer Family Days, arts appreciation events, speeches for enriching employee's life, celebrations for upcoming holidays, social clubs, gift vouchers, educational grants, subsidies covering wedding, funerals, or hospitalization. In addition, we also have established the fitness center, recreation and leisure facilities to help the employees to release employees' pressure after work, and besides, we rolled-out the health-promotion programs to keep a well-balanced life.

5.3.6 Pension

The Company abides to each country's labor laws and customs. Taking Taiwan for example, Acer conforms to the Labor Standards Act and Labor Pension Act by contributing a portion of employees' salaries toward a pension scheme. Besides, employees who have served for 15 years and have reached 50 years of age can apply for early retirement.

5.3.7 Employee Relations

Acer respects employees' opinions and is dedicated to maintaining a harmonious relations between managers and their team members. We obey the business laws and follow the practices of each local authority around the world. And in the past two years, we had no loss resulting from labor disputes.

Acer offered multiple channels for interaction in order to improve two-way communication:

- **A Dedicated Hotline:** A hotline for each supporting function has been set up for employees to express their concerns or issues. With the channel of expression, we can take essential actions to solve the problems in more efficient way.

- **Open and Candid Communication Channels:** Employees may report issues to their immediate supervisors or higher authorities for seeking solutions. Furthermore, the Chairman & CEO hosted the face-to-face meetings, where the top level leaders attended and had direct communication with employee representatives coming from each office site on a quarterly basis. To ensure the resolution that can be carried out, the authority-in- charge followed up the improvement progress at the next quarterly meeting. For the meeting minutes, they were publicized on the Company Intranet for all employees' attention.The Chairman & CEO also hold face-to-face communication meetings to deliver new vision, strategies, and action plans, so as to assure the general staff have a clear understanding of communication messages.

- **Communications on the results achieved:** With the multiple growth engines being created for maximizing Acer's market cap, we emphasized the internal communication to better collaboration. We expected all of our employees to strive together based on shared vision, belief, and core values to ensure the ultimate goals of dual transformation successful.

  The communication meetings 'Engaging with Jason' was held periodically. In these meetings, the Chairman & CEO communicated the achieved results and future development directions, and responded to the questions that employees raised. In addition, Chairman & CEO traveled to the business sites around the globe to explain the company's latest policies and do face-to-face communications with employees.

5.3.8 Acer Employee Management

Standards of Business Conduct (SBC)

In addition to carefully abiding by relevant laws and regulations, Acer requires employees demonstrate integrity and exceed the public's expectations for Acer. In the event that the SBC is violated, the situation will be handled according to the severity of the violation, with serious cases subject to disciplinary action and even dismissal.

The SBC requires all Acer employees carry out business activities to the highest standard of conduct, and every new employee receives training to ensure compliance with these standards. The SBC is integrated into performance appraisals to remind colleagues of their obligation to adhere to the code, and management is expected to supervise to ensure that all employees under their leadership follow the code.

All new employees are required to undergo training regarding anti-corruption measures. During annual performance reviews, we require management and colleagues to review their adherence to our standards of professional behavior. In the event of corruption being found, the company must immediately report the incident and implement management measures, while also reminding employees that they must adhere to the regulations of the Standards of Business Conduct.

5.4 Important Contracts

Nature of Contracts	Contracting Parties	Beginning and Ending Dates of Contracts	Major Content	Restrictive Clauses
Software License Agreement	Microsoft Inc.	Aug.1, 2018 until triggering the terminating terms of this Agreement	Obtain license from Microsoft for using certain software	Confidential Non-assignable
Patent License Agreement	IBM Corporation	Oct. 29, 2003 until the end of related patents period Nov 22, 2006 until the end of related patents period	Cross license arrangements for certain patents	Confidential Non-assignable
Purchase Agreement	Worldwide Vendors	Annual 2019	Component Purchase	Confidential Non-assignable

6 Corporate Social Responsibility

Corporate Social Responsibility

Acer's corporate social responsibility mission aligns the Company's CSR strategy with the company's new development direction and the core spirit of the brand:

While pursuing profitability, leading transformation, and providing innovative services, we will continue to create tangible and intangible value while focusing on our three core beliefs of creating value, balancing interests, and developing sustainably in order to promote sustainability model transfer and leverage our social influence as we become a future-oriented business.

Acer's CSR policy covers three axes: integrated sustainable governance, pioneering green innovation, and comprehensive sustainable impact.

- Integrated Sustainable Governance: Deepening CSR governance and stakeholder engagement, as well as strengthening the overall management and transparent disclosure of both financial and non-financial performance.
- Pioneering Green Innovation: Incorporating low-carbon, sustainable, and cyclically innovative technologies and concepts into products and services, taking the lead in smart cities and the development of a new green economy.
- Comprehensive Sustainable Impact: Creating real corporate value and leveraging our influence on suppliers and partners to help the overall industry move toward a sustainable future.

Acer's efforts in CSR continue to be recognized by top-notch sustainability indices. In 2019, we were included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the sixth consecutive year, as well as earning an AA rating as a component stock of the MSCI ESG Global Sustainability Indexes. Acer was also included in the FTSE4Good Emerging Index for a fourth year, and in the FTSE4Good TIP Taiwan ESG Index.

The Corporate Sustainability Office (CSO) is Acer's specialist unit committed to corporate social responsibility. Led by the corporate sustainability officer, its primary responsibility is managing ESG issues. Reporting directly to the chairman of the Board, the CSO also regularly provides reports to the Corporate Sustainability Committee on trends, influence, and performance with regard to these issues. The Corporate Sustainability Office plays an important role in as a communications bridge between the various working groups and the CSC. To facilitate effective communication across global locations, we have put in place executive secretaries for corporate social responsibility in each regional headquarters who are tasked with implementing our CSR agenda.

In the environment, safety and health management aspects, we implement office carbon reduction programs, enhance suppliers' capacity of greenhouse gases management, launch several projects to improve the health and safety of our employees and have third party verification for the GHGs emissions data of Acer Group global operation sites every year. For supply chain management, we conduct suppliers' Social and Environmental Responsibility (SER) on-site audits, investigate smelters in our supply chain for conflict minerals issue to enhance the SER performance of acer suppliers. Regarding communication, we build a good communication channel with stakeholders to ensure mutual understandings and respect, and we continuously improve the quality of our customer service and the protection of customer privacy. About community involvement, Acer is committed to give back to the society by creating digital opportunities for the disadvantages through Acer Volunteer Team and Acer Foundation.

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6.1 Environment, Safety and Health Management

6.1.1 The Environmental Protection

6.1.1.1 Energy and Climate Change

We continue to implement the Acer Integrated Energy and Climate Change Policy. We have also formulated long-term carbon reduction targets in line with the methodology proposed by the Science Based Targeting initiative, and we expect to accomplish in 2050 an 80% reduction in Scope 1 and Scope 2 carbon emissions from the baseline year of 2009. In 2019, in line with GHG Protocol principles, we recalculated our benchmark for annual emissions based on structural changes.

Regarding to the suppliers GHG management, we continually participate in the Carbon Disclosure Project Supply Chain Program, providing the suppliers related training courses and consulting. We enforce suppliers' capability on reacting to the climate change and saving energy and reduce emissions. Besides, we also encourage our suppliers to set reduction target to reduce the emission through the whole value chain. According to the report, our suppliers' overall disclosure and performance on carbon reduction are over the average of the global suppliers' performance.

With regard to green electricity, in 2019, Acer will again expand our use of renewable energy in operating locations with the addition of solar power generation facilities in the Netherlands, continuing our gradual development of renewable energy use toward our medium-term goal of reducing carbon emissions by 60% by 2020.

6.1.1.2 Green Product Management

Acer's green product policy is:

- Based on the"product life cycle"concept, we offer high-quality products that are energy and resource efficient, low in pollutants and hazardous substances, and easy to recycle.
- By employing green purchasing and through communications with our suppliers we have been able to establish a green supply chain that is fully compliant with international environmental practice.

All of Acer's products are in compliance with regulatory and customer requirements in all respective territories, protecting the health and safety of users and reducing potential risk to the environment. In addition to legal compliance, we also proactively comply with our various markets' voluntary environmental demands including product life cycle considerations such as energy efficiency, reduced use of toxic and/or hazardous substances, and end-of-life product processing. Since 2009, Acer has kept launching PVC-free and BFR (Bromine Flame Retardants)-free products, and is steadily accomplishing the target of non-halogenated products. We also continually evaluate the related regulations and the concerns of external stakeholders, gradually extending the control scope of the chemicals.

Acer supports the concept of resource recycling. In 2019, we continued to use recycled plastics in commercial display units and all-in-one computers, including the B and V series of commercial displays and all series of all-in-one desktops. Beginning in 2020, we will also be using PCR in our notebook computer products, including the Chromebook C733 and models in the TravelMate series.

Through the Acer Packaging Design Principles, we are able to examine the life cycle of our packaging material and make informed decisions about the environmental impact of our packaging at every stage, from initial R&D into and selection of materials through production methods, transportation and fuel consumption, durability in use, and waste handling. The Acer Packaging Design Principles also address ongoing reduction in design, the use of environmentally friendly materials, and improved recyclability.

Acer is committed to improving energy efficiency in our products to help consumers reduce the amount of energy they consume while using our products. During product design, we comply with energy consumption guidelines in each of our markets, including the European ErP eco-design directive. To ensure our products comply with the requirements of particular customers and markets around the world, we have acquired US Energy Star® and China Energy Conservation labels for selected products.

Acer not only supports the concept of resource recycling, but also actively strives to use post-consumer recycled plastics (PCR) in our products. At the same time, with regard to the materials that are most likely to create problems of pollution or occupational safety in the recycling process, we work with plastics manufacturers and upstream recyclers to conform to international standards of quality, environmental safety, occupational health and safety, and responsible recycling (R2), earning international export licenses and recycling service provision qualifications from local governments.

6.1.1.3 Office Carbon Reduction

Acer's energy consumption primarily comes from office electricity usage. Each year we collect data on electricity usage from our offices around the world to facilitate prompt adaptations. We also aim to reduce electricity usage through the use of green electricity, improved office equipment, and stronger power management, coupled with ongoing assessment and planning of energy conservation measures.

Looking at green electricity statistics, we see that Acer Taiwan's total solar power generation reached about 3 million kWh in 2019, enough to supply about 870 households for one year. Meanwhile, in terms of optimizing equipment power consumption, as well as replacing old air-conditioning equipment and moving to energy-saving lamps, Acer eDC Longtan also replaced a total of seven cooling tower fins in 2019, which is expected to save around 42,000 kWh of electricity each year. Additionally, to further reinforce our power usage management, Aspire Park will put to use an energy management system to gain an insight into the condition of each building's electrical and mechanical equipment to facilitate appropriate adjustments, while our Xizhi office will make changes to the hours in which air conditioning and put in place an automated system to turn off lighting during afternoon breaks and after working hours.

6.1.2 Safety and Health

6.1.2.1 Environmental Safety and Health Management

- As a global IT company focused on marketing and service, Acer endeavors to achieve balanced development in economy, environment and society. We are devoted to environmental protection. We understand that all our products, services and activities have potential impact to the environment and community where we conduct business. We are also dedicated to providing a safe and healthy workplace for employees believing that occupational health and safety is the foundation of sound and responsible business operations. We ensure all employees understand their roles and responsibilities and are working with our partners and suppliers to meet or exceed the environmental, health and safety commitments. Our policies on environmental safety and health management are as below:
- Meet or exceed all applicable legal requirements, industry standards and voluntary agreements to which Acer subscribes.
- Improve resource productivity by promoting pollution prevention, energy efficiency and waste reduction.
- Carefully select raw materials and suppliers to provide safe and low environmental impact products.
- Strive to create a safe and healthful workplace and to prevent occupational injury and illnesses.
- Continuously improve EHS performance based on audit and communications.

We implement the Acer EHS management system to fulfill our pledges and reaching our corporate targets, including management of potential hazards to people and the environment, reducing the environmental impact of our company operations and products, regular monitoring to ensure we are compliant with relevant laws and Acer standards, and ensuring Acer staff enjoy a comfortable environment and attach importance to health and safety precautions. In 2019, the bulk of Acer's Taiwanese business units passed new ISO 14001:2015 environmental management system review, continuing to receive third-party certification. Other subsidiaries that have introduced ISO environmental management systems have similarly passed ISO 14001:2015 review.

6.1.2.2 Working Environment and Employee Safety

Acer cares about the working environment where employee's safety and health would largely depend on. We conducted a series of improvements, including water filtration system, drinking water quality, indoor air quality; strengthen the computer room and warehouse safety. Acer also implemented environment, health and safety management system and conducted office sites hazards identification. We then improved items with significant risks to lower the hazards.

6.1.2.3 Emergency Accident Operation

Acer has established its own emergency operation procedures in the events of fire, earthquake, typhoon, power failure, water supply failure, contagious disease and other major accidents. In the fire safety aspect, we have organized a self-protection firefighting team by the employees and their main duties are to extinguish the fire at the initial stage, evacuate the rest of the employees when necessary and reduce possible damage from the accidents.

6.1.2.4 Employee Health

Acer always cares about the health of colleagues. We keep promoting health management and promotion. Specifically, in order to continually boost the health and performance of our staff, we take such concrete actions as carrying out annual employee health checks, hiring full-time medical staff to conduct employee health management, organizing a wide variety of activities and events promoting good health, sponsoring large-scale sports events, holding a range of sports competitions, encouraging the establishment of sports clubs, and fostering a pro-exercise internal environment. In 2019, Acer participated in Commonhealth Magazine's 2019 Corporate Health Responsibility Corporate Citizenship evaluations, taking first prize in the "Knowledge—Health Consciousness" category. We also completed construction of a fitness center this year, further demonstrating our commitment to providing a healthy workplace.

6.2 Supply Chain Management

We treat our suppliers from all parts of the globe with consistent fairness in order to achieve efficient global operations and partnerships and to provide clients with high quality products. We also strive to ensure that a safe working environment is provided throughout the supply chain, that employees are treated with dignity and respect, and that suppliers observe ethical codes and shoulder their environmental responsibilities throughout their business operations. We will continuously investigate the necessary responses to sustainability issues with a positive attitude and from a broad perspective so as to increase the positive effect of the supply chain on society and the environment.

Acer has been a member of the Responsible Business Alliance (RBA) since 2008, and actively participates in actions and discussions around supply chain social and environmental responsibility to better understand international trends in CSR and share in the practical experience of its members. All Acer manufacturers and service providers are required to comply with both the RBA Code of Conduct and local regulations.

We carry out annual on-site RBA Code of Conduct supplier audits, gaining a deeper understanding of each location's working environment and the human rights conditions of the staff. We also encourage and require suppliers to uphold their corporate responsibility by ensuring their own suppliers implement socially and environmentally responsible management and to advocate for RBA Code of Conduct adherence, thus improving the working environment in the electronics supply chain worldwide.

We have also established the Acer Responsible Supply-Chain Management (ARSM) system, not only setting in place the social and environmental responsibilities of our first-tier suppliers, but also rolling it out to second- and third-tier suppliers in phases with the aim of further expanding the reach of our social responsibility and influence. Acer requires first-tier suppliers to implement risk assessment and management of second-tier suppliers based on the RBA Code of Conduct. For higher risk suppliers, we also carry out on-site audits and tracking of improvements. We have also integrated performance in these into our Vendor CSR Scorecard assessments, realizing and expanding the environmental and social responsibility of our supply chain.

We continue to communicate with suppliers and enhance their ability to respond to sustainability issues, as well as encouraging them to incorporate sustainable development matters into their management agendas. In line with Acer's sustainable development strategy, we hold a variety of supplier sustainability conferences, and in our annual supplier CSR communication meetings, provide information on the latest in CSR developments and trends, as well as analyzing important supply chain matters and potential actions that we can take together. These meetings also provide an opportunity for two-way communication between Acer and suppliers, strengthening the supply chain's environmental and social responsibility and deepening our CSR-related cooperative relationships.

To review the practical performance of our suppliers in terms of CSR, we have established a Vendor CSR Scorecard, through which are able to gain an early insight into supply chain ESG risks and help suppliers implement appropriate measures to mitigate or eliminate those risks, following up on their progress as needed. Overall, average performance across categories in the 2019 scorecard saw further improvement over 2018. We also use quarterly business reviews or individual meetings in order to demand underperforming suppliers implement appropriate actions to improve their CSR performance.

Acer has taken multiple actions to verify the absence of forced labor, slavery and human trafficking in supply chain, including supplier risk assessment, declaration, on-site audit and training etc.

Responsible minerals sourcing continues to be a major focus for Acer. We believe that it is our responsibility to respect the human rights of others and to address adverse human rights impacts that exist where we do business and within in our area of influence. As a program that began with a focus on tantalum, tin, tungsten and gold (3TG) in the Democratic Republic of the Congo (DRC), Acer's Responsible Minerals Sourcing program has expanded to a program capable of addressing any minerals identified by Acer that involve social and environmental risks.

In 2019, the Acer Responsible Minerals Procurement Project set out the need for priority management of minerals based on their ubiquity in products and their having come from a conflict-affected and high-risk area (CAHRA). Congolese tin, tantalum, tungsten, and gold (3TG), Congolese cobalt, and Indonesian tin have been defined as priority minerals under Acer's Responsible Sourcing Strategy. We will continue to evaluate priority minerals, and to participate in the process of identifying CAHRAs. Acer expects to publish our 2019 Responsible Minerals Report in 2020, which will cover the steps involved in our due diligence regarding priority minerals.

6.3 Communication

6.3.1 Communication with Stakeholders

Acer is positioned to be a global citizenship among its stakeholders. With that in mind, we endeavor to understand stakeholder's opinions and recommendations, and build a good communication channel with them to ensure mutual understandings and respects. Stakeholders are defined as consumers, investors, suppliers, media, Non-governmental Organizations (NGOs), government, community, academia, trade organizations and others. In addition to CSR performance disclosure for stakeholders on all fronts via Acer's designated Acer Sustainability webpage.

6.3.2 Supplier CSR Communication Meeting

Every year, Acer invites representatives of our major suppliers to participate in annual CSR Communication Meetings, sharing the latest global trends in corporate sustainability and emphasizing Acer's requirements of and goals for supply chain CSR management performance. In 2019, our focus was on the practical management of supply chain and environmental issues. During our supplier communication meetings, we invited high-performing component suppliers to share their CSR management practices with the supply chain—that is to say, with Acer's second- and third-tier supply chains.

6.3.3 Customer Relations

Acer has always followed a quality policy of "Delivering zero-defect, competitive products and services on time" and adheres to the concept of "Serve with honor and work with pride" in providing professional products and services. Acer designs and conducts regular customer satisfaction surveys tailored to each region to get customer feedback and work on the area that need improvement to enhance the quality of customer service.

In addition, we also establish a complete globalized service structure in all major localized service sites and design different service programs for variety of customers and retailers. Consumers and corporate customers can communicate with us through multiple channels including:

- Global web site download and actively update service
- Call center support center / technical support
- Direct service center
- Authorized service center and professional system repair company
- International Traveler Warranty service center
- Acer Web Master

6.4 Information Security and Privacy Protection

As a global brand, Acer considers maintaining information security to be immensely important, especially with regard to earning and keeping the trust of those invested in the brand, customers, and other interested stakeholders.

We continue to work to improve global information security organization and policy, and to coordinate work on the various aspects of information security management systems, to ensure that the Group's information assets comply with relevant laws, regulations, and standards. We also strive to set out the security control measures necessary to protect the Group's information systems and services. In 2019, we continued to reinforce our information security management organization, and following the organizational structure, powers, and responsibilities, jointly worked to maintain the system's sound operation, achieving our goal of stronger information security management.

We are committed to protecting our customers' confidential information and strictly adhere to the Acer Privacy Policy. All Acer employees are required to carefully safeguard confidential or proprietary information provided by customers, and our products make use of data security technology to protect the personal information of consumers. In addition, we have set up a dedicated mailbox to handle any complaints about privacy rights worldwide. In line with Taiwanese legislation on the protection of personal data information, from the point that we collect any personal information from a customer through any means, that information will be retained and used only when necessary until the customer requests its deletion.

6.5 Community Involvement

6.5.1 Acer Volunteer Team

The Acer Volunteer Team was established for the purpose of giving employees a channel to contribute their spare time and energy to public welfare service. Apart from providing opportunities for interaction and friendship between employees from different departments and backgrounds, the volunteer service also bring Acer employees new life experiences and personal growth through the activities. The focused areas of the Volunteer Team include digital inclusion, charity and philanthropy, international volunteer work, and environmental conservation. Our volunteer teams have also created many opportunities to give back to the community through volunteer experiences, organizing a number of activities for both staff and their families to promote concepts of charity. In the past, such activities have included recruiting IT volunteers, working to protect mountains and the oceans, second-hand item donation drives, blood drives, electronics recycling, working with people with dementia, promoting carbon reduction and energy saving to address climate change, and helping both disadvantaged children and the elderly.

6.5.2 Acer Foundation

With Internet access more and more common, children's use of smartphones has increasingly sparked concern among parents and educators. As a technology company, Acer has a responsibility to society to contribute to digital literacy efforts to minimize the negative impact the online world may have. In 2019, the Acer Foundation began working with Taiwanese media focused on child-rearing and education, using surveys of children 's online behavior and related publications, advocacy, and events to remind parents and educators that digital learning skill is essentially the same as digital self-guided study skill, and is an essential skill for future citizens to have. The Acer Foundation hopes that through the promotion of IT education and the integration of IT tools into digital education, we will be able to promote digital learning skills throughout Taiwan and cultivate capability of Taiwanese children to make skilled use of digital tools.

In 2019, the Acer Foundation held the second Longterm Smile Internet of Beings Competition, part of our ongoing efforts to encourage the entrepreneurial momentum of Taiwanese startup teams and help Taiwan cultivate the innovative stars of tomorrow. The most attention-grabbing project this year was a “smart hearing solution” developed to overcome the pain points of traditional hearing aids inspired by a desire to solve the hearing problems of elderly fathers. Startups increasingly understand how to make use of Internet of Beings approaches to design solutions for everyday problems, going on from there to seize technologies and business models that can facilitate practical applications to issues observed in daily life.

In addition, to encourage young scholars to unleash their innovative energies in our digital era, the Acer Foundation has coordinated with the National Taiwan Science Education Center to hold the third BeingLife Creativity Competition. At the award ceremony, we encouraged all the winning teams to continue dedicating themselves to their creative work and to using innovative technologies to help drive society onward in positive directions. In addition to handing out awards at the ceremony, the Acer Foundation also announced the list of selected seed schools for the next two years. Through sponsoring Internet of Beings equipment and providing grants to clubs, we aim to help teachers and students develop IoB knowledge and creative applications.

6.6 Social Responsibility Implementation Statusas Required by the Taiwan Financial Supervisory Commission

Assessment Items	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary Description (Note 2)	
(1) Does the company conduct risk assessment of environmental, social, and corporate governance issues related to the company's operations per the principle of materiality and formulate relevant risk management policies or strategies? (Note 3)	✔		Every year, the Acer's Risk Management Working Group holds regular meetings, inviting members of various working groups to engage in identifying, assessing, and discussing potential and emerging risks the company may face in three aspects: economic, environmental, and social. Relevant department personnel are responsible for the drafting of follow-up risk management strategies related implementation plans concerning risk items identified and analyzed.	No discrepancy
(2) Does the company establish exclusively (or concurrently) dedicated units to be in charge the corporate social responsibility policies and report to the Board of Directors?	✔		The Corporate Sustainability Office (CSO) is Acer's specialist unit committed to corporate social responsibility. Led by the corporate sustainability officer, its primary responsibility is managing ESG issues. Reporting directly to the chairman of the Board, the CSO also regularly provides reports to the Corporate Sustainability Committee on trends, influence, and performance with regard to these issues. The Corporate Sustainability Office plays an important role in as a communications bridge between the various working groups and the CSC. To facilitate effective communication across global locations, we have put in place executive secretaries for corporate social responsibility in each regional headquarters who are tasked with implementing our CSR agenda.	No discrepancy
(3) Environmental Issues				
i. Does the company establish proper environmental management systems based on the characteristics of their industries?	✔		i. Acer employs the ISO 14001 Environmental Management Systems international standard to establish standard procedures for environmental management at each operating location, as well as continuously maintaining valid certifications. In 2019, the bulk of Acer's Taiwanese business units passed new ISO 14001:2015 Environmental Management System review, continuing to receive third-party certification. Other subsidiaries that have introduced ISO environmental management systems have similarly passed ISO 14001:2015 review.	No discrepancy
ii. Is the company committed to improving the usage efficiency of its various resources and to using renewable materials with a lower impact on the environment?	✔		ii. Acer is committed to reducing the impact of our operations and products on the environment and to improving our resource usage efficiency. We actively strive to use post-consumer recycled plastics (PCR) in our products and carefully considers the materials we use in our packaging, with packaging design emphasizing recyclability and making use of easily recyclable materials a priority. All of the posters included with products are produced with Forest Stewardship Council certified paper, while all printing uses environmentally friendly water-based and soy inks.	No discrepancy

Assessment Items	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary Description (Note 2)	
iii. Does the company assess potential risks and opportunities for the company now and in the future related to climate change and take measures to address climate-related issues?	✔		iii. Acer continues to grasp the risks associated with climate-change-related policies and regulations, physical operations, and transition strategies. We are analyzing and developing countermeasures for the various factors involved in these risks according to their probability of occurrence and their potential impact. In addition, with regard to opportunities that come with climate change, we continue to pursue improvements to product energy efficiency, but also strive to integrate our existing and new business groups to create a unified low carbon, sustainable strategies and innovative products.	No discrepancy
iv. Has the company collected statistics on and formulated policies regarding energy conservation, carbon reduction, greenhouse gas reduction, water usage, or other waste management?	✔		iv. Acer has continuously collected information on power usage, water usage, and waste products through online systems. With regard to greenhouse gases, Acer has set out an integrated energy and climate change strategy, as well as formulating long-term carbon reduction targets in line with the methodology proposed by the Science-Based Targeting (SBT) initiative. We expect to accomplish in 2050 an 80% reduction in Scope 1 and Scope 2 carbon emissions from the baseline year of 2009. In 2019, Acer recalculated baseline emissions in line with structural changes per the principles of the GHG Protocol.	No discrepancy
(4) Social Issues i. Has the company formulated relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	✔		i. Acer Inc. has set out the Acer Group Human Rights Policy, extending the scope of human rights protections to suppliers and customers. This policy recognizes and follows the UN Universal Declaration of Human Rights, the UN Global Compact, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, and local laws and regulations in its implementation of rights guarantees through the principles of protection, dignity, and remedy.	No discrepancy
ii. Does the company formulate and implement reasonable employee benefits measures (including salaries or staff compensation that appropriately reflect results)?	✔		ii. Acer conducts a global survey of salaries among peers every year to formulate a reasonable and competitive salary system. We also provide differentiated performance bonuses to employees based on the performance of each unit and the real contributions of staff members. In addition, the company's operating locations around the world all operate in compliance with local regulations and customs, providing staff with outstanding benefits and accessible communications channels.	No discrepancy
iii. Does the company provide a safe and healthy working environment for employees and regularly provide employees with health and safety education?	✔		iii. To effectively implement internal communication and health & safety policy, Acer Taiwan has put in place an environmental health and safety management system and brought together representatives of various units to form an Occupational Safety and Health Committee. Each year, health and safety projects are carried out in line with the annual plan, ensuring that the system continues to function effectively. We have also launched a variety of health and safety education and training opportunities in compliance laws and regulations.	No discrepancy
iv. Has the company set up effective career development training programs for employees?	✔		iv. Acer provides a variety of training programs for new staff and in specialist, management, and general fields. These work in concert with our organizational development needs and the skills of our employees, providing said employees with opportunities to challenge themselves and develop their careers while also creating value for the company.	No discrepancy

Assessment Items	Implementation Status (Note 1)			Non-implementation and Its Reason(s)
	Yes	No	Summary Description (Note 2)	
v. Does the company comply with relevant legislation and international standards on customer health and safety, customer privacy, marketing, and labeling with regard to its products and services, and has it formulated relevant policies and complaints mechanisms for the protection of consumer rights?	✔		v. We adhere to all laws and regulations pertaining to customer health and safety, customer privacy, and marketing/labeling with regard to products and services across the regions in which it operates. In accordance with the law, all Acer products and services carry required labeling and product information. Manuals for Acer products include guidelines for safe usage, laying out the proper usage of the product and relevant items to be aware of, as well as environmentally friendly recycling methods for when replacing a product. Consumers will also find details on how to contact Acer and how to find our website, further facilitating troubleshooting via telephone or online customer service.	No discrepancy
vi. Has the company formulated supplier management policies that require suppliers to comply with regulations on environmental protection, occupational health and safety, and labor rights, and does it monitor their implementation?	✔		vi. Contracts between the company and its primary suppliers include compliance with relevant CSR policies, regulations, and codes of responsible business conduct. We have adopted the RBA Code of Conduct and are dedicated to compliance in terms of environmental, health and safety, labor rights, ethics, and management systems. We also refer to the RBA Supplier Engagement Process and make use of a range of supplier social and environmental management approaches, engaging with suppliers through multiple channels and working with them to improve their capabilities.	No discrepancy
(5) Does the company make reference to international reporting standards or guidelines in its preparation of reports such as CSR reports that disclose non-financial information? Do the aforementioned reports receive assurance from third-party organizations?	✔		The content of our reports follows the Global Reporting Initiative's Sustainability Reporting Standards Core Option, with reference to the Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB). Acer also commissions the accounting firm KPMG Certified Public Accountants in accordance with the limited assurance standards of ISAE3000.	No discrepancy

(6) If the company has established its corporate social responsibility code of practice according to “Listed Companies Corporate Social Responsibility Code of Practice, “please describe the operational status and differences.

To boost Acer's overall competitiveness, fulfill its corporate responsibility in the social, economic and environmental aspects, and make Acer a leading brand-name in the history, the Standards of Business Conduct (SBC) were revised and promulgated in 2009 that serve as behavioral guidelines to Acer global employees providing them principles of conducting business at worldwide. They serve as a guideline for decision-making and action with regard to fair competition, respect for the environment; intellectual property rights; conflicts of interests; the banning of improper payments, gifts, or hospitalities; political contributions and activities; and so forth. We also establish Anti-Bribery and Anti-Corruption Policy, Antitrust and Fair Competition Guidelines, Regulations on Insider Trading, Rules Governing Management of Personal Data, and Subject Regulations of Prevention, Complaint and Punishment of Sexual Harassment to bring the practice of corporate responsibility into our daily operation.

(7) Other important information to facilitate better understanding of the company's implementation of corporate social responsibility (e.g., environmental protection, community participation, social contribution, social services, social welfare, consumers' rights, human rights and safety and health):

More information can be found at:

Acer Sustainability website: http://www.acer-group.com/sustainability/en/

7

Financial Standing

7.1 Five-Year Consolidated Financial Information

7.1.1 Condensed Balance Sheet

Financial Information (Consolidated)

Unit: NTD Thousands

Item \ Period		2015	2016	2017	2018	2019
Current assets		132,949,777	133,863,136	126,294,298	123,120,995	121,729,074
Property, plant and equipment		4,827,412	4,321,152	4,106,559	3,846,752	3,561,644
Intangible assets		26,609,427	18,595,922	17,184,151	17,311,344	16,930,072
Other assets		7,355,587	8,893,852	10,027,763	9,710,319	13,875,774
Total assets		171,742,203	165,674,062	157,612,771	153,989,410	156,096,564
Current liabilities	Before Distribution	102,576,092	105,421,675	93,239,933	86,816,928	84,473,257
	After Distribution	104,093,099	106,936,746	95,360,731	89,148,576	85,826,228 (Note)
Non-Current liabilities		3,311,010	2,573,909	6,397,432	8,186,196	12,428,068
Total Liabilities	Before Distribution	105,887,102	107,995,584	99,637,365	95,003,124	96,901,325
	After Distribution	107,404,109	109,510,655	101,758,163	97,334,772	98,254,296 (Note)
Equity attributable to Shareholders of the Parent		65,852,731	57,674,395	57,319,443	58,268,094	57,841,473
Common stock		30,854,428	30,807,328	30,765,028	30,749,338	30,749,338
Capital surplus	Before Distribution	36,232,755	34,743,105	29,852,184	27,913,351	28,152,962
	After Distribution	34,715,748	29,779,637	27,731,386	27,949,402	Un-appropriated
Retained Earnings	Before Distribution	1,451,899	(3,448,397)	2,815,587	5,901,450	6,196,256
	After Distribution	1,451,899	0	2,815,587	3,533,751	4,843,285 (Note)
Other equity		228,505	(1,512,785)	(3,198,500)	(3,381,189)	(4,342,227)
Treasury Stock		(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)
Non-controlling interests		2,370	4,083	655,963	718,192	1,353,766
Total equity	Before Distribution	65,855,101	57,678,478	57,975,406	58,986,286	59,195,239
	After Distribution	64,338,094	56,163,407	55,854,608	56,654,638	57,842,268 (Note)

Note: The amount approved by Board of Directors on March 18, 2020.

Financial Information (Unconsolidated)

Unit: NTD Thousands

Item \ Period		2015	2016	2017	2018	2019
Current assets		53,406,125	56,336,952	46,638,306	44,854,355	43,308,261
Property, plant and equipment		1,470,937	1,396,807	1,358,581	1,355,056	1,310,885
Intangible assets		552,978	320,315	261,992	229,136	207,915
Other assets		78,041,044	71,960,719	70,841,818	72,121,938	71,916,038
Total assets		133,471,084	130,014,793	119,100,697	118,560,485	116,743,099
Current Liabilities	Before Distribution	66,208,583	70,814,249	56,709,827	54,079,626	50,149,978
	After Distribution	67,749,084	72,352,627	58,863,379	55,447,325	51,502,949(Note)
Non-Current liabilities		1,409,770	1,526,149	5,071,427	6,212,765	8,751,648
Total Liabilities	Before Distribution	67,618,353	72,340,398	61,781,254	60,292,391	58,901,626
	After Distribution	69,158,854	73,878,777	63,934,806	62,660,090	60,254,597(Note)
Equity attributable to Shareholders of the Parent		65,852,731	57,674,395	57,319,443	58,268,094	57,841,473
Common stock		30,854,428	30,807,328	30,765,028	30,749,338	30,749,338
Capital surplus	Before Distribution	36,232,755	34,743,105	29,852,184	27,913,351	28,152,962
	After Distribution	34,692,254	29,756,329	27,698,632	27,913,351	Un-appropriated
Retained Earnings	Before Distribution	1,451,899	(3,448,397)	2,815,587	5,901,450	6,196,256
	After Distribution	1,451,899	0	2,815,587	3,533,751	4,843,285(Note)
Other equity		228,505	(1,512,785)	(3,198,500)	(3,381,189)	(4,342,227)
Treasury Stock		(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)	(2,914,856)
Total equity	Before Distribution	65,852,731	57,674,395	57,319,443	58,268,094	57,841,473
	After Distribution	64,312,230	56,136,016	55,165,890	55,900,395	56,488,502(Note)

Note: The amount approved by Board of Directors on March 18, 2020.

7.1.2 Condensed Statement of Comprehensive Income

Financial Information (Consolidated)

Unit: NTD Thousands

Item \ Period	2015	2016	2017	2018	2019
Revenue	263,775,202	232,724,161	232,274,883	242,270,406	234,285,354
Gross profit	24,884,122	23,212,458	25,361,234	25,828,199	24,716,786
Operating income	938,608	1,192,513	3,669,734	3,738,489	3,077,814
Non-operating income and (expenses)	(92,051)	(5,916,838)	(230,602)	513,891	634,206
Income (loss) before taxes	846,557	(4,724,325)	3,439,132	4,252,380	3,712,020
Income (loss) from continued segment	603,795	(4,900,740)	2,796,733	2,901,960	2,568,374
Income (loss) from discontinued segment	0	0	0	0	0
Net income (loss)	603,795	(4,900,740)	2,796,733	2,901,960	2,568,374
Other comprehensive income (loss)	(829,149)	(1,752,356)	(1,697,788)	(192,878)	(950,104)
Total comprehensive income (loss)	(225,354)	(6,653,096)	1,098,945	2,709,082	1,618,270
Net income (loss) attributable to shareholders of the Parent	603,680	(4,900,296)	2,815,587	3,060,429	2,632,565
Net income (loss) attributable to non-controlling interests	115	(444)	(18,854)	(158,469)	(64,191)
Total comprehensive income (loss) attributable to shareholders of the Parent	(225,467)	(6,654,809)	1,115,222	2,876,293	1,693,913
Total comprehensive income (loss) attributable to non-controlling interests	113	1,713	(16,277)	(167,211)	(75,643)
EPS (in New Taiwan Dollars)	0.20	(1.62)	0.93	1.01	0.87

Consolidated financial statements for each year have been audited by CPA.

Financial Information (Unconsolidated)

Unit: NTD Thousands

Item \ Period	2015	2016	2017	2018	2019
Revenue	196,086,936	175,496,371	174,273,511	177,953,077	173,659,404
Gross profit	8,456,400	6,980,588	8,474,204	8,470,193	7,735,758
Operating income	2,367,598	1,053,291	3,027,941	2,726,867	2,299,916
Non-operating income and (expenses)	(1,696,437)	(5,933,773)	(1,722)	1,185,723	964,619
Income (loss) before taxes	671,161	(4,880,482)	3,026,219	3,912,590	3,264,535
Income (loss) from continued segment	603,680	(4,900,296)	2,815,587	3,060,429	2,632,565
Income (loss) from discontinued segment	0	0	0	0	0
Net income (loss)	603,680	(4,900,296)	2,815,587	3,060,429	2,632,565
Other comprehensive income (loss)	(829,147)	(1,754,513)	(1,700,365)	(184,136)	(938,652)
Total comprehensive income (loss)	(225,467)	(6,654,809)	1,115,222	2,876,293	1,693,913
EPS (in New Taiwan Dollars)	0.20	(1.62)	0.93	1.01	0.87

Financial statements for each year have been audited by CPA.

7.1.3 CPAs' and Auditors' Opinions

CPAs and opinions in the past five years

Year	Name of CPA(s)	Auditors' Opinion
2015	Tzu-Chieh Tang, Wei-Ming Shih	An Modified Unqualified Opinion
2016	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion
2017	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion
2018	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion with the paragraph on emphasis of matter
2019	Huei-Chen Chang, Tzu-Chieh Tang	An Unqualified Opinion

7.2 Five-Year Financial Analysis

Financial Information (Consolidated)

Item \ Period			2015	2016	2017	2018	2019
Financial Ratio	Total liabilities to total assets(%)		61.65	65.19	63.22	61.69	62.08
	Long-term debts to fixed assets (%)		1,432.78	1,394.36	1,567.56	1,746.21	2,010.96
Ability to Payoff Debt	Current ratio(%)		129.61	126.98	135.45	141.82	144.10
	Quick ratio(%)		93.45	86.93	88.99	89.02	90.30
	Interest protection		3.49	(17.88)	16.23	25.26	20.61
Ability to Operate	A/R turnover (times)		4.91	5.03	5.20	5.13	4.83
	A/R turnover days		74.33	72.56	70.19	71.15	75.56
	Inventory turnover (times)		6.76	5.73	5.35	5.27	5.04
	A/P turnover (times)		4.90	4.38	4.43	5.23	5.57
	Inventory turnover days		53.99	63.69	68.22	69.25	72.42
	Fixed assets turnover (times)		51.16	50.88	56.31	60.92	63.25
	Total assets turnover (times)		1.45	1.38	1.47	1.55	1.51
Earning Ability	Return on assets(%)		0.49	(2.78)	1.85	1.95	1.75
	Return on equity(%)		0.95	(7.93)	4.84	4.96	4.35
	To Pay-in Capital (%)	Operating income	3.04	3.87	11.93	12.16	10.01
		PBT	2.74	(15.34)	11.18	13.83	12.07
	Net income ratio(%)		0.23	(2.11)	1.18	1.20	1.10
	EPS(NTD)		0.20	(1.62)	0.93	1.01	0.87
Cash Flow(%)	Cash flow ratio		(0.84)	7.85	(8.06)	(2.46)	(1.63)
	Cash flow adequacy ratio		18.83	40.90	(26.72)	20.94	(20.56)
	Cash reinvestment ratio		(1.71)	13.58	(16.40)	(7.34)	(5.90)
Leverage	Operating leverage		25.94	18.62	6.07	6.68	7.81
	Financial leverage		1.57	1.27	1.07	1.05	1.07

Analysis of Deviation over 20%:

Cash flow ratio: mainly due to decrease in cash flows from operating activities.

Cash flow adequacy ratio: mainly due to increase in the most recent 5-year cash flow from operating activities.

Financial Information (Unconsolidated)

Item		Period	2015	2016	2017	2018	2019
Financial Ratio	Total liabilities to total assets(%)		50.66	55.64	51.87	50.85	50.45
	Long-term debts to fixed assets (%)		4,572.77	4,238.28	4,592.36	4,758.54	5,080.01
Ability to Payoff Debt	Current ratio(%)		80.66	79.56	82.24	82.94	86.36
	Quick ratio(%)		66.38	61.61	58.37	57.53	60.51
	Interest protection		3.32	(37.95)	14.89	32.79	29.64
Ability to Operate	A/R turnover (times)		9.21	7.78	7.65	7.93	6.65
	A/R turnover days		39.63	46.92	47.71	46.03	54.88
	Inventory turnover (times)		18.98	15.69	12.87	12.59	12.61
	A/P turnover (times)		4.67	4.28	4.21	5.01	5.39
	Inventory turnover days		19.23	23.26	28.35	28.99	28.94
	Fixed assets turnover (times)		124.46	122.39	126.50	131.15	130.28
	Total assets turnover (times)		1.40	1.33	1.40	1.50	1.48
Earning Ability	Return on assets(%)		0.60	(3.64)	2.41	2.66	2.32
	Return on equity(%)		0.95	(7.93)	4.90	5.30	4.53
	To Pay-in Capital (%)	Operating income	7.67	3.42	9.84	8.87	7.48
		PBT	2.18	(15.84)	9.84	12.72	10.62
	Net income ratio(%)		0.31	(2.79)	1.62	1.72	1.52
	EPS(NTD)		0.20	(1.62)	0.93	1.01	0.87
Cash Flow(%)	Cash flow ratio		1.71	(4.46)	1.22	(9.66)	(1.10)
	Cash flow adequacy ratio		96.08	31.37	53.14	(22.75)	(57.81)
	Cash reinvestment ratio		1.65	(7.69)	(1.28)	(11.10)	(4.27)
Leverage	Operating leverage		3.50	6.36	2.81	3.02	3.22
	Financial leverage		1.14	1.14	1.08	1.05	1.05

Analysis of Deviation over 20%:

Cash flow ratio and cash reinvestment ratio: mainly due to decrease in cash flows from operating activities.

Cash flow adequacy ratio: mainly due to increase in the most recent 5-year cash flow from operating activities.

1. Financial Ratio

(1) Total liabilities to total assets=total liabilities/total assets

(2) Long-term funds to Net property, plant and equipment= (net equity+long term debts)/net property, plant and equipment

2. Ability to Pay off debt

(1) Current ratio=current assets/current liability

(2) Quick ratio= (current assets-inventory-prepaid expenses)/current liability

(3) Interest protection=net income before income tax and interest expense/interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover=net sales/the average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day=365/account receivable turnover

(3) Inventory turnover=cost of revenue/the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover=cost of revenue /the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day=365/Inventory turnover

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

(7) Total assets turnover=net sales/average Total assets

4. Earning Ability

(1) Return on assets= [PAT+interest expense× (1-tax rate)]/the average of total assets

(2) Return on equity=PAT/the average of total equity

(3) Net income ratio=PAT/net sales

(4) EPS = (Earning attributable to shareholders of the Company -dividend from prefer stock)/weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio=cash flow from operating activities/current liability

(2) Cash flow adequacy ratio=most recent 5-year cash flow from operating activities=most recent 5-year (capital expenditure+the increase of inventory+cash dividend)

(3) Cash reinvestment ratio= (cash flow from operating activities-cash dividend)/(gross property, plant and equipment+long-term investment+other non-current assets+working capital)

6. Leverage

(1) Operating leverage= (net revenue-variable cost of revenue and operating expense)/operating income

(2) Financial leverage=operating income/ (operating income-interest expenses)

7.3 Audit Committee Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and the Proposal for profit & loss appropriation. The CPA Huei-Chen Chang and Tzu-Chieh Tang from KPMG were retained to audit Acer's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit & loss appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of Acer Incorporated in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Acer Incorporated

Convener of the Audit Committee: Ching-Hsiang, Hsu

March 18, 2020

7.4 Consolidated Financial Statements Audited by CPAs of the Past Year

Please refer to Appendix I.

7.5 Parent-Company-Only Financial Statements Audited by CPAs of the Past Year

Please refer to Appendix II.

7.6 Disclosure of the Impact on Company's Financial Status Due to Financial Difficulties

None

8

Review of Financial Position, Management Performance and Risk Management

8.1 Financial position (Consolidated Financial Statements)

8.1 Financial position (Consolidated Financial Statements)

Major impact on financial position

Unit: NTD Thousands

Item / Period	2019	2018	Difference	
			Amount	%
Current assets	121,729,074	123,120,995	(1,391,921)	(1.13)
Property, plant and equipment	3,561,644	3,846,752	(285,108)	(7.41)
Intangible assets	16,930,072	17,311,344	(381,272)	(2.20)
Other assets	13,875,774	9,710,319	4,165,455	42.90
Total assets	156,096,564	153,989,410	2,107,154	1.37
Current liabilities	84,473,257	86,816,928	(2,343,671)	(2.70)
Non-current liabilities	12,428,068	8,186,196	4,241,872	51.82
Total liabilities	96,901,325	95,003,124	1,898,201	2.00
Common stock	30,749,338	30,749,338	0	0.00
Capital surplus	28,152,962	27,913,351	239,611	0.86
Retained earnings	6,196,256	5,901,450	294,806	5.00
Other equity	(4,342,227)	(3,381,189)	(961,038)	28.42
Treasury stock	(2,914,856)	(2,914,856)	0	0.00
Equity attributable to shareholders of the Parent	57,841,473	58,268,094	(426,621)	(0.73)
Total equity	59,195,239	58,986,286	208,953	0.35

Analysis of Deviation over 20%:

Other assets: The increase was mainly due to increase in right-of-use assets adopted the IFRS16 leases standard.

Non-current liabilities: The increase was mainly due to debt increase and repayments, and increasing lease liability adopted the IFRS16 lease standard.

Other equity: The decrease was mainly due to increase in loss from foreign currency translation difference in 2019.

8.2 Financial performance (Consolidated Financial Statements)

Major impact on financial performance

Unit: NTD Thousands

Item / Period	2019	2018	Difference	
			Amount	%
Revenue	234,285,354	242,270,406	(7,985,052)	(3.30)
Cost of revenue	(209,568,568)	(216,442,207)	6,873,639	(3.18)
Gross profit	24,716,786	25,828,199	(1,111,413)	(4.30)
Operating expenses	(21,733,522)	(22,256,745)	523,223	(2.35)
Other operating income and expenses-net	94,550	167,035	(72,485)	(43.40)
Operating income	3,077,814	3,738,489	(660,675)	(17.67)
Non-operating income	634,206	513,891	120,315	23.41
Income before taxes	3,712,020	4,252,380	(540,360)	(12.71)
Income tax expense	(1,143,646)	(1,350,420)	206,774	(15.31)
Net income	2,568,374	2,901,960	(333,586)	(11.50)
Other comprehensive loss for the year, net of taxes	(950,104)	(192,878)	(757,226)	392.59
Total comprehensive income	1,618,270	2,709,082	(1,090,812)	(40.27)
Net income attributable to shareholders of the Parent	2,632,565	3,060,429	(427,864)	(13.98)
Total comprehensive income attributable to shareholders of the Parent	1,693,913	2,876,293	(1,182,380)	(41.11)

Analysis of Deviation over 20%:

1. Other operating income and loss-net: The decrease was mainly due to lower government grant in 2019.
2. Non-operating income and loss: The increase was mainly due to net income from inrerest income and other gain in 2019.
3. Other comprehensive loss for the year, net of taxes: The increase was mainly due to increase in unrealised gains(losses) from investments in equity instruments measured at fair value through other comprehensive income and exchange differences on translation loss ,and decrease in remeasurements of defined benefit plans in 2019.

8.3 Cash flows (Consolidated Financial Statements)

8.3.1 Major impact on cash flows

Unit: NTD Thousands

Item \ Period	2019
Cash and cash equivalents at beginning of period	27,283,038
Cash flows from operating activities	(1,380,449)
Cash flows from investing activities	(1,806,487)
Cash flows from financing activities	1,071,006
Effect of foreign exchange rate changes	(982,776)
Cash and cash equivalents at end of period	24,184,332

Analysis of cash flows in 2019:

NT$14 billion net cash used in operating activities: mainly from increase in profit after tax, other income (expenses), decrease in inventory, increase in accounts receivable and decrease in accounts payable.

NT$18 billion net cash used in investing activities: mainly from acquisition of financial assets at fair value through profit or loss.

NT$11 billion net cash from financing activities: mainly increase in net long-term debt and cash dividends paid.

8.3.2 Remedial actions for liquidity shortfall

Remedial actions are not required

8.3.3 Analysis of cash liquidity for next year

Not applicable

8.4 Major capital expenditures and impact on financial and business in recent years

None

8.5 Long-term investment policy and results

The investments accounted for using equity method are for strategic purpose. The share of losses of associates and joint ventures amounted to NT$ 111,259 thousands on consolidated statements mainly due to transformation. Acer will continue to focus on strategic purpose thought adequate and prudent assessment.

8.6 Risk Management

8.6.1 Impact of Interest Rate, Exchange Rate and Inflation on Company's P&L and Future Strategy

1.Interest Rate Fluctuation

The global spread of COVID-19 has forced FED to adopt a rate-cut strategy in response to the slowing economic growth momentum. ECB and other central banks may follow the footsteps of FED to adopt easing monetary policy. Central Bank of the Republic of China (Taiwan) may act more cautiously and the interest expense from loan of Acer will reduce. Short-term TWD and foreign currency deposits remain to be the most common used instruments for Acer to optimize return while reducing risk.

2.Exchange Rate

EUR may weaken in 2020 due to soft growth of economy and possible bouts of heightened political risk in Eurozone. USD would be the natural outperformer in slowing global economy. US-China trade tensions and COVID-19 impact have become the key driver of USD-RMB. The monetary policies of major economies influence the stability of the currencies in emerging markets. Acer will maintain its strategy to meticulously hedge its foreign positions to minimize the impacts on earnings caused by foreign exchange rate fluctuations.

3.Inflation

According to recent IMF World Economic Outlook, the expectations of slower global growth and weaker demand lead to negative implications for global commodity prices. Consumer price inflation has generally remained contained. Appropriate measures will be taken accordingly to minimize impacts on business operation if need.

8.6.2 The Policy Regarding High-Risk/Highly Leveraged Investments, Lending, Endorsements, and Guarantees for Other Parties; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures To Be Taken In The Future

Company will use high-safety, high-liquidity, and fixed-income financial instruments provided by financial institutions with high credit rating for the utilization of short-term idle funds. Company will use investment of leading and relative industry for the utilization of long-term idle funds.

Company does not engage in lending, endorsements and guarantees, unless for its subsidiaries; provides, if there is any necessities to lend, endorse, and guarantee to other parties for business purpose, it shall be done in accordance with Company's "Procedures for to Lending Funds to Other Parties" and "Procedures for Endorsement and Guarantee."

As of December 31, 2019, the aggregated amount of guarantees provided is NTD 24,619,724,000, among which NTD 3,082,396,000 was actually used.

Company does not engage in financial derivative transactions unless for hedging purpose. ; If Company engages in financial derivative transactions for business purpose, it shall be done in accordance with Company's "Regulations of Foreign Exchange Risk Management and Structured Deposit."

8.6.3 Research and Development Plan in the Future and Estimated Expense

Company and its affiliates focus on keeping invest in researching and developing (R&D) not only for computers and accessories & peripherals, but for smart retail, artificial intelligence application, smart medicine and healthcare, technology of big data, cloud platform etc. in the near future. The plans are summarized as follows:

Research item	Description
Artificial intelligence	R&D of algorithm, application and service of machine learning and artificial intelligence.
Smart medicine and healthcare	To develop assistant tools and service of artificial intelligence diagnosis, and wearable of physiology monitor by Acer's deep learning and big data system technologies, as well as cooperation with hospital's huge amount of data and medical knowledge.
Big data technology	Data mining, data cleaning, big data management, machine learning and advance analysis of big data.
Cloud platform	To build and develop a cloud platform, and provide a complete solution with the applications of information analysis and artificial intelligence for the necessity for IOT devices.

It is estimated expense around 0.8% ~ 1.5% of 2020 total revenue for all R&D plans.

8.6.4 Impacts associated with domestic and international important policies and regulation changes to Company's financial and business and the response measures to be taken in the future

As of the date of print of this annual financial report, the relevant domestic and international important policies and regulation changes have no immediate, obvious and significant expected impacts on the Company's finances and business. Company continues to pay attention to domestic and international important policies and regulation changes to evaluate the impacts timely and then take appropriate steps to protect the Company's finance and business.

8.6.5 Impact Associated with Changes in technology and industry to Company's financial and business and the response measures to be taken in the future

Nowadays, the Information and Communication Industry and relevant technologies change rapider and rapider, which, though, causes no immediately foreseeable, significant and negative impacts on the company's finance and business, Company still continuously and densely focus on the prospects of technology and trends of markets for lead arrangement of business operating. Except self-developing /controlling technologies, Company cooperates with partners in Joint-Development and Joint-Business, and develops new business to foresee the future trendy to technologies and changes of business for keeping competitiveness. Meanwhile, Acer puts the dual transformation strategy into practice vigorously not for finding new markets to its core business, but for new business multiple growth engines by its existing sources and reputations, and that will ambitiously strengthen its performance and new business development. Moreover, Company will focus on gaming PCs, Creator solutions, commercial business growth, in addition to new initiatives including AOPEN, ACSI, AST, Weblink, and more, as its main growth energy to maintain Acer's energy of innovation and progress.

8.6.6 The Impacts of enterprise crisis management from Changes in Corporate Reputation and the response measures to be taken in the future

Company has transformed manufacturing into a brand company of information and communication products and service, thus, it focuses on global operations and supply chain management, which results in the shift of the scope of corporate crisis management. Via multi-vendor strategies to separate the risks of cooperation with a single partner, the inventory management of Company will be more resilient. In addition, due to the uncertain global situation, crisis and challenges may occur at any time, Company actively strengthens the awareness of crisis management, develops preventive measures to avoid the occurrence of crisis, and establishes risk management mechanism. If a crisis should be encountered, the losses of risk could be reduced to ensure Company will be evergreen.

8.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

None

8.6.8 Predicted Benefits and Potential Risk to Company with Factory/Office Expansion

None

8.6.9 Potential Risks to Company from the Consentration of Procurement and Sales

None

8.6.10 Affect on Company from Shares Transfers by Directors, Supervisors or Shareholders Holding More Than 10% Shares

None

8.6.11 Impact and Potential Risks to Company Management Team Change

None

8.6.12 The major litigious, non-litigious or administrative disputes that: (1) involve Acer and/or any Acer director, any Acer supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 %, and/or any company or companies controlled by Acer; and (2) have been concluded by means of a final and definitive judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of printing of this annual report shall be disclosed as follows

1. The status of the dispute as of the date of printing of this annual report:

    (1) A US company filed a lawsuit against Acer in the superior court of California based on cause of actions for misappropriation of trade secrets and breach of a non-disclosure agreement. Acer has engaged external law firms to deal such litigation. So far, the final verdict is still unpredictable; however, Acer has properly accrued provisions based on development of the aforesaid lawsuit. Thus, Acer foresees no immediate material adverse effect on the Acer's business operations and finance.

    (2) Acer from time to time receives notices from third parties asserting that Acer has infringed certain patents or demands Acer obtain certain patents licenses. Although Acer does not expect that outcome of the notices, individually or collectively, will have a material adverse effect on Acer's financial position or operation, given the outcome of legal proceedings are difficult to foresee, relevant settlements may affect Acer's result of operation or cash flow in a particular period.

    (3) Due to the globally fast-changing environment, Acer has faced many kinds of challenges and different interpretation from local tax authorities; therefore, for the tax cases which reach the requirements of liability reserve (including but not limited income tax, withholding tax, and sale tax), Acer has prior-estimated properly accordance with relevant rules. However, tax issues are usually complicated, time-consuming, and unpredictable, thus there would be an influence to Acer's business result or cash flow on specific period.

2. In year 2019 and as of the date of printing of this annual report, any Acer director, supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10% were not involved in any material litigious, non-litigious or administrative disputes of which the result could materially affect shareholders' equity or the prices of Acer's securities.

3. In year 2019 and as of the date of printing of this annual report, any subsidiaries and affiliates controlled by Acer were not involved in any material litigious, non-litigious or administrative disputes of which the result could materially affect Acer shareholders' equity or the prices of Acer's securities.

8.6.13 Other important risks

The ultimate goal of Acer's business philosophy is "sustainable development." We firmly believe that rigorous, sound risk management not only speaks to Acer's long-term commitment to customers, employees, partners, and investors, but also ensures that we take concrete measures that result in stable business and the implementation of corporate social responsibility. Sustainable development and risk management are inextricably linked. Only by continuously identifying and analyzing the short-term changes and long-term trends in risk and implementing relevant risk management strategies can we ensure that the company's hard-won results are are maintained and our development goals achieved.

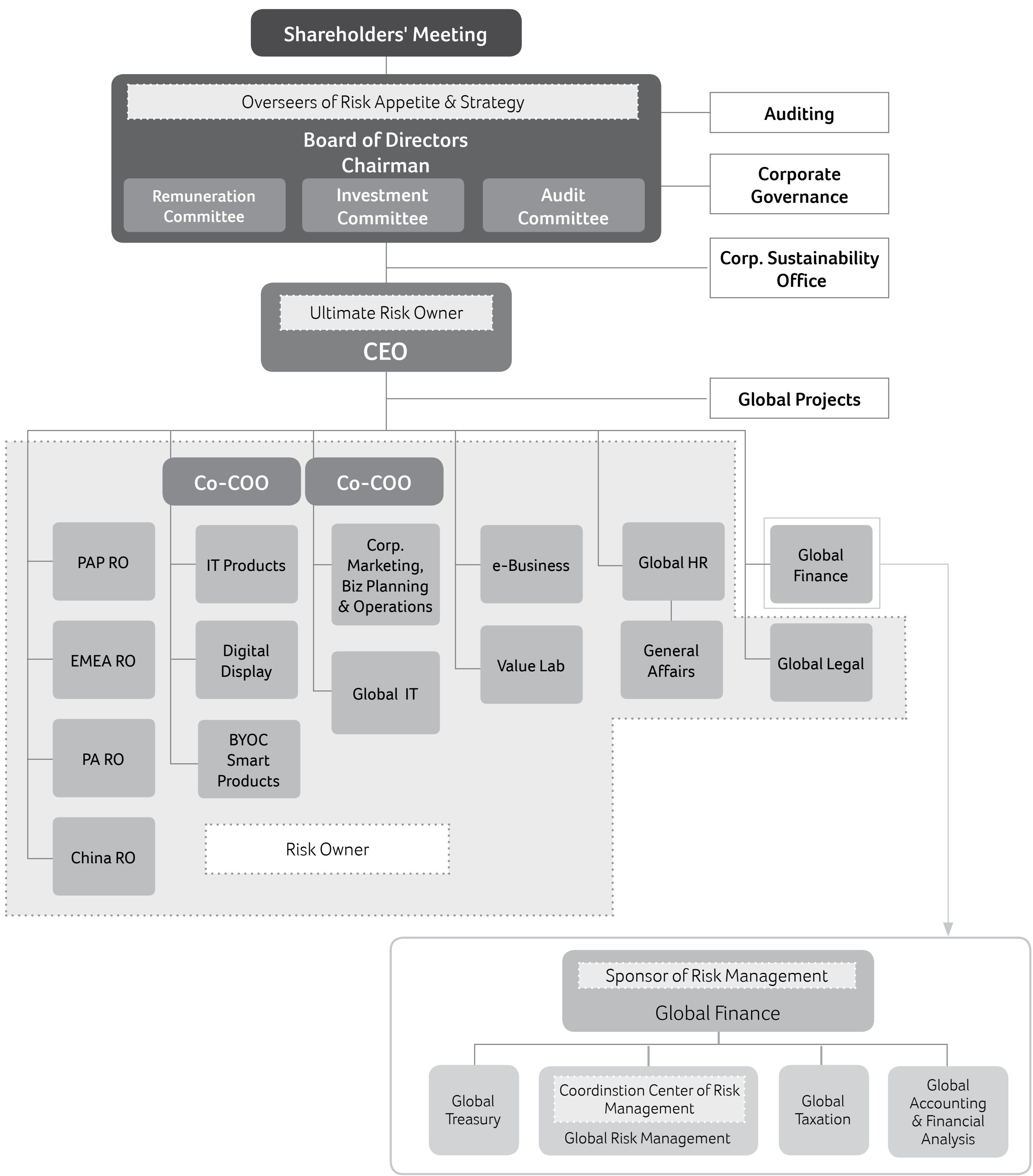
Acer regularly carries out overall evaluations, risk prioritizations, and risk appetite boundary definitions for potential strategic, operational, financial, and hazard risks, both internal and external, that our operations face in all aspects. In response, we set out risk management strategies, enforcement mechanisms, and organizations in response to ensure relevant key risks are effectively controlled and appropriately responded to. To continuously monitor and strengthen our risk management actions and response measures, the Audit Committee evaluates the inclusion of discussions into meeting agendas based on priority and urgency and clarifies the issues and units responsible. The Audit Committee regularly aggregates risk environment, risk management priorities, risk assessment results, and related response measures and reports this to the board.

Acer's Risk Management Organizational Structure

In late 2012, Acer established the Risk Management Working Group, the membership of which spans the Legal, Finance, Human Resource, Supply Chain Management, Enterprise Communication, Marketing, QA & Services, IT, Environmental Safety and Health, Asset Management, all Product Business Groups, and the Corporate Sustainability Office. Every year, the working group holds regular meetings, inviting members of various working groups to engage in identifying, assessing, and discussing risks the company may face in three aspects: economic, environmental, and social.

Additionally, in 2018 Acer reorganized the former Global Corporate Social Responsibility Committee (GCSRC) into the Corporate Sustainability Committee (CSC); the Risk Management Working Group is a unit under the CSC. We believe that this reorganization will not only further strengthen our existing risk management practices, but also help in Gradually building a corporate culture with a strong awareness of risk management through discussion with and participation by top-level management from various departments and business units.

Acer's Risk Management Organizational Structure



- The Board of Directors determines the strategic direction of risk management in order to improve and strengthen corporate governance; At the same time, in response to various operational risks, relevant measures and designated units of responsibility are set out and progress on the implementation of risk management items reported by the various committees and management levels is monitored, with internal management functions further strengthened to boost the effectiveness of risk management.
- Management is responsible for supervising and complying with risk management strategies and conducting regular assessments of effectiveness.
- Audit Office regularly reviews and monitors internal control processes, annual audit plan, etc.
- The Corporate Sustainability Office is responsible for identification and management of sustainability risks using various analytical methods to identify operational risks, including risk management of forward-looking social and environmental issues, and formulating follow-up management plans to mitigate the impact of these risks on organizational operations.
- The Global Human Resources Headquarters is responsible for implementing the planning, organization, instruction, control, and coordination of HR policies, including hiring, performance, and compensation, in order to accomplish enterprise developing goals and the creation of highly adaptable organizational systems.
- The Global Legal Headquarters is responsible for legal risk management, reviewing and processing contract disputes, and so on to reduce legal risk.
- The Global Information Technology Headquarters is responsible for the building and planning of overall information systems and information security management.
- Global Financial Headquarters:
  - ✔ The Global Accounting and Business Analysis Head Office is responsible for verifying and checking global transactions, ensuring the validity of transactions and reliability of financial statements. It is also responsible for responding to related risks through business analysis and planning, financial information integration, and investment management.
  - ✔ The Global Funds Head Office is responsible for financial planning, relevant financial risk sharing, and insurance allocation.
  - ✔ The Global Taxation Head Office is responsible for international investment framework planning and tax-related risk planning, management, and response.
  - ✔ The Global Risk Management Head Office is responsible for coordinating the Group's global credit risk, operational risk, and other related risk management and insurance allocation services.
- The General Affairs Head Office is responsible for environmental health and safety policy and management of potential risks to Group assets.
- The Global Brand Marketing and Strategic Operations Center is responsible for risk management strategy planning, execution, and follow-up improvement relating to business intelligence and market analysis, supply chain risk management, brand and PR risk management, and quality control.

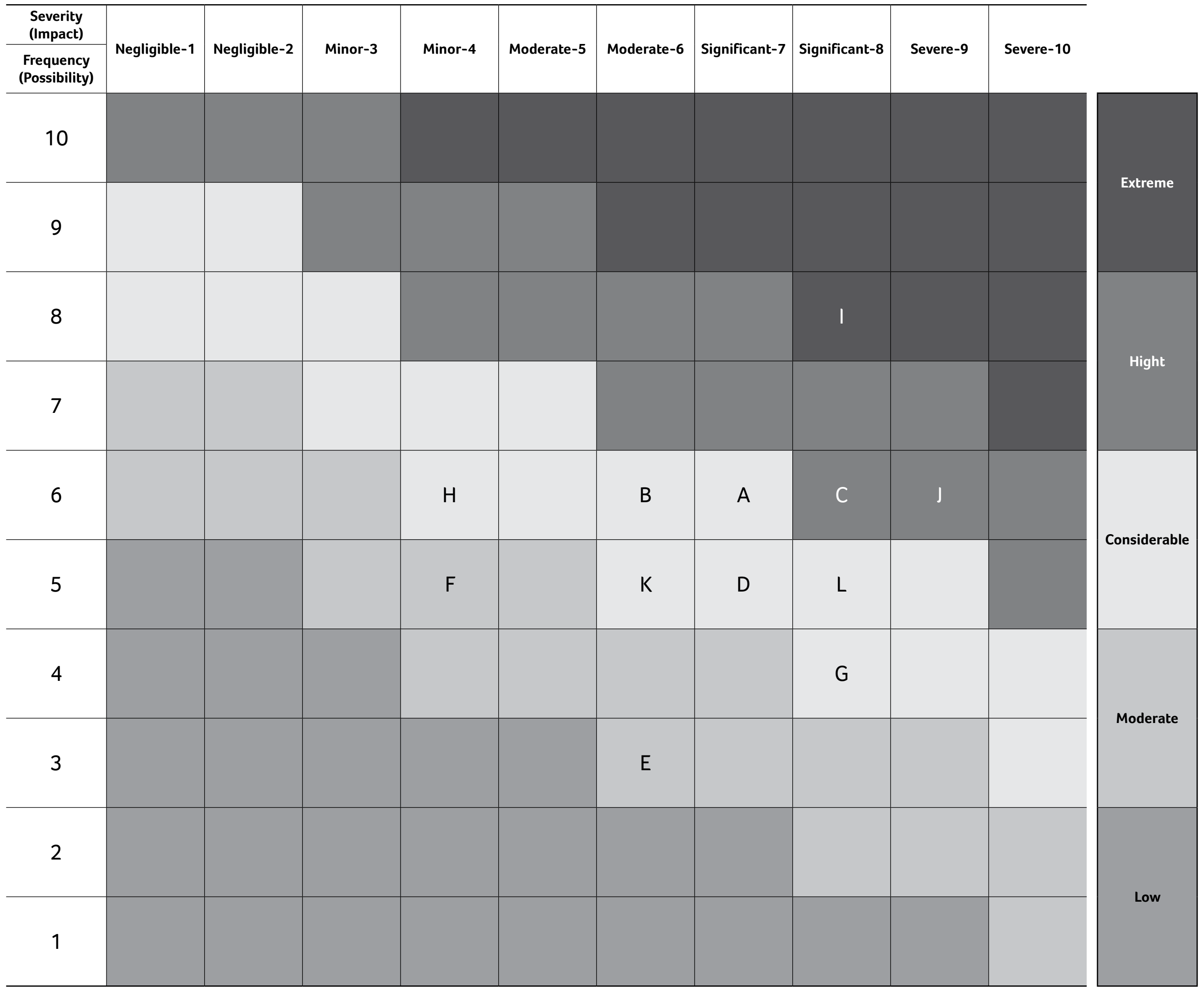
Risk Identification and Management

The Risk Management Working Group uses risk mapping to assess potential threats to the company's future operations based on the likelihood of various risks and the extent of the damage were they to occur, classifying the risks and ensuring proper prioritization of risk management strategies. At the same time, we use sensitivity analysis and stress testing to undertake further quantitative analysis of each risk item and examine whether there is a high correlation between risk factors.

The Risk Management Working Group aggregates the results of these analyses and tests, then drafting follow-up action plans and reporting to the convener of the group. In 2019, the Risk Management Working Group identified a total of 56 risk items, of which 12, in areas including IP and associated litigation risk, information security risk, and extreme climate risk, were categorized as medium-high risk or higher. Designated personnel from the relevant departments are responsible for the drafting of follow-up risk management strategies-related implementation plans with regard to risk items identified and analyzed, including commonly used response methods such as loss prevention planning, avoidance, separation & duplication, transfer, and retention. In addition, they also assess appropriate resource inputs, execution priorities, methods for follow-up progress tracking. At the same time, risk contingency plans and crisis management mechanisms are developed to reduce the possible adverse effects of various potential risks on operations. Significant risk information is also reported to the Audit Committee. 2019 Annual Report content includes:

- Starting with Anti-Corruption and Economic Crime
- New Perspectives on International Taxation and Corresponding Planning
- Information security controls
- Human Resources Risk Management

Bringing together all of the above, we continue to actively implement relevant risk management practices, employing a forward-looking outlook on prevention and a cautious approach to the risks and challenges facing the company both now and in the future. The Audit Committee aggregates risk environments, risk management priorities, risk assessment results, and corresponding response measures, with the chair reporting to the board.



Note:

1. The risk identification/analysis process begins in Q4 each year and is completed in Q1 the following year.
2. The risk map is based on the results of assessment of the risk levels of 2019 risk items.
3. Some risk items are presented by category.

A	Supply chain related risk	Relates to reliability or otherwise of sourcing and vendor management of environment and labor rights risks
B	IP and litigation risk	Includes patent litigation filed by competitors regarding intellectual property
C	Interest rate risk	Impairment of property value due to exchange rate fluctuations
D	Credit risk	Risks relating to payee's ability or willingness to repay
E	Tax risk	Potential risks due to tax reform trends
F	Inventory management risk	Includes risks caused by slow inventory turnover
G	Liability risks for directors and managers	Potential liability risks produced by the execution of directorial and managerial duties
H	Labor-related risk	Risks such as labor shortages, loss of high-level management talent, or human rights issues
I	Information security risk	Losses arising from leaks of personal information, malicious programs, computer viruses, or hackers
J	Business interruption risk	Losses due to interruption of business caused by accidents
K	Extreme climate risk	Risks due to global warming and various extreme climate phenomena
L	Large-scale infectious disease outbreaks	Risks due to large-scale outbreaks of infectious diseases and subsequent negative impacts

Emerging Risks

With regard to the many emerging risks identified by the Risk Management Working Group in early 2018–2019, including those relating to trade protectionism, information security, large-scale infectious disease outbreaks, and extreme climate, we additionally have invited staff from relevant departments for in-depth discussions and focused thinking in order to assess the potential adverse effects on the company's future operations. In response to information security risk, the Risk Management Working Group not only summarizes patterns of potential losses (including loss of goodwill, interruptions to operations, and data leakage), but also works with the IT Department to consolidate the basic capital operation principles and work toward ongoing refinements, helping earn ISO 27001 international information security certification in 2019. Beyond this, since 2018, Acer has continued to implement planning and arrangement of a global cyber insurance policy, not only out of consideration of risk transfer, but also in hopes of making use of the international insurance market to receive further assistance and resources from external information security experts. As information technology continues to develop rapidly with a variety of innovative applications, into the future, we intend to continue paying attention to the developmental trends in information security risk and continuously review and improve the relevant operating principles and risk transfer measures.

- Review externally oriented services
- Make use of the principle of least privilege and encryption
- Identify and protect endpoint security
- Pay attention to application security
- Educational users
- Find and protect the weakest link
- Pay attention to the latest information security standards and attack methods

Acer will continue to focus on long-term trends and threats relating to global warming and extreme climate phenomena. Currently, our Supply Chain Management Department is assessing changes in low temperatures that may be encountered during transportation along particular routes, discussing and cooperating with shipping companies to enact feasible preventive measures based on the type and characteristics of products.

With regard to future trends and potential negative impacts of trade protectionism risk, such as trade protectionism and related trade barriers between countries and the imposition of tariffs on goods not produced domestically to alleviate trade deficits, ICT products produced in Asia are likely to become a point of focus, becoming a bargaining chip in trade negotiations and even causing changes in pricing that may affect sales. The Risk Management Working Group has collated the types of losses that may occur (including a decline in sales or market share due to political/economic instability, labor-related costs due to migration of production bases, and so forth). We will closely monitor long-term development trends in trade protectionism and the subsequent impacts, while also continuing to expand into new niche markets and sales channels so as to distribute operational risks and reduce the impact and uncertainty so caused.

With the rapid development of the COVID-19 pandemic in early 2020, Acer Global Headquarters quickly established an Emergency Response Committee and instructed operations around the world to similarly set up local response committees to facilitate prompt risk assessment and internal communications for work relating to epidemic response. In order to ensure the health and safety of company staff during the pandemic, the Emergency Response Committee also set out temporary restrictions and safety regulations for cross-border business travel, requiring company employees to declare daily contact history and travel history on internal systems and instructing them to strengthen access control management measures to minimize the opportunities for contact between company employees and outside personnel.

In addition, Acer has continued to evaluate how to maintain the smooth operations through remote systems via “work from home” measures while ensuring the data and system security should a future pandemic occur; we have also conducted drills to confirm that prior planning and arrangements can be implemented in the event of unforeseen circumstances.

During this pandemic, Acer is also keeping a close eye on the potential impact of COVID-19 on supply chain management staff and partners, monitoring the resumption of work and production along with contingency plans. In this way, we aim to ensure a suitable inventory of key components and finished products, minimizing the subsequent negative impact of COVID-19.

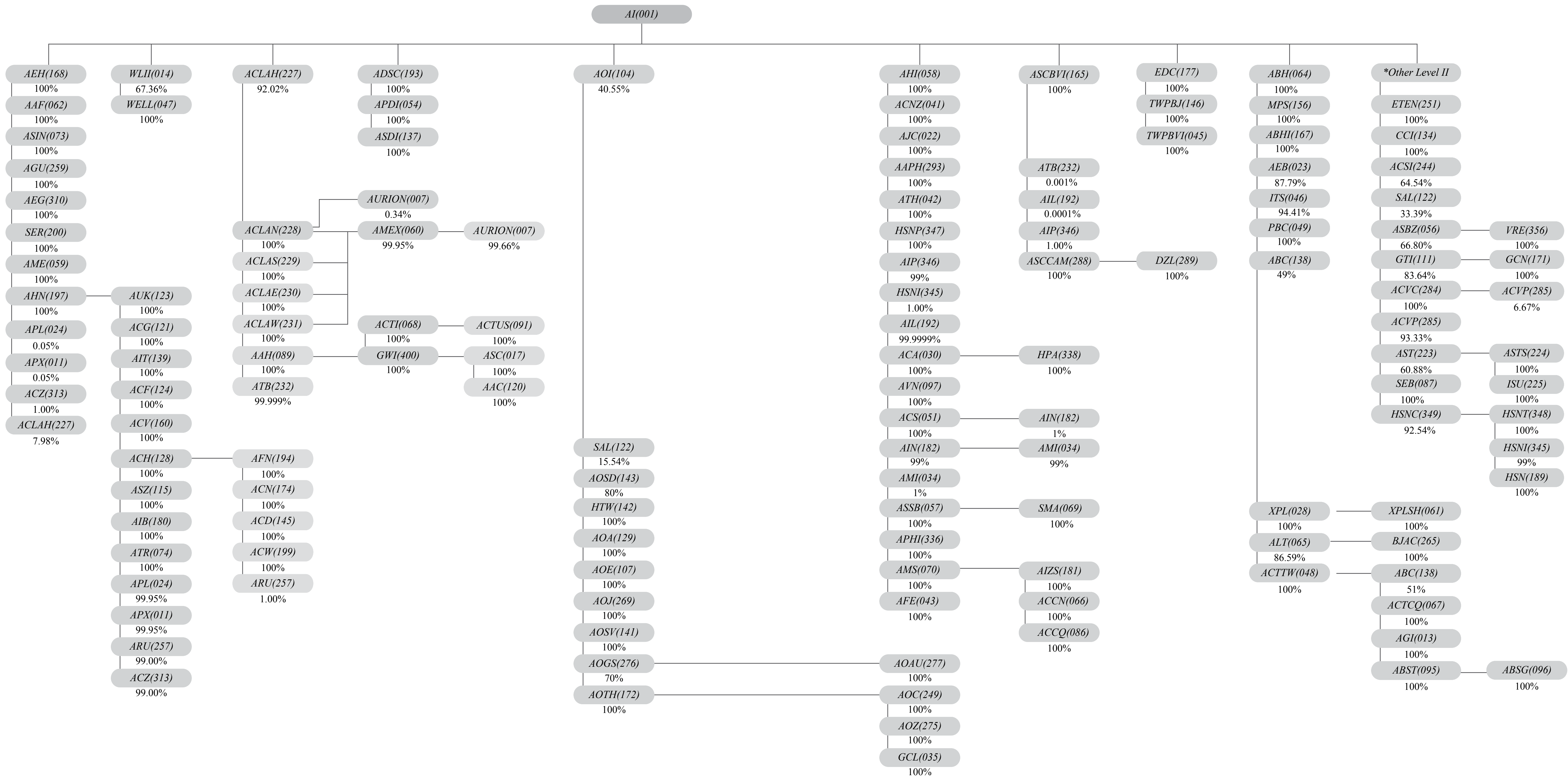
8.7 Other Necessary Supplement: None

Special Notes

1. Information related to the company's affiliates

1.1 Organization Chart of Subsidiaries

As of December 31, 2019



1.2 The Brief Introduction of Public Offering Subsidiaries (April 14, 2020)

AOPEN Inc. (AOPEN, 3046.TW)

1. General Information:

(1) Date of Incorporation:1996/12/1

(2) Address:21F., No. 92, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)

(3) Tel:(02)7710-1195

(4) Website:www.aopen.com

2. Introduction:

Founded in 1996, AOPEN® is a global technology company specializing in industrial and commercial products and global certified services, including industrial PC (IPC) products for process control and data acquisition, as well as Artificial Intelligence of Things (AIoT) technologies. AOPEN enables its partner ecosystem with edge solutions that automate industrial and commercial applications for top global brands. A subsidiary of Acer, AOPEN has a presence in over 100 countries.

3. Management Team

Chairman: Jason Chen

Director: Dale Tsai, Maverick Shih, Philip Peng, Victor Chien

Independent Director: Gordon Kuo, Steve Tso, Andrew Chang

President: Dale Tsai

4. The company's shareholding

Number of shares: 28,970,000

Percentage of Ownership: 40.55%

5. Company Profile: (Consolidated)

AS of December 31, 2019
Unit: NTD Thousands

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
714,480	1,406,112	815,412	575,001	1,724,976	-107,817	-167,582	-2.35

Acer Cyber Security Inc. (ACSI, 6690.TW)

1. General Information:

(1) Date of Incorporation: 2000/5/29

(2) Address: 8F., No. 563, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

(3) Tel: (02)8979-6286

(4) Website: www.acercsi.com

2. Introduction:

Acer Cyber Security Inc. was founded in 2000 and is a subsidiary of Acer Inc. It is the first company to offer Managed Security Service Provider (MSSP) services that is listed on the Taipei Exchange with the stock symbol: 6690. ACSI provides the widest range of data security services through its Security Operations Center (SOC) and has managed an extensive scope of security incidents, making it one of the most experienced SOC providers in Taiwan. ACSI's self-built, ISO 17025 certified SOC digital forensic center monitors unusual security activities and conducts forensic analysis to provide clients with a complete cyber security solution.

3. Management Team

Chairman: Maverick Shih

Director: Ben Wan, Meggy Chen

Independent Director: MingTo Yu, Chie-Shiang Tong, Sen Chou Lo, Yuan-Chen Sun

President: Rex Wu

4. The company's shareholding

Number of shares: 10,545,000

Percentage of Ownership: 64.54%

5. Company Profile:

AS of December 31, 2019
Unit: NTD Thousands

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
163,396	843,703	261,068	582,635	642,209	76,969	67,696	5.11

Acer Synergy Tech Corp. (AST, 6751.TW)

1. General Information:

(1) Date of Incorporation: 2017/9/13

(2) Address: 3F., No. 139, Minzu Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)

(3) Tel: (03)533-9141

(4) Website: www.acer-ast.com

2. Introduction:

Acer Synergy Tech Corp. was founded in 2017 with the mission to provide customers with a one-stop-shop for integrated IT services. It became listed on the emerging market of the Taipei Exchange in November 2019. Formerly known as the Acer Hsinchu Branch Office in Taiwan, AST has provided IT support services for more than 30 years. The extensive experience and knowledge of its professional and technical teams, combined with the collaboration with strategic business partners, AST's service portfolio includes the planning, integration, installation, and management of enterprise information infrastructure, as well as long and short term outsourcing services. Customers can rely on AST for the technical knowhow, and focus on their business development.

3. Management Team

Chairman: Maverick Shih

Director: Meggy Chen, Andrew Hou, Jessica Chou

Independent Director: Nancy Hu, Teresa Cheng, Victor Tsao

President: KS Harn

4. The company's shareholding

Number of shares: 6,775,489

Percentage of Ownership: 60.88%

5. Company Profile: (Consolidated)

AS of December 31, 2019
Unit: NTD Thousands

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
111,300	629,637	430,958	198,679	1,074,750	35,883	27,202	2.81

Weblink International Inc. (Weblink International, 6776.TW)

1. General Information:

(1) Date of Incorporation: 1977/12/22

(2) Address: 2-4F., No. 39, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

(3) Tel: (02)2371-6000

(4) Website: www.weblink.com.tw

2. Introduction:

Founded in 1997, Weblink International Inc. (Weblink International) is a subsidiary of Acer, and became listed on the emerging market of the Taipei Exchange in March 2020. Weblink International is a channel agent for more than 100 international brands in Taiwan. Its product portfolio spans across computer hardware and software, home electronics, digital entertainment, system integration, solution for small and medium-sized businesses and beyond. Providing an end-to-end service for the diverse customer needs, Weblink International also engages in maintenance and after-sales support, and logistics.

3. Management Team

Chairman: Jason Chen

Director: Meggy Chen, Dave Lin

Independent Director: Rui-Bo Tang, Guang-Hua Shao, Ming-Jhy Wang, Ye-Ren Cheng

President: Dave Lin

Note: There will be a re-election of Board Directors and supervisors in 2020.

4. The company's shareholding

Number of shares: 49,674,116

Percentage of Ownership: 67.36%

5. Company Profile: (Consolidated)

AS of December 31, 2019
Unit: NTD Thousands

Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share (in NTD)
737,484	4,726,360	3,293,856	1,432,504	13,502,936	124,877	125,555	1.70

1.3 Information of Acer Subsidiaries

As of December 31, 2019
In thousands of NT(Foreign currency)$

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
0	001	AI	Acer Incorporated	1976/8/1	Taiwan	NTD	30,749,338	1.00	Sale of brand-name IT products
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	1987/9/17	Mexico	MXN	301	1.59	Service company
2	011	APX	Asplex Sp. z o.o.	2009/5/15	Poland	PLN	100	7.93	Repair and maintenance of brand-name IT products
3	013	AGI	Acer Gerontechnology Inc.	2016/10/24	Taiwan	NTD	32,219	1.00	Development of user-friendly IoT device
4	014	WLII	Weblink International Inc.	1977/12/22	Taiwan	NTD	737,484	1.00	Sale of computers and communication products
5	017	ASC	Acer Service Corporation	2005/9/12	U.S.A.	USD	0	30.11	Repair and maintenance of IT products
6	022	AJC	Acer Japan Corp.	1988/2/9	Japan	JPY	200,000	0.28	Sale of brand-name IT products
7	023	AEB	Acer e-Enabling Service Business Inc.	2012/2/22	Taiwan	NTD	364,490	1.00	Cloud ticketing system, electronic book, online payment service, customized system development and integration services, and sale of commercial and cloud application software and technical services
8	024	APL	Acer Poland sp. z o.o.	2010/11/25	Poland	PLN	100	7.93	Marketing of brand-name IT products
9	028	XPL	Xplova Inc.	2008/9/5	Taiwan	NTD	23,098	1.00	Design, development and sale of smart bicycle speedometer
10	030	ACA	Acer Computer Australia Pty. Limited	1989/9/21	Australia	AUD	67,296	21.14	Sale of brand-name IT products
11	034	AMI	PT. Acer Manufacturing Indonesia	2013/1/12	Indonesia	IDR	2,300,000	0.00	Assembly of brand-name IT products
12	035	GCL	Great Connection LTD.	1993/6/1	H.K.	HKD	300	3.86	Sale of computer, apparatus system, and peripheral equipment
13	041	ACNZ	Acer Computer New Zealand Limited	1993/8/18	New Zealand	NZD	12,179	20.29	Sale of brand-name IT products
14	042	ATH	Acer Computer Co., Ltd.	1993/10/29	Thailand	THB	215,078	0.99	Sale of brand-name IT products
15	043	AFE	Acer Computer (Far East) Limited	1986/9/30	H.K.	HKD	117,420	3.86	Sale of brand-name IT products
16	045	TWPBVI	TWI International Inc.	1997/6/20	B.V.I.	USD	11,068	30.11	Investment and holding activity
17	046	ITS	Acer ITS Inc.	2017/9/21	Taiwan	NTD	363,385	1.00	Programs and services of intelligent transportation and electronic ticketing

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
18	047	WELL	Wellife Inc.	2015/12/22	Taiwan	NTD	10,000	1.00	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses
19	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	2016/6/6	Taiwan	NTD	426,944	1.00	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware
20	049	PBC	Pawbo, Inc.	2014/10/1	Taiwan	NTD	29,471	1.00	Pet interaction device and social networking service
21	051	ACS	Acer Computer (Singapore) Pte. Ltd.	1990/11/29	Singapore	SGD	3,985	22.37	Sale of brand-name IT products
22	054	APDI	Acer Property Development Inc.	1989/7/27	Taiwan	NTD	29,577	1.00	Property development
23	056	ASBZ	StarVR Corporation	2016/10/3	Taiwan	NTD	482,180	1.00	Solutions provider of B2B virtual reality
24	057	ASSB	Acer Sales and Services SDN BHD	1990/9/18	Malaysia	MYR	30,969	7.36	Sale of brand-name IT products
25	058	AHI	Acer Holdings International, Incorporated	1991/4/8	B.V.I.	USD	191,155	30.11	Investment and holding activity
26	059	AME	Acer Computer (M.E.) Limited	1992/4/16	B.V.I.	USD	2,335	30.11	Sale of brand-name IT products
27	060	AMEX	Acer Computec Mexico, S.A. de C.V.	1998/6/1	Mexico	MXN	1,374,595	1.59	Sale of brand-name IT products
28	061	XPLSH	Xplova (Shanghai) Ltd.	2016/5/17	China	RMB	2,000	4.32	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports
29	062	AAF	Acer Africa (Proprietary) Limited	1994/11/29	South Africa	ZAR	368	2.15	Marketing, repair and maintenance of brand-name IT products
30	064	ABH	Acer BeingWare Holding Inc.	2016/5/17	Taiwan	NTD	1,497,790	1.00	Investment and holding activity
31	065	ALT	Altos Computing Inc.	2016/9/20	Taiwan	NTD	76,000	1.00	High performance computing, cloud computing, software-defined storage, and IT solution
32	066	ACCN	Acer Computer (Shanghai) Ltd.	2005/10/31	China	RMB	16,168	4.32	Sale of brand-name IT products
33	067	ACTCQ	Acer Cloud Technology(Chongqing) Ltd.	2015/7/21	China	RMB	31,325	4.32	Design, development, sales, and advisory of computer software and hardware
34	068	ACTI	Acer Cloud Technology Inc.	2012/1/12	U.S.A.	USD	6,155	30.11	Investment and holding activity
35	069	SMA	Servex (Malaysia) Sdn Bhd	1991/6/25	Malaysia	MYR	4,748	7.36	Sale of computers and communication products
36	070	AMS	Acer Market Services Limited	1992/12/8	H.K.	HKD	1,239,149	3.86	Investment and holding activity
37	073	ASIN	Acer Sales International SA	2015/5/8	Switzerland	USD	105	30.11	Sale of brand-name IT products

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
38	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	2013/3/20	Turkey	TRY	100	5.06	Marketing of brand-name IT products
39	086	ACCQ	Acer (Chongqing) Ltd.	2010/11/9	China	RMB	991,050	4.32	Sale of brand-name IT products
40	087	SEB	Sertec (Beijing) Ltd.	2017/4/14	China	RMB	1,000	4.32	Repair and maintenance of IT products
41	089	AAH	Acer American Holdings Corp.	2007/10/15	U.S.A.	USD	0	30.11	Investment and holding activity
42	091	ACTUS	Acer Cloud Technology (US), Inc.	2016/8/15	U.S.A.	USD	2	30.11	Cloud technology service and research, development, and design of IoT platform
43	095	ABST	Acer Being Signage Inc.	2017/5/17	Taiwan	NTD	300,000	1.00	Technical service and research of aBeing cloud digital content management
44	096	ABSG	Acer Being Signage GmbH	2016/12/15	Germany	EUR	6,029	33.76	Technical service and research of aBeing cloud digital content management
45	097	AVN	Acer Vietnam Co., Ltd.	2000/1/10	Vietnam	VND	53,613,170	0.00	Sale of brand-name IT products
46	104	AOI	AOPEN Inc.	1996/12/1	Taiwan	NTD	714,480	1.00	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products
47	107	AOE	AOPEN Computer B.V.	1997/12/1	Netherlands	EUR	18	33.76	Sale of computer, apparatus system, and peripheral equipment
48	111	GTI	GadgeTek Inc.	2018/9/27	Taiwan	NTD	53,800	1.00	Sale of peripheral 3C products
49	115	ASZ	Acer Computer (Switzerland) AG	1997/12/1	Switzerland	CHF	50	31.15	Sale of brand-name IT products
50	120	AAC	Acer America Corporation	1984/5/4	U.S.A.	USD	42,292	30.11	Sale of brand-name IT products
51	121	ACG	ACER Computer GmbH	1987/5/17	Germany	EUR	14,561	33.76	Sale of brand-name IT products
52	122	SAL	Bluechip Infotech Pty Ltd	1996/12/13	Australia	AUD	4,035	21.14	Sale of computer peripherals and software system
53	123	AUK	Acer U.K. Limited	1988/5/9	U.K.	GBP	9,072	39.91	Sale of brand-name IT products
54	124	ACF	Acer Computer France S.A.S.U.	1987/9/3	France	EUR	13,609	33.76	Sale of brand-name IT products
55	128	ACH	Acer Computer B.V.	1988/5/9	Netherlands	EUR	2,612	33.76	Sale of brand-name IT products
56	129	AOA	AOPEN America Inc.	1997/12/1	U.S.A.	USD	15,000	30.11	Sale of computer, apparatus system, and peripheral equipment
57	134	CCI	Cross Century Investment Limited	1997/11/11	Taiwan	NTD	880,000	1.00	Investment and holding activity
58	137	ASDI	Aspire Service & Development Inc.	1997/10/13	Taiwan	NTD	225,931	1.00	Property development

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
59	138	ABC	Acer Being Communication Inc.	2014/12/16	Taiwan	NTD	40,600	1.00	Software design service
60	139	AIT	Acer Italy S.R.L.	1996/2/19	Italy	EUR	802	33.76	Sale of brand-name IT products
61	141	AOSV	Aopen SmartVision Incorporated	2002/2/1	Taiwan	NTD	40,000	1.00	Sale of computer, apparatus system, and peripheral equipment
62	142	HTW	Heartware Alliance And Intergation Limited	2015/8/1	H.K.	HKD	100	3.86	Software development and agency
63	143	AOSD	AOPEN SmartView Incorporated	2018/10/9	Taiwan	NTD	25,000	1.00	Sale of display device
64	145	ACD	Acer Denmark A/S	1991/10/1	Denmark	DKK	1,000	4.52	Marketing of brand-name IT products
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	1997/12/3	China	RMB	24,659	4.32	Sale of commercial and cloud application software and technical and services
66	156	MPS	MPS Energy Inc.	2015/7/31	Taiwan	NTD	72,487	1.00	Research, development, and sale of batteries
67	160	ACV	Acer Austria GmbH	1992/7/30	Austria	EUR	218	33.76	Marketing of brand-name IT products
68	165	ASCBVI	Acer SoftCapital Incorporated	1997/12/2	B.V.I.	USD	118,856	30.11	Investment and holding activity
69	167	ABHI	Acer Healthcare Inc.	2018/4/25	Taiwan	NTD	50,000	1.00	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange
70	168	AEH	Acer European Holdings SA	1996/12/28	Switzerland	EUR	131	33.76	Investment and holding activity
71	171	GCN	GadgeTek (Shanghai) Limited	2019/7/3	China	RMB	3,529	4.32	Sale of peripheral 3C products
72	172	AOTH	AOPEN Technology Inc.	1999/5/1	B.V.I.	USD	50	30.11	Sale of computer, apparatus system, and peripheral equipment
73	174	ACN	Acer Computer Norway AS	1994/11/22	Norway	NOK	6,531	3.43	Marketing, repair and maintenance of brand-name IT products
74	177	EDC	Acer e-Enabling Data Center Incorporated	2017/12/31	Taiwan	NTD	1,629,561	1.00	Data center and cloud services
75	180	AIB	Acer Computer Iberica, S.A.	1995/3/16	Spain	EUR	855	33.76	Sale of brand-name IT products
76	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	1999/4/26	China	RMB	12,416	4.32	Sale of brand-name IT products
77	182	AIN	PT. Acer Indonesia	1999/6/2	Indonesia	IDR	2,077,485	0.00	Sale of brand-name IT products
78	189	HSN	HighPoint Service Network Sdn Bhd	1999/7/16	Malaysia	MYR	500	7.36	Repair and maintenance of IT products
79	192	AIL	Acer India Private Limited	1999/9/9	India	INR	78,804	0.42	Sale of brand-name IT products

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
80	193	ADSC	Acer Digital Service Co.	1999/10/5	Taiwan	NTD	1,282,819	1.00	Investment and holding activity
81	194	AFN	Acer Computer Finland Oy	1996/10/25	Finland	EUR	8	33.76	Marketing, repair and maintenance of brand-name IT products
82	197	AHN	Acer Europe B. V.	1996/11/15	Netherlands	EUR	3,321	33.76	Investment and holding activity
83	199	ACW	Acer Computer Sweden AB	1996/5/21	Sweden	SEK	100	3.21	Marketing of brand-name IT products
84	200	SER	Sertec 360 SA	2014/8/26	Switzerland	EUR	82	33.76	Repair and maintenance of IT products
85	223	AST	Acer Synergy Tech Corp.	2017/9/13	Taiwan	NTD	111,300	1.00	System integration service
86	224	ASTS	Shanghai AST Technology Service Ltd.	2018/6/15	China	RMB	4,400	4.32	System integration service
87	225	ISU	ISU Service Corp.	2019/11/20	Taiwan	NTD	20,000	1.00	Human resources and project service
88	227	ACLAH	Boardwalk Capital Holdings Limited	2000/6/26	B.V.I.	USD	1,373,071	30.11	Investment and holding activity
89	228	ACLAN	ACLA Holdings North, LLC	1999/11/10	U.S.A.	USD	-	30.11	Investment and holding activity
90	229	ACLAS	ACLA Holding South, LLC	1999/11/10	U.S.A.	USD	-	30.11	Investment and holding activity
91	230	ACLAE	ACLA Holding East, LLC	1999/11/10	U.S.A.	USD	-	30.11	Investment and holding activity
92	231	ACLAW	ACLA Holding West, LLC	1999/11/10	U.S.A.	USD	-	30.11	Investment and holding activity
93	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	2009/8/6	Brazil	BRL	249,467	7.48	Sale of brand-name IT products
94	244	ACSI	Acer Cyber Security Incorporated	2000/5/29	Taiwan	NTD	163,396	1.00	Cyber security service
95	249	AOC	AOPEN International (ShangHai) Co., Ltd	2000/7/1	China	RMB	39,244	4.32	Sale of computer, apparatus system, and peripheral equipment
96	251	ETEN	E-ten Information System Co., Ltd.	1986/3/27	Taiwan	NTD	160,000	1.00	Research, design and sale of smart handheld products
97	257	ARU	Acer Marketing Services LLC	2009/7/1	Russia	RUB	20,000	0.49	Marketing of brand-name IT products
98	259	AGU	AGP Insurance (Guernsey) Limited	2009/10/1	Guernsey	EUR	5,000	33.76	Insurance captive
99	265	BJAC	Beijing Altos Computing Ltd.	2018/3/1	China	RMB	4,400	4.32	High performance computing, cloud computing, software-defined storage, and IT solution
100	269	AOJ	AOPEN Japan Inc.	2000/10/1	Japan	JPY	10,000	0.28	Sale of computer, apparatus system, and peripheral equipment
101	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	2001/4/1	China	RMB	104,954	4.32	Manufacture and sale of computer parts and components
102	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	2013/11/1	Australia	AUD	150	21.14	Sale of computer, apparatus system, and peripheral equipment
103	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	2013/11/1	Australia	AUD	0	21.14	Sale of computer, apparatus system, and peripheral equipment
104	284	ACVC	Acer China Venture Corp	2017/4/19	China	RMB	5,000	4.32	Fund company management

No.	Company Code	Brief Name	Company	Date of Incorporation	Place of Registration	Capital Stock		Exchange Rate	Business Activities
						Currency	Amount		
105	285	ACVP	Acer China Venture Partnership	2017/8/9	China	RMB	15,000	4.32	Investment fund
106	288	ASCCAM	ASC Cayman, Limited	2001/7/9	Cayman Islands	USD	100	30.11	Investment and holding activity
107	289	DZL	DropZone (Hong Kong) Limited	2019/12/9	H.K.	USD	-	30.11	Operation and maintenance of eSports platform
108	293	AAPH	Acer Asia Pacific Sdn Bhd	2007/11/14	Malaysia	USD	1,000	30.11	Sale of brand-name IT products
109	310	AEG	Acer Europe SA	2002/4/1	Switzerland	EUR	1,164	33.76	Sale of brand-name IT products
110	313	ACZ	Acer Czech Republic s.r.o.	2002/4/8	Czech	CZK	2,000	1.33	Marketing, repair and maintenance of brand-name IT products
111	336	APHI	Acer Philippines, Inc.	2003/1/1	Philippines	PHP	13,510	0.59	Sale of brand-name IT products
112	338	HPA	HigHPoint Australia Pty Ltd	2003/2/1	Australia	AUD	500	21.14	Repair and maintenance of brand-name IT products
113	345	HSNI	PT HSN Tech Indonesia	2018/11/15	Indonesia	IDR	14,900,000	0.00	Repair and maintenance of IT products
114	346	AIP	Acer Infotech Pvt Ltd	2018/6/21	India	INR	-	0.42	Sale of brand-name IT products
115	347	HSNP	HigHPoint Services Network Philippines, Inc.	2018/8/28	Philippines	PHP	-	0.59	Repair and maintenance of IT products
116	348	HSNT	HigHPoint Service Network (Thailand) Co., Ltd	2018/11/7	Thailand	THB	1,838	0.99	Repair and maintenance of IT products
117	349	HSNC	HigHPoint Service Network Corporation	2018/9/14	Taiwan	NTD	162,100	1.00	Repair and maintenance of IT products
118	356	VRE	StarVR Europe SA	2018/4/10	Switzerland	EUR	84	33.76	Research of solutions to B2B virtual reality
119	400	GWI	Gateway, Inc.	1991/1/14	U.S.A.	USD	0	30.11	Investment and holding activity

1.4 A company assumed to be controlled, subordinated or there would be same shareholders with the parent company: None

1.5 The business and operating scope of the Company's affiliates:

Acer primarily engages in marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Company aims at the integrated applications of Internet of Things (IoT) and service-oriented technology in the future to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

1.6 Operational Highlights of Acer's Subsidiaries

As of December 31, 2019
Unit: NT$ thousands, except EPS (NT$)

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
0	001	AI	Acer Incorporated	30,749,338	116,743,099	58,901,626	57,841,473	173,659,404	2,299,916	2,632,565	0.87
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	480	56,474	37,519	18,955	79,287	2,952	791	2.63
2	011	APX	Asplex Sp. z o.o.	793	1,242,085	700,112	541,974	2,333,717	13,379	26,245	13,122.71
3	013	AGI	Acer Gerontechnology Inc.	32,219	147,621	114,851	32,770	235,563	(1,364)	260	0.08
4	014	WLII	Weblink International Inc.	737,484	4,707,570	3,275,066	1,432,504	13,482,387	121,263	125,555	1.70
5	017	ASC	Acer Service Corporation	0	754,024	902,169	(148,145)	449,434	9,554	8,766	8,765.57
6	022	AJC	Acer Japan Corp.	55,439	978,317	1,686,927	(708,611)	3,008,432	34,606	16,527	722.90
7	023	AEB	Acer e-Enabling Service Business Inc.	364,490	2,889,320	2,324,437	564,883	5,203,696	169,481	131,578	3.61
8	024	APL	Acer Poland sp. z o.o.	793	34,624	10,476	24,148	91,518	4,363	3,530	1,765.00
9	028	XPL	Xplova Inc.	23,098	22,049	12,609	9,441	37,799	(11,348)	(12,470)	(5.40)
10	030	ACA	Acer Computer Australia Pty. Limited	1,422,464	2,927,812	2,588,630	339,182	6,159,326	62,613	43,305	0.64
11	034	AMI	PT. Acer Manufacturing Indonesia	4,994	103,507	54,661	48,846	782,961	11,569	6,405	25.62
12	035	GCL	Great Connection LTD.	1,159	5,312	1,495	3,817	113	1	(0)	(0.00)
13	041	ACNZ	Acer Computer New Zealand Limited	247,127	488,715	348,287	140,428	949,854	9,670	7,702	0.63
14	042	ATH	Acer Computer Co., Ltd.	213,480	1,467,568	825,673	641,895	6,498,475	56,089	3,266	0.15
15	043	AFE	Acer Computer (Far East) Limited	453,711	181,186	350,966	(169,780)	830,254	(155,788)	(155,767)	(1.64)
16	045	TWPBVI	TWI International Inc.	333,209	5,869	0	5,869	0	(167)	620	0.06
17	046	ITS	Acer ITS Inc.	363,385	329,366	122,452	206,914	218,392	(77,226)	(78,334)	(2.16)
18	047	WELL	Wellife Inc.	10,000	46,216	43,921	2,295	154,755	3,518	3,433	3.43
19	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	426,944	308,454	112,534	195,920	263,275	(68,165)	(221,944)	(5.20)
20	049	PBC	Pawbo, Inc.	29,471	7,848	545	7,303	4,757	(10,353)	(20,686)	(7.02)

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
21	051	ACS	Acer Computer (Singapore) Pte. Ltd.	89,148	624,176	393,078	231,097	2,211,307	22,604	18,240	4.58
22	054	APDI	Acer Property Development Inc.	29,577	175,244	71,612	103,633	15,826	2,390	1,230	0.42
23	056	ASBZ	StarVR Corporation	482,180	56,683	23,530	33,153	8,422	(29,021)	(16,465)	(0.34)
24	057	ASSB	Acer Sales and Services SDN BHD	227,906	1,450,546	383,756	1,066,790	3,416,038	26,124	75,773	2.45
25	058	AHI	Acer Holdings International, Incorporated	5,754,926	14,428,144	8,594	14,419,551	0	(17,543)	1,007,146	5.27
26	059	AME	Acer Computer (M.E.) Limited	70,298	120,118	11,362	108,755	20,633	32,357	33,991	14.56
27	060	AMEX	Acer Computec Mexico, S.A. de C.V.	2,191,229	560,041	359,475	200,566	1,561,167	17,155	(13,556)	(0.01)
28	061	XPLSH	Xplova (Shanghai) Ltd.	8,649	5,600	39	5,560	3,473	(1,123)	(1,149)	N.A.
29	062	AAF	Acer Africa (Proprietary) Limited	791	145,611	35,996	109,614	98,425	(14,470)	(7,351)	(0.20)
30	064	ABH	Acer BeingWare Holding Inc.	1,497,790	1,289,862	168	1,289,695	0	(317)	(188,932)	(1.26)
31	065	ALT	Altos Computing Inc.	76,000	469,746	355,313	114,433	734,126	(5,349)	11,151	1.47
32	066	ACCN	Acer Computer (Shanghai) Ltd.	69,903	3,967,532	3,533,910	433,622	10,365,334	(297,930)	(217,856)	N.A.
33	067	ACTCQ	Acer Cloud Technology(Chongqing) Ltd.	135,436	44,352	(1,957)	46,309	5,326	(14,105)	(14,691)	N.A.
34	068	ACTI	Acer Cloud Technology Inc.	185,306	474,936	2,669	472,267	0	(40,632)	(232,636)	(0.01)
35	069	SMA	Servex (Malaysia) Sdn Bhd	34,941	828,288	146,234	682,054	3,657,559	15,530	14,171	2.98
36	070	AMS	Acer Market Services Limited	4,788,077	4,816,476	0	4,816,476	0	(2,989)	(144,188)	(0.12)
37	073	ASIN	Acer Sales International SA	3,165	6,548,227	6,290,151	258,076	23,226,694	(241,357)	(214,191)	(2,141.91)
38	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	506	10,883	3,988	6,895	20,192	1,010	1,126	1,126.16
39	086	ACCQ	Acer (Chongqing) Ltd.	4,284,891	5,684,720	1,742,439	3,942,282	9,567,210	100,448	91,216	N.A.
40	087	SEB	Sertec (Beijing) Ltd.	4,324	29,732	19,141	10,591	79,112	5,530	5,240	N.A.
41	089	AAH	Acer American Holdings Corp.	0	26,387,721	7,933	26,379,788	0	(1)	241,074	267,859.58
42	091	ACTUS	Acer Cloud Technology (US), Inc.	60	1,316	0	1,316	0	(58,920)	(58,786)	(15.07)
43	095	ABST	Acer Being Signage Inc.	300,000	101,309	109,189	(7,880)	2,985	(14,208)	(131,519)	(4.38)
44	096	ABSG	Acer Being Signage GmbH	203,526	215,464	215,533	(69)	132,594	(113,832)	(115,254)	(4,610.14)
45	097	AVN	Acer Vietnam Co., Ltd.	69,423	114,291	67,979	46,311	231,708	5,777	4,668	N.A.
46	104	AOI	AOPEN Inc.	714,480	1,230,633	655,632	575,001	916,100	(98,080)	(167,582)	(2.35)

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
47	107	AOE	AOPEN Computer B.V.	613	158,120	171,807	(13,688)	598,770	10,992	7,948	198,700.00
48	111	GTI	GadgeTek Inc.	53,800	180,485	120,972	59,514	511,853	(230)	1,586	0.29
49	115	ASZ	Acer Computer (Switzerland) AG	1,557	877,806	678,397	199,409	2,548,444	63,581	59,617	1,192,348.71
50	120	AAC	Acer America Corporation	1,273,254	27,436,937	17,943,331	9,493,606	51,613,427	413,048	336,266	108.47
51	121	ACG	ACER Computer GmbH	491,535	8,733,755	6,505,046	2,228,709	21,758,861	130,552	95,035	N.A.
52	122	SAL	Bluechip Infotech Pty Ltd	85,298	772,918	555,574	217,344	2,753,307	19,753	11,033	3.01
53	123	AUK	Acer U.K. Limited	362,069	3,076,565	1,876,136	1,200,430	6,591,916	40,507	31,039	3.42
54	124	ACF	Acer Computer France S.A.S.U.	459,407	4,081,654	2,386,479	1,695,176	9,437,031	61,349	34,021	13.05
55	128	ACH	Acer Computer B.V.	88,184	1,876,780	1,130,912	745,869	5,476,753	32,861	39,995	153.10
56	129	AOA	AOPEN America Inc.	451,590	178,271	337,726	(159,455)	499,362	4,729	2,877	0.19
57	134	CCI	Cross Century Investment Limited	880,000	306,179	50	306,129	0	(37)	9,533	N.A.
58	137	ASDI	Aspire Service & Development Inc.	225,931	277,255	53,309	223,946	163,404	1,823	2,082	0.09
59	138	ABC	Acer Being Communication Inc.	40,600	17,649	4,927	12,722	2,976	(13,624)	(13,560)	(3.34)
60	139	AIT	Acer Italy S.R.L.	27,074	2,297,528	1,358,032	939,496	4,513,487	45,262	33,723	N.A.
61	141	AOSV	Aopen SmartVision Incorporated	40,000	48,811	8,083	40,729	16,917	777	1,609	0.40
62	142	HTW	Heartware Alliance And Intergation Limited	386	886	3	883	31	(169)	(171)	(1.71)
63	143	AOSD	AOPEN SmartView Incorporated	25,000	74,332	44,589	29,743	212,706	6,220	4,843	1.94
64	145	ACD	Acer Denmark A/S	4,519	49,627	25,861	23,765	88,124	4,387	3,198	31,981.17
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	106,616	130,678	140,567	(9,889)	240,058	(5,253)	(6,611)	N.A.
66	156	MPS	MPS Energy Inc.	72,487	103,506	29,456	74,051	103,769	10,213	9,817	1.35
67	160	ACV	Acer Austria GmbH	7,360	32,957	7,409	25,549	25,291	1,206	849	N.A.
68	165	ASCBVI	Acer SoftCapital Incorporated	3,578,294	727,416	75	727,341	0	(167)	(306,559)	(1.93)
69	167	ABHI	Acer Healthcare Inc.	50,000	47,403	182	47,221	85	(2,782)	(2,672)	(0.53)
70	168	AEH	Acer European Holdings SA	4,431	16,865,504	281,481	16,584,023	254,713	11,488	220,590	1,500.61
71	171	GCN	GadgeTek (Shanghai) Limited	15,256	16,462	628	15,834	13,011	838	578	N.A.
72	172	AOTH	AOPEN Technology Inc.	1,505	263,972	84,434	179,538	529,970	12,659	(46,098)	(921.96)
73	174	ACN	Acer Computer Norway AS	22,380	68,563	34,800	33,762	197,634	2,947	1,700	260.33

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
74	177	EDC	Acer e-Enabling Data Center Incorporated	1,629,561	1,762,558	241,663	1,520,895	605,872	(100,021)	(105,638)	(0.65)
75	180	AIB	Acer Computer Iberica, S.A.	28,878	1,661,057	782,808	878,250	3,900,979	23,425	(29,340)	(206.13)
76	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	53,682	206,809	861	205,948	0	(36)	2,203	N.A.
77	182	AIN	PT. Acer Indonesia	4,511	2,651,232	1,896,014	755,218	6,932,712	76,679	69,151	230.50
78	189	HSN	HighPoint Service Network Sdn Bhd	3,680	152,816	65,245	87,570	476,553	10,524	8,778	17.56
79	192	AIL	Acer India Private Limited	33,237	6,462,451	6,048,540	413,911	11,748,974	(9,062)	27,739	0.35
80	193	ADSC	Acer Digital Service Co.	1,282,819	1,881,057	20,249	1,860,808	0	(374)	32,245	0.25
81	194	AFN	Acer Computer Finland Oy	284	45,950	7,344	38,606	34,885	1,511	1,133	22,650.73
82	197	AHN	Acer Europe B. V.	112,105	10,807,748	19,650	10,788,098	0	(16,003)	275,611	1,659.88
83	199	ACW	Acer Computer Sweden AB	321	49,719	13,054	36,664	33,281	1,665	1,208	1,207.74
84	200	SER	Sertec 360 SA	2,778	268,246	198,081	70,165	744,825	3,169	2,302	2,301.82
85	223	AST	Acer Synergy Tech Corp.	111,300	626,910	428,231	198,679	1,065,866	35,730	27,202	2.81
86	224	ASTS	Shanghai AST Technology Service Ltd.	19,024	22,157	2,535	19,622	9,151	297	399	N.A.
87	225	ISU	ISU Service Corp.	20,000	20,002	156	19,846	0	(156)	(154)	(0.08)
88	227	ACLAH	Boardwalk Capital Holdings Limited	41,337,686	27,880,576	29,164	27,851,412	0	(1)	308,859	0.22
89	228	ACLAN	ACLA Holdings North, LLC	0	0	0	0	0	0	0	N.A.
90	229	ACLAS	ACLA Holding South, LLC	0	0	0	0	0	0	0	N.A.
91	230	ACLAE	ACLA Holding East, LLC	0	0	0	0	0	0	0	N.A.
92	231	ACLAW	ACLA Holding West, LLC	0	0	0	0	0	0	0	N.A.
93	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	1,865,996	4,659,510	3,710,506	949,004	9,723,296	66,711	83,637	0.34
94	244	ACSI	Acer Cyber Security Incorporated	163,396	843,703	261,068	582,635	642,209	76,969	67,696	5.11
95	249	AOC	AOPEN International (ShangHai) Co., Ltd	169,674	38,684	19,873	18,811	108,029	60	40	N.A.
96	251	ETEN	E-ten Information System Co., Ltd.	160,000	2,083,184	149,284	1,933,900	201,619	(75,405)	(72,058)	(4.50)
97	257	ARU	Acer Marketing Services LLC	9,720	55,427	108,793	(53,367)	138,463	(964)	(4,518)	N.A.

No.	Company Code	Brief Name	Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	Basic Earning (Loss) Per Share
98	259	AGU	AGP Insurance (Guernsey) Limited	168,789	998,011	91,865	906,146	69,694	63,739	65,374	13.07
99	265	BJAC	Beijing Altos Computing Ltd.	19,024	99,705	29,365	70,340	238,969	29,294	21,385	N.A.
100	269	AOJ	AOPEN Japan Inc.	2,772	55,796	25,650	30,146	63,686	1,682	1,164	5,820.00
101	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	453,777	378,765	138,105	240,660	495,596	(30,475)	(59,080)	N.A.
102	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	3,171	32,468	0	32,468	0	(34)	925	6.17
103	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	2	80,398	50,134	30,264	200,105	4,552	2,356	23,560.00
104	284	ACVC	Acer China Venture Corp	21,618	11,217	606	10,611	0	(5,043)	(4,775)	N.A.
105	285	ACVP	Acer China Venture Partnership	64,854	64,841	0	64,841	0	(3)	(1)	N.A.
106	288	ASCCAM	ASC Cayman, Limited	3,011	1,268	0	1,268	0	(84)	(83)	(0.83)
107	289	DZL	DropZone (Hong Kong) Limited	0	0	0	0	0	0	0	0.00
108	293	AAPH	Acer Asia Pacific Sdn Bhd	30,106	113,236	39,873	73,363	0	17,658	29,209	8.80
109	310	AEG	Acer Europe SA	39,281	17,133,414	14,966,966	2,166,448	72,431,323	36,230	46,517	28,192.17
110	313	ACZ	Acer Czech Republic s.r.o.	2,653	208,381	133,782	74,599	568,494	4,174	3,426	N.A.
111	336	APHI	Acer Philippines, Inc.	8,030	493,065	434,524	58,541	1,687,854	24,901	26,389	195.33
112	338	HPA	HigHPoint Australia Pty Ltd	10,569	0	(25,494)	25,494	0	0	0	0.00
113	345	HSNI	PT HSN Tech Indonesia	32,351	58,551	23,617	34,934	31,148	4,916	2,858	2.86
114	346	AIP	Acer Infotech Pvt Ltd	0	6,900	30	6,870	522	17	17	0.00
115	347	HSNP	HigHPoint Services Network Philippines, Inc.	0	35,179	30,218	4,961	17,000	(1,277)	(1,323)	(12.48)
116	348	HSNT	HigHPoint Service Network (Thailand) Co., Ltd	1,824	15,689	10,764	4,925	7,894	(502)	1,330	26.60
117	349	HSNC	HigHPoint Service Network Corporation	162,100	193,035	21,455	171,580	53,274	3,583	7,197	0.44
118	356	VRE	StarVR Europe SA	2,846	26	611	(585)	0	(1,714)	(2,933)	(29.33)
119	400	GWI	Gateway, Inc.	0	20,756,494	294,588	20,461,906	52	2,236	363,798	3,637,979.46

1.7 Rosters of Directors, Supervisors, and Presidents of Acer's Subsidiaries

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
1	007	AURION TECH.	Aurion Tecnologia, S.A. de C.V.	Director	Juan Jose Cordova	301,000	99.95%
				President	Germano Couy		
2	011	APX	Asplex Sp. z o.o.	Director	Mustafa Ozbilen, Emmanuel Fromont, Tai Chi Shih	2,000	100.00%
				President	-		
3	013	AGI	Acer Gerontechnology Inc.	Director	Maverick Shih, Jason Chen, Jerry Kao	3,221,900	100.00%
				President	-		
				Supervior	Sophia YL Chen		
4	014	WLII	Weblink International Inc.	Director	Jason Chen, Dave Lin, Meggy Chen, Maverick Shih, Andrew Hou	49,674,116	67.36%
				President	Dave Lin		
				Supervior	Sophia YL Chen, Doris Lin		
5	017	ASC	Acer Service Corporation	Director	Gregg Prendergast, Ming Wang, Meggy Chen	1,000	100.00%
				President	Gregg Prendergast		
6	022	AJC	Acer Japan Corp.	Director	Andrew Hou, Meggy Chen, Bob Sen	22,862	100.00%
				President	-		
				Supervior	Sophia YL Chen, Ryan Yen		
7	023	AEB	Acer e-Enabling Service Business Inc.	Director	Ben Wan, Maverick Shih, Meggy Chen, Lydia Wu, Andy HT Lin	32,000,000	87.79%
				President	Ben Wan		
				Supervior	Sophia YL Chen, Doris Lin		
8	024	APL	Acer Poland sp. z o.o.	Director	Emmanuel Fromont, Tai Chi Shih, Lukasz.Lopuszynski	2,000	100.00%
				President	-		
9	028	XPL	Xplova Inc.	Director	Ben Wan, Meggy Chen, Lydia Wu	2,309,770	100.00%
				President	-		
				Supervior	Sophia YL Chen		
10	030	ACA	Acer Computer Australia Pty. Limited	Director	Darren Simmons, Sophia YL Chen, Andrew Hou	67,295,984	100.00%
				President	-		
11	034	AMI	PT. Acer Manufacturing Indonesia	Director	Herbet Ang, Meggy Chen, Andrew Hou, Parman Iskak	250,000	100.00%
				President	Herbet Ang		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
12	035	GCL	Great Connection LTD.	Director	Dale Tsai, Edward Chen	300,000	40.55%
				President	-		
13	041	ACNZ	Acer Computer New Zealand Limited	Director	Darren Simmons, Sophia YL Chen, Andrew Hou	12,178,861	100.00%
				President	-		
14	042	ATH	Acer Computer Co., Ltd.	Director	Alan Chiang, Andrew Hou, Sophia YL Chen	21,507,750	100.00%
				President	Alan Chiang		
15	043	AFE	Acer Computer (Far East) Limited	Director	Jason Chen, Meggy Chen	95,220,000	100.00%
				President	Jason Chen		
16	045	TWPBVI	TWI International Inc.	Director	Maverick Shih	11,067,861	100.00%
				President	-		
17	046	ITS	Acer ITS Inc.	Director	Ben Wan, Meggy Chen, Andy HT Lin, Maverick Shih, Lydia Wu	34,307,799	94.41%
				President	Kenny Yu		
				Supervior	Sophia YL Chen, Doris Lin		
18	047	WELL	Wellife Inc.	Director	Dave Lin, Meggy Chen, Lydia Wu	1,000,000	67.36%
				President	-		
				Supervior	Sophia YL Chen		
19	048	ACTTW	Acer Cloud Technology (Taiwan) Inc.	Director	Maverick Shih, Jason Chen, Meggy Chen	42,694,364	100.00%
				President	-		
				Supervior	Sophia YL Chen		
20	049	PBC	Pawbo, Inc.	Director	Ben Wan, Meggy Chen, Lydia Wu	2,947,098	100.00%
				President	-		
				Supervior	Sophia YL Chen		
21	051	ACS	Acer Computer (Singapore) Pte. Ltd.	Director	Andrew Hou, Pin Gek Nea, Sophia YL Chen	3,985,385	100.00%
				President	-		
22	054	APDI	Acer Property Development Inc.	Director	JF Yang, Meggy Chen, BJ Lin	2,957,742	100.00%
				President	JF Yang		
				Supervior	Sophia YL Chen		
23	056	ASBZ	StarVR Corporation	Director	Emmanuel Marquez, Jason Chen, Jerry Kao, Meggy Chen	32,211,790	66.80%
				President	-		
				Supervior	Sophia YL Chen, Maeva Sponbergs		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
24	057	ASSB	Acer Sales and Services SDN BHD	Director	Tek Yoong Kon, Ricky Tan, Andrew Hou	30,969,332	100.00%
				President	-		
25	058	AHI	Acer Holdings International, Incorporated	Director	Meggy Chen, Jason Chen	191,155,465	100.00%
				President	-		
26	059	AME	Acer Computer (M.E.) Limited	Director	Paul Collins, Tai Chi Shih	2,335,000	100.00%
				President	-		
27	060	AMEX	Acer Computec Mexico, S.A. de C.V.	Director	Juan Jose Cordova	1,373,840,957	99.95%
				President	Germano Couy		
28	061	XPLSH	Xplova (Shanghai) Ltd.	Director	Ben Wan, Meggy Chen, Mercury Kuo	N.A.	100.00%
				President	Ben Wan		
				Supervior	Sophia YL Chen		
29	062	AAF	Acer Africa (Proprietary) Limited	Director	Emmanuel Fromont, Riaad Mangera, Tai Chi Shih	36,800,000	100.00%
				President	-		
30	064	ABH	Acer BeingWare Holding Inc.	Director	Jason Chen, Meggy Chen, Lydia Wu	149,778,981	100.00%
				President	-		
				Supervior	Sophia YL Chen		
31	065	ALT	Altos Computing Inc.	Director	Jason Chen, Meggy Chen, Andrew Hou, Tiffany Huang, Ted Chiou	6,580,717	86.59%
				President	Jackie Lee		
				Supervior	Sophia YL Chen, Doris Lin		
32	066	ACCN	Acer Computer (Shanghai) Ltd.	Director	Jim Liu, Jason Chen, Lydia Wu	N.A.	100.00%
				President	Jim Liu		
				Supervior	Sophia YL Chen		
33	067	ACTCQ	Acer Cloud Technology(Chongqing) Ltd.	Director	Maverick Shih, Jason Chen, Meggy Chen	N.A.	100.00%
				President	Ann Lin		
				Supervior	Dick Tan		
34	068	ACTI	Acer Cloud Technology Inc.	Director	Maverick Shih, Meggy Chen, Jason Chen	32,000,000,001	100.00%
				President	Maverick Shih		
35	069	SMA	Servex (Malaysia) Sdn Bhd	Director	Tek Yoong Kon, Ricky Tan	4,748,000	100.00%
				President	Ricky Tan		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
36	070	AMS	Acer Market Services Limited	Director	Meggy Chen	1,218,717,000	100.00%
				President	-		
37	073	ASIN	Acer Sales International SA	Director	Paul Collins, Tai Chi Shih, Grigory Nizovsky	100,000	100.00%
				President	Grigory Nizovsky		
38	074	ATR	Acer Bilisim Teknolojileri Limited Sirketi	Director	Emmanuel Fromont, Grigory Nizovsky, Tai Chi Shih, Savas Yalcin	1,000	100.00%
				President	-		
39	086	ACCQ	Acer (Chongqing) Ltd.	Director	Jim Liu, Jason Chen, Lydia Wu	N.A.	100.00%
				President	Jim Liu		
				Supervior	Sophia YL Chen		
40	087	SEB	Sertec (Beijing) Ltd.	Director	Sophia YL Chen, Andrew Hou, Victor Soon	N.A.	100.00%
				President	Victor Soon		
				Supervior	Jim Liu		
41	089	AAH	Acer American Holdings Corp.	Director	Gregg Prendergast, Jason Chen, Meggy Chen	900	100.00%
				President	-		
42	091	ACTUS	Acer Cloud Technology (US), Inc.	Director	Maverick Shih, Dick Tan	3,899,800	100.00%
				President	Wei Ding		
43	095	ABST	Acer Being Signage Inc.	Director	Maverick Shih, Jason Chen, Meggy Chen	30,000,000	100.00%
				President	-		
				Supervior	Dick Tan		
44	096	ABSG	Acer Being Signage GmbH	Director	Wayne Ma	25,000	100.00%
				President	-		
45	097	AVN	Acer Vietnam Co., Ltd.	Director	Andrew Hou, Tony Vo, Sophia YL Chen	N.A.	100.00%
				President	Tony Vo		
46	104	AOI	AOPEN Inc.	Director	Jason Chen, Maverick Shih, Dale Tsai, Victor Chien, Smart Capital Corp.	28,970,000	40.55%
				President	-		
				Independent Director	Gordon Kuo, Steve Tso, Andrew Chang		
47	107	AOE	AOPEN Computer B.V.	Director	Dale Tsai, Jack Chou, Edward Chen	40	40.55%
				President	Jack Chou		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
48	111	GTI	GadgeTek Inc.	Director	Jerry Kao, Meggy Chen, Lydia Wu	4,500,000	83.64%
				President	-		
				Supervior	Sophia YL Chen		
49	115	ASZ	Acer Computer (Switzerland) AG	Director	Emmanuel Fromont, Tai Chi Shih, Thomas Berli	50	100.00%
				President	-		
50	120	AAC	Acer America Corporation	Director	Jason Chen, Ming Wang, Gregg Prendergast	3,100,000	100.00%
				President	Gregg Prendergast		
51	121	ACG	ACER Computer GmbH	Director	Emmanuel Fromont, Tai Chi Shih, Wilfried Thom, Robert Perenz	N.A.	100.00%
				President	-		
52	122	SAL	Bluechip Infotech Pty Ltd	Director	Chiang Sheng Hsiung, Ronald Keith Jarvis, Guan-Sheng Renn, Jerry Lin, Yu-Hsiu Chen	1,795,000	39.69%
				President	-		
53	123	AUK	Acer U.K. Limited	Director	Emmanuel Fromont, Tai Chi Shih, Craig Booth	9,071,790	100.00%
				President	-		
54	124	ACF	Acer Computer France S.A.S.U.	Director	Jean.Luc.Bayel, Angelo DAmbrosio, Emmanuel Fromont,Tai Chi Shih	2,606,140	100.00%
				President	-		
55	128	ACH	Acer Computer B.V.	Director	Bart Janssen, Emmanuel Fromont, Tai Chi Shih	261,226	100.00%
				President	-		
56	129	AOA	AOPEN America Inc.	Director	Dale Tsai, Jim Chen, Edward Chen	15,000,000	40.55%
				President	Aaron Pompey		
57	134	CCI	Cross Century Investment Limited	Director	Jason Chen, Sophia YL Chen, Meggy Chen	N.A.	100.00%
				President	-		
58	137	ASDI	Aspire Service & Development Inc.	Director	JF Yang, Meggy Chen, BJ Lin	22,593,100	100.00%
				President	JF Yang		
				Supervior	Sophia YL Chen		
59	138	ABC	Acer Being Communication Inc.	Director	Jason Chen, Maverick Shih, Po Po	4,060,000	100.00%
				President	-		
				Supervior	Sophia YL Chen		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
60	139	AIT	Acer Italy S.R.L.	Director	Marco Cappella, Emmanuel Fromont, Tai Chi Shih, Marco Peverelli (outside), Roberta Matrone(outside), Giovanni Borgini(outside)	N.A.	100.00%
				President	-		
61	141	AOSV	Aopen SmartVision Incorporated	Director	Dale Tsai, Richard Lin, Steve YU	4,000,000	40.55%
				President	-		
				Supervior	Edward Chen		
62	142	HTW	Heartware Alliance And Intergation Limited	Director	Dale Tsai, Steve Yu	100,000	40.55%
				President	-		
63	143	AOSD	AOPEN SmartView Incorporated	Director	Victor Chien, Jason Chen, Dale Tsai	2,000,000	32.44%
				President	-		
				Supervior	Edward Chen		
64	145	ACD	Acer Denmark A/S	Director	Tai Chi Shih, Niels Erik Bjørling, Emmanuel Fromont	100	100.00%
				President	-		
65	146	TWPBJ	Acer Third Wave Software (Beijing) Co. Ltd	Director	Ben Wan	N.A.	100.00%
				President	-		
				Supervior	-		
66	156	MPS	MPS Energy Inc.	Director	RC Chang, Jason Chen, Meggy Chen	7,248,736	100.00%
				President	-		
				Supervior	Sophia YL Chen		
67	160	ACV	Acer Austria GmbH	Director	Emmanuel Fromont, Michael Stuhr, Tai Chi Shih	N.A.	100.00%
				President	-		
68	165	ASCBVI	Acer SoftCapital Incorporated	Director	Meggy Chen, Jason Chen	158,475,324	100.00%
				President	-		
69	167	ABHI	Acer Healthcare Inc.	Director	RC Chang, Jason Chen, Meggy Chen	5,000,000	100.00%
				President	-		
				Supervior	Sophia YL Chen		
70	168	AEH	Acer European Holdings SA	Director	Emmanuel Fromont, Bruno Pelletier, Tai Chi Shih, Jason Chen, Meggy Chen	147,000	100.00%
				President	-		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
71	171	GCN	GadgeTek (Shanghai) Limited	Director	Jack Lan	N.A.	83.64%
				President	-		
				Supervior	-		
72	172	AOTH	AOPEN Technology Inc.	Director	Dale Tsai, Edward Chen	50,000	40.55%
				President	-		
73	174	ACN	Acer Computer Norway AS	Director	Emmanuel Fromont, Anne-Mette Guthus, Tai Chi Shih, Wilfried Thom	6,531	100.00%
				President	-		
74	177	EDC	Acer e-Enabling Data Center Incorporated	Director	Maverick Shih, Rex Wu, Meggy Chen	162,956,113	100.00%
				President	-		
				Supervior	Sophia YL Chen		
75	180	AIB	Acer Computer Iberica, S.A.	Director	Ivana Clemente, Emmanuel Fromont, Tai Chi Shih	142,338	100.00%
				President	-		
76	181	AIZS	Acer Information (Zhong Shan) Co., Ltd.	Director	KV Cheng, Sophia YL Chen, Mercury Kuo	N.A.	100.00%
				President	-		
				Supervior	Jim Liu		
77	182	AIN	PT. Acer Indonesia	Director	Herbet Ang, Parman Iskak, Andrew Hou, Meggy Chen, Ryan Yen	300,000	100.00%
				President	Herbet Ang		
78	189	HSN	HighPoint Service Network Sdn Bhd	Director	Tek Yoong Kon, Ricky Tan	500,000	92.54%
				President	-		
79	192	AIL	Acer India Private Limited	Director	Sophia YL Chen, Andrew Hou, Harish K. Kohli	78,803,764	100.00%
				President	-		
80	193	ADSC	Acer Digital Service Co.	Director	Jason Chen, Meggy Chen, Lydia Wu	128,281,861	100.00%
				President	-		
				Supervior	Sophia YL Chen		
81	194	AFN	Acer Computer Finland Oy	Director	Emmanuel Fromont, Tai Chi Shih, Wilfried Thom	50	100.00%
				President	-		
82	197	AHN	Acer Europe B. V.	Director	Emmanuel Fromont, Els Vandersickel, Tai Chi Shih	166,043	100.00%
				President	-		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
83	199	ACW	Acer Computer Sweden AB	Director	Emmanuel Fromont, Henrik Frydahl, Tai Chi Shih, Els Vandersickel	1,000	100.00%
				President	-		
84	200	SER	Sertec 360 SA	Director	Tobi Musson, Marcus Kueppers, Emmanuel Fromont, Tai Chi Shih	1,000	100.00%
				President	-		
85	223	AST	Acer Synergy Tech Corp.	Director	Maverick Shih, Meggy Chen, Andrew Hou, Jessica Chou	6,775,489	60.88%
				President	KS Harn		
				Independent Director	Nancy Hu, Teresa Cheng, Victor Tsao		
86	224	ASTS	Shanghai AST Technology Service Ltd.	Director	Lydia Wu, Maverick Shih, Meggy Chen	N.A.	60.88%
				President	KS Harn		
				Supervior	Sophia YL Chen		
87	225	ISU	ISU Service Corp.	Director	Maverick Shih, Meggy Chen, KS Harn	2,000,000	60.88%
				President	-		
				Supervior	Vincent Chi		
88	227	ACLAH	Boardwalk Capital Holdings Limited	Director	Jason Chen, Meggy Chen	1,373,071,341	100.00%
				President	-		
89	228	ACLAN	ACLA Holdings North, LLC	Director	Ming Wang	N.A.	100.00%
				President	Ming Wang		
90	229	ACLAS	ACLA Holding South, LLC	Director	Ming Wang	N.A.	100.00%
				President	Ming Wang		
91	230	ACLAE	ACLA Holding East, LLC	Director	Ming Wang	N.A.	100.00%
				President	Ming Wang		
92	231	ACLAW	ACLA Holding West, LLC	Director	Ming Wang	N.A.	100.00%
				President	Ming Wang		
93	232	ATB	AGP Tecnologia em Informatica do Brasil Ltda.	Director	-	249,466,846	100.00%
				President	Roberto Cabrera		
94	244	ACSI	Acer Cyber Security Incorporated	Director	Maverick Shih, Ben Wan, Meggy Chen	10,545,000	64.54%
				President	Rex Wu		
				Independent Director	MingTo Yu, Chie-Shiang Tong, Sen Chou Lo, Yuan-Chen Sun		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
95	249	AOC	AOPEN International (ShangHai) Co., Ltd	Director	Dale Tsai, Edward Chen, Richard Lin	N.A.	40.55%
				President	Sunny Liao		
				Supervior	-		
96	251	ETEN	E-ten Information System Co., Ltd.	Director	Ben Wan, Jason Chen, Maverick Shih	16,000,000	100.00%
				President	Ben Wan		
				Supervior	Meggy Chen		
97	257	ARU	Acer Marketing Services LLC	Director	Tai Chi Shih, Julia Volodina, Dmitry Kravchenko, Bruno Pelletier	N.A.	100.00%
				President	-		
98	259	AGU	AGP Insurance (Guernsey) Limited	Director	David Allen, Christopher Andersen, Alfredo Crespi, Meggy Chen, Christian Greisberger	5,000,000	100.00%
				President	-		
99	265	BJAC	Beijing Altos Computing Ltd.	Director	Jinghua Song, Jason Chen, Meggy Chen	N.A.	86.59%
				President	-		
				Supervior	Sophia YL Chen		
100	269	AOJ	AOPEN Japan Inc.	Director	Dale Tsai, Edward Chen, Frank Huang	200	40.55%
				President	-		
				Supervior	Julin Tai		
101	275	AOZ	AOPEN Information Products (Zhongshan) Inc.	Director	Dale Tsai	N.A.	40.55%
				President	Steve YU		
				Supervior	Edward Chen		
102	276	AOGS	AOPEN GLOBAL SOLUTIONS PTY LTD.	Director	Dale Tsai, Edward Chen, Stephen Borg	105,000	28.39%
				President	-		
103	277	AOAU	AOPEN Australia & New Zealand Pty Ltd	Director	Dale Tsai, Edward Chen, Stephen Borg	100	28.39%
				President	Stephen Borg		
104	284	ACVC	Acer China Venture Corp	Director	Joseph Hsueh , Jason Chen, Jerry Lin	N.A.	100.00%
				President	-		
				Supervior	Meggy Chen		
105	285	ACVP	Acer China Venture Partnership	Director	Joseph Hsueh	N.A.	100.00%
				President	-		
				Supervior	-		

No.	Company Code	Brief Name	Company	Title	Name	Number of shares (in thousands)	Percentage of Ownership
106	288	ASCCAM	ASC Cayman, Limited	Director	Sophia YL Chen, Meggy Chen	100,000	100.00%
				President	-		
107	289	DZL	DropZone (Hong Kong) Limited	Director	Jason Chen, Jerry Kao, Meggy Chen	3,000	100.00%
				President	-		
108	293	AAPH	Acer Asia Pacific Sdn Bhd	Director	Jason Chen, Tek Yoong Kon, Ricky Tan, Andrew Hou	3,319,995	100.00%
				President	-		
109	310	AEG	Acer Europe SA	Director	Emmanuel Fromont, Jason Chen, Tai Chi Shih	1,650	100.00%
				President	-		
110	313	ACZ	Acer Czech Republic s.r.o.	Director	Emmanuel Fromont, Tomas Cech, Tai Chi Shih	N.A.	100.00%
				President	-		
111	336	APHI	Acer Philippines, Inc.	Director	Manuel Wong, Ryan Yen, Andrew Hou, Susan M Santos, Yolanda S. Sebastian	135,101	100.00%
				President	Manuel Wong		
112	338	HPA	HigHPoint Australia Pty Ltd	Director	Darren Simmons	500,000	100.00%
				President	-		
113	345	HSNI	PT HSN Tech Indonesia	Director	Parman Iskak, Andrew Hou, Ryan Yen, Herbet Ang	1,000,000	92.54%
				President	Herbet Ang		
114	346	AIP	Acer Infotech Pvt Ltd	Director	Harish K. Kohli, Alok Dubey	16,250,000	100.00%
				President	-		
115	347	HSNP	HigHPoint Services Network Philippines, Inc.	Director	Manuel Wong, Ryan Yen, Andrew Hou, Susan M Santos, Yolanda S. Sebastian	106,000	100.00%
				President	Manuel Wong		
116	348	HSNT	HigHPoint Service Network (Thailand) Co., Ltd	Director	Nitipat Praweenwongwuthi, Alan Chiang, Andrew Hou	24,499	92.54%
				President	Nitipat Praweenwongwuthi		
117	349	HSNC	HigHPoint Service Network Corporation	Director	Andrew Hou, Lydia Wu, Meggy Chen	15,000,000	92.54%
				President	-		
				Supervior	Sophia YL Chen		
118	356	VRE	StarVR Europe SA	Director	Guido Wennemer, Ted Chiou, Meggy Chen	100,000	66.80%
				President	-		
119	400	GWI	Gateway, Inc.	Director	Meggy Chen, Gregg Prendergast, Ming Wang	100	100.00%
				President	-		

2. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan

None

3. Status of Acer common shares and GDRs acquired, disposed of, and held by subsidiaries

Unit: NTD Thousands

Name of Investee	Total Amount of Paid-in Capital	Source	Percentage of Acer	Acquired/ disposed date	Acquisitions	Disposal	Gain (Loss)	Number shares(units) and amount as of the Date of this Annual Report	Pledged	Guarantees and endorsements provided by Acer	Financing provide by Acer
CCI	880,000	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share $0	0 share $0	0 share $0	4,773,731 shares $171,324	None	None	None
ASCBVI	3,578,294	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share $0	0 share $0	0 share $0	12,729,869 shares $522,237	None	None	None
ASCBVI	3,578,294	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share $0	0 share $0	0 share $0	GDR (Note) 4,987,459 units $1,969,617	None	None	None
ETEN	160,000	Generated from operations	100%	During 2019 and as of the Date of this Annual Report	0 share $0	0 share $0	0 share $0	4,305,395 shares $251,678	None	None	None

Note: Each unit stands for Acer's 5 common shares.

4. Other matters that require additional description

None

If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one

None

Appendix I

2019 Consolidated Financial Statements

Stock Code:2353

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Acer Incorporated as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acer Incorporated and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Acer Incorporated
Jason Chen
Chairman
March 18, 2020

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the consolidated financial statements of Acer Incorporated and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and interpretations developed by the International Financial Reporting Interpretations Committee (" IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

1. Revenue recognition

   Refer to Note 4(q) for the accounting policies on recognizing revenue, and Note 5(a) for uncertainty of accounting estimations and assumptions for sales returns and allowances.

   Description of key audit matter:

   The Group engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Group to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances and returns based on business practice is subject to management' s judgment, which involves significant uncertainty. Consequently, the revenue recognition and accrual of sales allowances and returns have been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Group' s internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances and returns, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances and returns to evaluate the reasonableness of the sales allowances and returns estimated by management.

2. Valuation of inventories

   Refer to Note 4(h) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(e) for the details of related disclosures.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology and fierce market competition, the Group's product price may fluctuate rapidly. Furthermore, the stocks for products and components may exceed customers' demands thus becoming obsolete. These factors expose the Group to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluating whether valuation of inventories was accounted for in accordance with the Group' s accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill

   Refer to Note 4(o) for the accounting policies on impairment of non-financial assets, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(k) for the evaluation of goodwill impairment.

Description of key audit matter:

Goodwill arising from past acquisition of subsidiaries are subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management' s judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the valuation model and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of business forecasts, and performing a sensitivity analysis of key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and assessing the adequacy of the Group' s disclosures of its policy on impairment of non-financial assets (including goodwill) and other related disclosures.

Other Matter

Acer Incorporated has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have audited and issued an unmodified audit opinion for the year ended December 31, 2019, and an unmodified audit opinion with the paragraph on emphasis of matter for the year ended December 31, 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 IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Huei-Chen Chang and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 24,184,332	16	27,283,038	18
1110	Financial assets measured at fair value through profit or loss－current (note 6(b))	1,271,742	1	435,574	-
1120	Financial assets measured at fair value through other comprehensive income－current (note 6(c))	100,313	-	88,989	-
1140	Contract assets－current (note 6(w))	420,882	-	396,235	-
1170	Notes and accounts receivable, net (notes 6(d) & (w))	49,398,044	32	47,491,595	31
1180	Accounts receivable from related parties (notes 6(d) & (w) and 7)	41,201	-	34,623	-
1200	Other receivables (notes 7)	550,769	-	1,097,802	1
1220	Current income tax assets	314,898	-	460,334	-
130X	Inventories (note 6(e))	41,034,471	26	42,076,409	27
1470	Other current assets (note 6(l))	4,412,422	3	3,756,396	3
	Total current assets	121,729,074	78	123,120,995	80
	Non-current assets:				
1510	Financial assets measured at fair value through profit or loss－non-current (note 6(b))	-	-	44,894	-
1517	Financial assets measured at fair value through other comprehensive income－non-current (note 6(c))	5,146,642	3	4,340,457	3
1550	Investments accounted for using the equity method (note 6(f))	944,958	1	875,861	-
1600	Property, plant and equipment (note 6(h) and 8)	3,561,644	2	3,846,752	2
1755	Right-of-use assets (notes 6(i))	1,948,343	1	-	-
1760	Investment property (note 6(j))	1,129,350	1	1,122,385	1
1780	Intangible assets (note 6(k))	16,930,072	11	17,311,344	11
1840	Deferred income tax assets (note 6(s))	1,551,795	1	890,458	1
1900	Other non-current assets (notes 6(l) & (r))	1,996,859	1	1,432,482	1
1980	Other financial assets－non-current (note 8)	1,157,827	1	1,003,782	1
	Total non-current assets	34,367,490	22	30,868,415	20
	Total assets	**$ 156,096,564**	**100**	**153,989,410**	**100**

(Continued)

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(m) and 8)	$ 1,505,587	1	657,040	-
2120	Financial liabilities measured at fair value through profit or loss－current (note 6(b))	449,052	-	272,085	-
2130	Contract liabilities－current (note 6(w))	1,832,271	1	821,374	1
2170	Notes and accounts payable (note 7)	35,223,814	23	40,079,353	26
2200	Other payables (note 6(x) and 7)	24,711,860	16	24,420,154	16
2250	Provisions－current (notes 6(p) and 9)	4,953,980	3	5,239,352	4
2280	Lease liabilities－current (notes 6(o))	598,743	-	-	-
2322	Current portion of long-term debt (note 6(n) and 8)	9,627	-	4,112	-
2365	Refund liabilities－current	12,441,200	8	12,703,866	8
2399	Other current liabilities	2,747,123	2	2,619,592	2
	Total current liabilities	84,473,257	54	86,816,928	57
	Non-current liabilities:				
2527	Contract liabilities－non-current (note 6(w))	662,672	-	1,405,350	1
2540	Long-term debt (notes 6(n) and 8)	5,834,188	4	3,315,976	2
2550	Provisions－non-current (notes 6(p) and 9)	32,096	-	36,241	-
2570	Deferred income tax liabilities (note 6(s))	2,525,953	2	1,749,191	1
2580	Lease liabilities－non-current (note 6(o))	1,409,264	1	-	-
2600	Other non-current liabilities	1,963,895	1	1,679,438	1
	Total non-current liabilities	12,428,068	8	8,186,196	5
	Total liabilities	96,901,325	62	95,003,124	62
	Equity(notes 6(t) & (u)):				
3110	Common stock	30,749,338	20	30,749,338	20
3200	Capital surplus	28,152,962	18	27,913,351	18
	Retained earnings:				
3310	Legal reserve	587,602	-	281,559	-
3320	Special reserve	2,940,572	2	2,534,028	2
3350	Unappropriated retained earnings	2,668,082	2	3,085,863	2
3400	Other equity	(4,342,227)	(3)	(3,381,189)	(2)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)
	Equity attributable to shareholders of the Parent	57,841,473	37	58,268,094	38
36XX	**Non-controlling interests**	1,353,766	1	718,192	-
	Total equity	59,195,239	38	58,986,286	38
	Total liabilities and equity	**$ 156,096,564**	**100**	**153,989,410**	**100**

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED 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)

		2019		2018	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(g) & (w), 7 and 14)**	$ 234,285,354	100	242,270,406	100
5000	**Cost of revenue (notes 6(e), (h), (i), (k), (o), (p), (q) & (r), 7 and 12)**	(209,568,568)	(89)	(216,442,207)	(89)
	Gross profit	24,716,786	11	25,828,199	11
	Operating expenses (notes 6(d), (h), (i), (j), (k),(o), (p), (q), (r), (u) & (x), 7 and 12):				
6100	Selling expenses	(14,697,428)	(7)	(15,234,252)	(6)
6200	General and administrative expenses	(4,431,080)	(2)	(4,462,573)	(2)
6300	Research and development expenses	(2,571,756)	(1)	(2,559,920)	(1)
6400	Other expenses	(33,258)	-	-	-
	Total operating expenses	(21,733,522)	(10)	(22,256,745)	(9)
6500	**Other operating income and expenses, net (notes 6(q), (y), and 7)**	94,550	-	167,035	-
	Operating income	3,077,814	1	3,738,489	2
	Non-operating income and loss:				
7010	Other income (note 6(z))	664,183	1	606,843	-
7020	Other gains and losses — net (notes 6(f), (g), (h), (k), (z) & (aa), and 7)	270,533	-	216,232	-
7050	Finance costs (note 6(o) & (z))	(189,251)	-	(175,288)	-
7060	Share of losses of associates and joint ventures (note 6(f))	(111,259)	-	(133,896)	-
	Total non-operating income and loss	634,206	1	513,891	-
7900	**Income before taxes**	3,712,020	2	4,252,380	2
7950	**Income tax expense** (note 6(s))	(1,143,646)	(1)	(1,350,420)	(1)
	Net income	2,568,374	1	2,901,960	1
	Other comprehensive income (loss) (note 6(f), (s), (t) & (aa)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(233,583)	-	682	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	687,671	-	(593,723)	-
8320	Share of other comprehensive losses of associates	(24)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	9,504	-	22,695	-
	Total items that will not be reclassified to profit or loss	463,568	-	(570,346)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(1,413,636)	-	385,004	-
8370	Share of other comprehensive losses of associates	(36)	-	(3,940)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	(3,596)	-
	Total items that may be reclassified subsequently to profit or loss	(1,413,672)	-	377,468	-
	Other comprehensive loss, net of taxes	(950,104)	-	(192,878)	-
	Total comprehensive income for the year	**$ 1,618,270**	**1**	**2,709,082**	**1**
	Net income (loss) attributable to:				
8610	Shareholders of the Parent	$ 2,632,565	1	3,060,429	1
8620	Non-controlling interests	(64,191)	-	(158,469)	-
		$ 2,568,374	**1**	**2,901,960**	**1**
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Parent	$ 1,693,913	1	2,876,293	1
8720	Non-controlling interests	(75,643)	-	(167,211)	-
		$ 1,618,270	**1**	**2,709,082**	**1**
	Earnings per share (in New Taiwan dollars) (note 6(v)):				
9750	Basic earnings per share	**$**	**0.87**		**1.01**
9850	Diluted earnings per share	**$**	**0.87**		**1.01**

See accompanying notes to consolidated financial statements.

acer

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Parent															
			Retained earnings				Other equity									
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) from available-for-sale financial assets	Remeasurements of defined benefit plans	Unearned stock-based employee compensation	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	-	112,035	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,319,443	655,963	57,975,406
Effects of retrospective application	-	-	-	-	(7,231)	(7,231)	-	112,035	(112,035)	-	-	-	-	(7,231)	2,021	(5,210)
Adjusted balance at January 1, 2018	30,765,028	29,852,184	-	-	2,808,356	2,808,356	(3,202,161)	112,035	-	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,312,212	657,984	57,970,196
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	-	-	-	-	3,060,429	(158,469)	2,901,960
Other comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	(601,596)	-	26,464	-	(184,136)	-	(184,136)	(8,742)	(192,878)
Total comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	(601,596)	-	26,464	-	(184,136)	-	2,876,293	(167,211)	2,709,082
Appropriation approved by the stockholders:																
Legal reserve	-	-	281,559	-	(281,559)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(2,120,798)	-	-	-	-	-	-	-	-	-	-	-	(2,120,798)	-	(2,120,798)
Share of changes in equity of associates	-	44,225	-	-	-	-	-	-	-	-	-	-	-	44,225	(19)	44,206
Changes in ownership interests in subsidiaries	-	32,647	-	-	-	-	-	-	-	-	-	-	-	32,647	9,734	42,381
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,682	105,682
Issuance of common stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,987	61,987
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	100,600	-	-	-	-	-	-	-	-	-	-	-	100,600	52,050	152,650
Retirement of restricted shares of stock issued to employees	(15,690)	1,892	-	-	-	-	-	-	-	-	13,798	13,798	-	-	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	-	(1,705)	(1,705)	-	(1,705)	-	(1,705)
Stock option compensation cost of subsidiaries	-	1,857	-	-	-	-	-	-	-	-	-	-	-	1,857	97	1,954
Disposal of investments accounted for using the equity method	-	744	-	-	-	-	22,019	-	-	-	-	22,019	-	22,763	-	22,763
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,112)	(2,112)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	32,665	32,665	-	(32,665)	-	-	-	(32,665)	-	-	-	-
Balance at December 31, 2018	30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	-	(69,817)	-	(3,381,189)	(2,914,856)	58,268,094	718,192	58,986,286
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	-	-	2,632,565	(64,191)	2,568,374
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	(938,652)	(11,452)	(950,104)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	1,693,913	(75,643)	1,618,270
Appropriation approved by the stockholders:																
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	-	-	(2,367,699)	-	(2,367,699)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	-	-	36,051	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	-	-	64,047	6,005	70,052
Changes in ownership interests in subsidiaries	-	195,228	-	-	-	-	-	-	-	-	-	-	-	195,228	(195,228)	-
Issuance of common stock from employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	76,523	76,523
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	-	-	(57,583)	419,732	362,149
Stock option compensation cost of subsidiaries	-	1,868	-	-	-	-	-	-	-	-	-	-	-	1,868	1,026	2,894
Reorganization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	-	-	(126)	126	-
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	-	-	7,680	-	7,680	-	7,680
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	427,422	427,422
Cash dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(24,389)	(24,389)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	-	-	(30,066)	-	-	-	-
Balance at December 31, 2019	**$ 30,749,338**	**28,152,962**	**587,602**	**2,940,572**	**2,668,082**	**6,196,256**	**(4,187,394)**	**133,070**	**-**	**(287,903)**	**-**	**(4,342,227)**	**(2,914,856)**	**57,841,473**	**1,353,766**	**59,195,239**

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Income before income tax	$ 3,712,020	4,252,380
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	1,193,596	423,898
Amortization	318,723	415,818
Net (gain) loss on financial assets measured at fair value through profit or loss	(20,112)	496,558
Interest expense	189,251	175,288
Interest income	(468,887)	(358,954)
Dividend income	(195,296)	(247,889)
Share-based compensation cost	2,894	249
Share of losses of associates and joint ventures	111,259	133,896
Loss on disposal of equipment, intangible assets and non-current assets held for sale	12,830	3,475
Property, plant and equipment and intangible assets reclassified to expenses	-	453
Loss on disposal of investments	5,086	33,158
Impairment loss	51,584	-
Gain on bargain purchase	-	(6,385)
Other investment loss	-	3,696
Total adjustments for profit and loss	1,200,928	1,073,261
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	514,979	(606,239)
Contract assets	(24,647)	(383,613)
Notes and accounts receivable	(2,031,798)	(523,043)
Receivables from related parties	(6,578)	92,280
Inventories	1,025,472	(2,434,278)
Other receivables and other current assets	(106,195)	(147,231)
Other non-current assets	(49,783)	4,968
Changes in operating assets	(678,550)	(3,997,156)
Changes in operating liabilities:		
Contract liabilities	883,189	498,459
Notes and accounts payable	(4,855,539)	(2,897,116)
Other payables and other current liabilities	(289,681)	338,917
Provisions	(289,517)	(144,977)
Refund liabilities	(262,666)	(784,304)
Other non-current liabilities	60,379	52,880
Changes in operating liabilities	(4,753,835)	(2,936,141)
Cash used in operations	(519,437)	(1,607,656)
Interest received	466,089	359,771
Income taxes paid	(1,327,101)	(884,258)
Net cash used in operating activities	(1,380,449)	(2,132,143)

(Continued)

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(272,983)	(86,605)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	-	62,576
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	23,028	31,883
Proceeds from repayments of financial assets measured at fair value through profit or loss	61,307	16,580
Purchase of financial assets measured at fair value through profit or loss	(1,329,782)	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	114,896	8,458
Acquisition of investments accounted for using the equity method	(101,526)	(151,500)
Proceeds from disposal of investments accounted for using the equity method	-	557
Proceeds from liquidation of investments accounted for using the equity method	9,563	-
Proceeds from disposal of non-current assets held for sale	-	163,974
Additions to property, plant and equipment	(225,397)	(230,598)
Proceeds from disposal of equipment and intangible assets	7,784	9,787
Additions to intangible assets	(303,594)	(218,040)
Net cash paid for acquisition of subsidiaries	-	(1,071)
Increase in other non-current financial assets	(18,233)	(4,965)
Dividends received	228,450	256,813
Net cash flows used in investing activities	(1,806,487)	(142,151)
Cash flows from financing activities:		
Increase in short-term borrowings	850,496	98,492
Increase in long-term debt	5,828,760	22,669
Repayment of long-term debt	(3,304,596)	(2,704,109)
Payment of lease liabilities	(631,624)	-
Cash dividends	(2,331,648)	-
Cash distributed from capital surplus	-	(2,120,798)
Cash dividends paid to non-controlling interests by subsidiaries	(24,389)	(2,112)
Issuance of common stock from employee stock options by subsidiaries	76,523	61,987
Additions to interests in subsidiaries	(93,762)	(18,500)
Proceeds from disposal of interests in subsidiaries (without losing control)	455,911	168,402
Increase in non-controlling interests	427,422	34,029
Interest paid	(182,087)	(161,420)
Net cash flows provided by (used in) financing activities	1,071,006	(4,621,360)
Effect of foreign exchange rate changes	(982,776)	208,361
Net decrease in cash and cash equivalents	(3,098,706)	(6,687,293)
Cash and cash equivalents at beginning of period	27,283,038	33,970,331
Cash and cash equivalents at end of period	$ **24,184,332**	**27,283,038**

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Per Share Information And Otherwise Specified)

1. Organization and business

Acer Incorporated (the "Company") was incorporated on August 1, 1976, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C.

The Company and its subsidiaries (the "Group") primarily engages in the marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Group aims at the integrated applications of Internet of Things (IoT) and service-oriented technology to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

2. Authorization of the consolidated financial statements

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

3. Application of new and revised accounting standards and interpretations

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying consolidated financial statements, the Group has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC, with effective date from January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 *Leases*	January 1, 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	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
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the initial application of the above IFRSs did not have any material impact on the consolidated financial statements. The extent and impact of changes are as follows:

(i) IFRS 16 *Leases*

IFRS 16 replaces the existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives and* SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The extent and impact of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(m).

On transition to IFRS 16, the Group elected to assess all contracts whether they are applied to the definition of lease under IFRS16.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of buildings, office equipment and other equipment. For leases previously classified as operating leases under IAS 17, at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability.

In addition, the Group applied the following practical expedients upon transition to IFRS 16.

— Applied a single discount rate to a portfolio of leases with similar characteristics;

— Applied the exemption and not to recognize the right-of-use assets and lease liabilities for leases with lease term that ends within 12 months at the date of initial application;

— Excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

— Used hindsight to determine the lease term while the contract contains options to extend or terminate the lease.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

(Continued)

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized right-of-use assets and lease liabilities both amounting to $2,490,700 at January 1, 2019. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 2.36%.

The reconciliation between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized at the date of initial application as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 2,645,525
Recognition exemption for:	
Short-term leases	(45,878)
Leases of low-value assets	(8,269)
Lease extension options reasonably certain to be exercised	153,523
	$ 2,744,901
Discounted amount using the incremental borrowing rate at January 1, 2019 (Lease liabilities recognized at January 1, 2019)	**$ 2,490,700**

(b) Impact of IFRS endorsed by FSC but not yet in effect

According to Ruling No. 1080323028 issued by the FSC on July 29, 2019, commencing from 2020, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2020. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 3 *Definition of a Business*	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 *Interest Rate Benchmark Reform*	January 1, 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	January 1, 2020

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

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

A summary of new and amended standards issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
IFRS 17 *Insurance Contracts*	January 1, 2021
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	January 1, 2022

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

4. Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Group's accompanying consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (the "Regulations") and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
2) Financial assets measured at fair value through other comprehensive income; and
3) Net defined benefit liability measured at present value of defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The accompanying consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries) in which the Company is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation. Total comprehensive income (loss) of a subsidiary is attributed to the shareholders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, financial statements of subsidiaries are adjusted to align the accounting policies with those adopted by the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss, which is calculated as the difference between (1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost, and (2) the previous carrying amount of the former subsidiary's assets (including goodwill), liabilities and non-controlling interest at the date when the Group loses control. All amounts recognized in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the cost on initial recognition of a financial asset measured at fair value through other comprehensive income or an investment in an associate.

(ii) List of subsidiaries included in the consolidated financial statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
The Company	Acer Greater China (B.V.I.) Corp. ("AGC", British Virgin Islands)	Investment and holding activity	-	100.00 %
AHI and AGC	Acer Market Services Limited ("AMS", Hong Kong)	Investment and holding activity	100.00 %	100.00 %
AHI and AGC	Acer Computer (Far East) Limited ("AFE", Hong Kong)	Sale of brand-name IT products	100.00 %	100.00 %
AMS	Acer Information (Zhong Shan) Co., Ltd. ("AIZS", China)	Sale of brand-name IT products	100.00 %	100.00 %
AMS	Acer Computer (Shanghai) Ltd. ("ACCN", China)	Sale of brand-name IT products	100.00 %	100.00 %

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
AMS	Acer (Chongqing) Ltd. ("ACCQ", China)	Sale of brand-name IT products	100.00 %	100.00 %
The Company	Acer European Holdings SA ("AEH", Switzerland)	Investment and holding activity	100.00 %	100.00 %
AEH	Acer Europe B.V. ("AHN", the Netherlands)	Investment and holding activity	100.00 %	100.00 %
AEH	Acer Computer (M.E.) Limited ("AME", British Virgin Islands)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Acer Africa (Proprietary) Limited ("AAF", South Africa)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
AEH	AGP Insurance (Guernsey) Limited ("AGU", Guernsey)	Insurance captive	100.00 %	100.00 %
AEH	Acer Sales International SA ("ASIN", Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Acer Europe SA ("AEG", Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AEH	Sertec 360 SA ("SER", Switzerland)	Repair and maintenance of IT products	100.00 %	100.00 %
AHN	Acer Computer France S.A.S.U. ("ACF", France)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer U.K. Limited ("AUK", the United Kingdom)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Italy S.R.L. ("AIT", Italy)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer GmbH ("ACG", Germany)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Austria GmbH ("ACV", Austria)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Czech Republic S.R.O. ("ACZ", Czech Republic)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer Iberica, S.A. ("AIB", Spain)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer (Switzerland) AG ("ASZ", Switzerland)	Sale of brand-name IT products	100.00 %	100.00 %
AHN	Asplex Sp. z.o.o. ("APX", Poland)	Repair and maintenance of brand-name IT products	100.00 %	100.00 %
AHN	Acer Marketing Services LLC ("ARU", Russia)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Poland sp. z.o.o. ("APL", Poland)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Bilisim Teknolojileri Limited Sirketi ("ATR", Turkey)	Marketing of brand-name IT products	100.00 %	100.00 %
AHN	Acer Computer B.V. ("ACH", the Netherlands)	Sale of brand-name IT products	100.00 %	100.00 %
ACH	Acer Computer Norway AS ("ACN", Norway)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
ACH	Acer Computer Finland Oy ("AFN", Finland)	Marketing, repair and maintenance of brand-name IT products	100.00 %	100.00 %
ACH	Acer Computer Sweden AB ("ACW", Sweden)	Marketing of brand-name IT products	100.00 %	100.00 %
ACH	Acer Denmark A/S ("ACD", Denmark)	Marketing of brand-name IT products	100.00 %	100.00 %

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
The Company and AEH	Boardwalk Capital Holdings Limited ("Boardwalk", British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
Boardwalk	Acer Computec Mexico, S.A. de C.V. ("AMEX", Mexico)	Sale of brand-name IT products	99.95 %	99.95 %
Boardwalk	Acer American Holdings Corp. ("AAH", U.S.A.)	Investment and holding activity	100.00 %	100.00 %
Boardwalk	AGP Tecnologia em Informatica do Brasil Ltda. ("ATB", Brazil)	Sale of brand-name IT products	100.00 %	100.00 %
AMEX	Aurion Tecnologia, S.A. de C.V. ("Aurion", Mexico)	Service company	99.95 %	99.95 %
AAH	Acer Cloud Technology Inc. ("ACTI", U.S.A.)	Investment and holding activity	100.00 %	100.00 %
ACTI	Acer Cloud Technology (US), Inc. ("ACTUS", U.S.A.)	Cloud technology service and research, development, and design of IoT platform	100.00 %	100.00 %
AAH	Gateway, Inc. ("GWI", U.S.A.)	Investment and holding activity	100.00 %	100.00 %
GWI	Acer America Corporation ("AAC", U.S.A.)	Sale of brand-name IT products	100.00 %	100.00 %
GWI	Acer Service Corporation ("ASC", U.S.A.)	Repair and maintenance of brand-name IT products	100.00 %	100.00 %
The Company	Acer Holdings International, Incorporated ("AHI", British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
AHI	Acer Computer Co., Ltd. ("ATH", Thailand)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Japan Corp. ("AJC", Japan)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer Australia Pty. Limited ("ACA", Australia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Sales and Services SDN BHD ("ASSB", Malaysia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Asia Pacific Sdn Bhd ("AAPH", Malaysia)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer (Singapore) Pte. Ltd. ("ACS", Singapore)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Computer New Zealand Limited ("ACNZ", New Zealand)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	PT. Acer Indonesia ("AIN", Indonesia)	Sale of brand-name IT products	100.00 %	100.00 %
AIN	PT. Acer Manufacturing Indonesia ("AMI", Indonesia)	Assembly of brand-name IT products	100.00 %	100.00 %
AHI	Acer India Private Limited ("AIL", India)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Vietnam Co., Ltd. ("AVN", Vietnam)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Acer Philippines, Inc. ("APHI", Philippines)	Sale of brand-name IT products	100.00 %	100.00 %
AHI	Highpoint Services Network Philippines, Inc. ("HSNP", Philippines)	Repair and maintenance of IT products	100.00 %	100.00 %
AHI	Acer Infotech Pvt Ltd. ("AIP", India)	Sale of brand-name IT products	100.00 %	100.00 %
ASSB	Servex (Malaysia) Sdn Bhd ("SMA", Malaysia)	Sale of computers and communication products	100.00 %	100.00 %

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
The Company	Weblink International Inc. (“WLII”, Taiwan)	Sale of computers and communication products	67.36 %	97.33 %
WLII	Wellife Inc. (“WELL”, Taiwan)	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	67.36 %	97.33 %
The Company	Acer Synergy Tech Corp. (“AST”, Taiwan)	System integration service	60.88 %	91.74 %
AST	Shanghai AST Technology Service Ltd. (“ASTS”, China)	System integration service	60.88 %	91.74 %
AST	ISU Service Corp. (“ISU”, Taiwan)	Human resources and project service	60.88 %	-
The Company	Acer Digital Service Co. (“ADSC”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
ADSC	Acer Property Development Inc. (“APDI”, Taiwan)	Property development	100.00 %	100.00 %
ADSC	Aspire Service & Development Inc. (“ASDI”, Taiwan)	Property development	100.00 %	100.00 %
The Company	Acer Worldwide Incorporated (“AWI”, British Virgin Islands)	Investment and holding activity	-	100.00 %
The Company	Cross Century Investment Limited (“CCI”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
The Company	Acer Digital Services (B.V.I.) Holding Corp. (“ADSBH”, British Virgin Islands)	Investment and holding activity	-	100.00 %
ADSBH	Acer Digital Services (Cayman Islands) Corp. (“ADSCC”, Cayman Islands)	Investment and holding activity	-	100.00 %
ADSCC	Longwick Enterprises Inc. (“LONG”, Seychelles)	Investment and holding activity	-	100.00 %
LONG	S. Excel. Co., Ltd. (“SURE”, Samoa)	Investment and holding activity	-	100.00 %
The Company	Acer SoftCapital Incorporated (“ASCBVI”, British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
ASCBVI	ASC Cayman, Limited (“ASCCAM”, Cayman Islands)	Investment and holding activity	100.00 %	100.00 %
ASCCAM	DropZone (Hong Kong) Limited ("DZL", Hong Kong)	Operation and maintenance of eSports platform	100.00 %	-
The Company	E-ten Information Systems Co., Ltd. (“ETEN”, Taiwan)	Research, design and sale of smart handheld products	100.00 %	100.00 %
The Company	Acer BeingWare Holding Inc. (“ABH”, Taiwan)	Investment and holding activity	100.00 %	100.00 %
ABH	Acer Cloud Technology (Taiwan) Inc. (“ACTTW”, Taiwan)	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	100.00 %	100.00 %

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
ABH	Altos Computing Inc. (“ALT”, Taiwan)	High performance computing, cloud computing, software-defined storage, and IT solution	86.59 %	71.79 %
ALT	Beijing Altos Computing Ltd. (“BJAC”, China)	High performance computing, cloud computing, software-defined storage, and IT solution	86.59 %	71.79 %
ABH	MPS Energy Inc. (“MPS”, Taiwan)	Research, development, and sale of batteries	100.00 %	100.00 %
ABH	Acer e-Enabling Service Business Inc. (“AEB”, Taiwan)	Cloud ticketing system, electronic book, online payment service, customized system development and integration services, and sale of commercial and cloud application software and technical services	87.79 %	100.00 %
ABH	Acer ITS Inc. (“ITS”, Taiwan)	Programs and services of intelligent transportation and electronic ticketing	94.41 %	94.41 %
ABH	Acer Healthcare Inc. (“ABHI”, Taiwan)	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	100.00 %	100.00 %
ACTTW	Acer Gerontechnology Inc. (“AGI”, Taiwan)	Development of user-friendly IoT device	100.00 %	100.00 %
ACTTW	Acer Cloud Technology (Chongqing) Ltd. (“ACTCQ”, China)	Design, development, sale, and advisory of computer software and hardware	100.00 %	100.00 %
ACTTW and ABH	Acer Being Communication Inc. (“ABC”, Taiwan)	Software design service	100.00 %	100.00 %
ACTTW	Acer Being Signage Inc. (“ABST”, Taiwan)	Technical service and research of aBeing cloud digital content management	100.00 %	100.00 %
ABST	Acer Being Signage GmbH (“ABSG”, Germany)	Technical service and research of aBeing cloud digital content management	100.00 %	100.00 %
ABH	Xplova Inc. (“XPL”, Taiwan)	Design, development and sale of smart bicycle speedometer	100.00 %	100.00 %
XPL	Xplova (Shanghai) Ltd. (“XPLSH”, China)	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	100.00 %	100.00 %

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
ABH	Pawbo, Inc. ("PBC", Taiwan)	Pet interaction device and social networking service	100.00 %	100.00 %
The Company	Acer Cyber Security Incorporated ("ACSI", Taiwan)	Cyber security service	64.54 %	87.09 %
The Company	Acer e-Enabling Data Center Incorporated ("EDC", Taiwan)	Data center and cloud services	100.00 %	100.00 %
EDC	TWP International Inc. ("TWPBVI", British Virgin Islands)	Investment and holding activity	100.00 %	100.00 %
EDC and TWPBVI	Acer Third Wave Software (Beijing) Co. Ltd ("TWPBJ", China)	Sale of commercial and cloud application software and technical service	100.00 %	100.00 %
The Company	Acer China Venture Corp ("ACVC", China)	Fund company management	100.00 %	100.00 %
The Company and ACVC	Acer China Venture Partnership ("ACVP", China)	Investment fund	100.00 %	100.00 %
The Company	Sertec (Beijing) Ltd. ("SEB", China)	Repair and maintenance of IT products	100.00 %	100.00 %
The Company	StarVR Corporation ("ASBZ", Taiwan)	Solutions provider of B2B virtual reality	66.80 %	63.52 %
ASBZ	StarVR Europe SA ("VRE", Switzerland)	Research of solutions to B2B virtual reality	66.80 %	63.52 %
VRE	StarVR France SAS ("VRF", France)	Research of solutions to B2B virtual reality	-	63.52 %
The Company	AOPEN Inc. ("AOI", Taiwan)	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	40.55 %	40.55 %
AOI	AOPEN America Inc. ("AOA", U.S.A.)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	AOPEN Computer B.V. ("AOE", the Netherlands)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	AOPEN Technology Inc. ("AOTH", British Virgin Islands)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	AOPEN Japan Inc. ("AOJ", Japan)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	Aopen SmartVision Incorporated ("AOSV", Taiwan)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOI	Heartware Alliance and Integration Limited ("HTW", Hong Kong)	Software development and agency	40.55 %	40.55 %
AOI	AOPEN Global Solutions Pty Ltd. ("AOGS", Australia)	Sale of computer, apparatus system, and peripheral equipment	28.39 %	28.39 %
AOI	AOPEN SmartView Incorporated ("AOSD", Taiwan)	Sale of display devices	32.44 %	32.44 %

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Name of Investor	Name of Investee	Main Business and Products	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018
AOTH	Great Connection LTD. ("GCL", Hong Kong)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOTH	AOPEN International (ShangHai) Co., Ltd ("AOC", China)	Sale of computer, apparatus system, and peripheral equipment	40.55 %	40.55 %
AOTH	AOPEN Information Products (Zhongshan) Inc. ("AOZ", China)	Manufacture and sale of computer parts and components	40.55 %	40.55 %
AOGS	AOPEN Australia & New Zealand Pty Ltd ("AOAU", Australia)	Sale of computer, apparatus system, and peripheral equipment	28.39 %	28.39 %
The Company and AOI	Bluechip Infotech Pty Ltd. ("Bluechip", Australia)	Sale of computer peripherals and software system	39.69 %	39.69 %
The Company	GadgeTek Inc. ("GTI", Taiwan)	Sale of peripheral 3C products	83.64 %	83.64 %
GTI	GadgeTek (Shanghai) Limited ("GCN", China)	Sale of peripheral 3C products	83.64 %	-
The Company	Highpoint Service Network Corporation ("HSNC", Taiwan)	Repair and maintenance of IT products	92.54 %	100.00 %
HSNC	Highpoint Service Network (Thailand) Co., Ltd ("HSNT", Thailand)	Repair and maintenance of IT products	92.54 %	100.00 %
HSNC and AHI	PT HSN Tech Indonesia ("HSNI", Indonesia)	Repair and maintenance of IT products	92.54 %	100.00 %
HSNC and ASSB	HighPoint Service Network Sdn Bhd ("HSN", Malaysia)	Repair and maintenance of IT products	92.54 %	100.00 %

GCN, ISU, and DZL were newly established subsidiaries during 2019. HSNP, AIP, ASTS, BJAC, ABHI, VRE, VRF, AOSD, GTI, HSNC, HSNT, and HSNI were newly established subsidiaries or were acquired during 2018. Formerly, Bluechip was an associate accounted for using the equity method; the Group acquired additional interest in Bluechip and obtained control over it in the first quarter of 2018; accordingly, Bluechip was included in the accompanying consolidated financial statements from the date the control commenced.

AWI was merged into ASCBVI in the third quarter of 2019. AGC was merged into AHI in the fourth quarter of 2019.

In 2019, the subsidiaries, ADSBH, ADSCC, LONG, SURE and VRF, were liquidated. In 2018, the subsidiaries, ACR, ASK and WHI, were liquidated. Since the dates the control ceased, the aforesaid subsidiaries were excluded from the accompanying consolidated financial statements.

(iii) List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using

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the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Group's consolidated financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Group's consolidated financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash consists of cash on hand, checking deposits and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

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

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

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

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

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4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets) and contract assets.

The Group measures loss allowances for accounts receivable, contract assets and other financial assets at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

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

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

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

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

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

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

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

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5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights of the cash inflow from the assets are terminated, when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Treasury stock

When shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury stock is sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to cover the deficiency).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Group designates certain derivative instruments as either fair value hedges or cash flow hedges. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows or fair value of the hedged item and hedging instrument are expected to offset each other.

1) Fair value hedge

Changes in the fair value of a hedging instrument that is qualified as a fair value hedge are recognized in profit or loss (or other comprehensive income, if the hedged item is an equity instrument measured at FVOCI).

2) Cash flow hedge

When a derivative is designated and qualified as a cash flow hedging instrument, the effective portion of changes in the fair value is recognized in other comprehensive income and accumulated in “other equity —gains (losses) on hedging instruments”, and is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same periods when the hedged item is recognized in profit or loss, and are included in the same account in the statements of comprehensive income as the hedged item.

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(h) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale.

Immediately before the initial classification of the non-current assets (or disposal groups) held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Group's applicable accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses for assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss; nevertheless, the reversal gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated when they are classified as held for sale.

(j) Investments accounted for using the equity method

Investments accounted for using the equity method include investments in associates and interests in joint venture.

An associate is an entity over which the Group has significant influence, but not control or joint control, over their financial and operating policies.

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

The Group recognizes its share of the profit or loss and other comprehensive income of those associates from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in percentage of ownership.

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

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Group.

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

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

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

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(iii) Subsequent costs

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

(iv) Depreciation

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

Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows: buildings－main structure - 30 to 50 years; air-conditioning system - 10 years; other equipment pertaining to buildings - 20 years; computer and communication equipment - 2 to 5 years; other equipment - 3 to 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Rental income from investment property is recognized as other operating income and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
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(m) Leases

Applicable from January 1, 2019

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined; and
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for each lease component and any associated non-lease components as a single lease component.

(ii) As a lessee

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

(Continued)

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Group's assessment on whether it will exercise an option to purchase the underlying asset, or;
- there is a change in the lease term resulting from a change of the Group's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

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

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

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the consolidated balance sheets.

(Continued)

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

(iii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

Applicable before January 1, 2019

Leases are classified as finance leases when the Group assumes substantially all the risks and rewards incidental to ownership of the assets. All other leases are classified as operating leases.

(i) The Group as lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on a straight-line basis. Incentives granted to the lessee to enter into the operating lease are recognized as a reduction of rental income over the lease term on a straight-line basis. Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) The Group as lessee

Payments made under operating leases (excluding insurance and maintenance expenses) are charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor are recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are recognized as expense in the period when the lease adjustments are confirmed.

(n) Intangible assets

(i) Goodwill

Goodwill arising from acquisitions of subsidiaries is accounted for as intangible assets. Refer to note 4(v) for the description of the measurement of goodwill at initial recognition. Goodwill arising from acquisitions of investments accounted for using the equity method is included in the carrying amount of the investments. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Trademarks

Trademarks acquired in a business combination are measured at fair value at the acquisition date. Subsequent to the initial recognition, trademarks with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives of 7 years. Trademarks with indefinite useful lives are carried at cost less any accumulated impairment losses and are tested for impairment annually. The useful life of an intangible asset not subject to amortization is reviewed annually at each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Any change in the useful life assessment from indefinite to definite is accounted for as a change in accounting estimate.

(iii) Other intangible assets

Other separately acquired intangible assets are carried at cost or fair value at the acquisition date, less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: customer relationships - 7 to 10 years; developed technology - 10 years; channel resources - 8.8 years; developing technology - 15 years; patents - 4 to 15 years; acquired software - 1 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(o) Impairment of non-financial assets

The Group assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, contract assets, and deferred tax assets) may be impaired. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

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

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

(Continued)

of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(p) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(ii) Others

Provisions for litigation claims and environmental restoration are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(q) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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The Group recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranged from 30 to 90 days, which is consistent with the market practice.

Some subsidiaries of the Group grant their customers the right to return the products within 90 days. Therefore, they reduce revenue by the amount of expected returns and recognize a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group's obligation to provide a refund for faulty goods under the standard warranty terms is recognized as a provision for warranty. Please refer to note 6(p) for more explanation.

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

2) Revenue from service rendered

The Group provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Group exceeds the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3) Financing components

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

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(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (e.g., IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) are recognized as expenses when incurred.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe.

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(t) Government grant

A government grant is recognized in profit or loss only when there is reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs is recognized in profit or loss in the period in which it becomes receivable.

Government grant is recognized in other operating income and expenses.

(u) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
(iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(v) Business combinations

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the acquisition-date fair value of consideration transferred, including the amount of non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Group recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed. For each business combination, non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the fair value of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. The amount previously recognized in other comprehensive income in relation to the changes in the value of the Group’s equity interest should be reclassified to profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

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(w) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the consolidated financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include restricted shares of stock issued to employees and profit sharing for employees to be settled in the form of common stock.

(x) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker, who decides on the allocation of resources to the segment and assesses its performance. Each operating segment consists of standalone financial information.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and Taiwan-IFRSs endorsed by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Revenue recognition (accrual of sales return and allowance)

The Group recognizes revenue when the earning process is completed. The Group also records a refund liability for estimated future returns and other allowances in the same period the related revenue is recorded. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and rapid evolution of technology could result in significant adjustments to the provision made.

(b) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The Group uses judgment and estimates to determine the net realizable value of inventory at each reporting date.

Due to rapid technological changes, the Group estimates the net realizable value of inventory, taking obsolescence and unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly

(Continued)

determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments. Refer to note 6(e) for further description of inventory write-downs.

(c) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Refer to note 6(k) for further description of the impairment of goodwill.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 4,575	5,024
Bank deposits	14,596,371	16,414,413
Time deposits	9,583,386	10,863,601
	$ 24,184,332	**27,283,038**

(b) Financial instruments measured at fair value through profit or loss

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	$ 83,959	424,147
Foreign currency option contracts	2,176	-
Non-derivative financial assets		
Convertible bonds	-	11,427
Right of profit-sharing in VR parks	-	44,894
Stocks listed on foreign markets	3,428	-
Open-end funds	1,182,179	-
	$ 1,271,742	**480,468**
Current	$ 1,271,742	435,574
Non-current	-	44,894
	$ 1,271,742	**480,468**
Financial liabilities held for trading－current:		
Derivatives－Foreign currency forward contracts	$ (436,991)	(272,085)
Derivatives－Foreign currency option contracts	(12,061)	-
	$ (449,052)	**(272,085)**

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The Company previously held the convertible bonds issued by StarBreeze Publishing AB (“StarBreeze”). In 2018, StarBreeze filed for reconstruction with the court due to its shortage of liquidity, and the court approved the application. Accordingly, the Group recognized a loss arising from the fair value measurement of the convertible bonds. In the second quarter of 2019, the Group exercised the conversion rights and converted the bonds into StarBreeze's common shares.

ASBZ, a subsidiary of the Company, entered into separate agreements with StarBreeze and Enterspace AB, with a total investment amount of US$10,500 thousand, for the development of VR parks to obtain its profit-sharing right. The Group recognized a loss arising from the fair value measurement of the right of profit-sharing based on the expected amount of net profit shared, which was reported in other gains and losses in the accompanying consolidated statements of comprehensive income. In the second quarter of 2019, the carrying amount of the profit-sharing right was written down to zero.

Please refer to note 6(z) for the amounts recognized in profit or loss arising from remeasurement at fair value.

The Group entered into derivative contracts to manage foreign currency exchange risk arising from operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting consisted of the following (the contract amount was presented in USD):

(i) Foreign currency forward contracts

December 31, 2019			
Contract amount (in thousands)		Currency	Maturity period
USD	66,482	AUD / USD	2020/01~2020/09
USD	1,111	EUR / DKK	2020/01
USD	2,117	EUR / CHF	2020/01~2020/05
USD	5,317	EUR / NOK	2020/01~2020/04
USD	6,109	EUR / SEK	2020/01~2020/05
USD	378,373	EUR / USD	2020/01~2020/05
USD	838	EUR / NTD	2020/01
USD	29,548	EUR / PLN	2020/01~2020/04
USD	110,505	GBP / USD	2020/01~2020/09
USD	9,408	NZD / USD	2020/01~2020/05
USD	90,116	USD / CAD	2020/01~2020/06
USD	4,350	USD / CLP	2020/03~2020/04
USD	7,000	USD / CNY	2020/01~2020/02
USD	9,800	USD / COP	2020/01~2020/03
USD	46,100	USD / IDR	2020/01~2020/04
USD	180,062	USD / INR	2020/01~2020/10
USD	47,324	USD / JPY	2020/01~2020/08
USD	6,500	USD / MXN	2020/01~2020/04
USD	10,800	USD / MYR	2020/01~2019/02
USD	569,010	USD / NTD	2020/01~2020/02
USD	5,350	USD / PHP	2020/01~2020/02

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December 31, 2019

Contract amount (in thousands)		Currency	Maturity period
USD	78,362	USD / RUB	2020/01~2020/05
USD	3,500	USD / SGD	2020/02~2020/03
USD	22,000	USD / THB	2020/01~2020/03

December 31, 2018

Contract amount (in thousands)		Currency	Maturity period
USD	74,559	AUD / USD	2019/01~2019/07
USD	13,586	EUR / CHF	2019/01~2019/05
USD	7,988	EUR / NOK	2019/01~2019/03
USD	9,610	EUR / SEK	2019/01~2019/06
USD	405,735	EUR / USD	2019/01~2019/05
USD	2,350	EUR / NTD	2019/01
USD	19,607	EUR / PLN	2019/03~2019/05
USD	67,262	GBP / USD	2019/01~2019/05
USD	12,356	NZD / USD	2019/01~2019/06
USD	12,305	USD / CAD	2019/01
USD	6,000	USD / CLP	2019/03~2019/04
USD	74,000	USD / CNY	2019/01~2019/04
USD	3,500	USD / COP	2019/01~2019/02
USD	15,250	USD / IDR	2019/01~2019/02
USD	175,779	USD / INR	2019/01~2019/07
USD	49,655	USD / JPY	2019/01~2019/09
USD	29,200	USD / MXN	2019/01~2019/04
USD	15,700	USD / MYR	2019/01~2019/03
USD	682,400	USD / NTD	2019/01~2019/02
USD	4,900	USD / PHP	2019/01~2019/03
USD	38,774	USD / RUB	2019/01~2019/02
USD	5,500	USD / SGD	2019/01~2019/02
USD	40,000	USD / THB	2019/01~2019/03
USD	200	USD / VND	2019/01

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(ii) Foreign currency option contracts

	December 31, 2019	
	Contract amount (in thousands)	Maturity period
USD / CNY	USD 46,000	2020/01~2020/04

(c) Financial assets measured at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	$ 3,942,609	3,160,183
Unlisted stock	1,304,346	1,269,263
	$ 5,246,955	**4,429,446**
Current	$ 100,313	88,989
Non-current	5,146,642	4,340,457
	$ 5,246,955	**4,429,446**

The Group designated the investments shown above as financial assets measured at fair value through other comprehensive income because these equity instruments are held for long-term strategic purposes and not for trading.

Certain financial assets measured at FVOCI were disposed of in 2019 and 2018. The realized gain accumulated in other comprehensive income of $30,066 and $32,665, respectively, have been transferred from other equity to retained earnings.

(d) Notes and accounts receivable, net (measured at amortized cost)

	December 31, 2019	December 31, 2018
Notes receivable	$ 393,672	386,107
Accounts receivable	49,140,694	47,291,790
Accounts receivable from related parties (note 7(b))	41,201	34,623
	49,575,567	47,712,520
Less: loss allowance	(136,322)	(186,302)
	$ 49,439,245	**47,526,218**

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 45,251,312	0.05%	(24,181)
Past due 1-30 days	3,290,699	0.61%	(20,066)
Past due 31-60 days	512,334	7.57%	(38,783)
Past due 61-90 days	338,079	5.63%	(19,033)
Past due 91-180 days	157,524	12.10%	(19,062)
Past due 181 days or over	25,619	59.32%	(15,197)
	$ 49,575,567		**(136,322)**

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 42,857,126	0.09%	(38,205)
Past due 1-30 days	4,013,447	0.58%	(23,120)
Past due 31-60 days	584,128	4.08%	(23,858)
Past due 61-90 days	85,716	10.41%	(8,922)
Past due 91-180 days	75,916	29.43%	(22,343)
Past due 181 days or over	96,187	72.62%	(69,854)
	$ 47,712,520		**(186,302)**

Movements of the allowance for notes and accounts receivable were as follows:

	2019	2018
Balance at January 1	$ 186,302	235,264
Impairment losses recognized (reversed)	3,211	(798)
Acquisition through business combination	-	3,242
Write-off	(49,349)	(9,849)
Reclassification to other receivables	-	(40,141)
Effect of exchange rate changes	(3,842)	(1,416)
Balance at December 31	**$ 136,322**	**186,302**

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(e) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 12,164,721	12,740,394
Work in process	18,903	27,809
Finished goods and merchandise	22,434,736	19,739,745
Spare parts	809,739	955,335
Inventories in transit	5,606,372	8,613,126
	$ 41,034,471	42,076,409

For the years ended December 31, 2019 and 2018, the amounts of inventories recognized as cost of revenue were $188,037,718 and $193,397,647, respectively, of which $304,225 and $300,528, respectively, was the write-down of inventories to net realizable value.

(f) Investments accounted for using the equity method

A summary of the Group’s investments in associates and joint ventures at the reporting date is as follows:

Name of Associates and Joint Ventures	December 31, 2019		December 31, 2018	
	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Associates：				
GrandPad Inc. (“GrandPAD”)	32.01	$ 178,331	37.75	246,389
Apex Material Technology Corp. (“AMTC”)	8.14	331,200	8.14	382,766
Antung Trading Corporation (“ANT”)	13.47	222,174	-	-
Others	-	104,222	-	119,710
Joint Ventures:				
Smart Frequency Technology Inc. (“SFT”, note(i))	55.00	109,031	55.00	126,996
		$ 944,958		875,861

Note (i): According to the joint venture agreement with a third party, the Group and the other party have joint control over SFT. Accordingly, this investment is accounted for using the equity method.

On December 31, 2019, due to fierce industry competition, AMTC's revenue was below the expectation and AMTC was not able to maintain the same profitability as prior years. As a result, the Group assessed there was an impairment of the carrying amount of the investment in AMTC and recognized an impairment loss of $50,294, which was reported in other gains and losses in the accompanying consolidated statements of comprehensive income.

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Aggregated financial information on associates that were not individually material to the Group is summarized as follows.

		2019	2018
Attributable to the Group:			
Net loss	$	(93,294)	(128,892)
Other comprehensive loss		(12)	(3,940)
Total comprehensive loss	$	(93,306)	(132,832)

Financial information on joint venture that was not individually material to the Group is summarized as follows.

		2019	2018
Attributable to the Group:			
Net loss	$	(17,965)	(5,004)
Other comprehensive income		-	-
Total comprehensive loss	$	(17,965)	(5,004)

(g) Acquisition of subsidiaries

Acquisition of Bluechip Infotech Pty Ltd. (Bluechip)

(i) The cost of acquisition

In order to strengthen the Group's connection with upstream and downstream industries of 3C products, the Company acquired 152 thousand shares of Bluechip, formerly an associate of the Company, for a cash consideration of $8,739 on March 14, 2018. After the acquisition, the Company's interest in Bluechip increased from 30.23% to 34.52%, and the Group's total ownership of Bluechip reached 50.58% after taking AOI's 16.06% interest in Bluechip into account. The Company therefore became the largest shareholder of Bluechip and obtained control over it since then.

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(ii) In accordance with IFRSs, the identifiable assets acquired and liabilities assumed at the acquisition date are measured at fair value. Based on the evaluation performed by a specialist, the consideration paid for the acquisition and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration		$ 8,739
Add: Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		105,682
Fair value of pre-existing interest in the acquiree		93,164
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$ 7,668	
Accounts receivable, net	280,568	
Inventories	201,195	
Other current assets	14,537	
Financial assets measured at fair value through other comprehensive income－non-current	13,157	
Property, plant and equipment	5,729	
Intangible assets	24,759	
Other non-current assets	9,676	
Short-term borrowings	(79,409)	
Accounts payable	(225,487)	
Other current liabilities	(19,968)	
Other non-current liabilities	(18,455)	(213,970)
Gain on bargain purchase		**$ (6,385)**

The Group remeasured the fair value of its existing 46.29% ownership of Bluechip at the acquisition date, and recognized a loss on disposal of investments of $33,158 accordingly. The resulting loss, as well as the gain on bargain purchase of $6,385, were reported in other gains and losses in the accompanying consolidated statements of comprehensive income.

(iii) Pro forma information

From the acquisition date to December 31, 2018, Bluechip contributed revenue of $2,057,635 and net income of $340 to the Group's operating results. If the acquisition had occurred on January 1, 2018, the management estimates that consolidated revenue would have been $242,637,498, and consolidated net income after tax would have been $2,895,792.

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(h) Property, plant and equipment

	Land	Buildings	Computer and communication equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:						
Balance at January 1, 2019	$ 1,493,613	3,028,025	4,292,801	3,075,068	6,398	11,895,905
Additions	-	29,320	62,507	117,291	16,279	225,397
Disposals	-	(1,740)	(50,836)	(146,164)	(833)	(199,573)
Reclassification to investment property	-	(20,274)	-	-	-	(20,274)
Other reclassification and effect of exchange rate changes	(4,877)	(21,144)	6,982	(74,431)	(5,910)	(99,380)
Balance at December 31, 2019	$ 1,488,736	3,014,187	4,311,454	2,971,764	15,934	11,802,075
Balance at January 1, 2018	$ 1,492,420	3,020,847	4,368,313	3,088,479	1,553	11,971,612
Acquisition through business combination	-	-	27,041	52,848	-	79,889
Additions	-	5,120	67,912	144,874	12,692	230,598
Disposals	-	(684)	(194,832)	(145,008)	-	(340,524)
Reclassification from investment property	1,281	2,361	-	-	-	3,642
Other reclassification and effect of exchange rate changes	(88)	381	24,367	(66,125)	(7,847)	(49,312)
Balance at December 31, 2018	$ 1,493,613	3,028,025	4,292,801	3,075,068	6,398	11,895,905
Accumulated depreciation and impairment loss:						
Balance at January 1, 2019	$ 141,231	1,739,596	3,833,553	2,334,773	-	8,049,153
Depreciation	-	62,717	258,275	135,770	-	456,762
Impairment loss	-	-	-	243	-	243
Disposals	-	(1,692)	(47,682)	(134,839)	-	(184,213)
Reclassification to investment property	-	(1,759)	-	-	-	(1,759)
Other reclassification and effect of exchange rate changes	-	(18,652)	(30,079)	(31,024)	-	(79,755)
Balance at December 31, 2019	$ 141,231	1,780,210	4,014,067	2,304,923	-	8,240,431
Balance at January 1, 2018	$ 141,231	1,925,905	3,473,521	2,324,396	-	7,865,053
Acquisition through business combination	-	-	23,394	50,766	-	74,160
Depreciation	-	74,994	267,134	71,678	-	413,806
Disposals	-	(593)	(187,861)	(136,521)	-	(324,975)
Other reclassification and effect of exchange rate changes	-	(260,710)	257,365	24,454	-	21,109
Balance at December 31, 2018	$ 141,231	1,739,596	3,833,553	2,334,773	-	8,049,153
Carrying amounts:						
Balance at December 31, 2019	$ 1,347,505	1,233,977	297,387	666,841	15,934	3,561,644
Balance at December 31, 2018	$ 1,352,382	1,288,429	459,248	740,295	6,398	3,846,752

Refer to note 8 for a description of the Group's property, plant and equipment pledged as collateral for bank loans.

(i) Right-of-use assets

	Land	Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2019	$ -	-	-	-
Effects of initial application of IFRS 16	4,829	2,387,757	98,114	2,490,700
Additions	-	275,812	69,345	345,157
Lease modifications	(14)	(150,519)	(6,799)	(157,332)
Effect of exchange rates changes	(203)	(56,337)	(3,332)	(59,872)
Balance at December 31, 2019	**$ 4,612**	**2,456,713**	**157,328**	**2,618,653**
Accumulated depreciation:				
Balance at January 1, 2019	$ -	-	-	-
Effects of initial application of IFRS 16	-	-	-	-
Depreciation	3,785	665,175	56,324	725,284
Lease modifications	-	(39,017)	(4,257)	(43,274)
Effect of exchange rates changes	(95)	(10,554)	(1,051)	(11,700)
Balance at December 31, 2019	**$ 3,690**	**615,604**	**51,016**	**670,310**
Carrying amount:				
Balance at December 31, 2019	**$ 922**	**1,841,109**	**106,312**	**1,948,343**

The Group leased abovementioned assets under operating leases in 2018, please refer to note 6(q).

(j) Investment property

	Land	Buildings	Total
Cost:			
Balance at January 1, 2019	$ 1,154,429	3,232,050	4,386,479
Reclassification from property, plant and equipment	-	20,274	20,274
Balance at December 31, 2019	**$ 1,154,429**	**3,252,324**	**4,406,753**
Balance at January 1, 2018	$ 1,155,710	3,234,411	4,390,121
Reclassification to property, plant and equipment	(1,281)	(2,361)	(3,642)
Balance at December 31, 2018	**$ 1,154,429**	**3,232,050**	**4,386,479**
Accumulated depreciation and impairment loss:			
Balance at January 1, 2019	$ 429,034	2,835,060	3,264,094
Depreciation	-	11,550	11,550
Reclassification from property, plant and equipment	-	1,759	1,759
Balance at December 31, 2019	**$ 429,034**	**2,848,369**	**3,277,403**
Balance at January 1, 2018	$ 429,034	2,819,888	3,248,922
Depreciation	-	10,092	10,092
Other reclassification	-	5,080	5,080
Balance at December 31, 2018	**$ 429,034**	**2,835,060**	**3,264,094**

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	Land	Buildings	Total
Carrying amounts:			
Balance at December 31, 2019	$ 725,395	403,955	1,129,350
Balance at December 31, 2018	$ 725,395	396,990	1,122,385
Fair value:			
Balance at December 31, 2019			$ 1,613,150
Balance at December 31, 2018			$ 1,654,828

The fair value of the investment property is determined by referring to the market price of similar real estate transaction, the valuation (the inputs used in the fair value measurement were classified to level 3) by an independent appraiser or the value in use of the investment property. The value in use is the present value of the future cash flows from continuous lease activities. On December 31, 2019 and 2018, the estimated discount rate used for calculating the present value of the future cash flows was 5.40% and 6.13%, respectively.

For certain land acquired, the ownership registration has not been transferred to the land acquirer, APDI, a subsidiary of the Company. To protect its interests, APDI has obtained signed deeds of assignment from the titleholders assigning all rights and obligations related to the land to APDI. Additionally, the land title certificates are held by APDI, and APDI has registered its liens thereon.

(k) Intangible assets

(i) The movements of costs, and accumulated amortization and impairment loss of intangible assets were as follows:

	Goodwill	Trademarks and trade names	Others	Total
Net balance at January 1, 2019:				
Cost	$ 25,425,079	10,247,404	10,844,647	46,517,130
Accumulated amortization and impairment loss	(8,469,932)	(10,247,404)	(10,488,450)	(29,205,786)
Net balance at January 1, 2019	16,955,147	-	356,197	17,311,344
Additions	-	477	303,117	303,594
Disposals	-	-	(5,254)	(5,254)
Reclassification	-	-	549	549
Amortization	-	-	(309,074)	(309,074)
Impairment loss	-	-	(1,047)	(1,047)
Effect of exchange rate changes	(357,796)	-	(12,244)	(370,040)
Net balance at December 31, 2019	$ 16,597,351	477	332,244	16,930,072
Net balance at December 31, 2019:				
Cost	$ 24,896,516	10,173,952	10,764,512	45,834,980
Accumulated amortization and impairment loss	(8,299,165)	(10,173,475)	(10,432,268)	(28,904,908)
	$ 16,597,351	477	332,244	16,930,072

(Continued)

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		Goodwill	Trademarks and trade names	Others	Total
Net balance at January 1, 2018:					
Cost	$	24,913,482	10,308,445	10,680,053	45,901,980
Accumulated amortization and impairment loss		(8,235,676)	(10,308,445)	(10,173,708)	(28,717,829)
Net balance at January 1, 2018		16,677,806	-	506,345	17,184,151
Additions		-	-	218,040	218,040
Acquisition through business combination		-	-	24,759	24,759
Disposals		-	-	(150)	(150)
Reclassification		-	-	37,211	37,211
Amortization		-	-	(412,880)	(412,880)
Effect of exchange rate changes		277,341	-	(17,128)	260,213
Net balance at December 31, 2018	$	**16,955,147**	**-**	**356,197**	**17,311,344**
Net balance at December 31, 2018:					
Cost	$	25,425,079	10,247,404	10,844,647	46,517,130
Accumulated amortization and impairment loss		(8,469,932)	(10,247,404)	(10,488,450)	(29,205,786)
	$	**16,955,147**	**-**	**356,197**	**17,311,344**

The amortization and impairment loss of intangible assets were included in the following line items of the statements of comprehensive income:

		2019	2018
Cost of revenue	$	164,808	75,663
Operating expenses		144,266	337,217
Non-operating income and loss	$	1,047	-
	$	**310,121**	**412,880**

(ii) Impairment test on goodwill and other intangible assets

In the third quarter of 2019, the Group underwent an organizational restructuring whereby RO-China was spun off from RO-PAP, therefore, the related intangible assets were reallocated to RO-China from RO-PAP.

The carrying amounts of goodwill arising from business combinations and the respective CGUs to which the goodwill was allocated for impairment test purpose were as follows:

		RO-EMEA	RO-PA	RO-PAP	RO-China	Other CGUs without significant goodwill	Total
Balance at January 1, 2019	$	9,837,888	1,575,944	5,523,593	-	17,722	16,955,147
Reallocation due to organization restructuring		-	-	(2,353,063)	2,353,063	-	-
Effect of exchange rate changes		(208,627)	(29,937)	(23,187)	(96,045)	-	(357,796)
Balance at December 31, 2019	$	**9,629,261**	**1,546,007**	**3,147,343**	**2,257,018**	**17,722**	**16,597,351**
Balance at January 1, 2018	$	9,622,754	1,533,689	5,503,641	-	17,722	16,677,806
Effect of exchange rate changes		215,134	42,255	19,952	-	-	277,341
Balance at December 31, 2018	$	**9,837,888**	**1,575,944**	**5,523,593**	**-**	**17,722**	**16,955,147**

(Continued)

The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

1) The cash flow projections were based on historical operating performance and future financial budgets, covering a period of 5 years, approved by management. Cash flows beyond that 5-year period have been extrapolated using zero growth rate.

2) Discount rates used to determine the value in use for each CGU were as follows:

	RO-EMEA	RO-PA	RO-PAP	RO-China
December 31, 2019	16.1 %	10.0 %	21.8 %	20.8 %
December 31, 2018	17.9 %	11.3 %	22.9 %	- %

The estimation of discount rate is based on the weighted-average cost of capital.

Based on the impairment assessments conducted in 2019 and 2018, no impairment losses were recognized as the recoverable amount of CGUs were higher than their carrying amounts.

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

	December 31, 2019	December 31, 2018
Overpaid VAT retained for offsetting against future tax payable	$ 2,901,709	2,443,710
Prepaid income tax	1,857,829	1,254,913
Prepaid royalty and other prepayments	1,111,244	821,591
Right to goods to be returned	343,973	448,545
Others	194,526	220,119
	$ 6,409,281	**5,188,878**
Current	$ 4,412,422	3,756,396
Non-current	1,996,859	1,432,482
	$ 6,409,281	**5,188,878**

(m) Short-term borrowings

	December 31, 2019	December 31, 2018
Short-term notes payable	$ 99,965	-
Unsecured bank loans	1,363,347	613,713
Secured bank loans	42,275	43,327
	$ 1,505,587	**657,040**
Unused credit facilities	**$ 30,594,012**	**29,622,157**
Interest rate	**0.86%~4.57%**	**0.86%~4.88%**

Please refer to note 8 for a description of the Group's assets pledged as collateral for bank loans.

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(n) Long-term debt

Type of Loan	Creditor	Credit Line	Term	December 31, 2019	December 31, 2018
Unsecured loan	Bank of Taiwan	The term tranche of $4 billion may be withdrawn separately.	The interest is paid monthly starting November 2017. The principal will be repaid in lump sum amount when due in September 2020. Interest rate is adjusted quarterly. The loan was early repaid in September 2019.	-	3,300,000
		The term tranche of $4 billion may be withdrawn separately.	The interest is paid monthly starting September 2019. The principal will be repaid in lump sum amount when due in September 2022. Interest rate is adjusted quarterly.	3,300,000	-
	DBS Bank	The term tranche of $1 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly.	1,000,000	-
	Taipei Fubon Bank	The term tranche of $1.5 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly.	1,500,000	-
Unsecured loan				42,484	18,407
Secured loan				1,331	1,681
				5,843,815	3,320,088
Less: current portion of long-term debt				(9,627)	(4,112)
				$ 5,834,188	3,315,976
Unused credit facilities				$ 1,900,000	2,400,000
Interest rate				0.98%～3.92%	0.98%～3.92%

No financial covenants were required for the unsecured loan agreements with Bank of Taiwan, DBS Bank and Taipei Fubon Bank in 2019. Please refer to note 6(z) for related interest expense from the abovementioned bank loans.

Please refer to note 8 for a description of the Group’s assets pledged as collateral for its bank loans.

(o) Lease liabilities

(i) The carrying amount of lease liabilities were as follows:

	December 31, 2019
Current	$ 598,743
Non-current	$ 1,409,264

Please refer to note 6(ab) for the maturity analysis.

(ii) The amounts recognized in profit or loss are as follows:

	2019
Interest on lease liabilities	$ 49,102
Variable lease payments not included in the measurement of lease liabilities	$ 39,066
Expenses relating to short-term leases	$ 84,669
Expenses relating to leases of low-value assets	$ 3,608

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

	2019
Total cash outflow for leases	$ 808,069

(iv) Major terms of leases

The Group leases land, buildings, vehicles, office equipment, and miscellaneous equipment with lease terms ranged from 1 to 30 years, some of which include options to extend the lease term after the end of the contract term. As certain leases of office and miscellaneous equipment meet the definition of short-term lease or lease of low-value assets, the Group elected to applied exemption and not to recognize right-of-use assets and lease liabilities.

(p) Provisions

	Warranties	Litigation	Sales returns	Restructuring	Environmental protection and others	Total
Balance at January 1, 2019	$ 4,808,355	268,016	-	-	199,222	5,275,593
Additions	3,768,161	56,924	-	33,258	109,576	3,967,919
Amount utilized and reversed	(3,942,863)	(69,713)	-	-	(123,986)	(4,136,562)
Effect of exchange rate changes	(113,473)	(5,292)	-	(3)	(2,106)	(120,874)
Balance at December 31, 2019	$ 4,520,180	249,935	-	33,255	182,706	4,986,076
Current	$ 4,520,180	248,629	-	33,255	151,916	4,953,980
Non-current	-	1,306	-	-	30,790	32,096
	$ 4,520,180	249,935	-	33,255	182,706	4,986,076

(Continued)

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	Warranties	Litigation	Sales returns	Restructuring	Environmental protection and others	Total
Balance at January 1, 2018	$ 4,985,144	266,120	1,281,123	-	169,306	6,701,693
Reclassification to refund liabilities upon initial application of IFRS 15 on January 1, 2018	-	-	(1,281,123)	-	-	(1,281,123)
Additions	4,236,366	7,509	-	-	109,238	4,353,113
Amount utilized and reversed	(4,367,275)	(12,932)	-	-	(80,902)	(4,461,109)
Effect of exchange rate changes	(45,880)	7,319	-	-	1,580	(36,981)
Balance at December 31, 2018	**$ 4,808,355**	**268,016**	**-**	**-**	**199,222**	**5,275,593**
Current	$ 4,808,355	264,890	-	-	166,107	5,239,352
Non-current	-	3,126	-	-	33,115	36,241
	$ 4,808,355	**268,016**	**-**	**-**	**199,222**	**5,275,593**

(i) Warranties

The provision for warranties is made based on the number of units sold currently under warranty, historical rates of warranty claim on those units, and cost per claim to satisfy the warranty obligation. The Group reviews the estimation basis on an ongoing basis and revises it when appropriate.

(ii) Litigation

Litigation provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

(iii) Restructuring

One of subsidiaries underwent an operational optimization and organizational downsizing in response to the change of international trade environment and other factors in 2019, and a restructuring provision of $33,258 was recognized accordingly. The provision was mainly for employee termination benefits and relocation costs of machinery equipment. The related expenses were reported in other expenses under operating expenses in the accompanying statements of comprehensive income.

(iv) Environmental protection and others

An environmental protection provision is made when products are sold and is estimated based on historical experience.

(q) Operating lease

(i) Lessee

The Group leased offices and warehouses under operating leases before December 31, 2018. The future minimum lease payments under non-cancellable operating leases were as follows:

	December 31, 2018
Less than 1 year	$ 753,752
Between 1 year and 5 years	1,485,061
Over 5 years	406,712
	$ 2,645,525

(Continued)

For the year ended December 31, 2018, rental expenses of $800,231 was recognized and included in the cost of revenue and operating expenses.

(ii) Lessor

The Group leases its investment property and certain machinery equipment to others. The Group has classified these leases as operating leases as it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets to lessees. Please refer to note 6(j) for the information of investment property.

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

	December 31, 2019
Less than 1 year	$ 77,554
1 year to 2 years	43,796
2 years to 3 years	32,212
3 years to 4 years	14,826
4 years to 5 years	4,872
Over 5 years	79
Total undiscounted lease payments	**$ 173,339**

The future minimum lease payments under non-cancellable operating leases on December 31, 2018 were as follows:

	December 31, 2018
Less than 1 year	$ 55,007
Between 1 year and 5 years	45,962
	$ 100,969

In 2019 and 2018, the rental income from investment property amounting to $81,435 and $69,525, respectively, were recognized and included in other operating income and loss. Related repair and maintenance expenses recognized and included in operating expense were as follows:

	2019	2018
Arising from investment property that generated rental income during the period	$ 36,549	31,998
Arising from investment property that did not generate rental income during the period	24,957	27,731
	$ 61,506	**59,729**

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(r) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities (assets) for defined benefit plans was as follows:

	December 31, 2019	December 31, 2018
Present value of benefit obligations	$ 2,899,844	2,620,657
Fair value of plan assets	(1,133,748)	(1,165,017)
Net defined benefit liabilities (reported under other non-current liabilities)	**$ 1,766,096**	**1,455,640**

	December 31, 2019	December 31, 2018
Present value of benefit obligations	$ 93,705	50,802
Fair value of plan assets	(121,671)	(76,493)
Net defined benefit assets (reported under other non-current assets)	**$ (27,966)**	**(25,691)**

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

Foreign subsidiaries, including AJC, ATH, AIN, AMI, AIL, APHI, AEG, ASZ, AIT, ASIN, ACF, AEH, SER and AOJ, also have defined benefit pension plans based on their respective local laws and regulations.

1) Composition of plan assets

The pension fund (the “Fund”) contributed by the Company and its domestic subsidiaries is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund”, with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The Company and its domestic subsidiaries also established pension funds in accordance with the “Regulations Governing the Management, Investment, and Distribution of the Employees’ Retirement Fund Established by a Profit-seeking Enterprise”, which are funded by time deposits and bank deposits deposited in the designated financial institutions. The administration of pension funds is separate from the Group, and the principal and interest from such funds shall not be used in any form except for the payment of pension and severance to employees.

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Foreign subsidiaries with defined benefit pension plans make pension contributions to pension management institutions in accordance with their respective local regulations.

As of December 31, 2019 and 2018, the Group's fair value of plan assets, by major categories, were as follows:

		December 31, 2019	December 31, 2018
Cash	$	611,466	609,069
Equity instruments		341,176	342,942
Instruments with fixed return		98,262	72,289
Real estate		204,515	217,210
	$	**1,255,419**	**1,241,510**

Cash includes the labor pension fund assets. For information on the domestic labor pension fund assets (including the asset portfolio and yield of the fund), please refer to the website of the Bureau of Labor Funds.

2) Movements in present value of the defined benefit obligations

		2019	2018
Defined benefit obligations at January 1	$	2,671,459	2,471,633
Current service costs		193,883	199,988
Interest expense		32,479	31,200
Remeasurement on the net defined benefit liabilities (assets) :			
Actuarial loss (gain) arising from experience adjustments		6,247	25,144
Actuarial loss (gain) arising from changes in demographic assumption		372	1,866
Actuarial loss (gain) arising from changes in financial assumption		241,482	(18,267)
Benefits paid by the Group and the plan		(177,592)	(80,164)
Past service costs and settlement loss (gain)		7,520	(54,638)
Effect of exchange rate changes		13,024	90,693
Contributions by plan participants		4,675	4,004
Defined benefit obligations at December 31	$	**2,993,549**	**2,671,459**

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3) Movements in fair value of plan assets

	2019	2018
Fair value of plan assets at January 1	$ 1,241,510	1,072,718
Interest income	14,713	9,534
Remeasurement on the net defined benefit liabilities (assets):		
Return on plan assets (excluding amounts included in net interest expense)	14,518	9,425
Benefits paid by the plan	(163,797)	(73,198)
Contributions by plan participants	4,675	4,004
Contributions by the employer	138,013	144,191
Loss on curtailment	(7,299)	(3,377)
Effect of exchange rate changes	13,086	78,213
Fair value of plan assets at December 31	**$ 1,255,419**	**1,241,510**

4) Changes in the effect of the asset ceiling

In 2019 and 2018, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	2019	2018
Current service costs	$ 193,883	199,988
Net interest expense	17,766	21,666
Past service costs and settlement loss (gain)	7,520	(54,638)
Loss on curtailment	7,299	3,377
	$ 226,468	**170,393**
Classified under operating expense	**$ 226,468**	**170,393**

6) Remeasurement of the net defined benefit liabilities (assets) recognized in other comprehensive income

	2019	2018
Cumulative amount at January 1	$ (137,438)	(138,120)
Recognized during the period	(233,583)	682
Cumulative amount at December 31	**$ (371,021)**	**(137,438)**

(Continued)

7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2019	December 31, 2018
Discount rate	0.15%~7.02%	0.90%~8.19%
Future salary increases rate	1.00%~6.00%	1.00%~6.00%

The weighted-average duration of the defined benefit plans ranges from 4 years to 27 years. The Group expects to make contribution of $116,144 to the defined benefit plans in the year following December 31, 2019.

8) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions for each measurement date, including discount rates and future salary changes. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation.

	December 31, 2019		December 31, 2018	
	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Discount rate	$ (129,998)	142,259	(111,459)	112,668
Future salary change	$ 68,264	(68,446)	55,284	(71,357)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets. The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company and its domestic subsidiaries contribute monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance. Foreign subsidiaries make contributions in compliance with their respective local regulations.

For the years ended December 31, 2019 and 2018, the Group recognized pension expenses of $375,625 and $390,521, respectively, in relation to the defined contribution plans.

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(s) Income taxes

(i) Income tax returns of the Group are filed individually by each entity and not on a combined basis. The Company and its subsidiaries incorporated in the R.O.C. are subject to R.O.C. income tax at a rate of 20% for fiscal years 2019 and 2018. Foreign subsidiaries are subject to income tax in accordance with their respective local tax law and regulations. The components of income tax expense were as follows:

		2019	2018
Current income tax expense			
Current period	$	974,724	817,245
Adjustments for prior years		38,863	59,917
		1,013,587	877,162
Deferred tax expense			
Origination and reversal of temporary differences		18,355	241,488
Adjustment in tax rate		-	108,501
Change in unrecognized deductible temporary differences		111,704	123,269
		130,059	473,258
Income tax expense	$	**1,143,646**	**1,350,420**

The components of income tax benefit (expense) recognized in other comprehensive income were as follows:

		2019	2018
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	$	9,504	22,695
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		-	(3,596)
	$	**9,504**	**19,099**

Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the consolidated statements of comprehensive income was as follows:

		2019	2018
Income before taxes	$	**3,712,020**	**4,252,380**
Income tax using the Company's statutory tax rate	$	742,404	850,476
Effect of different tax rates in foreign jurisdictions		271,083	275,442
Adjustments for prior-year income tax expense		38,863	59,917
Change in unrecognized temporary differences and tax losses		111,704	123,269
Others		(20,408)	41,316
	$	**1,143,646**	**1,350,420**

(Continued)

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	December 31, 2019	December 31, 2018
Tax losses	$ 5,286,500	5,393,658
Loss associated with investments in subsidiaries	2,958,591	3,260,493
Deductible temporary differences	3,835,133	4,047,657
	$ 12,080,224	12,701,808

The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Group can utilize the benefits therefrom.

Each entity in the Group is entitled to use tax losses to offset future taxable income in accordance with the respective local tax regulations of each jurisdiction. As of December 31, 2019, the tax effects of unused tax losses and the respective expiry years were as follows:

Tax effects of tax losses	Year of expiry
$ 203,292	2020
215,628	2021
429,941	2022
101,850	2023
4,335,789	2024 and thereafter
$ 5,286,500	

2) Unrecognized deferred income tax liabilities

	December 31, 2019	December 31, 2018
Net profits associated with investments in subsidiaries	$ 2,745,281	3,193,633

The Company is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities.

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3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

	Inventory	Accrued expenses and provisions	Unused tax loss carryforwards	Others	Total
Balance at January 1, 2019	$ 161,854	491,305	85,510	151,789	890,458
Recognized in profit or loss	4,643	664,959	(23,046)	147	646,703
Recognized in other comprehensive income	-	-	-	9,504	9,504
Effect of exchange rate changes	-	-	-	5,130	5,130
Balance at December 31, 2019	**$ 166,497**	**1,156,264**	**62,464**	**166,570**	**1,551,795**
Balance at January 1, 2018	$ 169,233	249,466	114,514	123,265	656,478
Recognized in profit or loss	(7,379)	241,839	(29,004)	25,618	231,074
Recognized in other comprehensive income	-	-	-	19,728	19,728
Effect of exchange rate changes	-	-	-	(16,822)	(16,822)
Balance at December 31, 2018	**$ 161,854**	**491,305**	**85,510**	**151,789**	**890,458**

Deferred income tax liabilities:

	Unremitted earnings from subsidiaries	Unrealized foreign exchange gain on financial instruments	Intangible assets	Others	Total
Balance at January 1, 2019	$ 1,438,874	77,034	209,912	23,371	1,749,191
Recognized in profit or loss	665,961	64,396	34,494	11,911	776,762
Balance at December 31, 2019	**$ 2,104,835**	**141,430**	**244,406**	**35,282**	**2,525,953**
Balance at January 1, 2018	$ 696,886	152,097	181,467	10,246	1,040,696
Recognized through business combination	-	-	-	3,534	3,534
Recognized in profit or loss	741,988	(75,063)	28,445	8,962	704,332
Recognized in other comprehensive loss	-	-	-	629	629
Balance at December 31, 2018	**$ 1,438,874**	**77,034**	**209,912**	**23,371**	**1,749,191**

(iii) No income tax expense was recognized directly in equity for 2019 and 2018.

(iv) The Company's income tax returns for the years through 2017 were examined and approved by the R.O.C. income tax authorities.

(Continued)

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(t) Capital and other equity

(i) Common stock

The Company had issued 17,460 thousand shares of restricted stock to its employees on August 26, 2014. In 2018, the Company recalled 1,569 thousand shares of restricted stock from certain employees due to their resignation and retirement, as well as failing to meet certain vesting conditions. The Board of Directors had approved the capital reductions for retirement of restricted shares issued to employees and the related registration process has been completed.

As of December 31, 2019 and 2018, the Company had issued 5,805 thousand units and 5,858 thousand units, respectively, of global depository receipts (GDRs). The GDRs were listed on the London Stock Exchange, and each GDR represents five common shares.

As of December 31, 2019 and 2018, the Company's authorized shares of common stock consisted of 4,000,000 thousand shares and 3,500,000 thousand shares, respectively, of which 3,074,934 thousand shares were issued. The par value of the Company's common stock is $10 per share. All issued shares were paid up upon issuance.

Certain shares of common stock were not outstanding as they were held by the Company's subsidiaries or were non-vested restricted stock. The movements in outstanding shares of common stock were as follows (in thousands of shares):

	2019	2018
Balance at January 1	3,028,188	3,026,277
Vested restricted stock	-	1,911
Balance at December 31	**3,028,188**	**3,028,188**

(ii) Capital surplus

	December 31, 2019	December 31, 2018
Paid-in capital in excess of par value	$ 11,101,376	11,101,376
Surplus from mergers	16,027,221	16,027,221
Surplus related to treasury stock transactions and cash dividend	376,607	340,556
Difference between consideration and carrying amount of subsidiaries acquired or disposed	43,017	100,600
Employee share options	90,000	90,000
Surplus from equity-method investments	514,741	253,598
	$ 28,152,962	**27,913,351**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Legal reserve, special reserve, and dividend policy

The Company's Articles of Incorporation, amended on June 14, 2019, stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to stockholders. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings. The distributable dividends in whole or in part will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Since the Company operates in an industry experiencing rapid change and development, earnings are distributed in consideration of the current year's earnings, the overall economic environment, related laws and decrees, and the Company's long-term development and stability in its financial position. The Company has adopted a stable dividend policy, in which a cash dividend comprises at least 10% of the total dividend distribution.

Additionally, if the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

In accordance with Ruling No. 1010047490 issued by the FSC on November 21, 2012, a special reserve shall be retained at an amount equal to the proportionate share of the carrying value of the treasury stock held by subsidiaries in excess of the market value at the reporting date. The special reserve may be reversed when the market value recovers in subsequent periods.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On June 14, 2019, the Company's shareholders approved an appropriation of legal reserve and special reserve of $306,043 and $406,544, respectively, as well as the distribution of cash dividends amounting to $2,367,699 ($0.77 per share), of which $36,051 was distributed to the subsidiaries holding the Company's common shares.

On June 15, 2018, the Company's shareholders approved an appropriation of legal reserve and special reserve of $281,559 and $2,534,028, respectively. Additionally, the Company' s shareholders decided to distribute cash deriving from the capital surplus of $2,153,552 ($0.7 per share), of which $32,754 was distributed to the subsidiaries holding the Company' s common shares. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of 2019 earnings had been proposed by the Company's Board of Directors on March 18, 2020, which included the appropriations of legal reserve and special reserve of $266,250 and $1,035,693, respectively, as well as the distribution of cash deriving from the capital surplus of $1,014,728 ($0.33 per share). In addition, the Company's Board of Directors had approved the distribution of cash dividends amounting to $1,352,971 ($0.44 per share).

(iv) Treasury stock

As of December 31, 2019 and 2018, details of the GDRs (for the implementation of an overseas employee stock option plan) held by subsidiary ASCBVI and the Company' s common stock held by subsidiaries ASCBVI (to maintain the Company' s shareholders' equity), CCI (to maintain the Company's shareholders' equity), and ETEN (resulting from the acquisition of ETEN) were as follows (expressed in thousands of shares):

	December 31, 2019		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	389,291
GDRs	24,937	1,969,617	435,442
	46,746	**$ 2,914,856**	**824,733**

	December 31, 2018		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	424,185
GDRs	24,937	1,969,617	475,167
	46,746	**$ 2,914,856**	**899,352**

According to the Securities and Exchange Act, treasury stock cannot be collateralized. In addition, treasury shares do not bear shareholder rights prior to being sold to third parties. Moreover, the number of treasury shares shall not exceed 10% of the number of common shares issued. The total amount of treasury stock shall not exceed the sum of retained earnings, paid-in capital in excess of par value, and other realized capital surplus.

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(v) Other equity items (net after tax)

1) Foreign currency translation differences:

		2019	2018
Balance at January 1	$	(2,789,146)	(3,202,161)
Foreign exchange differences arising from translation of foreign operations		(1,405,926)	394,936
Share of other comprehensive loss of associates		(2)	(3,940)
Reclassified to profit or loss as a result of disposal of subsidiaries		7,680	-
Reclassified to profit or loss as a result of disposal of associates		-	22,019
Balance at December 31	**$**	**(4,187,394)**	**(2,789,146)**

2) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:

		2019	2018
Balance at January 1 (per IAS 39)			-
Adjustment on initial application of IFRS 9			112,035
Balance at January 1 (per IFRS 9)	$	(522,226)	112,035
Change in fair value of financial assets measured at fair value through other comprehensive income		685,362	(601,596)
Disposal of financial assets measured at fair value through other comprehensive income		(30,066)	(32,665)
Balance at December 31	**$**	**133,070**	**(522,226)**

3) Remeasurement of defined benefit plans:

		2019	2018
Balance at January 1	$	(69,817)	(96,281)
Change in the period		(218,076)	26,464
Share of other comprehensive loss of associates		(10)	-
Balance at December 31	**$**	**(287,903)**	**(69,817)**

(Continued)

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4) Unearned compensation cost:

	2019	2018
Balance at January 1	$ -	(12,093)
Change in the period	-	12,093
Balance at December 31	$ -	-

(vi) Non-controlling interests (net after tax)

	2019	2018
Balance at January 1	$ 718,192	655,963
Effects of retrospective application of new IFRSs	-	2,021
Adjusted balance at January 1	718,192	657,984
Equity attributable to non-controlling interests:		
Net loss	(64,191)	(158,469)
Compensation cost of stock options issued by subsidiaries	1,026	97
Issuance of common stock from exercise of employee stock options by subsidiaries	76,523	61,987
Changes in equity of investments in associates	6,005	(19)
Changes in ownership interest in subsidiaries	(195,228)	(31,804)
Increase in non-controlling interests	847,154	199,270
Cash dividends paid to non-controlling interests by subsidiaries	(24,389)	(2,112)
Foreign currency translation differences	(7,744)	(13,528)
Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	2,309	7,873
Reorganization under common control	126	-
Remeasurement of defined benefit plans	(6,017)	(3,087)
	$ 1,353,766	**718,192**

(Continued)

(u) Share-based payment

(i) The Group's additional share-based payment arrangements in 2019 and 2018 were as follows:

Type of arrangement	Grant Date	Numbers of options granted (in thousands of shares)	Contract period	Vesting period
ACSI – Employee stock option plans ("ESOPs")	2018/3/19	183	2018/03/19~ 2018/04/27	2018/03/19~ 2018/04/27
AST –ESOPs	2018/01/03	630	2018/01/03~ 2018/01/31	2018/01/03~ 2018/01/31
ITS – ESOPs	2018/02/22	2,000	2018/02/22~ 2018/06/13	First phase: 2018/03/12~ 2018/03/14 Second phase: 2018/06/11~ 2018/06/13
AEB – ESOPs	2019/07/25	6,500	2019/07/25~ 2019/08/12	2019/07/25~ 2019/08/02
ACSI – Issuance of new shares reserved for employee subscription	2019/10/23	371	2019/10/01~ 2019/10/23	2019/10/01~ 2019/10/23

The Group used the Black-Scholes Model in measuring the fair value of its employee stock options. The main inputs to the valuation model were as follows:

	ACSI – ESOPs	AST – ESOPs	ITS – ESOPs	AEB – ESOPs	ACSI – Issuance of new shares reserved for employee subscription
Fair value of options granted (NT$/ share)	1.35	0.001	0.0140 / 0.1578	0	7.8
Fair value of stock at grant date (NT$/ share)	30.06	8.939	8.40/8.40	16.08	62.58
Exercise price (NT$/ share)	29.05	10.00	10.00/10.00	17.2	55
Expected volatility	19.59%	16.27%	44.21% / 33.46%	18.04%	37.20%
Expected life (in years)	0.10	0.08	0.05 / 0.30	0.02	0.06
Risk-free interest rate	0.31%	0.28%	0.30% / 0.33%	0.12%	0.60%

Expected volatility was determined based on the vesting period and historical volatility of the comparable companies. The risk-free interest rate was determined based on government bonds.

(ii) Restricted stock to employees

During their meeting on June 18, 2014, the Company's shareholders approved a resolution to issue 50,000 thousand shares of restricted stock to full-time employees who conformed to certain requirements. The Company has filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance.

On August 26, 2014, the Company issued 17,460 thousand shares of restricted stock to its employees. The employees who were granted restricted stock are entitled to purchase the shares of restricted stock at the exercise price of $0. The vesting period of the restricted stock is 1~4 years subsequent to the grant date, and the restricted shares of stock will be vested from 0% to 25% considering the Company's and individual employee's performance conditions. The restricted stock received by the employees shall be deposited and held in an escrow account and could not be sold, pledged, transferred, gifted, or disposed of in any other forms during the vesting period; nevertheless, the rights of a shareholder (such as voting and election at the shareholders' meeting) are the same as the rights of the Company's shareholders but are executed by the custodian. During the vesting period, the restricted shares of stock are entitled to any earnings distribution. The Company will take back the restricted stock from employees and retire those shares when the vesting conditions cannot be met.

The movements in number of restricted shares of stock issued (in thousands) in 2019 and 2018 were as follows:

	2019	2018
Balance at January 1	-	3,360
Forfeited during the period	-	(1,449)
Vested shares	-	(1,911)
Unvested shares at December 31	-	-

The fair value of the restricted stock was $24.15 (in New Taiwan dollars) per share, which was determined by reference to the closing price of the Company's common stock traded on the Taiwan Stock Exchange at the grant date.

(iii) For the years ended December 31, 2019 and 2018, the compensation cost recognized for the abovemetioned share-based payment arrangements amounted to $2,894 and $249, respectively, which was reported in the operating expenses.

(v) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the earnings attributable to the shareholders of the Company divided by the weighted-average number of common shares outstanding as follows:

	2019	2018
Net income attributable to the ordinary shareholders of the Company	$ 2,632,565	3,060,429
Weighted-average number of ordinary shares outstanding (in thousands)	3,028,188	3,026,914
Basic earnings per share (in New Taiwan dollars)	$ 0.87	1.01

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(ii) Diluted earnings per share

	2019	2018
Net income attributable to the ordinary shareholders of the Company	$ 2,632,565	3,060,429
Weighted-average number of ordinary shares outstanding (in thousands)	3,028,188	3,026,914
Effect of dilutive potential common stock (in thousands):		
Restricted stock issued to employees	-	2,143
Effect of employee remuneration in stock	9,446	9,387
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock)(in thousands)	3,037,634	3,038,444
Diluted earnings per share (in New Taiwan dollars)	$ 0.87	1.01

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	2019		
	IT Hardware Products	Others	Total
Primary geographical markets:			
EMEA	$ 77,874,501	-	77,874,501
Pan America	61,763,772	-	61,763,772
Asia Pacific	69,313,307	25,333,774	94,647,081
	$ 208,951,580	25,333,774	234,285,354

	2018		
	IT Hardware Products	Others	Total
Primary geographical markets:			
EMEA	$ 84,103,971	-	84,103,971
Pan America	65,252,279	-	65,252,279
Asia Pacific	69,882,463	23,031,693	92,914,156
	$ 219,238,713	23,031,693	242,270,406

(Continued)

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(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable (including receivables from related parties)	$ 49,575,567	47,712,520	47,062,773
Less: loss allowance	(136,322)	(186,302)	(235,264)
	$ 49,439,245	47,526,218	46,827,509
Contract assets－current	$ 420,882	396,235	12,622
Contract liabilities－current	$ 1,832,271	821,374	608,275
Contract liabilities－non-current	$ 662,672	1,405,350	1,119,990

Please refer to note 6(d) for details on notes and accounts receivable and related loss allowance.

The major changes in the balance of contract assets and contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

The amount of revenue recognized for the year ended December 31, 2019 and 2018 that were included in the contract liability balance at January 1, 2019 and 2018, were $653,405 and $609,943, respectively.

(x) Remuneration to employees and directors

The Company's Articles of Incorporation require that annual earning shall first be offset against any deficit, then, a minimum of 4% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2019 and 2018, the Company accrued its remuneration to employees amounting to $138,000 and $163,313, respectively, and the remuneration for directors of $5,685 and $6,911, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. The difference between accrual and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

Except that the remuneration to directors for 2019 resolved by the Company's Board of Directors on March 18, 2020 was $5,697, the other aforementioned accrued remunerations to employees and directors were the same as the amounts resolved by the Board of Directors on March 18, 2020 and March 20, 2019, respectively, which were all paid in cash.

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

(y) Other operating income and expenses – net

	2019	2018
Government grants	$ 8,891	97,038
Rental income	85,659	69,997
	$ 94,550	**167,035**

(z) Non-operating income and loss

(i) Other income

	2019	2018
Interest income from bank deposits	$ 468,887	358,954
Dividend income	195,296	247,889
	$ 664,183	**606,843**

(ii) Other gains and losses

	2019	2018
Foreign currency exchange gain (loss)	$ 482,860	(1,473,584)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(219,312)	1,719,111
Loss on disposal of property, plant and equipment, intangible assets and non-current assets held for sale	(12,830)	(3,475)
Gain on bargain purchase (note 6(g))	-	6,385
Loss on disposal of investments accounted for using the equity method	(5,086)	(33,158)
Other investment gain (loss)	-	(3,696)
Impairment loss (note 6(f), (h) & (k))	(51,584)	-
Others	76,485	4,649
	$ 270,533	**216,232**

(iii) Finance costs

	2019	2018
Interest expense from bank loans	$ (140,149)	(175,288)
Interest expense on lease liabilities	(49,102)	-
	$ (189,251)	**(175,288)**

(aa) Financial instruments and fair value information

(i) Categories of financial instruments

1) Financial assets

	December 31, 2019	December 31, 2018
Financial assets measured at fair value through profit or loss	$ 1,271,742	480,468
Financial assets measured at fair value through other comprehensive income	5,246,955	4,429,446
Financial assets measured at amortized cost:		
Cash and cash equivalents	24,184,332	27,283,038
Notes and accounts receivable and other receivables (including receivables from related parties)	49,990,014	48,624,020
Other financial assets – non-current	1,157,827	1,003,782
	$ 81,850,870	**81,820,754**

2) Financial liabilities

	December 31, 2019	December 31, 2018
Financial liabilities measured at fair value through profit or loss	$ 449,052	272,085
Financial liabilities measured at amortized cost:		
Short-term borrowings	1,505,587	657,040
Notes and accounts payable (including payables to related parties)	35,223,814	40,079,353
Other payables (including payables to related parties)	21,400,044	20,659,739
Lease liabilities (including current and non-current)	2,008,007	-
Long-term debt (including current portion)	5,843,815	3,320,088
	$ 66,430,319	**64,988,305**

(ii) Fair value information

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

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2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	83,959	-	83,959
Foreign currency option contracts	-	2,176	-	2,176
Stocks listed on foreign markets	3,428	-	-	3,428
Funds	1,182,179	-	-	1,182,179
	$ 1,185,607	86,135	-	1,271,742
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 3,942,609	-	-	3,942,609
Unlisted stock	-	-	1,304,346	1,304,346
	$ 3,942,609	-	1,304,346	5,246,955
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	(436,991)	-	(436,991)
Foreign currency option contracts	-	(12,061)	-	(12,061)
	-	(449,052)	-	(449,052)

	December 31, 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	424,147	-	424,147
Convertible bonds	-	11,427	-	11,427
Right of profit-sharing	-	-	44,894	44,894
	$ -	435,574	44,894	480,468

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	December 31, 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 3,160,183	-	-	3,160,183
Unlisted stock	-	-	1,269,263	1,269,263
	$ 3,160,183	-	1,269,263	4,429,446
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	(272,085)	-	(272,085)

There were no transfers among fair value hierarchies for the years ended December 31, 2019 and 2018.

3) Movement in financial assets included Level 3 fair value hierarchy

	2019		2018	
	Financial assets mandatorily measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets mandatorily measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income
Balance at January 1	$ 44,894	1,269,263	-	-
Adjustment on initial application of IFRS 9 on January 1, 2018			313,945	1,751,663
			313,945	1,751,663
Total gains or losses:				
Recognized in profit and loss	16,413	-	(244,633)	-
Recognized in other comprehensive income	-	(94,720)	-	(178,419)
Acquisition through business combination	-	-	-	13,517
Additions	-	272,983	-	86,605
Disposals	(61,307)	(124,589)	(24,418)	(417,692)
Effect of exchange rate changes	-	(18,591)	-	13,589
Balance at December 31	$ -	1,304,346	44,894	1,269,263

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The abovementioned total gains or losses were included in "other gains and losses" and " unrealized gain (loss) from financial assets measured at fair value through other comprehensive income", respectively. The gains or losses attributable to the financial assets held on December 31, 2019 and 2018 were as follows:

	2019	2018
Total gains or losses:		
Recognized in profit and loss (included in "other gains and losses")	$ -	(244,633)
Recognized in other comprehensive income (included in "unrealized gain (loss) from financial assets measured at fair value through other comprehensive income")	(129,019)	(178,419)
	$ (129,019)	**(423,052)**

4) Valuation techniques and inputs used for financial instruments measured at fair value

a) The fair values of financial assets with standard terms and conditions and traded on active markets are determined with reference to quoted market prices (e.g., listed stocks).

b) The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants that are readily available to the Group. The fair value of foreign currency forward contracts and foreign currency option contracts is computed individually by each contract using the valuation technique.

c) The fair value of unlisted stocks in Level 3 fair value hierarchy is estimated by using the market approach and is determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators.

5) Quantitative information of significant unobservable inputs

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income	Comparable company valuation	Discount for lack of marketability (10%~30%)	The estimated fair value would decrease if the discount for lack of marketability was higher

(Continued)

6) Fair value measurements in Level 3－ sensitivity analysis of reasonably possible alternative assumptions

The Group’s measurement on the fair value of financial instruments may change if different valuation models or inputs are used. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income:

	Input	Change in assumptions	Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2019				
Financial assets measured at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	12,685	(12,685)
December 31, 2018				
Financial assets measured at fair value through other comprehensive income				
Equity investments without an active market	Discount for lack of marketability	1%	11,431	(11,431)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using a valuation technique. If the fair value of a financial instrument is subject to more than one inputs, the analysis above reflects only the effects of changes in a single input and does not include the interrelationships with another input.

(iii) Offsetting of financial assets and financial liabilities

The Group has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32; the related financial assets and liabilities are presented in the balance sheets on a net basis.

The table below summarizes the related information of offsetting of financial assets and liabilities:

	December 31, 2019					
	Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	$ 76,003,593	26,605,549	49,398,044	-	-	49,398,044

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December 31, 2019

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 61,829,363	26,605,549	35,223,814	-	-	35,223,814

December 31, 2018

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amount of financial assets presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 78,851,412	31,359,817	47,491,595	-	-	47,491,595

December 31, 2018

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts not offset in the balance sheet (d)		Net amount
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 71,439,170	31,359,817	40,079,353	-	-	40,079,353

(ab) Financial risk management

The Group is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Group has disclosed the information on exposure to the aforementioned risks and the Group's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Board of Directors are responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's operations.

The Group's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

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(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s cash and cash equivalents, derivative instruments, receivables from customers, other receivables and time deposit. The maximum exposure to credit risk is equal to the carrying amount of the Group's financial assets.

2) Concentration of credit risk

The Group primarily sells and markets its multi-branded IT products through distributors in different geographic areas. The Group believes that there is no significant concentration of credit risk due to the Group's large number of customers and their wide geographical spread.

3) Credit risk from receivables

Please refer to note 6(d) for credit risk exposure of notes and accounts receivable. Other financial assets measured at amortized cost include other receivables, time deposits (classified as other financial assets), etc. Abovementioned financial assets are considered low-credit-risk financial assets, and thus, the loss allowance are measured using 12-months ECL. Please refer to note 4(g) for descriptions about how the Group determines the credit risk. As of December 31, 2019 and 2018, except for other receivables amounting to $40,618 and $40,141, respectively, for which the loss allowance was fully provided, no loss allowance was provided for the remaining receivables after management's assessment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Group manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2019 and 2018, the Group had unused credit facilities of $32,494,012 and $32,022,157, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

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	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2019					
Non-derivative financial liabilities:					
Short-term borrowings carrying floating interest rates	$ 1,517,649	1,517,649	-	-	-
Long-term debt carrying floating interest rates	5,991,995	79,283	2,567,004	3,345,708	-
Notes and accounts payable (including related parties)	35,223,814	35,219,887	3,927	-	-
Other payables	21,400,044	19,302,594	2,077,679	19,755	16
Lease liability	2,111,047	641,111	460,583	569,610	439,743
	$ 66,244,549	**56,760,524**	**5,109,193**	**3,935,073**	**439,759**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross:					
Outflow	$ 61,770,207	61,770,207	-	-	-
Inflow	(61,434,453)	(61,434,453)	-	-	-
	$ 335,754	**335,754**	**-**	**-**	**-**
Foreign currency option contracts－settled in gross:					
Outflow	$ 1,407,029	1,407,029	-	-	-
Inflow	(1,384,876)	(1,384,876)	-	-	-
	$ 22,153	**22,153**	**-**	**-**	**-**
December 31, 2018					
Non-derivative financial liabilities:					
Short-term borrowings carrying floating interest rates	$ 659,252	659,252	-	-	-
Long-term debt carrying floating interest rates	3,396,163	47,153	3,340,392	8,618	-
Notes and accounts payable (including related parties)	40,079,353	40,064,177	15,176	-	-
Other payables	20,659,739	18,711,764	1,943,657	4,318	-
	$ 64,794,507	**59,482,346**	**5,299,225**	**12,936**	**-**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross:					
Outflow	$ 67,436,919	67,436,919	-	-	-
Inflow	(67,695,394)	(67,695,394)	-	-	-
	$ (258,475)	**(258,475)**	**-**	**-**	**-**

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

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Group’s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group utilizes derivative financial instruments to manage market risk and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

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1) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies used in these transactions are mainly the US dollar (USD), Euro (EUR), Australian Dollar (AUD), Indian Rupee (INR), Canadian Dollar (CAD), Polish Zloty (PLN), Great British Pound (GBP), Russian Ruble (RUB), etc.

The Group utilizes foreign currency forward contracts to hedge its foreign currency exposure with respect to its forecast sales and purchases over the following 12 months.

a) Exposure to foreign currency risk and sensitivity analysis

The Group' s exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable/payable (including related parties), and other receivables/payables (including related parties) that are denominated in foreign currency. At the reporting date, the carrying amounts of the Group' s significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of the Group entities and their sensitivity analysis were as follows (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

(in thousands)

	December 31, 2019				
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
EUR	$ 109,292	33.7579	3,689,468	1 %	36,895
USD	794,860	30.1060	23,930,055	1 %	239,301
INR	10,530,634	0.4218	4,441,821	1 %	44,418
AUD	90,184	21.1374	1,906,255	1 %	19,063
PLN	226,598	7.9347	1,797,987	1 %	17,980
Financial liabilities					
Monetary items					
EUR	30,943	33.7579	1,044,571	1 %	10,446
USD	1,553,895	30.1060	46,781,563	1 %	467,816

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(in thousands)

	December 31, 2018				
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
EUR	$ 116,774	35.2415	4,115,291	1 %	41,153
USD	754,410	30.7330	23,185,283	1 %	231,853
INR	9,600,425	0.4405	4,228,987	1 %	42,290
AUD	85,158	21.6637	1,844,837	1 %	18,448
Financial liabilities					
Monetary items					
EUR	40,364	35.2415	1,422,488	1 %	14,225
USD	1,728,583	30.7330	53,124,541	1 %	531,245

With varieties of functional currencies within the consolidated entities of the Group, the Group disclosed net realized and unrealized foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(z) for further information.

2) Interest rate risk

The Group’s short-term borrowings and long-term debt carry floating interest rates, and the Group has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. To manage the interest rate risk, the Group periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Group also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reporting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Group is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate had been 100 basis points (1%) higher/lower with all other variables held constant, pre-tax income for the years ended December 31, 2019 and 2018 would have been $73,494 and $39,771, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
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3) Other market price risk

The Group is exposed to the risk of price fluctuation in securities market resulting from its investment in publicly traded stocks. The Group supervises the equity price risk actively and manages the risk based on fair value. The Group also has strategic investments in privately held stocks, in which the Group does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2019 and 2018, would have increased or decreased by $262,348 and $221,472, respectively.

(ac) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Group maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(ad) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(i) for a description of acquisition of right-of-use assets through leases in 2019.

(ii) The reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2019	**Cash flows**	**Movement of leases**	**Fluctuation of foreign exchange rate**	**December 31, 2019**
Long-term debt	$ 3,320,088	2,524,164	-	(437)	5,843,815
Short-term borrowings	657,040	850,496	-	(1,949)	1,505,587
Lease liabilities	2,490,700	(631,624)	187,825	(38,894)	2,008,007
Total liabilities from financing activities	**$ 6,467,828**	**2,743,036**	**187,825**	**(41,280)**	**9,357,409**

			Non-cash changes		
	January 1, 2018	**Cash flows**	**Acquisition through business combination**	**Fluctuation of foreign exchange rate**	**December 31, 2018**
Long-term debt	$ 6,002,457	(2,681,440)	-	(929)	3,320,088
Short-term borrowings	482,894	98,492	79,409	(3,755)	657,040
Total liabilities from financing activities	**$ 6,485,351**	**(2,582,948)**	**79,409**	**(4,684)**	**3,977,128**

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

7. Related-party transactions

(a) Related party name and categories

The followings are related parties that have had transactions with the Group during the reporting periods:

Name of related party	Relationship with the Group
Aegis Semiconductor Technology Inc.	Associates
GrandPad Inc.	Associates
Piovision International Inc.	Associates
Bluechip Infotech Pty Ltd.	Prior to March 14, 2018, Bluechip was an associate of the Group accounted for using the equity method. The Group obtained control over Bluechip on March 14, 2018 and Bluechip became one of the consolidated entities since then.
ECOM Software Inc.	Associates
Kbest Technology Inc.	Associates
Meldcx Pty Ltd.	Associates
Apex Material Technology Corp.	Associates
Smart Frequency Technology Inc.	Joint Venture
Erics Co., LTD	The entity's chairman is the first-degree relatives of one of the key management of the Group
iD Softcapital Inc.	The entity's chairman is the spouse of one of the key management of the Group

(b) Significant related-party transactions

(i) Revenue

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

	2019	2018
Associates	$ 56,839	50,555
Joint ventures	506	844
Other related parties	45	5
	$ 57,390	51,404

The sales prices with related parties are not comparable to those with third-party customers due to different product specifications. The credit terms ranged from 30 to 180 days, which were not significantly different from those with third-party customers. Receivables from related parties were uncollateralized.

(Continued)

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(ii) Purchases

The amounts of significant purchases from related parties were as follows:

	2019	2018
Associates	$ 7,348	5,510

The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

(iii) Operating expenses

The operating expenses related to the system maintenance service provided by related parties were as follows:

Account	Related-party categories	2019	2018
Operating expense	Associates	$ 2,075	3,710

(iv) Lease

The Group leased investment property and rental offices to its related parties. The related rental income was included in “other operating income and expenses－net” and summarized as follows:

	2019	2018
Associates	$ 2,378	1,818
Joint ventures	777	247
	$ 3,155	2,065

(v) Service income

The service income related to the management consulting service provided to related parties was included in “other gains and losses－net” and summarized as follows:

	2019	2018
Associates	$ 1,953	42
Joint ventures	2,086	321
	$ 4,039	363

(vi) Receivables from related parties

The receivables from related parties were as follows:

Account	Related-party categories	December 31, 2019	December 31, 2018
Accounts receivable	Associates	$ 41,106	33,736
Accounts receivable	Joint ventures	95	887
Other receivables	Associates	12,518	3,826
Other receivables	Joint ventures	220	18
		$ 53,939	**38,467**

(vii) Payables to related parties

The payables to related parties were as follows:

Account	Related party categories	December 31, 2019	December 31, 2018
Accounts payable	Associates	$ 59	-
Other payables	Associates	24	-
		$ 83	**-**

(c) Compensation for key management personnel

	2019	2018
Short-term employee benefits	$ 348,789	336,962
Post-employment benefits	8,279	8,065
Share-based payments	-	1,288
	$ 357,068	**346,315**

Please refer to note 6(u) for the information related to share-based payments.

8. Pledged assets

The carrying values of pledged assets were as follows:

Assets	Pledged to secure	December 31, 2019	December 31, 2018
Cash in bank and time deposits (reported under other financial assets－non-current)	Contract bidding, security for letters of credit, project fulfillment, import tariffs, lease guarantee, etc.	$ 405,235	450,824
Other equipment	Bank loans	916	1,450
Bluechip's assets	Bank loans	772,918	628,759
		$ 1,179,069	**1,081,033**

ACER INCORPORATED AND SUBSIDIARIES
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9. Significant commitments and contingencies

(a) The Company has entered into software and royalty license agreements with Microsoft, IBM, and other companies. The Company has fulfilled its obligations according to the contracts.

(b) An American company has filed a lawsuit in California State Court against Acer for violating confidential agreement and trade secret. The Group had appointed outside counsel to handle the case. The lawsuit is still in progress. However, the Group has recognized the litigation provisions based on the development of the aforesaid lawsuit. The management foresees no immediate material adverse effect on the Group's business operations and finance.

(c) In the ordinary course of its business from time to time, the Group received notices from third parties asserting that Acer has infringed certain patents and demanded that Acer should obtain certain patent licenses. Although the Group does not expect that the outcome of any of these legal proceedings (individually or collectively) will have a material adverse effect on the Group's business operations and finance, the litigation is inherently unpredictable. Therefore, the Group could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(d) The Group faces various taxation challenges around the world due to rapid changes in international tax environment. The Group held different position with various local tax authorities for certain tax audits and has provided the accruals for the cases (including but not limited to income taxes, withholding taxes and business taxes) that met the criteria for recognizing a provision. Nevertheless, the tax disputes are inherently complicated and may take years to be approved by the tax authorities. The ultimate result is unpredictable and could adversely affect the Group's operating results or cash flows in a particular period.

(e) As of December 31, 2019 and 2018, the Company had outstanding stand-by letters of credit provided by the banks totaling $49,843 and $49,978, respectively, for purposes of bids and contracts.

(f) As of December 31, 2019 and 2018, the Group had issued promissory notes amounting to $39,925,503 and $35,643,325, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant loss from disaster: None

11. Significant subsequent events:

(a) Coronavirus disease (COVID-19) outbroke in the beginning of 2020, which caused uncertainty in the operating environment of the Group. As the related information is still unclear, the Group cannot reasonably estimate the impact on its operating results and financial position. The Group will stay tuned for updates of the event to make in-time assessment.

(b) In order to maintain the Company's credit and shareholders' equity, the Company's Board of Directors in a meeting on March 13, 2020, resolved to purchase 230,000 thousand common shares from Taiwan Stock Exchange market from March 13, 2020 to May 5, 2020. The purchase price ranges from NT$10.05 per share to NT$13.50 per share. When the market price is below the aforesaid range, the Company will continue to purchase the shares.

ACER INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

12. Others

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2019			2018		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	971,797	9,035,418	10,007,215	973,604	9,705,813	10,679,417
Insurance	148,251	1,059,342	1,207,593	146,257	1,061,198	1,207,455
Pension	20,531	581,562	602,093	21,558	539,356	560,914
Others	69,443	961,590	1,031,033	71,999	937,226	1,009,225
Depreciation	164,129	1,029,467	1,193,596	18,983	404,915	423,898
Amortization	164,808	153,915	318,723	75,663	340,155	415,818

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: See Table 1 attached;

(ii) Guarantees and endorsements provided to other parties: See Table 2 attached;

(iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): See Table 3 attached;

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed $300 million or 20% of the paid-in capital: See Table 4 attached;

(v) Acquisition of real estate at costs which exceeds $300 million or 20% of the paid-in capital: None;

(vi) Disposal of real estate at prices which exceeds $300 million or 20% of the paid-in capital: None;

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: See Table 5 attached;

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: See Table 6 attached;

(ix) Information about derivative instruments transactions: See notes 6(b);

(x) Business relationships and significant intercompany transactions: See Table 7 attached;

(b) Information on investees: See Table 8 attached;

(Continued)

ACER INCORPORATED AND SUBSIDIARIES
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(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investees, share of profits (losses) of investees, ending balance, amount received as earnings distributions from the investment, and limitation on investment: See Table 9 attached;

(ii) Significant direct or indirect transactions with investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: For the Group's significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended December 31, 2019, please refer to "Information on significant transactions" and "Business relationships and significant intercompany transactions" above.

14. Segment information

(a) General information

The Group's reportable segments comprise the device business group ("IT Hardware Products") and other business groups. The IT Hardware Products engages mainly in the research, design, and marketing of personal computers, IT products, and tablet products. Other business groups, which do not meet the quantitative reporting threshold, mainly engage in the activities of e-commerce, cloud services, sales and distribution of smart devices, distributors and agency, new energy devices, and handheld devices, as well as real estate services.

Strategic investment expenditures (such as global branding expenditures, depreciation of the capital expenditures for the strengthening of the global information structure, and non-routine long-term strategic expenditures) are not allocated to reportable segments. Operating profit is used as the measurement for segment profit and the basis for performance evaluation. The reporting amount is consistent with the report used by the chief operating decision maker. There was no material inconsistency between the accounting policies adopted for the operating segments and the significant accounting policies of the Group.

ACER INCORPORATED AND SUBSIDIARIES
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The Group's operating segment information and reconciliation are as follows:

	2019			
	IT Hardware Products	**Others**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 208,951,580	25,333,774	-	234,285,354
Intra-group revenue	2,297,921	1,391,186	(3,689,107)	-
Total revenues	**$ 211,249,501**	**26,724,960**	**(3,689,107)**	**234,285,354**
Segment profit (loss)	**$ 5,025,757**	**(253,074)**	**(1,694,869)**	**3,077,814**

	2018			
	IT Hardware Products	**Others**	**Adjustments and eliminations**	**Total**
Revenues from external customers	$ 219,238,713	23,031,693	-	242,270,406
Intra-group revenue	2,486,151	653,642	(3,139,793)	-
Total revenues	**$ 221,724,864**	**23,685,335**	**(3,139,793)**	**242,270,406**
Segment profit (loss)	**$ 6,655,046**	**(815,673)**	**(2,100,884)**	**3,738,489**

(b) Product and service information

Revenues from external customers are detailed below:

Products and services	**2019**	**2018**
Personal computers	$ 172,417,985	182,961,201
Peripherals and others	61,867,369	59,309,205
	$ 234,285,354	**242,270,406**

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenues from external customers are detailed below:

Region	**2019**	**2018**
U.S.A.	$ 51,412,498	55,054,582
Mainland China	10,940,067	14,204,441
Taiwan	32,759,353	30,891,939
Others	139,173,436	142,119,444
	$ 234,285,354	**242,270,406**

ACER INCORPORATED AND SUBSIDIARIES
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Non-current assets:

Region	December 31, 2019	December 31, 2018
U.S.A.	$ 12,112,938	12,146,322
Taiwan	5,963,012	5,926,330
Mainland China	2,113,058	2,188,390
Others	3,454,006	2,130,805
	$ 23,643,014	**22,391,847**

Non-current assets include property, plant and equipment, right-of-use assets, investment property and intangible assets, and do not include financial instruments, prepaid income taxes, deferred tax assets, and pension fund assets.

(d) Major customers' information

The Group doesn't have a single customer representing at least 10% of revenue in the consolidated statements of comprehensive income.

Acer Incorporated and Subsidiaries
Financing provided to other parties
For the year ended December 31, 2019

Table 1

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	APDI	Other receivables from related parties	Yes	41,000	41,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABH	Other receivables from related parties	Yes	30,000	29,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	CCI	Other receivables from related parties	Yes	6,000	6,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ADSC	Other receivables from related parties	Yes	37,000	34,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AEB	Other receivables from related parties	Yes	329,000	156,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	XPL	Other receivables from related parties	Yes	17,000	8,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ACTTW	Other receivables from related parties	Yes	244,000	167,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ASDI	Other receivables from related parties	Yes	89,000	88,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ETEN	Other receivables from related parties	Yes	181,000	152,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AGI	Other receivables from related parties	Yes	13,000	13,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABST	Other receivables from related parties	Yes	100,000	48,000	37,800	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AST	Other receivables from related parties	Yes	42,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	PBC	Other receivables from related parties	Yes	11,000	11,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	MPS	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABHI	Other receivables from related parties	Yes	19,000	19,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	EDC	Other receivables from related parties	Yes	693,000	693,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	HSNC	Other receivables from related parties	Yes	19,000	19,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	GTI	Other receivables from related parties	Yes	23,000	23,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ITS	Other receivables from related parties	Yes	114,000	114,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
1	APDI	The Company	Other receivables from related parties	Yes	41,000	41,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
2	ABH	The Company	Other receivables from related parties	Yes	611,000	350,000	83,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
2	ABH	ABST	Other receivables from related parties	Yes	75,000	75,000	68,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
3	CCI	The Company	Other receivables from related parties	Yes	127,000	121,000	121,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
3	CCI	ASBZ	Other receivables from related parties	Yes	20,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
4	ADSC	The Company	Other receivables from related parties	Yes	741,000	683,000	648,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
4	ADSC	Bluechip	Other receivables from related parties	Yes	29,592	29,592	29,592	0%~4%	2	-	Operating requirements	-	None	-	86,245	29,202,644
5	AEB	The Company	Other receivables from related parties	Yes	219,000	156,000	156,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
6	XPL	The Company	Other receivables from related parties	Yes	17,000	8,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	The Company	Other receivables from related parties	Yes	244,000	167,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	ABSG	Other receivables from related parties	Yes	60,075	57,388	57,388	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	ABST	Other receivables from related parties	Yes	40,000	40,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
8	ASDI	The Company	Other receivables from related parties	Yes	89,000	88,000	15,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
8	ASDI	APDI	Other receivables from related parties	Yes	50,000	50,000	35,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	The Company	Other receivables from related parties	Yes	181,000	152,000	117,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	XPL	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	PBC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
10	AGI	The Company	Other receivables from related parties	Yes	13,000	13,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
11	ABST	The Company	Other receivables from related parties	Yes	100,000	48,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
11	ABST	ABSG	Other receivables from related parties	Yes	22,970	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
12	AST	The Company	Other receivables from related parties	Yes	28,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
13	AIZS	ACCN	Other receivables from related parties	Yes	213,776	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
13	AIZS	ACCN	Other receivables from related parties	Yes	215,676	203,209	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
14	ACCN	SEB	Other receivables from related parties	Yes	9,195	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
15	GWI	AAC	Other receivables from related parties	Yes	384,163	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
15	GWI	AAC	Other receivables from related parties	Yes	410,956	391,378	391,378	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	3,349,897	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	1,091,022	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	4,646,964	4,425,582	4,425,582	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
17	ACG	ABSG	Other receivables from related parties	Yes	70,676	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
17	ACG	ABSG	Other receivables from related parties	Yes	70,615	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
18	AHI	Bluechip	Other receivables from related parties	Yes	25,290	-	-	0%~4%	2	-	Operating requirements	-	None	-	86,245	29,202,644
19	VRE	VRF	Other receivables from related parties	Yes	27,564	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
20	PBC	The Company	Other receivables from related parties	Yes	11,000	11,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
21	ABC	The Company	Other receivables from related parties	Yes	10,000	10,000	10,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
22	MPS	The Company	Other receivables from related parties	Yes	25,000	25,000	5,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
23	ABHI	The Company	Other receivables from related parties	Yes	19,000	19,000	19,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
24	EDC	The Company	Other receivables from related parties	Yes	693,000	693,000	200,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
25	HSNC	The Company	Other receivables from related parties	Yes	19,000	19,000	11,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
26	GTI	The Company	Other receivables from related parties	Yes	23,000	23,000	23,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
27	ASSB	HSN	Other receivables from related parties	Yes	30,896	30,173	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

Note 1: Nature for Financing：
Type 2: Short-term financing purpose

Note 2: The aggregate financing amount shall not exceed 50% of the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2019), within which the short-term financing amount shall not exceed 20% of the most recent audited or reviewed net worth of the Company.
For an entity which the Company owns less than 50% of its outstanding common shares, the individual financing amounts shall not exceed lower of 5% of the most recent audited or reviewed net worth of the Company or 40% of the most recent audited or reviewed net worth of the entity.
For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of the most recent audited or reviewed net worth of the Company.
When a subsidiary who provides financing to other parties is directly or indirectly wholly owned by the Company, the aforementioned limitation of aggregate amount and individual financing amount is applied.

Note 3: The above transactions are eliminated when preparing the consolidated financial statements.

Acer Incorporated and Subsidiaries
Guarantees and endorsements provided to other parties
For the year ended December 31, 2019

Table 2

(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party: Name	Guaranteed Party: Nature of Relationship (Note 1)	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)(Note 3)(Note 4)	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 2)(Note 3) (Note 4)(Note 5)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	The Company	AJC	2	11,681,058	886,620	831,581	-	-	1.42%	58,405,289	Y		
0	The Company	ATH	2	11,681,058	167,544	159,562	6,241	-	0.27%	58,405,289	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,681,058	4,267,620	4,064,310	50,228	-	6.96%	58,405,289	Y		
0	The Company	AEG	2	11,681,058	410,861	396,579	396,579	-	0.68%	58,405,289	Y		
0	The Company	Acer EMEA subsidiaries	2	11,681,058	4,109,560	3,913,780	139,853	-	6.70%	58,405,289	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,681,058	13,885	12,859	12,859	-	0.02%	58,405,289	Y		
0	The Company	ATB	2	11,681,058	948,360	903,180	210,781	-	1.55%	58,405,289	Y		
0	The Company	Acer Pan America subsidiaries	2	11,681,058	5,374,040	5,118,020	358,064	-	8.76%	58,405,289	Y		
0	The Company	AMEX	2	11,681,058	284,508	270,954	-	-	0.46%	58,405,289	Y		
0	The Company	Acer Greater China subsidiaries	2	11,681,058	1,738,660	1,655,830	24,642	-	2.84%	58,405,289	Y		Y
0	The Company	ACSI	2	11,681,058	5,850	5,850	5,850	-	0.01%	58,405,289	Y		
0	The Company	AEB	2	11,681,058	1,850,000	1,850,000	653,426	-	3.17%	58,405,289	Y		
0	The Company	SMA	2	11,681,058	113,539	110,386	676	-	0.19%	58,405,289	Y		
0	The Company	ACA	2	11,681,058	316,120	301,060	301,060	-	0.52%	58,405,289	Y		
0	The Company	AIL	2	11,681,058	2,504,247	2,313,560	724,705	-	3.96%	58,405,289	Y		
0	The Company	ACCN/ACCQ/BJAC/ASTS	2	11,681,058	919,466	864,717	-	-	1.48%	58,405,289	Y		Y
0	The Company	AME	2	11,681,058	47,418	45,160	32,098	-	0.08%	58,405,289	Y		
0	The Company	ACTTW	2	11,681,058	63,224	60,212	-	-	0.10%	58,405,289	Y		
0	The Company	AST	2	11,681,058	500,000	-	-	-	0.00%	58,405,289	Y		
0	The Company	ABSG	2	11,681,058	299,290	150,530	-	-	0.26%	58,405,289	Y		
0	The Company	ITS	2	11,681,058	500,000	500,000	20,000	-	0.86%	58,405,289	Y		
0	The Company	ASBZ	2	11,681,058	138,310	-	-	-	0.00%	58,405,289	Y		
0	The Company	AIP	2	11,681,058	90,720	84,354	-	-	0.14%	58,405,289	Y		
0	The Company	ALT	2	11,681,058	400,000	400,000	93,000	-	0.68%	58,405,289	Y		
0	The Company	GTI	2	11,681,058	210,000	210,000	-	-	0.36%	58,405,289	Y		
0	The Company	HSNC	2	11,681,058	60,000	45,000	-	-	0.08%	58,405,289	Y		
0	The Company	HSNP	2	11,681,058	31,612	30,106	-	-	0.05%	58,405,289	Y		
0	The Company	HSNI	2	11,681,058	31,612	-	-	-	0.00%	58,405,289	Y		
0	The Company	HSNT	2	11,681,058	31,612	30,106	-	-	0.05%	58,405,289	Y		
0	The Company	HSNC/HSNI/HSNP/HSNT	2	11,681,058	126,448	120,424	-	-	0.21%	58,405,289	Y		
0	The Company	MPS	2	11,681,058	53,740	51,180	51,180	-	0.09%	58,405,289	Y		
0	The Company	EDC	2	11,681,058	63,224	60,212	-	-	0.10%	58,405,289	Y		
0	The Company	ADSC	2	11,681,058	62,084	60,212	1,154	-	0.10%	58,405,289	Y		
1	AAC	ASC	4	1,871,434	18,967	18,064	18,064	-	0.19%	1,871,434			
2	AOI	AOA	2	172,500	14,225	13,548	-	-	2.36%	575,001	Y		
2	AOI	AOSD	2	172,500	63,224	60,212	-	-	10.47%	575,001	Y		
3	AOZ	AOC	4	48,132	31,612	30,106	-	-	25.02%	120,331			Y

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:
Type 2: an entity directly or indirectly owned by the Company over 50%
Type 4: between entities directly or indirectly owned by the Company over 90%

Note 2: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of the Company.

Note 3: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOI (the amount shown above is based on the net worth as of December 31, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 30% of the most recent audited or reviewed net worth of AOI.

Note 4: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent audited net worth of AAC (the amount shown above is based on the net worth as of December 31, 2018).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited net worth of AAC.

Note 5: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AOZ (the amount shown above is based on the net worth as of December 31, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.

Acer Incorporated and Subsidiaries
Marketable securities held
(Excluding investments in subsidiaries, associates, and joint controlled entities)
December 31, 2019

Table 3

(Amounts in Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2019		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
The Company	Stock: Hon Hai	-	Financial assets measured at fair value through other comprehensive income－current	564	51,181	-	51,181	564	-	
The Company	Stock: Starbreeze	-	Financial assets measured at fair value through profit or loss－current	572	3,428	0.21%	3,428	4,072	1.48%	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income－non-current	81,713	1,740,480	4.15%	1,740,480	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	4,012	156,852	0.24%	156,852	4,012	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	54,816	1,554,033	1.93%	1,554,033	54,816	1.93%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	398	3,101	19.90%	3,101	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	8,505	44,848	19.35%	44,848	8,505	19.35%	
The Company	Stock: Dragon Investment Co. Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	1,884	9,476	19.94%	9,476	13,459	19.94%	
The Company	Stock: Pell Bio-med Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	1,200	120,000	7.24%	120,000	1,200	7.24%	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	13,046	369,860	0.46%	369,860	13,046	0.46%	
ADSC	Stock: PChome Pay	-	Financial assets measured at fair value through other comprehensive income－non-current	12,600	126,000	14.82%	126,000	12,600	14.82%	
ADSC	Stock: Benepet Biomedical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	322	12,108	18.92%	12,108	700	18.92%	
ASCBVI	Stock: ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income－non-current	3,800	182,998	19.39%	182,998	3,800	19.39%	
ASCBVI	Stock: ID5 Annex I Fund	-	Financial assets measured at fair value through other comprehensive income－non-current	565	9,611	19.15%	9,611	565	19.15%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income－non-current	1,346	6,503	1.00%	6,503	1,346	1.69%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income－non-current	244	60,212	1.91%	60,212	244	1.92%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income－non-current	600	36,127	8.00%	36,127	600	8.89%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income－non-current	1,000	45,159	4.58%	45,159	1,000	5.44%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income－non-current	463	120,424	14.07%	120,424	463	14.07%	
ASCBVI	Stock: Acer Inc.	Parent/Subsidiary	Treasury stock	12,730	522,237	0.41%	227,228	12,730	0.41%	
ASCBVI	GDR: Acer Inc.	Parent/Subsidiary	Treasury stock	4,987	1,969,617	0.81%	435,442	4,987	0.81%	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income－current	5,049	49,132	0.03%	49,132	5,049	0.03%	
CCI	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,774	85,211	0.16%	85,211	4,774	0.16%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2019		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income－non-current	1,015	21,071	2.01%	21,071	1,015	2.01%	
ETEN	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,305	76,852	0.14%	76,852	4,305	0.14%	
ETEN	Stock: Abico Shi-pro Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	284	2,931	7.89%	2,931	284	7.89%	
ACTI	Stock: Physiosigns Inc., DE	-	Financial assets measured at fair value through other comprehensive income－non-current	800	240,848	12.50%	240,848	800	12.50%	
ABST	Stock: PilotTV Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	2,676	57,462	19.18%	57,462	2,676	19.18%	
ACVP	Stock: Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income－non-current	-	34,589	13.79%	34,589	-	13.79%	
ACVP	Stock: Shenmou Technology (Shenzhen)	-	Financial assets measured at fair value through other comprehensive income－non-current	-	29,746	19.99%	29,746	-	19.99%	
Bluechip	Stock: Pier DC Pty Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	960	9,220	8.82%	9,220	960	8.82%	
AHN	EUR Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss－current	-	1,182,179	-	1,182,179	-	-	
WLII	Stock: Protrade Global Limited	-	Financial assets measured at fair value through other comprehensive income－non-current	950	152,983	19.00%	152,983	950	19.00%	

Acer Incorporated and Subsidiaries
Marketable securities for which the accumulated purchase or sale amounts for the period exceed 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 / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/ Units (in thousands)	Amount
ACCN	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	790,000	3,544,175	790,000	3,548,004	3,544,175	3,829	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss－current	Fubon Bank (China) Co., Ltd.	None	-	-	3,952,000	17,646,193	3,952,000	17,708,702	17,646,193	62,509	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	540,000	2,410,026	540,000	2,412,150	2,410,026	2,124	-	-
AHN	EUR Term Liquidity Fund	Financial assets measured at fair value through profit or loss－current	Citi Bank	None	-	-	-	1,329,782	-	103,647	103,647	-	-	1,182,179
The Company	WLII	Investments accounted for using equity method	Outside shareholders	Parent/Subsidiary	68,358	1,316,492	3,276	-	21,960	417,528	418,012	-	49,674	982,600

Acer Incorporated and Subsidiaries
Total purchases from and sales to related parties which exceed NT$100 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	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	AAC	Parent/Subsidiary	(Sales)	(48,836,788)	(28.12)%	OA90	-	-	7,304,965	28.25%	
The Company	ACA	Parent/Subsidiary	(Sales)	(4,591,929)	(2.64)%	OA60	-	-	1,623,500	6.28%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(7,373,887)	(4.25)%	OA60	-	-	702,662	2.72%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(712,133)	(0.41)%	OA60	-	-	246,599	0.95%	
The Company	ACS	Parent/Subsidiary	(Sales)	(1,831,150)	(1.05)%	OA60	-	-	150,696	0.58%	
The Company	AEG	Parent/Subsidiary	(Sales)	(69,464,527)	(40.00)%	OA60	-	-	3,917,990	15.15%	
The Company	AFE	Parent/Subsidiary	(Sales)	(678,025)	(0.39)%	OA60	-	-	251,695	0.97%	
The Company	AIL	Parent/Subsidiary	(Sales)	(7,148,717)	(4.12)%	OA180	-	-	4,449,844	17.21%	
The Company	AIN	Parent/Subsidiary	(Sales)	(5,971,656)	(3.44)%	OA90	-	-	1,225,193	4.74%	
The Company	AJC	Parent/Subsidiary	(Sales)	(2,377,259)	(1.37)%	OA180	-	-	1,221,877	4.73%	
The Company	AMI	Parent/Subsidiary	(Sales)	(140,864)	(0.08)%	OA90	-	-	28,579	0.11%	
The Company	APHI	Parent/Subsidiary	(Sales)	(1,216,226)	(0.70)%	OA60	-	-	145,441	0.56%	
The Company	APX	Parent/Subsidiary	(Sales)	(166,346)	(0.10)%	OA60	-	-	21,666	0.08%	
The Company	ASC	Parent/Subsidiary	(Sales)	(120,555)	(0.07)%	OA60	-	-	4,816	0.02%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(2,637,867)	(1.52)%	OA60	-	-	125,455	0.49%	
The Company	ATH	Parent/Subsidiary	(Sales)	(5,025,224)	(2.89)%	OA60	-	-	192,972	0.75%	
The Company	AVN	Parent/Subsidiary	(Sales)	(106,350)	(0.06)%	OA60	-	-	27,260	0.11%	
The Company	ALT	Parent/Subsidiary	(Sales)	(416,435)	(0.24)%	OA60	-	-	83,221	0.32%	
The Company	WLII	Parent/Subsidiary	(Sales)	(2,033,101)	(1.17)%	EM45	-	-	138,951	0.54%	
The Company	APHI	Parent/Subsidiary	Purchases	173,068	0.10%	OA60	-	-	(17,292)	(0.06)%	
The Company	ALT	Parent/Subsidiary	Purchases	181,471	0.11%	OA60	-	-	(14,178)	(0.05)%	
The Company	AEB	Parent/Subsidiary	Purchases	198,216	0.12%	EM60	-	-	(13,646)	(0.05)%	
The Company	WLII	Parent/Subsidiary	Purchases	117,284	0.07%	EM45	-	-	(21,431)	(0.08)%	
The Company	AOSD	Parent/Subsidiary	Purchases	212,706	0.13%	EM60	-	-	(21,231)	(0.08)%	
The Company	GTI	Parent/Subsidiary	Purchases	425,948	0.26%	OA60	-	-	(61,884)	(0.22)%	
WELL	WLII	Parent/Subsidiary	Purchases	134,119	96.05%	EM45	-	-	(24,557)	(96.13)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ALT	AIL	Fellow subsidiary	(Sales)	(224,164)	(30.53)%	OA45	-	-	3,182	2.79%	
ALT	The Company	Parent/Subsidiary	(Sales)	(181,471)	(24.72)%	OA60	-	-	14,178	12.41%	
ALT	The Company	Parent/Subsidiary	Purchases	416,435	54.64%	OA60	-	-	(83,221)	(69.09)%	
ACTTW	AGI	Parent/Subsidiary	(Sales)	(246,965)	(93.81)%	EM180	-	-	87,002	89.84%	
AEB	The Company	Parent/Subsidiary	(Sales)	(198,216)	(3.81)%	EM60	-	-	13,646	1.07%	
AEB	WLII	Fellow subsidiary	Purchases	148,959	3.49%	EM60	-	-	(23,380)	(3.67)%	
AGI	AOI	Fellow subsidiary	(Sales)	(176,614)	(74.98)%	OA60	-	-	46,716	50.37%	
AGI	ACTTW	Parent/Subsidiary	Purchases	246,965	95.73%	EM180	-	-	(87,002)	(98.27)%	
AOI	AOA	Parent/Subsidiary	(Sales)	(225,619)	(24.63)%	OA60	-	-	120,747	26.02%	
AOI	AOE	Parent/Subsidiary	(Sales)	(492,293)	(53.74)%	OA90	-	-	117,594	25.34%	
AOI	AOTH	Parent/Subsidiary	Purchases	284,104	35.21%	OA60	-	-	-	-	
AOI	AOZ	Parent/Subsidiary	Purchases	135,126	16.75%	OA60	-	-	(80,016)	(35.56)%	
AOI	AGI	Fellow subsidiary	Purchases	176,614	22.65%	OA60	-	-	(46,716)	(20.98)%	
WLII	The Company	Parent/Subsidiary	(Sales)	(117,284)	(0.87)%	EM45	-	-	21,431	1.02%	
WLII	WELL	Parent/Subsidiary	(Sales)	(134,119)	(0.99)%	EM45	-	-	24,557	1.17%	
WLII	AEB	Fellow subsidiary	(Sales)	(148,959)	(1.10)%	EM60	-	-	23,380	1.12%	
WLII	AST	Fellow subsidiary	(Sales)	(192,195)	(1.43)%	EM60	-	-	11,102	0.53%	
WLII	The Company	Parent/Subsidiary	Purchases	2,033,101	15.39%	EM45	-	-	(138,951)	(7.90)%	
AOSD	The Company	Parent/Subsidiary	(Sales)	(212,706)	(100.00)%	EM60	-	-	21,231	100.00%	
AST	WLII	Fellow subsidiary	Purchases	192,195	19.77%	EM60	-	-	(11,102)	(5.87)%	
GTI	The Company	Parent/Subsidiary	(Sales)	(425,948)	(83.22)%	OA60	-	-	61,884	69.80%	
AAC	AMEX	Fellow subsidiary	(Sales)	(629,394)	(1.22)%	OA60	-	-	143,126	1.91%	
AAC	ASC	Fellow subsidiary	(Sales)	(281,962)	(0.55)%	OA60	-	-	46,694	0.62%	
AAC	ATB	Fellow subsidiary	(Sales)	(563,382)	(1.09)%	OA60	-	-	163,992	2.19%	
AAC	The Company	Parent/Subsidiary	Purchases	48,836,788	87.30%	OA90	-	-	(7,304,965)	(85.65)%	
ACA	ACNZ	Fellow subsidiary	(Sales)	(107,220)	(1.74)%	OA60	-	-	623	0.05%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(222,953)	(3.62)%	EM30	-	-	34,270	2.74%	
ACA	The Company	Parent/Subsidiary	Purchases	4,591,929	95.28%	OA60	-	-	(1,623,500)	(95.97)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(104,684)	(1.01)%	OA60	-	-	114,108	13.84%	
ACCN	ACCQ	Fellow subsidiary	Purchases	9,567,210	97.80%	OA60	-	-	(1,844,436)	(98.70)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(9,567,210)	(100.00)%	OA60	-	-	1,844,436	100.00%	
ACCQ	ACCN	Fellow subsidiary	Purchases	104,684	1.11%	OA60	-	-	(114,108)	(8.80)%	
ACCQ	The Company	Parent/Subsidiary	Purchases	7,373,887	78.02%	OA60	-	-	(702,662)	(54.18)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ACF	AEG	Fellow subsidiary	(Sales)	(301,000)	(3.19)%	OA60	-	-	778,368	21.15%	
ACF	AEG	Fellow subsidiary	Purchases	8,340,602	92.17%	OA60	-	-	(1,114,052)	(96.40)%	
ACF	APX	Fellow subsidiary	Purchases	137,197	1.52%	OA60	-	-	(8,744)	(0.76)%	
ACG	AEG	Fellow subsidiary	(Sales)	(534,399)	(2.46)%	OA60	-	-	1,719,323	20.73%	
ACG	AEG	Fellow subsidiary	Purchases	19,734,703	94.08%	OA60	-	-	(4,500,204)	(98.54)%	
ACG	APX	Fellow subsidiary	Purchases	252,193	1.20%	OA45	-	-	(37,730)	(0.83)%	
ACH	AEG	Fellow subsidiary	(Sales)	(164,397)	(3.00)%	OA60	-	-	422,536	27.21%	
ACH	AEG	Fellow subsidiary	Purchases	5,002,910	94.82%	OA60	-	-	(696,607)	(98.23)%	
ACNZ	ACA	Fellow subsidiary	Purchases	107,220	13.15%	OA60	-	-	(623)	(0.25)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	712,133	86.85%	OA60	-	-	(246,599)	(99.75)%	
ACS	The Company	Parent/Subsidiary	Purchases	1,831,150	86.81%	OA60	-	-	(150,696)	(95.26)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(263,096)	(46.28)%	OA30	-	-	22,708	27.28%	
ACZ	APX	Fellow subsidiary	Purchases	199,910	38.93%	OA90	-	-	(29,864)	(99.05)%	
AEG	ACF	Fellow subsidiary	(Sales)	(8,340,602)	(11.52)%	OA60	-	-	1,114,052	8.12%	
AEG	ACG	Fellow subsidiary	(Sales)	(19,734,703)	(27.25)%	OA60	-	-	4,500,204	32.82%	
AEG	ACH	Fellow subsidiary	(Sales)	(5,002,910)	(6.91)%	OA60	-	-	696,607	5.08%	
AEG	AIB	Fellow subsidiary	(Sales)	(3,394,170)	(4.69)%	OA60	-	-	270,410	1.97%	
AEG	AIT	Fellow subsidiary	(Sales)	(3,996,961)	(5.52)%	OA60	-	-	738,254	5.38%	
AEG	APX	Fellow subsidiary	(Sales)	(853,605)	(1.18)%	OA60	-	-	141,341	1.03%	
AEG	ASIN	Fellow subsidiary	(Sales)	(22,060,419)	(30.46)%	OA60	-	-	4,556,067	33.23%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,214,449)	(3.06)%	OA60	-	-	261,690	1.91%	
AEG	AUK	Fellow subsidiary	(Sales)	(6,061,371)	(8.37)%	OA60	-	-	1,109,000	8.09%	
AEG	SER	Fellow subsidiary	(Sales)	(757,252)	(1.05)%	OA60	-	-	167,926	1.22%	
AEG	ACF	Fellow subsidiary	Purchases	301,000	0.43%	OA60	-	-	(778,368)	(8.05)%	
AEG	ACG	Fellow subsidiary	Purchases	534,399	0.76%	OA60	-	-	(1,719,323)	(17.78)%	
AEG	ACH	Fellow subsidiary	Purchases	164,397	0.23%	OA60	-	-	(422,536)	(4.37)%	
AEG	AIB	Fellow subsidiary	Purchases	236,172	0.34%	OA60	-	-	(433,282)	(4.48)%	
AEG	AIT	Fellow subsidiary	Purchases	239,561	0.34%	OA60	-	-	(434,272)	(4.49)%	
AEG	APX	Fellow subsidiary	Purchases	447,224	0.64%	OA60	-	-	(25,681)	(0.27)%	
AEG	The Company	Parent/Subsidiary	Purchases	69,464,527	97.00%	OA60	-	-	(3,917,990)	(40.53)%	
AFE	The Company	Parent/Subsidiary	Purchases	678,025	97.33%	OA60	-	-	(251,695)	(97.33)%	
AIB	AEG	Fellow subsidiary	(Sales)	(236,172)	(6.05)%	OA60	-	-	433,282	29.06%	
AIB	AEG	Fellow subsidiary	Purchases	3,394,170	90.47%	OA60	-	-	(270,410)	(94.77)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AIB	APX	Fellow subsidiary	Purchases	100,899	2.69%	OA60	-	-	(14,653)	(5.14)%	
AIL	The Company	Parent/Subsidiary	Purchases	7,148,717	78.26%	OA180	-	-	(4,449,844)	(95.17)%	
AIL	ALT	Fellow subsidiary	Purchases	224,164	2.45%	OA45	-	-	(3,182)	(0.07)%	
AIN	AMI	Parent/Subsidiary	(Sales)	(473,857)	(6.84)%	OA60	-	-	8,683	5.29%	
AIN	AMI	Parent/Subsidiary	Purchases	779,757	11.02%	OA90	-	-	(51,246)	(3.99)%	
AIN	The Company	Parent/Subsidiary	Purchases	5,971,656	84.36%	OA90	-	-	(1,225,193)	(95.48)%	
AIT	AEG	Fellow subsidiary	(Sales)	(239,561)	(5.31)%	OA60	-	-	434,272	20.46%	
AIT	AEG	Fellow subsidiary	Purchases	3,996,961	92.02%	OA60	-	-	(738,254)	(98.76)%	
AJC	The Company	Parent/Subsidiary	Purchases	2,377,259	86.12%	OA180	-	-	(1,221,877)	(98.61)%	
AMEX	AAC	Fellow subsidiary	Purchases	629,394	94.15%	OA60	-	-	(143,126)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(779,757)	(99.59)%	OA90	-	-	51,246	99.87%	
AMI	AIN	Parent/Subsidiary	Purchases	473,857	67.76%	OA60	-	-	(8,683)	(20.23)%	
AMI	The Company	Parent/Subsidiary	Purchases	140,864	20.14%	OA90	-	-	(28,579)	(66.59)%	
AOA	AOI	Parent/Subsidiary	Purchases	225,619	99.81%	OA90	-	-	(120,747)	(95.94)%	
AOE	AOI	Parent/Subsidiary	Purchases	492,293	99.42%	OA60	-	-	(117,594)	(98.87)%	
AOTH	AOZ	Parent/Subsidiary	(Sales)	(238,984)	(45.10)%	OA60	-	-	-	-	
AOTH	AOI	Parent/Subsidiary	(Sales)	(284,104)	(53.61)%	OA60	-	-	-	-	
AOTH	AOZ	Parent/Subsidiary	Purchases	241,961	42.27%	OA60	-	-	-	-	
AOZ	AOTH	Parent/Subsidiary	(Sales)	(241,961)	(48.81)%	OA60	-	-	-	-	
AOZ	AOI	Parent/Subsidiary	(Sales)	(135,126)	(27.27)%	OA60	-	-	80,016	97.95%	
AOZ	AOTH	Parent/Subsidiary	Purchases	238,984	50.64%	OA60	-	-	-	-	
APHI	The Company	Parent/Subsidiary	(Sales)	(173,068)	(10.25)%	OA60	-	-	17,292	40.39%	
APHI	The Company	Parent/Subsidiary	Purchases	1,216,226	91.89%	OA60	-	-	(145,441)	(66.01)%	
APX	ACF	Fellow subsidiary	(Sales)	(137,197)	(5.88)%	OA60	-	-	8,744	5.23%	
APX	ACG	Fellow subsidiary	(Sales)	(252,193)	(10.81)%	OA45	-	-	37,730	22.57%	
APX	ACZ	Fellow subsidiary	(Sales)	(199,910)	(8.57)%	OA90	-	-	29,864	17.86%	
APX	AEG	Fellow subsidiary	(Sales)	(447,224)	(19.16)%	OA60	-	-	25,681	15.36%	
APX	AIB	Fellow subsidiary	(Sales)	(100,899)	(4.32)%	OA60	-	-	14,653	8.77%	
APX	AEG	Fellow subsidiary	Purchases	853,605	42.50%	OA60	-	-	(141,341)	(52.62)%	
APX	The Company	Parent/Subsidiary	Purchases	166,346	8.28%	OA60	-	-	(21,666)	(8.07)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(138,463)	(100.00)%	OA60	-	-	11,968	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	281,962	38.71%	OA60	-	-	(46,694)	(47.59)%	
ASC	The Company	Parent/Subsidiary	Purchases	120,555	16.55%	OA60	-	-	(4,816)	(4.91)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ASIN	ACZ	Fellow subsidiary	Purchases	263,096	1.17%	OA30	-	-	(22,708)	(0.50)%	
ASIN	AEG	Fellow subsidiary	Purchases	22,060,419	97.95%	OA60	-	-	(4,556,067)	(100.00)%	
ASIN	ARU	Fellow subsidiary	Purchases	138,463	0.61%	OA60	-	-	(11,968)	(0.26)%	
ASSB	SMA	Parent/Subsidiary	(Sales)	(532,257)	(15.58)%	OA60	-	-	(244)	(0.10)%	
ASSB	The Company	Parent/Subsidiary	Purchases	2,637,867	91.14%	OA60	-	-	(125,455)	(85.36)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,214,449	94.04%	OA60	-	-	(261,690)	(99.05)%	
ATB	AAC	Fellow subsidiary	Purchases	563,382	6.69%	OA60	-	-	(163,992)	(6.66)%	
ATH	The Company	Parent/Subsidiary	Purchases	5,025,224	87.19%	OA60	-	-	(192,972)	(81.91)%	
AUK	AEG	Fellow subsidiary	Purchases	6,061,371	95.20%	OA60	-	-	(1,109,000)	(99.03)%	
AVN	The Company	Parent/Subsidiary	Purchases	106,350	66.28%	OA60	-	-	(27,260)	(94.16)%	
Bluechip	ACA	Fellow subsidiary	Purchases	222,953	8.95%	EM30	-	-	(34,270)	(10.63)%	
SER	AEG	Fellow subsidiary	Purchases	757,252	100.00%	OA60	-	-	(167,926)	(100.00)%	
SMA	ASSB	Parent/Subsidiary	Purchases	532,257	14.86%	OA60	-	-	244	0.29%	

Note 1: The trade terms and price of sales with related parties are not comparable to those with third-party customers as they are determined by the economic environment and market competition of specific locations. The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

Note 2: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

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Acer Incorporated and Subsidiaries
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2019

Table 6

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	AAC	Parent/Subsidiary	7,304,965	6.56	-		5,858,990		
The Company	ACA	Parent/Subsidiary	1,624,699	2.68	-		1,062,548		
The Company	ACCQ	Parent/Subsidiary	738,697	10.45	-		702,733		
The Company	ACNZ	Parent/Subsidiary	246,599	2.92	-		240,217		
The Company	ACS	Parent/Subsidiary	150,696	10.01	-		150,696		
The Company	AEG	Parent/Subsidiary	3,917,990	16.62	-		3,917,990		
The Company	AFE	Parent/Subsidiary	251,695	2.47	175,143	Under collection	18,888		
The Company	AIL	Parent/Subsidiary	4,449,844	1.65	-		6,072		
The Company	AIN	Parent/Subsidiary	1,225,629	6.63	-		700,874		
The Company	AJC	Parent/Subsidiary	1,221,877	2.03	213,057	Under collection	541,370		
The Company	APHI	Parent/Subsidiary	145,441	8.39	13,267	Under collection	37,172		
The Company	ASSB	Parent/Subsidiary	125,455	13.98	-		125,455		
The Company	ATH	Parent/Subsidiary	192,972	10.49	-		192,972		
The Company	WLII	Parent/Subsidiary	140,967	10.64	-		139,101		
EDC	The Company	Parent/Subsidiary	213,953	2.87	-		-		
AEB	The Company	Parent/Subsidiary	252,700	8.88	-		13,646		
AOI	AOA	Parent/Subsidiary	120,747	2.04	38,591	Under collection	70,351		Note 2
AOI	AOE	Parent/Subsidiary	117,594	4.28	33,442	Under collection	73,695		Note 2
ETEN	The Company	Parent/Subsidiary	120,036	6.59	-		-		
ADSC	The Company	Parent/Subsidiary	649,292	-	-		-		
CCI	The Company	Parent/Subsidiary	121,471	-	-		-		
AAC	AMEX	Fellow subsidiary	143,178	1.19	143,178	Under collection	95,575		
AAC	ASC	Fellow subsidiary	725,553	9.94	-		-		
AAC	ATB	Fellow subsidiary	163,992	4.79	71,608	Under collection	60,236		
AAH	AAC	Parent/Subsidiary	4,524,051	-	-		-		

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
ACCN	ACCQ	Fellow subsidiary	114,108	0.89	114,108	Under collection	-		
ACCQ	ACCN	Fellow subsidiary	1,844,436	4.96	336,113	Under collection	448,830		
ACF	AEG	Fellow subsidiary	778,368	0.39	50,331	Under collection	-		
ACG	AEG	Fellow subsidiary	1,720,013	0.30	69,591	Under collection	-		
ACH	AEG	Fellow subsidiary	423,957	0.39	-		-		
AEG	ACF	Fellow subsidiary	1,114,052	5.59	-		-		
AEG	ACG	Fellow subsidiary	4,500,204	4.77	218,410	Under collection	191,620		
AEG	ACH	Fellow subsidiary	696,607	6.26	-		-		
AEG	AIB	Fellow subsidiary	270,410	10.12	-		-		
AEG	AIT	Fellow subsidiary	738,254	4.83	-		-		
AEG	APX	Fellow subsidiary	141,341	6.41	-		-		
AEG	ASIN	Fellow subsidiary	4,556,067	5.34	-		-		
AEG	ASZ	Fellow subsidiary	261,690	7.28	-		-		
AEG	AUK	Fellow subsidiary	1,109,000	5.54	-		-		
AEG	SER	Fellow subsidiary	167,926	5.43	-		-		
AIB	AEG	Fellow subsidiary	437,063	0.57	-		-		
AIT	AEG	Fellow subsidiary	434,272	0.57	-		-		
ASC	AAC	Fellow subsidiary	224,299	28.01	-		-		
ASIN	AEG	Fellow subsidiary	673,724	0.01	-		-		
ASZ	AEG	Fellow subsidiary	283,729	0.33	-		-		
AUK	AEG	Fellow subsidiary	675,554	0.10	-		-		
GWI	AAC	Parent/Subsidiary	392,282	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Note 2: The ending balance of receivables has been deducted by the credit amount of investments accounted for using equity method.

Acer Incorporated and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2019

Table 7

(Amounts in Thousands of New Taiwan Dollars)

Intercomapny relationships and significant intercompany transactions for the year ended December 31, 2019 were as follows:

Number	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Account	Amount	Transaction Terms	
0	The Company	AEG	1	Sales	69,464,527	OA60	29.65%
0	The Company	AAC	1	Sales	48,836,788	OA90	20.85%
0	The Company	ACCQ	1	Sales	7,373,887	OA60	3.15%
0	The Company	AIL	1	Sales	7,148,717	OA180	3.05%
0	The Company	AIN	1	Sales	5,971,656	OA90	2.55%
0	The Company	ATH	1	Sales	5,025,224	OA60	2.14%
0	The Company	ACA	1	Sales	4,591,929	OA60	1.96%
0	The Company	ASSB	1	Sales	2,637,867	OA60	1.13%
0	The Company	AJC	1	Sales	2,377,259	OA180	1.01%
0	The Company	AAC	1	Accounts receivable	7,304,965	OA90	4.68%
0	The Company	AIL	1	Accounts receivable	4,449,844	OA180	2.85%
0	The Company	AEG	1	Accounts receivable	3,917,990	OA60	2.51%
0	The Company	ACA	1	Accounts receivable	1,623,500	OA60	1.04%

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

1. "0" represents the Company.
2. Subsidiaries are numbered from "1".

Note 2: No. 1 represents the transactions from parent company to subsidiary.

No. 2 represents the transactions from subsidiary to parent company.

Note 3: Intercompany relationships and significant intercompany transactions are disclosed only for the amounts that exceed 1% of consolidated net revenue or total assets. The corresponding purchases and accounts payables are not disclosed.

Acer Incorporated and Subsidiaries

Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence

December 31, 2019

Table 8

(Amounts in Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2019			Maximum ownership during 2019		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,746,549	1,746,549	128,282	100.00	1,860,807	128,282	100.00	32,245	32,245	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	25,582,490	1,263,432	92.02	308,859	284,196	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	147	100.00	16,555,306	147	100.00	220,590	220,590	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	6,230,208	1,130,566	191,155	100.00	14,419,551	191,155	100.00	1,007,146	1,007,146	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	32,988	1,225	33.39	68,306	1,225	33.39	11,033	2,953	Parent/Subsidiary
The Company	AWI	British Virgin Islands	Investment and holding activity	-	4,069,764	-	-	-	1,326,193	100.00	(6,478)	(6,478)	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	5,658,111	1,900,347	158,475	100.00	727,341	158,475	100.00	(306,559)	(306,559)	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	559,812	-	100.00	9,533	5,857	Parent/Subsidiary
The Company	ADSBH	British Virgin Islands	Investment and holding activity	-	1,175,933	-	-	-	2,246	100.00	312,461	312,461	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,139,390	1,188,445	10,545	64.54	376,010	10,999	87.09	67,696	54,962	Parent/Subsidiary
The Company	AGC	British Virgin Islands	Investment and holding activity	-	5,012,454	-	-	-	166,209	100.00	(649,858)	(649,858)	Parent/Subsidiary
The Company	WLII	Taiwan	Sale of computers and communication products	752,962	1,087,987	49,674	67.36	982,600	68,358	97.33	125,555	111,962	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	815,583	819,792	1,203	19.39	-	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld products	6,800,751	6,800,751	16,000	100.00	1,933,900	20,000	100.00	(72,058)	(75,406)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	2,128,004	149,779	100.00	1,289,695	176,368	100.00	(188,932)	(188,932)	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	395,981	311,820	32,212	66.80	22,148	32,212	66.80	(16,465)	(10,598)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,595,356	1,700,466	162,956	100.00	1,353,325	186,593	100.00	(105,638)	(105,638)	Parent/Subsidiary
The Company	AOI	Taiwan	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	333,155	333,155	28,970	40.55	238,783	28,970	40.55	(167,582)	(67,636)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	45,000	4,500	83.64	49,778	4,500	83.64	1,586	1,326	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	150,000	50,000	15,000	92.54	158,772	5,000	100.00	7,197	6,287	Parent/Subsidiary
The Company	SFT	Taiwan	Research, manufacturing and sale of radio-detection and civilian technology application products related to distance	132,000	132,000	13,200	55.00	109,031	13,200	55.00	(32,546)	(17,965)	Joint Venture
The Company	AST	Taiwan	System integration service	82,577	82,600	6,775	60.88	120,949	7,000	91.74	27,202	20,193	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	32,298	32,298	11,068	100.00	5,869	11,068	100.00	620	620	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	38,979	100	100.00	(585)	100	100.00	(2,933)	(2,933)	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	1,763	577	74	100.00	3,013	74	100.00	1,330	1,330	Parent/Subsidiary
HSNC	HSNI	Indonesia	Repair and maintenance of IT products	30,501	-	99	99.00	34,585	99	99.00	2,858	2,595	Parent/Subsidiary
HSNC	HSN	Malaysia	Repair and maintenance of IT products	85,419	-	500	100.00	87,570	500	100.00	8,778	2,521	Parent/Subsidiary
AST	ISU	Taiwan	Human resources and project service	20,000	-	2,000	100.00	19,846	2,000	100.00	(154)	(154)	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	23,234	1,244	24.88	20,816	5,268	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	103,633	2,958	100.00	1,230	1,230	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	223,946	22,593	100.00	2,082	2,082	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	22,029	4,427	28.03	(15,324)	(2,035)	Associate
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,421	286	1.81	(15,324)	(131)	Associate
WLII	HPT	Taiwan	Retail service of software	23,668	23,668	882	30.22	15,862	882	30.22	8,358	2,526	Associate
WLII	WELL	Taiwan	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	10,000	10,000	1,000	100.00	1,908	1,000	100.00	3,433	3,433	Parent/Subsidiary
WLII	ANT	Taiwan	Customization and research service of automobile, motorcycle and industrial components; electrical machinery products agency	203,052	-	6,000	20.00	222,174	6,000	20.00	150,168	6,656	Associate
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,223,924	109,639	7.98	308,859	24,663	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	32.01	178,331	436	37.75	(292,611)	(120,862)	Associate

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount December 31, 2019	Original Investment Amount December 31, 2018	Balances as of December 31, 2019 Shares (in thousands)	Balances as of December 31, 2019 Percentage of Ownership	Balances as of December 31, 2019 Carrying Value	Maximum ownership during 2019 Shares (in thousands)	Maximum ownership during 2019 Percentage of Ownership	Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
ABH	AEB	Taiwan	Cloud ticketing system, electronic book, online payment service, customized system development and integration services, and sale of commercial and cloud application software and technical services	334,025	334,025	32,000	87.79	495,933	32,000	100.00	131,578	131,144	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	1,153,000	1,153,000	42,694	100.00	195,920	64,314	100.00	(221,944)	(221,944)	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	141,711	7,249	100.00	74,051	7,249	100.00	9,817	9,817	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	78,613	40,200	6,581	86.59	99,086	4,980	88.93	11,151	7,676	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	394,772	34,308	94.41	195,351	34,308	94.41	(78,334)	(73,955)	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information	50,000	50,000	5,000	100.00	47,221	5,000	100.00	(2,672)	(2,672)	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	18,500	1,989	49.00	6,233	1,989	49.00	(13,560)	(6,644)	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	38,173	2,310	100.00	9,441	4,401	100.00	(12,470)	(12,470)	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	50,676	2,947	100.00	7,303	5,825	100.00	(20,686)	(20,686)	Parent/Subsidiary
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	6,488	2,071	51.00	(13,560)	(6,916)	Parent/Subsidiary
ACTTW	AGI	Taiwan	Development of user-friendly IoT device	29,000	29,000	3,222	100.00	32,770	3,222	100.00	260	260	Parent/Subsidiary
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	300,000	30,000	100.00	(7,880)	30,000	100.00	(131,519)	(131,519)	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	291,910	202,401	6,029	100.00	(69)	6,029	100.00	(115,254)	(115,254)	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	31,784	570	15.54	11,033	1,374	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(159,455)	15,000	100.00	2,877	2,877	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(14,688)	1	100.00	7,948	7,948	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	161,720	50	100.00	(46,098)	(46,098)	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	30,146	1	100.00	1,164	1,164	Parent/Subsidiary
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	4,000	100.00	40,728	4,000	100.00	1,609	1,609	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	19,228	105	70.00	925	647	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	884	100	100.00	(171)	(171)	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of display device	20,000	20,000	2,000	80.00	23,794	2,000	80.00	4,843	3,874	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	22,887	39	35.30	8,329	39	39.00	(18,453)	(7,197)	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	376,238	6,664	20.07	331,200	6,664	20.07	113,283	21,772	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,817	300	100.00	-	-	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	27,763	1	100.00	2,356	2,356	Parent/Subsidiary

Acer Incorporated and Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2019

Table 9

(Amounts in Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2019		Share of profits/ losses of investee	Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	90,318	2	90,318	-	-	90,318	(6,611)	100.00	-	100.00	(6,611)	(9,889)	-
Acer Information (Zhong Shan) Co., Ltd.	Sale of brand-name IT products	45,159	2	-	-	-	-	2,203	100.00	-	100.00	2,203	205,948	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	60,212	2	60,212	-	-	60,212	(217,856)	100.00	-	100.00	(217,856)	433,622	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,515,900	2	4,636,324 (Note 2)	-	-	4,636,324 (Note 2)	91,216	100.00	-	100.00	91,216	3,942,282	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	150,530	1	150,530	-	-	150,530	(14,691)	100.00	-	100.00	(14,691)	46,309	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	25,942	1	(Note 3)	-	-	(Note 3)	(1,470)	30.00	-	30.00	(441)	14,993	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	9,050	1	9,050	-	-	9,050	(1,149)	100.00	-	100.00	(1,149)	5,560	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	12,971	1	(Note 3)	-	-	(Note 3)	(1,599)	30.00	-	30.00	(480)	9,440	-
Acer China Venture Corp	Fund company management	21,618	1	21,618	-	-	21,618	(4,775)	100.00	-	100.00	(4,775)	10,610	-
Acer China Venture Partnership	Investment fund	64,854	1	60,530 (Note 4)	-	-	60,530 (Note 4)	(1)	100.00	-	100.00	(1)	64,841	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,324	1	4,324	-	-	4,324	5,240	100.00	-	100.00	5,240	10,591	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,024	1	19,024	-	-	19,024	21,385	100.00	-	100.00	21,385	70,340	-
Shanghai AST Technology Service Ltd.	System integration service	19,024	1	19,024	-	-	19,024	399	100.00	-	100.00	399	19,622	-
GadgeTek (Shanghai) Limited	Sale of peripheral 3C products	15,053	1	-	15,053	-	15,053	578	100.00	-	100.00	578	15,834	-
AOPEN International (ShangHai) Co., Ltd	Sale of computer, apparatus system, and peripheral equipment	161,322	2	161,322	-	-	161,322	40	100.00	-	100.00	40	18,811	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of computer parts and components	450,261	2	450,261	-	-	450,261	(59,080)	100.00	-	100.00	(59,080)	222,842	-

Note 1: Method of Investment:

Type 1: Direct investment in Mainland China.

Type 2: Indirect investment in Mainland China through a holding company established in other countries.

Note 2: Acer Intellectual (Chongqing) Limited had merged with Acer (Chongqing) Ltd. in 2014, and Acer (Chongqing) Ltd. was the surviving entity from the merger. This amount included the original investment in Acer Intellectual (Chongqing) Limited of $ 120,424 (US $4,000 thousand).

Note 3: Innovation and Commercialization Accelerator Inc. and Consumer Insights Research (Chongqing) Inc. were reinvested by Acer Cloud Technology(Chongqing) Ltd.

Note 4: Acer China Venture Partnership was invested by the Company and Acer China Venture Corp of $60,530 and $4,324, respectively.

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2019 (Note 5)(Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)(Note 6)	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company and Subsidiaries	$5,688,192 (US$188,938,829)	$7,263,641 (US$241,268,884.5)	(Note)

Note 5: In September, 2008, AOI had disposed all shares of JNS Technology Co., Ltd., and the proceeds from the disposal of US$730,000 had been remitted to AOI in March 2010.
AOI has not yet to report to MOEA, therefore, the amout of US$ 1,645,200 was still included the original investment in JNS Technology Co., Ltd.

Note 6: T-Conn Precision(Zhongshan) Co., Ltd., indirectly invested by AOI, had been dissolved and the related liquidation process has been completed. The liquidation proceeds of US$31,549.06 (according to ownership percentage of 19%) has been remitted to Super Elite Ltd., a holding company established in other countries. On March 12, 2010, AOI has obtained MOEA's approval to withdraw its investment. However, the amount of accumulated investment in Mainland China still included the amount of US$57,000 due to the liquidation of capital which has yet to be remitted to Taiwan.

The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.106 as of December 31, 2019.

Note: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

Appendix II

2019 Parent-Company-Only Financial Statements

Stock Code:2353

ACER INCORPORATED

Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2019 and 2018, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2019 and 2018, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2019 are stated as follows:

1. Revenue recognition

   Refer to Note 4(p) for the accounting policies on recognizing revenue, and Note 5(a) for uncertainty of accounting estimations and assumptions for sales returns and allowances.

Description of key audit matter:

The Company engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances and returns based on business practice is subject to management's judgment, which involves significant uncertainty. Consequently, the revenue recognition and accrual of sales allowances and returns have been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances and returns, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances and returns to evaluate the reasonableness of the sales allowances and returns estimated by management.

2. Valuation of inventories

Refer to Note 4(g) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(f) for the details of related disclosures.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology and fierce market competition, the Company's product price may fluctuate rapidly. Furthermore, the stocks for products and components may exceed customers' demands thus becoming obsolete. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill from investment in subsidiaries

Refer to Note 4(n) for the accounting policies on impairment of non-financial assets, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(g) for the evaluation of goodwill impairment.

Description of key audit matter:

Goodwill arising from past acquisition of subsidiaries, which are included within the carrying amount of investments accounted for using equity method, are subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the valuation model and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of business forecasts, and performing a sensitivity analysis of key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and assessing the adequacy of the Company's disclosures of its policy on impairment of non-financial assets (including goodwill) and other related disclosures.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only 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 parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only 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 investee companies accounted for using equity method to express an opinion on the parent-company-only 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 parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huei-Chen Chang and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2020

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
	Assets	Amount	%	Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 4,083,583	4	3,625,154	3
1110	Financial assets measured at fair value through profit or loss－current (note 6(b))	58,355	-	266,951	-
1120	Financial assets measured at fair value through other comprehensive income－current (note 6(c))	51,181	-	39,908	-
1140	Contract assets－current (note 6(u))	2,008	-	84,450	-
1170	Notes and accounts receivable, net (notes 6(d) & (u))	3,864,880	3	3,352,271	3
1180	Notes and accounts receivable from related parties (notes 6(d) & (u) and 7)	21,963,643	19	23,075,104	20
1200	Other receivables, net (note 6(e))	187,273	-	574,460	-
1210	Other receivables from related parties (notes 6(e) and 7)	130,046	-	87,697	-
130X	Inventories (note 6(f))	12,718,463	11	13,591,184	12
1470	Other current assets	248,829	-	157,176	-
	Total current assets	43,308,261	37	44,854,355	38
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income－non-current (note 6(c))	3,628,790	3	2,882,001	3
1550	Investments accounted for using the equity method (note 6(g))	65,760,877	57	67,463,925	57
1600	Property, plant and equipment (note 6(h))	1,310,885	1	1,355,056	1
1755	Right-of-use assets (note6(i))	133,049	-	-	-
1760	Investment property (note 6(j))	1,276,865	1	1,269,699	1
1780	Intangible assets (note 6(k))	207,915	-	229,136	-
1840	Deferred income tax assets (note 6(q))	973,841	1	327,949	-
1900	Other non-current assets	50,899	-	69,880	-
1980	Other financial assets－non-current (note 8)	91,717	-	108,484	-
	Total non-current assets	73,434,838	63	73,706,130	62
	Total assets	**$ 116,743,099**	**100**	**118,560,485**	**100**

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Balance Sheets (Continued)

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2120	Financial liabilities measured at fair value through profit or loss－current (note 6(b))	194,318	-	183,413	-
2130	Contract liabilities－current (note 6(u))	107,298	-	122,994	-
2170	Notes and accounts payable	28,022,101	24	33,237,981	28
2180	Accounts payable to related parties (note 7)	122,620	-	131,574	-
2200	Other payables (note 6(v))	15,813,420	14	15,108,645	13
2220	Other payables to related parties (note 7)	1,519,594	1	1,368,927	1
2250	Provisions－current (note 6(n))	716,840	1	758,541	1
2230	Current tax liabilities	388,906	1	359,576	1
2280	Lease liabilities－current (note 6(m))	73,195	-	-	-
2365	Refund liabilities－current	2,816,912	2	2,611,223	2
2399	Other current liabilities	374,774	-	196,752	-
	Total current liabilities	50,149,978	43	54,079,626	46
	Non-current liabilities:				
2527	Contract liabilities－non-current (note 6(u))	-	-	491,976	-
2540	Long-term debt (note 6(l))	5,800,000	5	3,300,000	3
2570	Deferred income tax liabilities (note 6(q))	2,183,773	2	1,450,536	1
2580	Lease liabilities－non-current (note 6(m))	60,833	-	-	-
2600	Other non-current liabilities (note 6(p))	576,321	-	869,655	1
2622	Long-term payable to related parties (note 7)	130,721	-	100,598	-
	Total non-current liabilities	8,751,648	7	6,212,765	5
	Total liabilities	58,901,626	50	60,292,391	51
	Equity (note 6(r)):				
3110	Common stock	30,749,338	26	30,749,338	26
3200	Capital surplus	28,152,962	24	27,913,351	24
	Retained earnings:				
3310	Legal reserve	587,602	1	281,559	-
3320	Special reserve	2,940,572	3	2,534,028	2
3350	Unappropriated retained earnings	2,668,082	2	3,085,863	3
3400	Other equity	(4,342,227)	(4)	(3,381,189)	(3)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(3)
	Total equity	57,841,473	50	58,268,094	49
	Total liabilities and equity	**$ 116,743,099**	**100**	**118,560,485**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

		2019		2018	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(u) and 7)**	$ 173,659,404	100	177,953,077	100
5000	**Cost of revenue (notes 6(f) & (n) and 7)**	(165,923,911)	(96)	(169,518,256)	(95)
	Gross profit before realized gross profit on sales to subisidiaries, associates and joint ventures	7,735,493	4	8,434,821	5
5920	Realized gross profit on sales to subsidiaries, associates and joint ventures	265	-	35,372	-
	Gross profit	7,735,758	4	8,470,193	5
	Operating expenses(notes 6(d), (h), (i), (j), (k), (m), (n), (o), (p), (s) & (v), 7 and 12):				
6100	Selling expenses	(2,663,797)	(2)	(3,166,653)	(2)
6200	General and administrative expenses	(976,456)	-	(1,017,665)	-
6300	Research and development expenses	(1,954,062)	(1)	(1,689,954)	(1)
	Total operating expenses	(5,594,315)	(3)	(5,874,272)	(3)
6500	**Other operating income and expenses, net (notes 6(o) & (w) and 7)**	158,473	-	130,946	-
	Operating income	2,299,916	1	2,726,867	2
	Non-operating income and loss:				
7010	Other income (notes 6(x) and 7)	259,728	-	260,297	-
7020	Other gains and losses — net (notes 6(g) & (x) and 7)	186,829	-	375,077	-
7050	Finance costs (notes 6(l), (m) & (x) and 7)	(113,981)	-	(123,094)	-
7060	Share of profits of subsidiaries, associates and joint ventures(note 6(g))	632,043	1	673,443	-
	Total non-operating income and loss	964,619	1	1,185,723	-
	Income before taxes	3,264,535	2	3,912,590	2
7950	**Income tax expenses (note 6(q))**	(631,970)	-	(852,161)	-
	Net Income	2,632,565	2	3,060,429	2
	Other comprehensive income (loss) (note 6(p), (q), (r) & (y)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(39,439)	-	(54,185)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	653,124	-	(384,772)	-
8330	Share of other comprehensive losses of subsidiaries and associates	(154,297)	-	(154,199)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	7,888	-	18,024	-
	Total items that will not be reclassified subsequently to profit or loss	467,276	-	(575,132)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(1,405,928)	(1)	396,272	-
8380	Share of other comprehensive losses of subsidiaries and associates	-	-	(1,847)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	(3,429)	-
	Total items that may be reclassified subsequently to profit or loss	(1,405,928)	(1)	390,996	-
	Other comprehensive loss, net of taxes	(938,652)	(1)	(184,136)	-
	Total comprehensive income for the year	**$ 1,693,913**	**1**	**2,876,293**	**2**
	Earnings per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings per share	**$**	**0.87**		**1.01**
9850	Diluted earnings per share	**$**	**0.87**		**1.01**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only 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							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) from available-for-sale financial assets	Remeasurements of defined benefit plans	Unearned stock-based employee compensation	Total	Treasury stock	Total equity
Balance at January 1, 2018	$ 30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	-	112,035	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,319,443
Effects of retrospective application	-	-	-	-	(7,231)	(7,231)	-	112,035	(112,035)	-	-	-	-	(7,231)
Adjusted balance at January 1,2018	30,765,028	29,852,184	-	-	2,808,356	2,808,356	(3,202,161)	112,035	-	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,312,212
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	-	-	-	-	3,060,429
Other comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	(601,596)	-	26,464	-	(184,136)	-	(184,136)
Total comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	(601,596)	-	26,464	-	(184,136)	-	2,876,293
Appropriation approved by the stockholders:														
Legal reserve	-	-	281,559	-	(281,559)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(2,120,798)	-	-	-	-	-	-	-	-	-	-	-	(2,120,798)
Share of changes in equity of associates	-	44,225	-	-	-	-	-	-	-	-	-	-	-	44,225
Changes in ownership interests in subsidiaries	-	34,504	-	-	-	-	-	-	-	-	-	-	-	34,504
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	100,600	-	-	-	-	-	-	-	-	-	-	-	100,600
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	-	(1,705)	(1,705)	-	(1,705)
Retirement of restricted shares of stock issued to employees	(15,690)	1,892	-	-	-	-	-	-	-	-	13,798	13,798	-	-
Disposal of investments accounted for using the equity method	-	744	-	-	-	-	22,019	-	-	-	-	22,019	-	22,763
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	32,665	32,665	-	(32,665)	-	-	-	(32,665)	-	-
Balance at December 31, 2018	30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	-	(69,817)	-	(3,381,189)	(2,914,856)	58,268,094
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	-	-	2,632,565
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	(938,652)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	-	(218,086)	-	(938,652)	-	1,693,913
Appropriation approved by the stockholders:														
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	-	-	(2,367,699)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	-	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	-	-	64,047
Changes in ownership interests in subsidiaries	-	197,096	-	-	-	-	-	-	-	-	-	-	-	197,096
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	-	-	(57,583)
Reorgainization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	-	-	(126)
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	-	-	7,680	-	7,680
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	-	-	(30,066)	-	-
Balance at December 31, 2019	$ 30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,256	(4,187,394)	133,070	-	(287,903)	-	(4,342,227)	(2,914,856)	57,841,473

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Income before income tax	$ 3,264,535	3,912,590
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	154,529	72,016
Amortization	29,758	41,838
Interest expense	113,981	123,094
Interest income	(95,624)	(75,548)
Dividend income	(164,104)	(184,749)
Share-based compensation cost	-	(1,705)
Share of profits of subsidiaries, associates and joint ventures	(632,043)	(673,443)
Gain on disposal of equipment and intangible assets	(5,943)	(236)
Gain on lease modification	(32)	-
Loss on disposal of investments accounted for using the equity method	6,538	29,531
Gain on bargain purchase	-	(4,358)
Intangible assets and equipment reclassified to expenses	-	351
Realized profit on sales to subsidiaries, associates and joint ventures	(265)	(35,372)
Other investment loss	-	3,696
Total profit and loss	(593,205)	(704,885)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	208,252	(87,397)
Contract assets	82,442	(84,450)
Notes and accounts receivable	(512,609)	891,332
Notes and accounts receivable from related parties	1,111,461	(8,928,039)
Inventories	860,860	(269,224)
Other receivables and other current assets	295,369	(192,449)
Changes in operating assets	2,045,775	(8,670,227)
Changes in operating liabilities:		
Notes and accounts payable	(5,215,880)	(937,549)
Payables to related parties	(178,287)	179,759
Refund liabilities	205,689	(258,067)
Other payables and other current liabilities	269,600	1,559,970
Provisions	(41,701)	29,995
Contract liabilities	107,298	(139,182)
Other non-current liabilities and long-term payable to related parties	(2,971)	(43,529)
Changes in operating liabilities	(4,856,252)	391,397
Cash used in operations	(139,147)	(5,071,125)
Interest received	95,811	75,785
Income taxes paid	(507,432)	(226,341)
Net cash used in operating activities	(550,768)	(5,221,681)

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(120,000)	-
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	15,062	4,898
Proceeds from repayments of financial assets measured at fair value through profit or loss	-	14,418
Proceeds from disposal of financial assets measured at fair value through profit or loss	11,249	-
Additions to investments accounted for using the equity method	(277,432)	(592,056)
Proceeds from disposal of investments accounted for using the equity method	455,910	159,755
Proceeds from capital return of investments accounted for using the equity method	424,870	-
Proceeds from liquidation of investments accounted for using the equity method	4,210	-
Additions to property, plant and equipment	(26,573)	(39,371)
Proceeds from disposal of property, plant and equipment	1,523	2,825
Decrease (Increase) in receivables from related parties	(42,349)	153,289
Additions to intangible assets	(12,727)	(200)
Proceeds from disposal of intangible assets	9,360	524
Decrease in other non-current financial assets and other non-current assets	35,748	80,940
Cash outflows from business demerger	-	(65,640)
Dividends received	272,627	308,272
Net cash flows provided by investing activities	751,478	27,654
Cash flows from financing activities:		
Increase in long-term debt	5,800,000	-
Repayment of long-term debt	(3,300,000)	(2,700,000)
Payment of lease liabilities	(78,829)	-
Increase in loans from related parties	320,000	89,000
Cash dividends	(2,367,699)	-
Cash distributed from capital surplus	-	(2,153,552)
Interest paid	(115,753)	(124,972)
Net cash flows provided by (used in) financing activities	257,719	(4,889,524)
Net increase (decrease) in cash and cash equivalents	458,429	(10,083,551)
Cash and cash equivalents at beginning of period	3,625,154	13,708,705
Cash and cash equivalents at end of period	$ **4,083,583**	**3,625,154**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Except for Per Share Information And Otherwise Specified)

1. Organization and business

Acer Incorporated (the "Company") was incorporated on August 1, 1976, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C.

The Company primarily engages in marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Company aims at the integrated applications of Internet of Things (IoT) and service-oriented technology in the future to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

2. Authorization of the parent-company-only financial statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 18, 2020.

3. Application of new and revised accounting standards and interpretations

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") .

In preaparing the accompanying parent-company-only financial statments, the Company has adopted the following International Financial Reportng Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the Internaional Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC, with effective date from January 1,2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 *Leases*	January 1, 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	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
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Except for the following items, the initial application of the above IFRSs did not have any material impact on the parent-only's financial statements. The extent and impact of changes are as follows:

(i) IFRS 16 *Leases*

IFRS 16 replaces the existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The extent and impact of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(l).

On transition to IFRS 16, the Company elected to assess all contracts whether they are applied to the definition of lease under IFRS 16.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases of buildings, office equipments and other equipment. For leases previously classified as operating leases under IAS 17, at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at the amount equal to the lease liabilities.

In addition, the Company applied the following practical expedients upon transition to IFRS 16.

— Applied a single discount rate to a portfolio of leases with similar characteristics;

— Applied the exemption and not to recognize the right-of-use assets and lease liabilities for leases with lease term that ends within 12 months at the date of initial application;

— Excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

— Use hindsight to determine the lease term while the contract contains options to extend or terminate the lease.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

4) Impacts on financial statements

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities both amounting to $207,274 at January 1, 2019. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate. The weighted-average rate applied is 1.79%.

The reconciliation between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized at the date of initial application as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	$ 213,518
Recognition exemption for:	
Short-term leases	(233)
Leases of low-value asset	(105)
	$ 213,180
Discounted amount using the incremental borrowing rate at January 1, 2019 (Lease liabilities recognized at January 1, 2019)	$ 207,274

(b) Impact of IFRSs endorsed by the FSC but not yet in effect

According to Ruling No, 1080323028 issued by the FSC on July 29, 2019, commencing from 2020, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2020. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 *Definition of a Business*	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 *Interest Rate Benchmark Reform*	January 1, 2020
Amendments to IAS 1 and IAS 8 *Definition of Material*	January 1, 2020

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

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Notes to Parent-Company-Only Financial Statements

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

A summary of new and amended standards issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
IFRS 17 *Insurance Contracts*	January 1, 2021
Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*	January 1, 2022

The Company is currently evaluating the impact of its financial position and financial performance as a result of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
2) Financial assets measured at fair value through other comprehensive income; and
3) Net defined benefit liability measured at present value of defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

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Notes to Parent-Company-Only Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

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

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

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

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;

(Continued)

(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

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

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

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

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

(Continued)

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3) Financial assets measured at fair value through profit or loss

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

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

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and other financial assets) and contract assets.

The Company measures loss allowances for accounts receivable, contract assets and other financial assets at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

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

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

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

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

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

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

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

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights of the cash inflow from the assets are terminated, when the Company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Treasury stock

When shares recognized as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury stock. When treasury stock is sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to cover the deficiency).

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

The Company designates certain derivative instruments as either fair value hedges or cash flow hedges. At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows or fair value of the hedged item and hedging instrument are expected to offset each other.

1) Fair value hedge

Changes in the fair value of a hedging instrument that is qualified as a fair value hedge are recognized in profit or loss (or other comprehensive income, if the hedged item is equity instrument measured at FVOCI).

2) Cash flow hedge

When a derivative is designated and qualified as a cash flow hedging instrument, the effective portion of changes in the fair value is recognized in other comprehensive income and accumulated in “other equity —gains (losses) on hedging instruments”, and is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same periods when the hedged item is recognized in profit or loss, and are included in the same account in the statements of comprehensive income as the hedged item.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investments in associates and interests in joint venture

An associate is an entity over which the Company has significant influence, but not control or joint control, over their financial and operating policies.

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

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

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

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Company.

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

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

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recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss (or retained earnings).

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

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint venturers) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Carrying amount of investments in subsidiaries includes goodwill arising from initial recognition less any accumulated impairment losses, which is recognized as a reduction of carry amount. Under the equity method, profit or loss and other comprehensive income recognized in parent-company-only financial statement is in line with total comprehensive income attributable to shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statement is in line with the changes in equity attributable to owners of parent in the consolidated financial statements. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

The Company uses acquisition method for acquisitions of new subsidiaries. The goodwill arising from an acquisition is measured as the excess of the acquisition-date fair value of consideration transferred, including the amount of non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Company recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed. For each business combination, non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the fair value of acquiree's identifiable net assets.

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In an acquisition of new subsidiary achieved in batches, the Company shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. The amount previously recognized in other comprehensive income in relation to the changes in the value of the Company' s equity interest should be reclassified to profit or loss on the same basis as would be required if the Company had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(iii) Subsequent costs

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

(iv) Depreciation

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

Land is not depreciated. The estimated useful lives of property, plant and equipment are as follows: buildings－main structure - 30 to 50 years; air-conditioning system - 10 years; other equipment pertaining to buildings - 20 years; computer and communication equipment - 3 to 5 years; other equipment - 3 to 10 years.

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Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Rental income from investment property is recognized as other operating income and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(l) Leases

Applicable from January 1, 2019

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- The customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- The relevant decisions about how and for what purpose the asset is used are predetermined; and

  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for each lease component and any associated non-lease components as a single lease component.

(ii) As a lessee

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

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or;

(Continued)

— there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications in lease subject, scope of the lease or other terms.

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

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

The Company presents right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the parent-company-only balance sheets.

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

(iii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

<u>Applicable before January 1, 2019</u>

Leases are classified as finance leases when the Company assumes substantially all the risks and rewards incidental to ownership of the assets. All other leases are classified as operating leases.

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Notes to Parent-Company-Only Financial Statements

(i) The Company as lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on a straight-line basis. Incentives granted to the lessee to enter into the operating lease are recognized as a reduction of rental income over the lease term on a straight-line basis. Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) The Company as lessee

Payments made under operating leases (excluding insurance and maintenance expenses) are charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor are recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are recognized as expense in the period when the lease adjustments are confirmed.

(m) Intangible assets

(i) Goodwill

Goodwill arising from acquisitions of subsidiaries is accounted for as intangible assets. Refer to note 4(i) for the description of the measurement of goodwill at initial recognition. Goodwill arising from acquisitions of subsidiaries and associates are included in the carrying amount of investments in associates. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Trademarks

Trademarks are measured at cost. Subsequent to the initial recognition, trademarks with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. Trademarks with indefinite useful lives are carried at cost less any accumulated impairment losses and are tested for impairment annually. The useful life of an intangible asset not subject to amortization is reviewed annually at each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Any change in the useful life assessment from indefinite to definite is accounted for as a change in accounting estimate.

(iii) Other intangible assets

Other separately acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: patents - 4 to 15 years; acquired software - 1 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

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Notes to Parent-Company-Only Financial Statements

(n) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories, contract assets, and deferred tax assets) may be impaired. If any such indication exists, then the asset’ s recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset’s carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(ii) Others

Provisions for litigation claims and environmental restoration are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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ACER INCORPORATED
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(p) Revenue recognition

(i) Revenue from contracts with customers

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

1) Sale of goods

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

The Company recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term ranged from 30 to 90 days, which is consistent with the market practice.

The Company's obligation to provide a refund for faulty goods under the standard warranty terms is recognized as a provision for warranty. Please refer to note 6(n) for more explanation.

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

2) Revenue from service rendered

The Company provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

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Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Company exceed the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (eg., IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) are recognized as expenses when incurred.

(q) Government grant

A government grant is recognized in profit or loss only when there is reasonable assurance that the Company will comply with the conditions attached to it and that the grant will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognized in profit or loss in the period in which it becomes receivable.

Government grant is recognized in other operating income and expenses.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

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(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, and the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe.

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

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

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
(iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company's dilutive potential common shares include restricted shares of stock issued to employees and profit sharing for employees to be settled in the form of common stock.

(v) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

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Notes to Parent-Company-Only Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Revenue recognition (accrual of sales return and allowance)

The Company recognizes revenue when the earning process is completed. The Company also records a refund liability for estimated future returns and other allowances in the same period the related revenue is recorded. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and rapid evolution of technology could result in significant adjustments to the provision made.

(b) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The Company uses judgment and estimates to determine the net realizable value of inventory at each reporting date.

Due to rapid technological changes, the Company estimates the net realizable value of inventory, taking obsolescence and unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments. Refer to note 6(f) for further description of inventory write-downs.

(c) Impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Refer to note 6(g) for further description of the impairment of goodwill.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 664	664
Bank deposits	2,868,179	1,155,350
Time deposits	1,214,740	2,469,140
	$ 4,083,583	**3,625,154**

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Notes to Parent-Company-Only Financial Statements

(b) Financial instruments measued at fair value through profit or loss

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	$ 54,927	255,524
Non-derivative financial assets		
Convertible bonds	-	11,427
Stocks listed on foreign markets	3,428	-
	$ 58,355	266,951
Financial liabilities held for trading－current:		
Derivatives－Foreign currency forward contracts	$ (194,318)	(183,413)

The Company previously held the convertible bonds issued by StarBreeze Publishing AB (“StarBreeze”). In 2018, StarBreeze filed for reconstruction with the court due to its shortage of liquidity, and the court approved the application. Accordingly, the Company recognized a loss arising from the fair value measurement of the convertible bonds. In the second quarter of 2019, the Company exercised the conversion rights and converted the bonds into Starbreeze’s common shares.

Please refer to note 6(x) for the amounts recognized in profit or loss arising from remeasurement at fair value.

The Company entered into derivative contracts to manage foreign currency exchange risk arising from operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting consisted of the following (the contract amount was presented in USD) :

(i) Foreign currency forward contracts

December 31, 2019			
Contract amount (in thousands)		Currency	Maturity period
USD	568,000	USD / NTD	2020/01
USD	427,656	EUR / USD	2020/01~2020/05
USD	9,408	NZD / USD	2020/01~2020/05
USD	63,665	AUD / USD	2020/01~2020/09
USD	47,324	USD / JPY	2020/01~2020/08
USD	164,536	USD / INR	2020/01~2020/10

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December 31, 2018					
Contract amount (in thousands)		**Currency**			**Maturity period**
USD	681,000	USD	/	NTD	2019/01
USD	406,661	EUR	/	USD	2019/01~2019/05
USD	11,456	NZD	/	USD	2019/01~2019/06
USD	73,641	AUD	/	USD	2019/01~2019/07
USD	49,655	USD	/	JPY	2019/01~2019/09
USD	159,217	USD	/	INR	2019/01~2019/07

(c) Financial assets measued at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	$ 3,502,546	2,844,861
Unlisted stock	177,425	77,048
	$ 3,679,971	2,921,909
Current	$ 51,181	39,908
Non-current	3,628,790	2,882,001
	$ 3,679,971	2,921,909

The Company designated the investments shown above financial assets measured as at fair value through other comprehensive income because these equity instruments are held for long-term strategic purposes and not for trading. The Company did not dispose of the investments in 2019 and 2018.

(d) Notes and accounts receivable, net (measured at amortized cost)

	December 31, 2019	December 31, 2018
Notes receivable	$ 29,262	15,410
Accounts receivable	3,839,231	3,339,559
Notes and accounts receivable from related parties	21,963,643	23,075,104
	25,832,136	26,430,073
Less: loss allowance	(3,613)	(2,698)
	$ 25,828,523	26,427,375

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The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, and days past due, as well as forward looking information. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 3,188,396	0.06%	(1,979)
Past due 1-30 days	597,647	0.03%	(196)
Past due 31-60 days	61,204	0.08%	(49)
Past due 61-90 days	3,483	0.06%	(2)
Past due 91-180 days	8,575	4.56%	(391)
Past due 181 days or over	9,188	10.84%	(996)
	$ 3,868,493		(3,613)

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 3,024,218	0.06%	(1,901)
Past due 1-30 days	304,645	0.08%	(250)
Past due 31-60 days	11,360	0.77%	(87)
Past due 61-90 days	13,049	0.36%	(47)
Past due 91-180 days	1,137	3.34%	(38)
Past due 181 days or over	560	66.96%	(375)
	$ 3,354,969		(2,698)

As of December 31, 2019 and 2018, no expected credit losses was provided for abovementioned notes and accounts receivable from related parties after the management's assessment. The analysis was as follows:

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	December 31, 2019	December 31, 2018
Current	$ 19,355,582	20,440,233
Past due 1-30 days	1,755,605	1,844,757
Past due 31-60 days	652,604	582,276
Past due 61-90 days	25,391	51,651
Past due 91-180 days	84,374	64,429
Past due 181 days or over	90,087	91,758
	$ 21,963,643	23,075,104

Movements of the allowance for notes and accounts receivable were as follows:

	2019	2018
Balance at January 1	$ 2,698	14,143
Impairment losses recognized (reversed)	915	(11,077)
Write-off	-	(368)
Balance at December 31	$ 3,613	2,698

(e) Other receivables, net

	December 31, 2019	December 31, 2018
Other receivables from related parties	$ 130,046	87,697
Reimbursement of advertising expense	44,873	393,522
Purchase discount	118,835	101,337
Others	24,042	79,601
	317,796	662,157
Less: loss allowance	(477)	-
	$ 317,319	662,157

As of December 31, 2019 and 2018, except for the loss allowance fully provided for certain other receivables, no other loss allowance was provided for other receivables after management's assessment.

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(f) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 11,403,139	12,054,086
Finished goods and merchandise	975,836	1,297,990
Spare parts	67,279	71,579
Inventories in transit	272,209	167,529
	$ 12,718,463	**13,591,184**

For the years ended December 31, 2019 and 2018, the amounts of inventories recognized as cost of revenues were $152,421,436 and $154,856,570, respectively, of which $272,864 and $82,558, respectively, was the write-down of inventories to net realizable vaule.

(g) Investments accounted for using the equity method

A summary of the Company's investments accounted for using the equity method is as follows:

	December 31, 2019	December 31, 2018
Subsidiaries	$ 65,643,255	67,325,012
Associates	8,591	11,917
Joint Ventures	109,031	126,996
	$ 65,760,877	**67,463,925**

(i) For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2019.

(ii) Acquisition of Bluechip Infotech Pty Ltd. (Bluechip)

In order to strengthen the Group's connection with upstream and downstream industries of 3C products, the Company acquired 152 thousand shares of Bluechip, formerly an associate of the Company, for a cash consideration of $8,739 on March 14, 2018. After the acquisition, the Company's interest in Bluechip increased from 30.23% to 34.52%, and the Group's total ownership of Bluechip reached 50.58% after taking AOI's 16.06% interest in Bluechip into account. The Company therefore became the largest shareholder of Bluechip and obtained control over it since then.

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In accordance with IFRSs, the identifiable assets acquired and liabilities assumed at the acquisition date are measured at fair value. Based on the evaluation performed by a specialist, the consideration paid for the acquisition and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration		$ 8,739
Add: Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		105,682
Fair value of pre-existing interest in the acquiree		93,164
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$ 7,668	
Accounts receivable, net	280,568	
Inventories	201,195	
Other current assets	14,537	
Financial assets measured at fair value through other comprehensive income－non-current	13,157	
Property, plant and equipment	5,729	
Intangible assets	24,759	
Other non-current assets	9,676	
Short-term borrowings	(79,409)	
Accounts payable	(225,487)	
Other current liabilities	(19,968)	
Other non-current liabilities	(18,455)	(213,970)
Gain on bargain purchase		**$ (6,385)**

The Company remeasured the fair value of its existing 30.23% ownership of Bluechip at the acquisition date, and recognized a loss on disposal of investments of $29,531 accordingly. The resulting loss, as well as the gain on bargain purchase of $6,385, of which $4,358 were attributed to the Company, were reported in other gains and losses in the accompanying 2018 parent-company-only statement of comprehensive income.

(iii) The Company has processed an impairment test for Goodwill of investment in subsidiaries, and there was no impairment as of the test result. Please refer to the consolidated financial statements for the year ended December 31, 2019 for the evaluation of goodwill impairment.

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(iv) Associates and joint venture

Name of Associates and Joint Venture	December 31, 2019 Percentage of ownership	December 31, 2019 Carrying amount	December 31, 2018 Percentage of ownership	December 31, 2018 Carrying amount
Associates:				
Aegis Semiconductor Technology Inc. ("ATI")	19.39	$ -	19.39	3,068
Others	-	8,591	-	8,849
Joint Venture:				
Smart Frequency Technology Inc. ("SFT", note(i))	55.00	109,031	55.00	126,996
		$ 117,622		138,913

Note (i): According to the joint venture agreement with a third party, the Company and the other party have joint control over SFT. Accordingly, this investment is accounted for using the equity method.

	2019	2018
The Company's share of net income (loss) of the associates:		
Net income (loss)	$ (258)	1,164
Other comprehensive loss	-	(1,847)
Total comprehensive loss	$ (258)	(683)

	2019	2018
The Company's share of net loss of the joint venture:		
Net loss	$ (17,965)	(5,004)
Other comprehensive income	-	-
Total comprehensive loss	$ (17,965)	(5,004)

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(h) Property, plant and equipment

The movements of cost, and accumulated depreciation and impairment loss of the property, plant and equipment were as follows:

	Land	Buildings	Computer and communication equipment	Other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2019	$ 963,542	1,413,085	607,440	280,798	3,264,865
Additions	-	21,060	3,194	2,319	26,573
Disposals	-	(647)	(14,631)	(2,374)	(17,652)
Reclassifications	-	(20,274)	11,861	-	(8,413)
Balance at December 31, 2019	**$ 963,542**	**1,413,224**	**607,864**	**280,743**	**3,265,373**
Balance at January 1, 2018	$ 962,261	1,401,612	652,313	259,262	3,275,448
Additions	-	2,830	10,359	26,182	39,371
Disposals	-	-	(68,631)	(4,260)	(72,891)
Reclassifications	1,281	8,643	13,399	(386)	22,937
Balance at December 31, 2018	**$ 963,542**	**1,413,085**	**607,440**	**280,798**	**3,264,865**
Accumulated depreciation and impairment loss:					
Balance at January 1, 2019	$ 126,540	987,576	557,671	238,022	1,909,809
Depreciation	-	24,683	24,806	13,462	62,951
Disposals	-	(647)	(14,587)	(1,668)	(16,902)
Reclassifications	-	(1,370)	-	-	(1,370)
Balance at December 31, 2019	**$ 126,540**	**1,010,242**	**567,890**	**249,816**	**1,954,488**
Balance at January 1, 2018	$ 126,540	961,048	598,856	230,423	1,916,867
Depreciation	-	25,326	26,106	10,693	62,125
Disposals	-	-	(67,291)	(3,011)	(70,302)
Reclassifications	-	1,202	-	(83)	1,119
Balance at December 31, 2018	**$ 126,540**	**987,576**	**557,671**	**238,022**	**1,909,809**
Carrying amounts:					
Balance at December 31, 2019	**$ 837,002**	**402,982**	**39,974**	**30,927**	**1,310,885**
Balance at December 31, 2018	**$ 837,002**	**425,509**	**49,769**	**42,776**	**1,355,056**

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(i) Right-of-use assets

	Buildings	Other equipment	Total
Cost:			
Balance at January 1, 2019	$ -	-	-
Effects of inital application of IFRS 16	203,942	3,332	207,274
Additions	9,635	-	9,635
Lease modifications	(5,215)	-	(5,215)
Balance at December 31, 2019	**208,362**	**3,332**	**211,694**
Accumulated depreciation:			
Balance at January 1, 2019	$ -	-	-
Effects of inital application of IFRS 16	-	-	-
Depreciation	77,867	1,973	79,840
Lease modifications	(1,195)	-	(1,195)
Balance at December 31, 2019	**$ 76,672**	**1,973**	**78,645**
Carrying amount:			
Balance at December 31, 2019	**$ 131,690**	**1,359**	**133,049**

The Company leased abovementioned assets under an operating leases in 2018, please refer to note 6(o).

(j) Investment property

	Land	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2019	$ 1,305,066	3,217,625	4,522,691
Reclassifications	-	20,274	20,274
Balance at December 31, 2019	**$ 1,305,066**	**3,237,899**	**4,542,965**
Balance at January 1, 2018	$ 1,306,347	3,219,986	4,526,333
Reclassifications	(1,281)	(2,361)	(3,642)
Balance at December 31, 2018	**$ 1,305,066**	**3,217,625**	**4,522,691**
Accumulated depreciation and impairment loss:			
Balance at January 1, 2019	$ 427,047	2,825,945	3,252,992
Depreciation	-	11,738	11,738
Reclassifications	-	1,370	1,370
Balance at December 31, 2019	**$ 427,047**	**2,839,053**	**3,266,100**
Balance at January 1, 2018	$ 427,047	2,810,974	3,238,021
Depreciation	-	9,891	9,891
Reclassifications	-	5,080	5,080
Balance at December 31, 2018	**$ 427,047**	**2,825,945**	**3,252,992**

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	Land	Buildings	Total
Carrying amounts:			
Balance at December 31, 2019	$ 878,019	398,846	1,276,865
Balance at December 31, 2018	$ 878,019	391,680	1,269,699
Fair value:			
Balance at December 31, 2019			$ 1,578,696
Balance at December 31, 2018			$ 1,610,930

The fair value of the investment property is determined by referring to the market price of similar real estate transaction, the valuation (the inputs used in the fair value measurement were classified to level 3) by an independent appraiser or the value in use of the investment property. The value in use is the present value of the future cash flows from continuous lease activities. On December 31, 2019 and 2018, the estimated discount rate used for calculating the present value of the future cash flows was 5.40% and 6.13%, respectively.

(k) Intangible assets

The movements of costs, and accumulated amortization and impairment loss of intangible assets were as follows:

	Goodwill	Trademarks and trade names	Patent	Software	Total
Net balance at January 1, 2019:					
Cost	$ 166,604	7,489,298	1,360,680	658,246	9,674,828
Accumulated amortization and impairment loss	-	(7,489,298)	(1,310,868)	(645,526)	(9,445,692)
Net balance at January 1, 2019	166,604	-	49,812	12,720	229,136
Additions	-	-	-	12,727	12,727
Disposals	-	-	(4,190)	-	(4,190)
Amortization	-	-	(20,058)	(9,700)	(29,758)
Net balance at December 31, 2019	$ 166,604	-	25,564	15,747	207,915
Net balance at December 31, 2019:					
Cost	$ 166,604	7,489,298	1,344,680	669,968	9,670,550
Accumulated amortization and impairment loss	-	(7,489,298)	(1,319,116)	(654,221)	(9,462,635)
	$ 166,604	-	25,564	15,747	207,915
Net balance at January 1, 2018:					
Cost	$ 166,604	7,489,298	1,360,680	655,726	9,672,308
Accumulated amortization and impairment loss	-	(7,489,298)	(1,285,286)	(635,732)	(9,410,316)
Net balance at January 1, 2018	166,604	-	75,394	19,994	261,992
Additions	-	-	-	200	200
Disposals	-	-	-	(524)	(524)
Reclassifications	-	-	-	9,306	9,306
Amortization	-	-	(25,582)	(16,256)	(41,838)
Net balance at December 31, 2018	$ 166,604	-	49,812	12,720	229,136
Net balance at December 31, 2018:					
Cost	$ 166,604	7,489,298	1,360,680	658,246	9,674,828
Accumulated amortization and impairment loss	-	(7,489,298)	(1,310,868)	(645,526)	(9,445,692)
	$ 166,604	-	49,812	12,720	229,136

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The amortization and impairment loss of intangible assets were included in operating expenses of the parent-company-only statements of comprehensive income.

(l) Long-term debt

Type of Loan	Creditor	Credit Line	Term	December 31, 2019	December 31, 2018
Unsecured loan	Bank of Taiwan	The term tranche of $4 billion may be withdrawn separately.	The interest is paid monthly starting November 2017. The principal will be repaid in lump sum amount when due in September 2020. Interest rate is adjusted quarterly. The loan was repaid early in September 2019.	$ -	3,300,000
		The term tranche of $4 billion may be withdrawn separately.	The interest is paid monthly starting September 2019. The principal will be repaid in lump sum amount when due in September 2022. Interest rate is adjusted quarterly.	3,300,000	-
	DBS Bank	The term tranche of $1 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly.	1,000,000	-
	Taipei Fubon Commercial Bank	The term tranche of $1.5 billion; revolving credits are allowed.	The interest is paid monthly starting June 2019. The principal will be repaid in lump sum amount when due in June 2021. Interest rate is adjusted quarterly.	1,500,000	-
				$ 5,800,000	3,300,000
Unused credit facilities				$ 1,900,000	2,400,000
Interest rate				1.10~1.34%	1.30%

No financial covenants were required for the unsecured loan agreements with Bank of Taiwan, DBS Bank and Taipei Fubon Commercial Bank in 2019. Please refer to note 6(x) for related interest expense from the abovementioned bank loans.

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(m) Lease liabilities

(i) The carrying amounts of lease liabilities were as follows:

	December 31, 2019
Current	$ 73,195
Non-current	$ 60,833

Please refer to note 6(z) for maturity analysis.

(ii) The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 3,092
Expenses relating to short-term leases	$ 1,233
Expenses relating to leases of low-value assets	$ 36

(iii) The amounts recognized in the statement of cash flows for the Company was as follows:

	2019
Total cash outflow for leases	$ 83,190

(iv) Major terms of leases

The Company leases buildings, vehicles, office equipment, and miscellaneous equipment with lease terms from 1 to 6 years. As certain leases of office and miscellaneous equipment meet the definition of short-term lease or lease of low-value assets, the Company has elected to apply exemption and not to recognize right-of-use assets and lease liabilities.

(n) Provisions

	Warranties	Litigation	Environmental protection	Total
Balance at January 1, 2019	$ 469,506	215,131	73,904	758,541
Additions	183,336	-	46,489	229,825
Amount utilized	(223,965)	-	(42,391)	(266,356)
Effect of exchange rate changes	(781)	(4,389)	-	(5,170)
Balance at December 31, 2019	$ 428,096	210,742	78,002	716,840
Current	$ 428,096	210,742	78,002	716,840
Non-current	-	-	-	-
	$ 428,096	210,742	78,002	716,840
Balance at January 1, 2018	$ 453,232	208,936	66,378	728,546
Additions	246,921	-	47,845	294,766
Amount utilized	(233,431)	-	(40,319)	(273,750)
Effect of exchange rate changes	2,784	6,195	-	8,979
Balance at December 31, 2018	$ 469,506	215,131	73,904	758,541

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	Warranties	Litigation	Environmental protection	Total
Current	$ 469,506	215,131	73,904	758,541
Non-current	-	-	-	-
	$ 469,506	**215,131**	**73,904**	**758,541**

(i) Warranties

The provision for warranties is made based on the number of units sold currently under warranty, historical rates of warranty claim on those units, and cost per claim to satisfy the warranty obligation. The Company reviews the estimation basis on an ongoing basis and revises it when appropriate.

(ii) Litigation

Litigation provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

(iii) Environmental protection

An environmental protection provision is made when products are sold and is estimated based on historical experience.

(o) Operating lease

(i) Lessee

The Company leased offices and warehouses under operating leases before December 31, 2018. The future minimum lease payments under non-cancellable operating leases were as follows:

	December 31, 2018
Less than 1 year	$ 83,652
Between 1 year and 5 years	129,866
	$ 213,518

For the year ended December 31, 2018, rental expenses of $90,363 was recognized and included in the operating expenses.

(ii) Lessor

The Company leases its investment property to others. The Company has classified these leases as operating leases as it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets to lessees. Please refer to note 6(j) for the information of investment property.

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

	December 31, 2019
Less than 1 year	$ 129,713
1 year to 2 years	50,069
2 years to 3 years	27,461
3 years to 4 years	16,652
4 years to 5 years	7,404
Over 5 years	4,510
Total undiscounted lease payments	**$ 235,809**

The future minimum lease payments under non-cancellable leases on December 31, 2018, were as follows:

	December 31, 2018
Less than 1 year	$ 85,471
1 year to 5 years	97,256
Over 5 years	903
	$ 183,630

In 2019 and 2018, the rental income from investment property amounted to $140,141 and $115,359, respectively. Related repair and maintenance expenses recognized were as follows:

	2019	2018
Arising from investment property that generated rental income during the period	$ 36,549	31,998
Arising from investment property that did not generate rental income during the period	24,957	27,731
	$ 61,506	**59,729**

(p) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities for defined benefit plans was as follows:

	December 31, 2019	December 31, 2018
Present value of benefit obligations	$ 892,600	895,574
Fair value of plan assets	(346,535)	(358,844)
Net defined benefit liabilities (reported under other non-current liabilities)	**$ 546,065**	**536,730**

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

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The Company also established pension funds in accordance with the "Regulations Governing the Management, Investment, and Distribution of the Employees' Retirement Fund Established by a Profit-seeking Enterprise", which are funded by time deposits and bank deposits deposited in the designated financial institutions. The administration of pension funds is separate from the Company, and the principal and interest from such funds shall not be used in any form except for the payment of pension and severance to employees.

As of December 31, 2019 and 2018, the balances of aforementioned pension funds were $346,535 and $358,844, respectively. For information on the domestic labor pension fund assets (including the asset portfolio and yield of the fund), please refer to the website of the Bureau of Labor Funds.

2) Movements in present value of the defined benefit obligations

		2019	2018
Defined benefit obligations at January 1	$	895,574	838,932
Current service costs		10,345	12,150
Interest expense		10,021	11,484
Remeasurement on the net defined benefit liabilities:			
Actuarial loss (gain) arising from experience adjustments		36,097	35,510
Actuarial loss (gain) arising from changes in financial assumption		12,127	25,845
Benefits paid by the plan		(34,856)	(29,761)
Liabilities (transferred) assumed due to the Group's employee shift		(36,708)	1,414
Defined benefit obligations at December 31	$	**892,600**	**895,574**

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3) Movements in fair value of plan assets

	2019	2018
Fair value of plan assets at January 1	$ 358,844	350,932
Remeasurement on the net defined benefit liabilities		
Return on plan assets (excluding amounts included in net interest expense)	8,785	7,170
Benefits paid by the plan	(34,856)	(29,761)
Interest income	2,901	3,527
Contributions by the employer	29,569	30,353
Payments to related parties for transferred employees	(11,409)	-
Loss on curtailment	(7,299)	(3,377)
Fair value of plan assets at December 31	**$ 346,535**	**358,844**

4) Changes in the effect of the asset ceiling

In 2019 and 2018, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	2019	2018
Current service costs	$ 10,345	12,150
Net interest expense	7,120	7,957
Loss on curtailment	7,299	3,377
	$ 24,764	**23,484**
Classified under operating expense	**$ 24,764**	**23,484**

6) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

	2019	2018
Cumulative amount at January 1	$ (293,752)	(239,567)
Recognized during the period	(39,439)	(54,185)
Cumulative amount at December 31	**$ (333,191)**	**(293,752)**

7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2019	December 31, 2018
Discount rate	1.000 %	1.125 %
Future salary increases rate	3.000 %	3.000 %

The Company expects to make contribution of $28,949 to the defined benefit plans in the year following December 31, 2019. The weighted average duration of the defined benefit plans is 13.80 years.

8) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2019 and 2018.

	December 31, 2019		December 31, 2018	
	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Discount rate	**$ (24,024)**	**24,950**	**(25,845)**	**26,847**
Future salary increasing rate	**$ 23,954**	**(23,191)**	**25,812**	**(25,005)**

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is consistent with the calculation of the net defined benefit liabilities recognized in the balance sheets. The method and assumptions used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2019 and 2018, the Company recognized pension expenses of $82,052 and $81,147, respectively, which had been contributed to the Bureau of Labor Insurance, in relation to the defined contribution plans.

(q) Income taxes

(i) The components of income tax expense were as follows:

	2019	2018
Current income tax expense		
Current period	$ 536,737	433,038
Adjustments for prior years	-	22,475
	536,737	455,513
Deferred tax expense		
Origination and reversal of temporary differences	31,671	378,120
Adjustment in tax rate	-	111,211
Change in unrecognized deductible temporary differences	63,562	(92,683)
	95,233	396,648
Income tax expense	**$ 631,970**	**852,161**

The components of income tax benefit (expense) recognized in other comprehensive income were as follows:

	2019	2018
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	$ 7,888	18,024
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	(3,429)
	$ 7,888	**14,595**

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Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the statements of comprehensive income was as follows:

	2019	2018
Income before taxes	$ 3,264,535	3,912,590
Income tax using the Company’s statutory tax rate	$ 652,907	782,518
Adjustments for prior-year income tax expense	-	22,475
Adjustment in tax rate	-	111,211
Undistributed earnings additional tax	279	-
Change in unrecognized temporary differences	63,562	(92,683)
Others	(84,778)	28,640
	$ 631,970	852,161

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	December 31, 2019	December 31, 2018
Unrecognized deferred income tax assets:		
Loss associated with investments in subsidiaries	$ 2,958,591	3,260,493
Deductible temporary differences	1,493,019	1,860,844
	$ 4,451,610	5,121,337

The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

2) Unrecognized deferred income tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2019 and 2018. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities. The related amounts were as follows:

	December 31, 2019	December 31, 2018
Profits associated with investments in subsidiaries	$ 2,745,281	3,193,633

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3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

	Foreign currency translation differences	Remeasurements of defined benefit plans	Accrued expenses and costs	Total
Balance at January 1, 2019	$ -	62,949	265,000	327,949
Recognized in profit or loss	-	-	638,004	638,004
Recognized in other comprehensive income	-	7,888	-	7,888
Balance at December 31, 2019	**$ -**	**70,837**	**903,004**	**973,841**
Balance at January 1, 2018	$ 3,429	44,296	-	47,725
Recognized in profit or loss	-	-	265,000	265,000
Recognized in other comprehensive income (loss)	(3,429)	18,653	-	15,224
Balance at December 31, 2018	**$ -**	**62,949**	**265,000**	**327,949**

Deferred income tax liabilities:

	Income from investments accounted for using the equity method	Others	Total
Balance at January 1, 2019	$ 1,374,383	76,153	1,450,536
Recognized in profit or loss	668,873	64,364	733,237
Balance at December 31, 2019	**$ 2,043,256**	**140,517**	**2,183,773**
Balance at January 1, 2018	$ 639,023	149,236	788,259
Recognized in profit or loss	735,360	(73,712)	661,648
Recognized in other comprehensive loss	-	629	629
Balance at December 31, 2018	**$ 1,374,383**	**76,153**	**1,450,536**

(iii) No income tax was recognized directly in equity for 2019 and 2018.

(iv) The Company's income tax returns for the years through 2017 were examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

The Company had issued 17,460 thousand shares of restricted stock to its employees on August 26, 2014. In 2018, the Company recalled 1,569 thousand shares of restricted stock from certain employees due to their resignation and retirement, as well as failing to meet certain vesting conditions. The Board of Directors had approved the capital reductions for retirement of restricted shares issued to employees and the related registration process has been completed.

As of December 31, 2019 and 2018, the Company had issued 5,805 thousand units and 5,858 thousand units, respectively, of global depository receipts (GDRs). The GDRs were listed on the London Stock Exchange, and each GDR represents five common shares.

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As of December 31, 2019 and 2018, the Company's authorized shares of common stock consisted of 4,000,000 thousand and 3,500,000 thousand shares, respectively, of which 3,074,934 thousand shares were issued. The par value of the Company's common stock is $10 per share. All issued shares were paid up upon issuance.

Certain shares of common stock were not outstanding as they were held by the Company's subsidiaries or were non-vested restricted stock. The movements in outstanding shares of common stock were as follows (in thousands of shares):

	2019	2018
Balance at January 1	3,028,188	3,026,277
Vested restricted stock	-	1,911
Balance at December 31	**3,028,188**	**3,028,188**

(ii) Capital surplus

		December 31, 2019	December 31, 2018
Paid-in capital in excess of par value	$	11,101,376	11,101,376
Surplus from mergers		16,027,221	16,027,221
Surplus related to treasury stock transactions and cash dividend		376,607	340,556
Difference between consideration and carrying amount of subsidiaries acquired or disposed		43,017	100,600
Employee share options		90,000	90,000
Surplus from equity-method investments		514,741	253,598
	$	**28,152,962**	**27,913,351**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Legal reserve, special reserve, and dividend policy

The Company's Articles of Incorporation, amended on June 14, 2019, stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to stockholders. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings. The distributable dividends in whole or in part will be paid in cash by the Company after a resolution has been adopted by a majority vote at a meeting of the Board of

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Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Since the Company operates in an industry experiencing rapid change and development, earnings are distributed in consideration of the current year's earnings, the overall economic environment, related laws and decrees, and the Company's long-term development and stability in its financial position. The Company has adopted a stable dividend policy, in which a cash dividend comprises at least 10% of the total dividend distribution.

Additionally, if the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

In accordance with Ruling No. 1010047490 issued by the FSC on November 21, 2012, a special reserve shall be retained at an amount equal to the proportionate share of the carrying value of the treasury stock held by subsidiaries in excess of the market value at the reporting date. The special reserve may be reversed when the market value recovers in subsequent periods.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On June 14, 2019, the Company's shareholders approved an appropriation of legal reserve and special reserve of $306,043 and $406,544, respectively, as well as the distribution of cash dividends amounting to $2,367,699 ($0.77 per share), of which $36,051 was distributed to the subsidiaries holding the Company's common shares.

On June 15, 2018, the Company's shareholders approved an appropriation of legal reserve and special reserve of $281,559 and $2,534,028, respectively. Additionally, the Company's shareholders decided to distribute cash deriving from the capital surplus of $2,153,552 ($0.7 per share), of which $32,754 was distributed to the subsidiaries holding the Company's common shares. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of 2019 earnings had been proposed by the Company's Board of Directors on March 18, 2020, which included the appropriations of legal reserve and special reserve of $266,250 and $1,035,693, respectively, as well as the distribution of cash deriving from the capital surplus of $1,014,728 ($0.33 per share). In addition, the Company's Board of Directors had approved the distribution of cash dividends amounting to $1,352,971 ($0.44 per share).

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(iv) Treasury stock

As of December 31, 2019 and 2018, details of the GDRs (for the implementation of an overseas employee stock option plan) held by subsidiary ASCBVI and the Company's common stock held by subsidiaries ASCBVI (to maintain the Company's shareholders' equity), CCI (to maintain the Company's shareholders' equity), and ETEN (resulting from the acquisition of ETEN) were as follows (expressed in thousands of shares):

	December 31, 2019		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	389,291
GDRs	24,937	1,969,617	435,442
	46,746	**$ 2,914,856**	**824,733**

	December 31, 2018		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	424,185
GDRs	24,937	1,969,617	475,167
	46,746	**$ 2,914,856**	**899,352**

According to the Securities and Exchange Act, treasury stock cannot be collateralized. In addition, treasury shares do not bear shareholder rights prior to being sold to third parties. Moreover, the number of treasury shares shall not exceed 10% of the number of common shares issued. The total amount of treasury stock shall not exceed the sum of retained earnings, paid-in capital in excess of par value, and other realized capital surplus.

(v) Other equity items (net after tax)

1) Foreign currency translation differences:

	2019	**2018**
Balance at January 1	$ (2,789,146)	(3,202,161)
Generated by the Company:		
Foreign exchange differences arising from translation of foreign operations	(1,405,928)	392,843
Share of other comprehensive loss of associates	-	(1,847)
Reclassified to profit or loss as a result of disposal of subsidiaries	7,680	-
Reclassified to profit or loss as a result of disposal of associates	-	22,019
Balance at December 31	**$ (4,187,394)**	**(2,789,146)**

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2) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:

	2019	2018
Balance at January 1 (per IAS 39)		-
Adjustment on initial application of IFRS 9		112,035
Balance at January 1 (per IFRS 9)	$ (522,226)	112,035
Generated by the Company:		
Change in fair value of financial assets measured at fair value through other comprehensive income	653,124	(384,772)
Share of other comprehensive loss of subsidiaries and associates	32,238	(216,824)
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	(30,066)	(32,665)
Balance at December 31	**$ 133,070**	**(522,226)**

3) Remeasurement of defined benefit plans:

	2019	2018
Balance at January 1	$ (69,817)	(96,281)
Change in the period (generated by the Company)	(31,551)	(36,161)
Share of other comprehensive income (loss) of subsidiaries	(186,535)	62,625
Balance at December 31	**$ (287,903)**	**(69,817)**

4) Unearned compensation cost:

	2019	2018
Balance at January 1	$ -	(12,093)
Change in the period	-	12,093
Balance at December 31	**$ -**	**-**

(s) Share-based payment

During their meeting on June 18, 2014, the Company's shareholders approved a resolution to issue 50,000 thousand shares of restricted stock to full-time employees who conformed to certain requirements. The Company has filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance.

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On August 26, 2014, the Company issued 17,460 thousand shares of restricted stock to its employees. The employees who were granted restricted stock are entitled to purchase the shares of restricted stock at the exercise price of $0. The vesting period of the restricted stock is 1~4 years subsequent to the grant date, and the restricted shares of stock will be vested from 0% to 25% considering the Company's and individual employee's performance conditions. The restricted stock received by the employees shall be deposited and held in an escrow account and could not be sold, pledged, transferred, gifted, or disposed of in any other forms during the vesting period; nevertheless, the rights of a shareholder (such as voting and election at the shareholders' meeting) are the same as the rights of the Company's shareholders but are executed by the custodian. During the vesting period, the restricted shares of stock are entitled to any earnings distribution. The Company will take back the restricted stock from employees and retire those shares when the vesting conditions cannot be met.

The movements in number of restricted shares of stock issued (in thousands) in 2019 and 2018 were as follows:

	2019	2018
Unvested shares at January 1	-	3,360
Forfeited during the period	-	(1,449)
Vested shares	-	(1,911)
Unvested shares at December 31	-	-

The fair value of the restricted stock was $24.15 (in New Taiwan dollars) per share, which was determined by reference to the closing price of the Company's common stock traded on the Taiwan Stock Exchange at the grant date. For the years ended December 31 2018, the compensation cost reversed for the restricted stock amounted $1,705, which was reported in the operating expenses.

(t) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the earnings attributable to the shareholders of the Company divided by the weighted-average number of common shares outstanding as follows:

	2019	2018
Net income attributable to the ordinary shareholders of the Company	$ 2,632,565	3,060,429
Weighted-average number of ordinary shares outstanding (in thousands)	3,028,188	3,026,914
Basic earnings per share (in New Taiwan dollars)	$ 0.87	1.01

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(ii) Diluted earnings per share

	2019	2018
Net income attributable to the ordinary shareholders of the Company	$ **2,632,565**	**3,060,429**
Weighted-average number of ordinary shares outstanding (in thousands)	3,028,188	3,026,914
Effect of dilutive potential common stock (in thousands):		
Restricted stock issued to employees	-	2,143
Effect of employee remuneration in stock	9,446	9,387
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock) (in thousands)	**3,037,634**	**3,038,444**
Diluted earnings per share (in New Taiwan dollars)	$ **0.87**	**1.01**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2019		
	IT Hardware Products	**Others**	**Total**
Primary geographical markets:			
EMEA	$ 60,583,905	9,046,968	69,630,873
Pan America	39,329,923	9,627,419	48,957,342
Asia Pacific	45,490,376	9,580,813	55,071,189
	$ **145,404,204**	**28,255,200**	**173,659,404**

	2018		
	IT Hardware Products	**Others**	**Total**
Primary geographical markets:			
EMEA	$ 64,576,128	3,816,252	68,392,380
Pan America	42,253,228	8,384,824	50,638,052
Asia Pacific	47,572,412	11,350,233	58,922,645
	$ **154,401,768**	**23,551,309**	**177,953,077**

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(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable (including receivables from related parties)	$ 25,832,136	26,430,073	18,445,552
Less: loss allowance	(3,613)	(2,698)	(14,143)
	$ 25,828,523	**26,427,375**	**18,431,409**
Contract assets－current	**$ 2,008**	**84,450**	**-**
Contract liabilities－current	**$ 107,298**	**122,994**	**150,830**
Contract liabilities－non-current	**$ -**	**491,976**	**603,322**

Please refer to note 6(d) for details on notes and accounts receivable and related loss allowance.

The major changes in the balance of contract assets and liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer’s payment.

(v) Remuneration to employees and directors

The Company’s Articles of Incorporation require that annual earning shall first be offset against any deficit, then, a minimum of 4% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors’ remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2019 and 2018, the Company accrued its remuneration to employees amounting to $138,000 and $163,313, respectively, and the remuneration for directors of $5,685 and $6,911, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. The difference between accrual and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

Except that the remuneration to directors for 2019 resolved by the Company's Board of Directors on March 18, 2020 was $5,697, the other aforementioned accrued remunerations to employees and directors were the same as the amounts resolved by the Board of Directors on March 18, 2020 and March 20, 2019, respectively, which were all paid in cash.

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

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(w) Other operating income and expenses – net

	2019	2018
Rental income	$ 158,019	129,896
Government grants	454	1,050
	$ 158,473	**130,946**

(x) Non-operating income and loss

(i) Other income

	2019	2018
Interest income from bank deposits	$ 95,414	73,172
Other interest income	210	2,376
Dividend income	164,104	184,749
	$ 259,728	**260,297**

(ii) Other gains and losses

	2019	2018
Gain on disposal of property, plant and equipment and intangible assets	$ 5,943	236
Foreign currency exchange gain (loss), net	227,370	(824,296)
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(98,241)	1,196,992
Gain on bargain purchase (note 6(g))	-	4,358
Loss on disposal of investments accounted for using the equity method (note 6(g))	(6,538)	(29,531)
Other investment loss	-	(3,696)
Others (note 7(b)-(v))	58,295	31,014
	$ 186,829	**375,077**

(iii) Finance costs

	2019	2018
Interest expense from bank loans	$ 99,481	112,096
Interest expense on lease liabilities	3,092	-
Others	11,408	10,998
	$ 113,981	**123,094**

(y) Financial instruments and fair value information

(i) Categories of financial instruments

1) Financial assets

	December 31, 2019	December 31, 2018
Financial assets measured at fair value through profit or loss	$ 58,355	266,951
Financial assets measured at fair value through other comprehensive income	3,679,971	2,921,909
Financial assets measured at amortized cost:		
Cash and cash equivalents	4,083,583	3,625,154
Notes and accounts receivable and other receivables (including receivables from related parties)	26,145,842	27,089,532
Other financial assets – non-current	91,717	108,484
	$ 34,059,468	34,012,030

2) Financial liabilities

	December 31, 2019	December 31, 2018
Financial liabilities measued at fair value through profit or loss	$ 194,318	183,413
Financial liabilities measured at amortized cost:		
Notes and accounts payable (including payables to related parties)	28,144,721	33,369,555
Other payables (including payables to related parties)	15,951,138	14,672,434
Lease liabilities (including current and non-current)	134,028	-
Long-term debt	5,800,000	3,300,000
	$ 50,224,205	51,525,402

(ii) Fair value information

1) financial instruments not measured at fair value

The Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The following financial instruments are measured at fair value on a recurring basis.

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The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	December 31, 2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	54,927	-	54,927
Stock listed on foreign markets	3,428	-	-	3,428
	$ 3,428	**54,927**	**-**	**58,355**
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 3,502,546	-	-	3,502,546
Unlisted stock	-	-	177,425	177,425
	$ 3,502,546	**-**	**177,425**	**3,679,971**
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	**$ -**	**(194,318)**	**-**	**(194,318)**

	December 31, 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	255,524	-	255,524
Convertible bonds	-	11,427	-	11,427
	$ -	**266,951**	**-**	**266,951**
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 2,844,861	-	-	2,844,861
Unlisted stock	-	-	77,048	77,048
	$ 2,844,861	**-**	**77,048**	**2,921,909**
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	**$ -**	**(183,413)**	**-**	**(183,413)**

There were no transfers among fair value hierarchies for the years ended December 31, 2019 and 2018.

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3) Movement in financial assets included Level 3 fair value hierarchy

	2019 Financial assets measured at fair value through other comprehensive income	2018 Financial assets measured at fair value through other comprehensive income
Balance at January 1	$ 77,048	-
Adjustment on initial application of IFRS 9 on January 1, 2018		69,095
		69,095
Total gains or losses:		
Recognized in other comprehensive income	(4,561)	7,953
Additions	120,000	-
Disposals	(15,062)	-
Balance at December 31	**$ 177,425**	**77,048**

The abovementioned total gains or losses were included in “unrealized gain (loss) from financial assets measured at fair value through other comprehensive income”. The gains or losses attributable to the financial assets held on December 31, 2019 and 2018 were as follows:

	2019	**2018**
Total gains or losses:		
Recognized in other comprehensive income (included in “unrealized gain (loss) from financial assets measured at fair value through other comprehensive income”)	**$ (4,561)**	**7,953**

4) Valuation techniques and inputs used for financial instruments measured at fair value

a) The fair values of financial assets with standard terms and conditions and traded on active markets are determined with reference to quoted market prices (e.g. listed stocks).

b) The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants that are readily available to the Company. The fair value of foreign currency forward contracts is computed individually by each contract using the valuation technique.

c) The fair value of unlisted stocks in Level 3 fair value hierarchy is estimated by using the market approach and is determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators. The significant unobservable input is the liquidity discount. No quantitative information is disclosed due to the possible changes in liquidity discount would not cause significant potential financial impact.

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(iii) Offsetting of financial assets and liabilities

The Company has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32; the related financial assets and liabilities are presented in the balance sheets on a net basis.

The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2019

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	$ 30,470,429	26,605,549	3,864,880	-	-	3,864,880

December 31, 2019

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	$ 54,627,650	26,605,549	28,022,101	-	-	28,022,101

December 31, 2018

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts receivable, net	$ 34,712,088	31,359,817	3,352,271	-	-	3,352,271

December 31, 2018

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash collateral received	(e)=(c)-(d)
Notes and accounts payable	$ 64,597,798	31,359,817	33,237,981	-	-	33,237,981

(z) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

The Board of Directors are responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company's management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

2) Concentration of credit risk

The Company primarily sells and markets its multi-branded IT products through its subsidiaries and distributors in different geographic areas. The Company believes that there is no significant concentration of credit risk due to the Company's large number of customers and their wide geographical spread.

3) Credit risk from receivables

Please refer to note 6(d) for credit risk exposure of notes and accounts receivable. Other financial assets measured at amortized cost include other receivables (refer to note 6(e)), time deposits (classified as other financial assets), etc. Abovementioned financial assets are considered low-credit-risk financial assets, and thus, the loss allowance are measured using 12 months ECL. Please refer to note 4(f) for descriptions about how the Company determines the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2019 and 2018, the Company had unused credit facilities of $30,111,055 and $28,740,628, respectively.

The table below is the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and estimated interest.

		Contractual cash flows	Within 1 year	1-2 years	2-5 years
December 31, 2019					
Non-derivative financial liabilities:					
Long-term debt carrying floating interest rates	$	5,946,097	68,800	2,552,136	3,325,161
Notes and accounts payable (including related parties)		28,144,721	28,144,721	-	-
Other payables (including related parties)		15,951,138	13,874,112	2,077,026	-
Lease liability		136,534	74,987	52,217	9,330
	$	**50,178,490**	**42,162,620**	**4,681,379**	**3,334,491**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross					
Outflow	$	45,261,197	45,261,197	-	-
Inflow		(45,171,564)	(45,171,564)	-	-
	$	**89,633**	**89,633**	**-**	**-**
December 31, 2018					
Non-derivative financial liabilities:					
Long-term debt carrying floating interest rates	$	3,375,075	42,900	3,332,175	-
Notes and accounts payable (including related parties)		33,369,555	33,354,379	15,176	-
Other payables (including related parties)		14,672,434	12,752,013	1,920,421	-
	$	**51,417,064**	**46,149,292**	**5,267,772**	**-**
Derivative financial instruments:					
Foreign currency forward contracts－settled in gross					
Outflow	$	53,217,864	53,217,864	-	-
Inflow		(53,404,905)	(53,404,905)	-	-
	$	**(187,041)**	**(187,041)**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, and will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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The Company utilizes derivative financial instruments to manage market risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Company. The foreign currencies used in these transactions are mainly the US dollar (USD), Euro (EUR), Indian Rupee (INR), Australian Dollar (AUD), Japanese yen (JPY), etc. The Company utilizes foreign currency forward contracts to hedge its foreign currency exposure with respect to its forecast sales and purchases over the following 12 months.

Exposure to foreign currency risk and sensitivity analysis:

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable/payable (including related parties), and other receivables/ payables (including related parties) that are denominated in foreign currency. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the functional currency of the Company and their sensitivity analysis were as follows:

(in thousands)

	December 31, 2019				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
EUR	$ 78,612	33.7579	2,653,776	1 %	26,538
USD	591,500	30.1060	17,807,699	1 %	178,077
INR	10,530,634	0.4218	4,441,821	1 %	44,418
AUD	88,705	21.1374	1,874,993	1 %	18,750
JPY	4,408,139	0.2772	1,221,936	1 %	12,219
Financial liabilities					
Monetary items					
EUR	101	33.7579	3,410	1 %	34
USD	1,342,172	30.1060	40,407,430	1 %	404,074

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(in thousands)

	December 31, 2018				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
EUR	$ 81,111	35.2415	2,858,473	1 %	28,585
USD	589,710	30.7330	18,123,557	1 %	181,236
INR	9,600,425	0.4405	4,228,987	1 %	42,290
AUD	83,560	21.6637	1,810,219	1 %	18,102
JPY	4,015,196	0.2802	1,125,058	1 %	11,251
Financial liabilities					
Monetary items					
EUR	1,790	35.2415	63,082	1 %	631
USD	1,464,142	30.7330	44,997,476	1 %	449,975

With varieties of foreign currencies, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(x) for further information.

2) Interest rate risk

The Company's long-term debt carries floating interest rates, and the Company has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

Please refer to the note on liquidity risk management for details on interest rate exposure of the Company's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate had been 100 basis points (1%) higher/lower with all other variables held constant, pre-tax income for the years ended December 31, 2019 and 2018 would have been $58,000 and $33,000, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

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3) Other market price risk

The Company is exposed to the risk of price fluctuation in securities market resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value. The Company also has strategic investments in privately held stocks, in which the Company does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2019 and 2018, would have increased or decreased by $183,999 and $146,095, respectively.

(aa) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(ab) Investing and financing activities not affecting cash flows

(i) Please refer to note 6(i) for a description of acquisition of right-of-use assets through leases in 2019.

(ii) The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2019	Cash flows	Non-cash changes of leasing	December 31, 2019
Long-term debt	$ 3,300,000	2,500,000	-	5,800,000
Lease liabilities	207,274	(78,829)	5,583	134,028
Loans from related parties	1,088,000	320,000	-	1,408,000
Total liabilities from financing activities	$ 4,595,274	2,741,171	5,583	7,342,028

	January 1, 2018	Cash flows	December 31, 2018
Long-term debt	$ 6,000,000	(2,700,000)	3,300,000

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7. Related-party transactions

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of related party	Relationship with the Company
Acer Greater China (B.V.I.) Corp. (AGC)	Subsidiaries
Acer Market Services Limited (AMS)	Subsidiaries
Acer Computer (Far East) Limited (AFE)	Subsidiaries
Acer Information (Zhong Shan) Co., Ltd. (AIZS)	Subsidiaries
Acer Computer (Shanghai) Ltd. (ACCN)	Subsidiaries
Acer (Chongqing) Ltd. (ACCQ)	Subsidiaries
Acer European Holdings SA (AEH)	Subsidiaries
Acer Europe B.V. (AHN)	Subsidiaries
Acer Computer (M.E.) Limited (AME)	Subsidiaries
Acer Africa (Proprietary) Limited (AAF)	Subsidiaries
AGP Insurance (Guernsey) Limited (AGU)	Subsidiaries
Acer Sales International SA (ASIN)	Subsidiaries
Acer Europe SA (AEG)	Subsidiaries
Sertec 360 SA (SER)	Subsidiaries
Acer Computer France S.A.S.U. (ACF)	Subsidiaries
Acer U.K. Limited (AUK)	Subsidiaries
Acer Italy S.R.L. (AIT)	Subsidiaries
Acer Computer GmbH (ACG)	Subsidiaries
Acer Austria GmbH (ACV)	Subsidiaries
Acer Czech Republic S.R.O. (ACZ)	Subsidiaries
Acer Computer Iberica, S.A. (AIB)	Subsidiaries
Acer Computer (Switzerland) AG (ASZ)	Subsidiaries
Asplex Sp. z o.o. (APX)	Subsidiaries
Acer Marketing Services LLC (ARU)	Subsidiaries
Acer Poland sp. z o.o. (APL)	Subsidiaries
Acer Bilisim Teknolojileri Limited Sirketi (ATR)	Subsidiaries
Acer Computer B.V. (ACH)	Subsidiaries
Acer Computer Norway AS (ACN)	Subsidiaries
Acer Computer Finland Oy (AFN)	Subsidiaries
Acer Computer Sweden AB (ACW)	Subsidiaries
Acer Denmark A/S (ACD)	Subsidiaries
Boardwalk Capital Holdings Limited (Boardwalk)	Subsidiaries
Acer Computec Mexico, S.A. de C.V. (AMEX)	Subsidiaries
Acer American Holdings Corp. (AAH)	Subsidiaries

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Name of related party	Relationship with the Company
AGP Tecnologia em Informatica do Brasil Ltda. (ATB)	Subsidiaries
Aurion Tecnologia, S.A. de C.V. (Aurion)	Subsidiaries
Acer Cloud Technology Inc. (ACTI)	Subsidiaries
Acer Cloud Technology (US), Inc. (ACTUS)	Subsidiaries
Gateway, Inc. (GWI)	Subsidiaries
Acer America Corporation (AAC)	Subsidiaries
Acer Service Corporation (ASC)	Subsidiaries
Acer Holdings International, Incorporated (AHI)	Subsidiaries
Acer Computer Co., Ltd. (ATH)	Subsidiaries
Acer Japan Corp. (AJC)	Subsidiaries
Acer Computer Australia Pty. Limited (ACA)	Subsidiaries
Acer Sales and Services SDN BHD (ASSB)	Subsidiaries
Acer Asia Pacific Sdn Bhd (AAPH)	Subsidiaries
Acer Computer (Singapore) Pte. Ltd. (ACS)	Subsidiaries
Acer Computer New Zealand Limited (ACNZ)	Subsidiaries
PT. Acer Indonesia (AIN)	Subsidiaries
PT. Acer Manufacturing Indonesia (AMI)	Subsidiaries
Acer India Private Limited (AIL)	Subsidiaries
Acer Vietnam Co., Ltd. (AVN)	Subsidiaries
Acer Philippines, Inc. (APHI)	Subsidiaries
Highpoint Services Network Philippines, Inc. (HSNP)	Subsidiaries
Acer Infotech Pvt Ltd. (AIP)	Subsidiaries
HighPoint Service Network Sdn Bhd (HSN)	Subsidiaries
Servex (Malaysia) Sdn Bhd (SMA)	Subsidiaries
Weblink International Inc. (WLII)	Subsidiaries
Wellife Inc. (WELL)	Subsidiaries
Acer Synergy Tech Corp. (AST)	Subsidiaries
Shanghai AST Technology Service Ltd. (ASTS)	Subsidiaries
ISU Service Corp. (ISU)	Subsidiaries
Acer Digital Service Co. (ADSC)	Subsidiaries
Acer Property Development Inc. (APDI)	Subsidiaries
Aspire Service & Development Inc. (ASDI)	Subsidiaries
Acer Worldwide Incorporated (AWI)	Subsidiaries
Cross Century Investment Limited (CCI)	Subsidiaries
Acer Digital Services (B.V.I.) Holding Corp. (ADSBH)	Subsidiaries
Acer Digital Services (Cayman Islands) Corp. (ADSCC)	Subsidiaries
Longwick Enterprises Inc. (LONG)	Subsidiaries
S. Excel. Co., Ltd. (SURE)	Subsidiaries
Acer SoftCapital Incorporated (ASCBVI)	Subsidiaries

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ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
ASC Cayman, Limited (ASCCAM)	Subsidiaries
DropZone (Hong Kong) Limited (DZL)	Subsidiaries
E-ten Information Systems Co., Ltd. (ETEN)	Subsidiaries
Acer BeingWare Holding Inc. (ABH)	Subsidiaries
Acer Cloud Technology (Taiwan) Inc. (ACTTW)	Subsidiaries
Altos Computing Inc. (ALT)	Subsidiaries
Beijing Altos Computing Ltd. (BJAC)	Subsidiaries
MPS Energy Inc. (MPS)	Subsidiaries
Acer e-Enabling Service Business Inc. (AEB)	Subsidiaries
Acer ITS Inc. (ITS)	Subsidiaries
Acer Healthcare Inc. (ABHI)	Subsidiaries
Acer Gerontechnology Inc.(AGI)	Subsidiaries
Acer Cloud Technology(Chongqing) Ltd. (ACTCQ)	Subsidiaries
Acer Being Communication Inc. (ABC)	Subsidiaries
Acer Being Signage Inc. (ABST)	Subsidiaries
Acer Being Signage GmbH (ABSG)	Subsidiaries
Xplova Inc. (XPL)	Subsidiaries
Xplova (Shanghai) Ltd. (XPLSH)	Subsidiaries
Pawbo, Inc. (PBC)	Subsidiaries
Acer Cyber Security Incorporated (ACSI)	Subsidiaries
Acer e-Enabling Data Center Incorporated (EDC)	Subsidiaries
TWP International Inc. (TWPBVI)	Subsidiaries
Acer Third Wave Software (Beijing) Co. Ltd (TWPBJ)	Subsidiaries
Acer China Venture Corp (ACVC)	Subsidiaries
Acer China Venture Partnership (ACVP)	Subsidiaries
Sertec (Beijing) Ltd. (SEB)	Subsidiaries
StarVR Corporation (ASBZ)	Subsidiaries
StarVR Europe SA (VRE)	Subsidiaries
StarVR France SAS (VRF)	Subsidiaries
AOPEN Inc. (AOI)	Subsidiaries
AOPEN America Inc.(AOA)	Subsidiaries
AOPEN Computer B.V.(AOE)	Subsidiaries
AOPEN Technology Inc.(AOTH)	Subsidiaries
AOPEN Japan Inc.(AOJ)	Subsidiaries
Aopen SmartVision Incorporated (AOSV)	Subsidiaries
Heartware Alliance and Integration Limited (HTW)	Subsidiaries
AOPEN Global Solutons Pty Ltd.(AOGS)	Subsidiaries
AOPEN SmartView Incorporated (AOSD)	Subsidiaries
Great Connection LTD.(GCL)	Subsidiaries

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
AOPEN International (ShangHai) Co., Ltd (AOC)	Subsidiaries
AOPEN Information Products (Zhongshan) Inc. (AOZ)	Subsidiaries
AOPEN Australia & New Zealand Pty Ltd (AOAU)	Subsidiaries
Bluechip Infotech Pty Ltd. (Bluechip)	Prior to March 14, 2018, Bluechip was an associate of the Company accounted for using the equity method. The Company obtained control over Bluechip on March 14, 2018 and Bluechip became one of the consolidated entities since then.
GadgeTek Inc. (GTI)	Subsidiaries
GadgeTek (Shanghai) Limited (GCN)	Subsidiaries
Highpoint Service Network Corporation (HSNC)	Subsidiaries
Highpoint Service Network (Thailand) Co., Ltd (HSNT)	Subsidiaries
PT HSN Tech Indonesia (HSNI)	Subsidiaries
Smart Frequency Technology Inc. (SFT)	Joint venture
Aegis Semiconductor Technology Inc. (ATI)	Associates
Piovision International Inc. (HPT)	Associates
ECOM Software Inc. (ECS)	Associates
Kbest Technology Inc. (KBest)	Associates
Erics Co., LTD (erics)	The entity's chairman is the first-degree relatives of one of the key management of the Company
iD Softcapital Inc. (iDSC)	The entity's chairman is the spouse of one of the key management of the Company

(b) Significant related-party transactions

(i) Revenue

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

	2019	2018
Subsidiaries		
AEG	$ 69,464,527	68,217,538
AAC	48,836,788	50,515,776
Others	42,755,078	46,158,222
Associates	7	-
Other related parties	37	5
	$ 161,056,437	**164,891,541**

The sales prices and trade term with related parties depend on the economic environment and market competition, and are not comparable to those with third-party customers.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(ii) Purchases

The amounts of significant purchases from related parties were as follows:

	2019	2018
Subsidiaries	$ 1,082,028	1,098,760

The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

(iii) Operating costs and expenses

The operating costs and expenses related to services including management consulting, system maintenance, and product development and design provided by related parties were as follows:

Accounts	Related-party categories	2019	2018
Operating cost	Subsidiaries	$ 425,172	643,081
Operating expense	Subsidiaries	103,970	139,676
Operating expense	Associates	2,075	3,710
		$ 531,217	786,467

(iv) Lease

The Company leased investment property and rental offices to its related parties. The related rental income was included in “other operating income and expenses－net” and summarized as follows:

	2019	2018
Subsidiaries:		
ASDI	$ 38,434	36,034
AEB	21,772	9,454
Others	16,685	16,707
Associates	2,378	1,818
Joint venture	777	247
	$ 80,046	64,260

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(v) Service income

The service income related to the management consulting service and system maintenance service provided to related parties was included in " other gains and losses－ net" and summarized as follows:

	2019	2018
Subsidiaries:		
AEB	$ 28,107	-
Others	12,899	20,970
Associates	1,953	42
Joint venture	2,086	321
	$ 45,045	21,333

(vi) Loans to related parties

The actually drawndown amounts were as follows:

	December 31, 2019	December 31, 2018
Subsidiaries:		
ABST	$ 37,800	10,000
Interest rate	0.86%	1.08%

Interest income related to loans to subsidiaries in 2019 and 2018 was $210 and $2,376, respectively.

(vii) Borrowings from related parties

The borrowings from related parties were as follows:

	December 31, 2019	December 31, 2018
Subsidiaries:		
ADSC	$ 648,000	741,000
ETEN	117,000	181,000
EDC	200,000	-
AEB	156,000	-
Others	287,000	166,000
	$ 1,408,000	1,088,000
Interest rate	0.80%	1.02%

Interest expenses related to borrowings from subsidiaries in 2019 and 2018 were $11,266 and $10,998, respectively.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(viii) Defined benefit liabilities due to personnel transfer to subsidiaries

The net defined benefit liabilities have been transferred while certain employees transferred from the Company to AEB, ALT, ACTTW and other subsidiaries. Related payables were included in "other payables to related parties" and "long-term payable to related parties".

(ix) Receivables from related parties

Accounts	Related-party categories	December 31, 2019	December 31, 2018
Notes and accounts receivable	Subsidiaries:		
	AAC	$ 7,304,965	7,579,129
	AEG	3,917,990	4,440,629
	AIL	4,449,844	4,221,850
	Others	6,290,844	6,833,496
Other receivables	Subsidiaries:		
	AEB	42,383	5,487
	ACCQ	36,035	-
	Others	13,385	71,970
Other receivables (financing)	Subsidiaries	37,800	10,000
Other receivables	Associates	223	222
Other receivables	Joint venture	220	18
		$ 22,093,689	23,162,801

(x) Payables to related parties

Accounts	Related party categories	December 31, 2019	December 31, 2018
Accounts payable to related parties	Subsidiaries	$ 122,620	131,574
Other payables to related parties	Subsidiaries	111,594	280,927
Other payables to related parties (financing)	Subsidiaries	1,408,000	1,088,000
Long-term payable to related parties	Subsidiaries	130,721	100,598
		$ 1,772,935	1,601,099

(xi) Guarantees and endorsements provided to related parties

As of December 31, 2019 and 2018, the balances of guarantees and endorsements provided to subsidiaries were $24,619,724 and $25,283,412, and the amounts actually drawn were $3,082,396 and $3,153,245 respectively.

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Notes to Parent-Company-Only Financial Statements

(c) Compensation for key management personnel

		2019	2018
Short-term employee benefits	$	168,172	147,231
Post-employment benefits		3,568	3,423
Share-based payments		-	1,288
	$	**171,740**	**151,942**

Please refer to note 6(s) for the information related to share-based payments.

8. Pledged assets

The carrying values of pledged assets (reported under other financial assets－non-current) were as follows:

Assets	Pledged to secure		December 31, 2019	December 31, 2018
Cash in bank and time deposits	Contract bidding and project fulfillment guarantee	$	**5,850**	**26,485**

9. Significant commitments and contingencies

(a) The Company has entered into software and royalty license agreements with Microsoft, IBM, and other companies. The Company has fulfilled its obligations according to the contracts.

(b) In the ordinary course of its business from time to time, the Company received notices from third parties asserting that Acer has infringed certain patents and demanded that Acer should obtain certain patent licenses. Although the Company does not expect that the outcome of any of these legal proceedings (individually or collectively) will have a material adverse effect on the Company's business operations and finance, the litigation is inherently unpredictable. Therefore, the Company could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(c) As of December 31, 2019 and 2018, the Company had outstanding stand-by letters of credit provided by the banks totaling $49,843 and $49,978, respectively, for purposes of bids and contracts.

(d) As of December 31, 2019 and 2018, the Company had issued promissory notes amounting to $37,559,767 and $33,773,827, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant loss from disaster: None

11. Significant subsequent events:

(a) Coronavirus disease (COVID-19) outbroke in the beginning of 2020, which caused uncertainty in the operating environment of the Company. As the related information is still unclear, the Company cannot reasonably estimate the impact on its operating results and financial position. The Company will stay tuned for updates of the event to make in-time assessment.

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(b) In order to maintain the Company's credit and shareholders' equity, the Company's Board of Directors in a meeting on March 13, 2020, resolved to purchase 230,000 thousand common shares from Taiwan Stock Exchange market from March 13, 2020 to May 5, 2020. The purchase price ranges from NT$10.05 per share to NT$13.50 per share. When the market price is below the aforesaid range, the Company will continue to purchase the shares.

12. Others

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2019			2018		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	-	2,158,662	2,158,662	-	2,648,032	2,648,032
Insurance	-	157,006	157,006	-	155,245	155,245
Pension	-	106,816	106,816	-	104,631	104,631
Remuneration of directors	-	19,185	19,185	-	21,911	21,911
Others	-	177,395	177,395	-	183,001	183,001
Depreciation	-	154,529	154,529	-	72,016	72,016
Amortization	-	29,758	29,758	-	41,838	41,838

	2019	2018
Employees	1,600	1,650
Directors not in concurrent employment	6	7
Average employee benefits	$ 1,631	1,881
Average employee salaries	$ 1,354	1,612
Adjustment of average employee salaries	(16.00)%	

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: See Table 1 attached;

(ii) Guarantees and endorsements provided to other parties: See Table 2 attached;

(iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): See Table 3 attached;

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed $300 million or 20% of the paid-in capital: See Table 4 attached;

(v) Acquisition of real estate at costs which exceeds $300 million or 20% of the paid-in capital: None;

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(vi) Disposal of real estate at prices which exceeds $300 million or 20% of the paid-in capital: None;

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: See Table 5 attached;

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: See Table 6 attached;

(ix) Information about derivative instruments transactions: See notes 6(b);

(b) Information on investees: See Table 7 attached;

(c) Information on investments in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investees, share of profits (losses) of investees, ending balance, amount received as earnings distributions from the investment, and limitation on investment: See Table 8 attached;

(ii) Significant direct or indirect transactions with investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: For the Company' s significant direct or indirect transactions (eliminated when compiling the consolidated financial statements) with investee companies in Mainland China for the year ended December 31, 2019, please refer to "Information on significant transactions" above.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2019.

Acer Incorporated
Financing provided to other parties
For the year ended December 31, 2019

Table 1

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral Item	Collateral Value	Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
0	The Company	APDI	Other receivables from related parties	Yes	41,000	41,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABH	Other receivables from related parties	Yes	30,000	29,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	CCI	Other receivables from related parties	Yes	6,000	6,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ADSC	Other receivables from related parties	Yes	37,000	34,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AEB	Other receivables from related parties	Yes	329,000	156,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	XPL	Other receivables from related parties	Yes	17,000	8,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ACTTW	Other receivables from related parties	Yes	244,000	167,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ASDI	Other receivables from related parties	Yes	89,000	88,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ETEN	Other receivables from related parties	Yes	181,000	152,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AGI	Other receivables from related parties	Yes	13,000	13,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABST	Other receivables from related parties	Yes	100,000	48,000	37,800	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	AST	Other receivables from related parties	Yes	42,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	PBC	Other receivables from related parties	Yes	11,000	11,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	MPS	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ABHI	Other receivables from related parties	Yes	19,000	19,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	EDC	Other receivables from related parties	Yes	693,000	693,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	HSNC	Other receivables from related parties	Yes	19,000	19,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	GTI	Other receivables from related parties	Yes	23,000	23,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
0	The Company	ITS	Other receivables from related parties	Yes	114,000	114,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
1	APDI	The Company	Other receivables from related parties	Yes	41,000	41,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
2	ABH	The Company	Other receivables from related parties	Yes	611,000	350,000	83,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
2	ABH	ABST	Other receivables from related parties	Yes	75,000	75,000	68,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
3	CCI	The Company	Other receivables from related parties	Yes	127,000	121,000	121,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
3	CCI	ASBZ	Other receivables from related parties	Yes	20,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
4	ADSC	The Company	Other receivables from related parties	Yes	741,000	683,000	648,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
4	ADSC	Bluechip	Other receivables from related parties	Yes	29,592	29,592	29,592	0%~4%	2	-	Operating requirements	-	None	-	86,245	29,202,644
5	AEB	The Company	Other receivables from related parties	Yes	219,000	156,000	156,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
6	XPL	The Company	Other receivables from related parties	Yes	17,000	8,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	The Company	Other receivables from related parties	Yes	244,000	167,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	ABSG	Other receivables from related parties	Yes	60,075	57,388	57,388	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
7	ACTTW	ABST	Other receivables from related parties	Yes	40,000	40,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
8	ASDI	The Company	Other receivables from related parties	Yes	89,000	88,000	15,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
8	ASDI	APDI	Other receivables from related parties	Yes	50,000	50,000	35,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	The Company	Other receivables from related parties	Yes	181,000	152,000	117,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	XPL	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
9	ETEN	PBC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
10	AGI	The Company	Other receivables from related parties	Yes	13,000	13,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
11	ABST	The Company	Other receivables from related parties	Yes	100,000	48,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
11	ABST	ABSG	Other receivables from related parties	Yes	22,970	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
12	AST	The Company	Other receivables from related parties	Yes	28,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
13	AIZS	ACCN	Other receivables from related parties	Yes	213,776	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
13	AIZS	ACCN	Other receivables from related parties	Yes	215,676	203,209	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
14	ACCN	SEB	Other receivables from related parties	Yes	9,195	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
15	GWI	AAC	Other receivables from related parties	Yes	384,163	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

No.	Financing Company	Counterparty	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
15	GWI	AAC	Other receivables from related parties	Yes	410,956	391,378	391,378	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	3,349,897	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	1,091,022	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
16	AAH	AAC	Other receivables from related parties	Yes	4,646,964	4,425,582	4,425,582	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
17	ACG	ABSG	Other receivables from related parties	Yes	70,676	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
17	ACG	ABSG	Other receivables from related parties	Yes	70,615	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
18	AHI	Bluechip	Other receivables from related parties	Yes	25,290	-	-	0%~4%	2	-	Operating requirements	-	None	-	86,245	29,202,644
19	VRE	VRF	Other receivables from related parties	Yes	27,564	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
20	PBC	The Company	Other receivables from related parties	Yes	11,000	11,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
21	ABC	The Company	Other receivables from related parties	Yes	10,000	10,000	10,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
22	MPS	The Company	Other receivables from related parties	Yes	25,000	25,000	5,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
23	ABHI	The Company	Other receivables from related parties	Yes	19,000	19,000	19,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
24	EDC	The Company	Other receivables from related parties	Yes	693,000	693,000	200,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
25	HSNC	The Company	Other receivables from related parties	Yes	19,000	19,000	11,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
26	GTI	The Company	Other receivables from related parties	Yes	23,000	23,000	23,000	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644
27	ASSB	HSN	Other receivables from related parties	Yes	30,896	30,173	-	0%~4%	2	-	Operating requirements	-	None	-	5,840,529	29,202,644

Note 1: Nature for Financing：
Type 2: Short-term financing purpose

Note 2: The aggregate financing amount shall not exceed 50% of the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2019), within which the short-term financing amount shall not exceed 20% of the most recent audited or reviewed net worth of the Company.
For an entity which the Company owns less than 50% of its outstanding common shares, the individual financing amounts shall not exceed lower of 5% of the most recent audited or reviewed net worth of the Company or 40% of the most recent audited or reviewed net worth of the entity.
For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of the most recent audited or reviewed net worth of the Company.
When a subsidiary who provides financing to other parties is directly or indirectly wholly owned by the Company, the aforementioned limitation of aggregate amount and individual financing amount is applied.

Note 3: The above transactions are eliminated when preparing the consolidated financial statements.

Acer Incorporated
Guarantees and endorsements provided to other parties
For the year ended December 31, 2019

Table 2

(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)(Note 3)(Note 4)	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 2)(Note 3) (Note 4)(Note 5)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	AJC	2	11,681,058	886,620	831,581	-	-	1.42%	58,405,289	Y		
0	The Company	ATH	2	11,681,058	167,544	159,562	6,241	-	0.27%	58,405,289	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,681,058	4,267,620	4,064,310	50,228	-	6.96%	58,405,289	Y		
0	The Company	AEG	2	11,681,058	410,861	396,579	396,579	-	0.68%	58,405,289	Y		
0	The Company	Acer EMEA subsidiaries	2	11,681,058	4,109,560	3,913,780	139,853	-	6.70%	58,405,289	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,681,058	13,885	12,859	12,859	-	0.02%	58,405,289	Y		
0	The Company	ATB	2	11,681,058	948,360	903,180	210,781	-	1.55%	58,405,289	Y		
0	The Company	Acer Pan America subsidiaries	2	11,681,058	5,374,040	5,118,020	358,064	-	8.76%	58,405,289	Y		
0	The Company	AMEX	2	11,681,058	284,508	270,954	-	-	0.46%	58,405,289	Y		
0	The Company	Acer Greater China subsidiaries	2	11,681,058	1,738,660	1,655,830	24,642	-	2.84%	58,405,289	Y		Y
0	The Company	ACSI	2	11,681,058	5,850	5,850	5,850	-	0.01%	58,405,289	Y		
0	The Company	AEB	2	11,681,058	1,850,000	1,850,000	653,426	-	3.17%	58,405,289	Y		
0	The Company	SMA	2	11,681,058	113,539	110,386	676	-	0.19%	58,405,289	Y		
0	The Company	ACA	2	11,681,058	316,120	301,060	301,060	-	0.52%	58,405,289	Y		
0	The Company	AIL	2	11,681,058	2,504,247	2,313,560	724,705	-	3.96%	58,405,289	Y		
0	The Company	ACCN/ACCQ/BJAC/ASTS	2	11,681,058	919,466	864,717	-	-	1.48%	58,405,289	Y		Y
0	The Company	AME	2	11,681,058	47,418	45,160	32,098	-	0.08%	58,405,289	Y		
0	The Company	ACTTW	2	11,681,058	63,224	60,212	-	-	0.10%	58,405,289	Y		
0	The Company	AST	2	11,681,058	500,000	-	-	-	0.00%	58,405,289	Y		
0	The Company	ABSG	2	11,681,058	299,290	150,530	-	-	0.26%	58,405,289	Y		
0	The Company	ITS	2	11,681,058	500,000	500,000	20,000	-	0.86%	58,405,289	Y		
0	The Company	ASBZ	2	11,681,058	138,310	-	-	-	0.00%	58,405,289	Y		
0	The Company	AIP	2	11,681,058	90,720	84,354	-	-	0.14%	58,405,289	Y		
0	The Company	ALT	2	11,681,058	400,000	400,000	93,000	-	0.68%	58,405,289	Y		
0	The Company	GTI	2	11,681,058	210,000	210,000	-	-	0.36%	58,405,289	Y		
0	The Company	HSNC	2	11,681,058	60,000	45,000	-	-	0.08%	58,405,289	Y		
0	The Company	HSNP	2	11,681,058	31,612	30,106	-	-	0.05%	58,405,289	Y		
0	The Company	HSNI	2	11,681,058	31,612	-	-	-	0.00%	58,405,289	Y		
0	The Company	HSNT	2	11,681,058	31,612	30,106	-	-	0.05%	58,405,289	Y		
0	The Company	HSNC/HSNI/HSNP/HSNT	2	11,681,058	126,448	120,424	-	-	0.21%	58,405,289	Y		
0	The Company	MPS	2	11,681,058	53,740	51,180	51,180	-	0.09%	58,405,289	Y		
0	The Company	EDC	2	11,681,058	63,224	60,212	-	-	0.10%	58,405,289	Y		
0	The Company	ADSC	2	11,681,058	62,084	60,212	1,154	-	0.10%	58,405,289	Y		
1	AAC	ASC	4	1,871,434	18,967	18,064	18,064	-	0.19%	1,871,434			
2	AOI	AOA	2	172,500	14,225	13,548	-	-	2.36%	575,001	Y		
2	AOI	AOSD	2	172,500	63,224	60,212	-	-	10.47%	575,001	Y		
3	AOZ	AOC	4	48,132	31,612	30,106	-	-	25.02%	120,331			Y

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:
Type 2: an entity directly or indirectly owned by the Company over 50%
Type 4: between entities directly or indirectly owned by the Company over 90%

Note 2: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of the Company.

Note 3: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOI (the amount shown above is based on the net worth as of December 31, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 30% of the most recent audited or reviewed net worth of AOI.

Note 4: The aggregate endorsement/guarantee amount provided shall not exceed 20% of the most recent audited net worth of AAC (the amount shown above is based on the net worth as of December 31, 2018).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited net worth of AAC.

Note 5: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AOZ (the amount shown above is based on the net worth as of December 31, 2019).
The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.

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Acer Incorporated
Marketable securities held
(Excluding investments in subsidiaries, associates, and joint controlled entities)
December 31, 2019

Table 3

(Amounts in Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2019		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
The Company	Stock: Hon Hai	-	Financial assets measured at fair value through other comprehensive income－current	564	51,181	-	51,181	564	-	
The Company	Stock: Starbreeze	-	Financial assets measured at fair value through profit or loss－current	572	3,428	0.21%	3,428	4,072	1.48%	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income－non-current	81,713	1,740,480	4.15%	1,740,480	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	4,012	156,852	0.24%	156,852	4,012	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	54,816	1,554,033	1.93%	1,554,033	54,816	1.93%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	398	3,101	19.90%	3,101	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	8,505	44,848	19.35%	44,848	8,505	19.35%	
The Company	Stock: Dragon Investment Co. Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	1,884	9,476	19.94%	9,476	13,459	19.94%	
The Company	Stock: Pell Bio-med Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	1,200	120,000	7.24%	120,000	1,200	7.24%	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	13,046	369,860	0.46%	369,860	13,046	0.46%	
ADSC	Stock: PChome Pay	-	Financial assets measured at fair value through other comprehensive income－non-current	12,600	126,000	14.82%	126,000	12,600	14.82%	
ADSC	Stock: Benepet Biomedical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	322	12,108	18.92%	12,108	700	18.92%	
ASCBVI	Stock: ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income－non-current	3,800	182,998	19.39%	182,998	3,800	19.39%	
ASCBVI	Stock: ID5 Annex I Fund	-	Financial assets measured at fair value through other comprehensive income－non-current	565	9,611	19.15%	9,611	565	19.15%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income－non-current	1,346	6,503	1.00%	6,503	1,346	1.69%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income－non-current	244	60,212	1.91%	60,212	244	1.92%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income－non-current	600	36,127	8.00%	36,127	600	8.89%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income－non-current	1,000	45,159	4.58%	45,159	1,000	5.44%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income－non-current	463	120,424	14.07%	120,424	463	14.07%	
ASCBVI	Stock: Acer Inc.	Parent/Subsidiary	Treasury stock	12,730	522,237	0.41%	227,228	12,730	0.41%	
ASCBVI	GDR: Acer Inc.	Parent/Subsidiary	Treasury stock	4,987	1,969,617	0.81%	435,442	4,987	0.81%	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income－current	5,049	49,132	0.03%	49,132	5,049	0.03%	
CCI	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,774	85,211	0.16%	85,211	4,774	0.16%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2019		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income－non-current	1,015	21,071	2.01%	21,071	1,015	2.01%	
ETEN	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,305	76,852	0.14%	76,852	4,305	0.14%	
ETEN	Stock: Abico Shi-pro Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	284	2,931	7.89%	2,931	284	7.89%	
ACTI	Stock: Physiosigns Inc., DE	-	Financial assets measured at fair value through other comprehensive income－non-current	800	240,848	12.50%	240,848	800	12.50%	
ABST	Stock: PilotTV Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	2,676	57,462	19.18%	57,462	2,676	19.18%	
ACVP	Stock: Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income－non-current	-	34,589	13.79%	34,589	-	13.79%	
ACVP	Stock: Shenmou Technology (Shenzhen)	-	Financial assets measured at fair value through other comprehensive income－non-current	-	29,746	19.99%	29,746	-	19.99%	
Bluechip	Stock: Pier DC Pty Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	960	9,220	8.82%	9,220	960	8.82%	
AHN	EUR Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss－current	-	1,182,179	-	1,182,179	-	-	
WLII	Stock: Protrade Global Limited	-	Financial assets measured at fair value through other comprehensive income－non-current	950	152,983	19.00%	152,983	950	19.00%	

Acer Incorporated
Marketable securities for which the accumulated purchase or sale amounts for the period exceed 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 / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/ Units (in thousands)	Amount
ACCN	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	790,000	3,544,175	790,000	3,548,004	3,544,175	3,829	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss－current	Fubon Bank (China) Co., Ltd.	None	-	-	3,952,000	17,646,193	3,952,000	17,708,702	17,646,193	62,509	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	540,000	2,410,026	540,000	2,412,150	2,410,026	2,124	-	-
AHN	EUR Term Liquidity Fund	Financial assets measured at fair value through profit or loss－current	Citi Bank	None	-	-	-	1,329,782	-	103,647	103,647	-	-	1,182,179
The Company	WLII	Investments accounted for using equity method	Outside shareholders	Parent/Subsidiary	68,358	1,316,492	3,276	-	21,960	417,528	418,012	-	49,674	982,600

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Acer Incorporated
Total purchases from and sales to related parties which exceed NT$100 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	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	AAC	Parent/Subsidiary	(Sales)	(48,836,788)	(28.12)%	OA90	-	-	7,304,965	28.25%	
The Company	ACA	Parent/Subsidiary	(Sales)	(4,591,929)	(2.64)%	OA60	-	-	1,623,500	6.28%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(7,373,887)	(4.25)%	OA60	-	-	702,662	2.72%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(712,133)	(0.41)%	OA60	-	-	246,599	0.95%	
The Company	ACS	Parent/Subsidiary	(Sales)	(1,831,150)	(1.05)%	OA60	-	-	150,696	0.58%	
The Company	AEG	Parent/Subsidiary	(Sales)	(69,464,527)	(40.00)%	OA60	-	-	3,917,990	15.15%	
The Company	AFE	Parent/Subsidiary	(Sales)	(678,025)	(0.39)%	OA60	-	-	251,695	0.97%	
The Company	AIL	Parent/Subsidiary	(Sales)	(7,148,717)	(4.12)%	OA180	-	-	4,449,844	17.21%	
The Company	AIN	Parent/Subsidiary	(Sales)	(5,971,656)	(3.44)%	OA90	-	-	1,225,193	4.74%	
The Company	AJC	Parent/Subsidiary	(Sales)	(2,377,259)	(1.37)%	OA180	-	-	1,221,877	4.73%	
The Company	AMI	Parent/Subsidiary	(Sales)	(140,864)	(0.08)%	OA90	-	-	28,579	0.11%	
The Company	APHI	Parent/Subsidiary	(Sales)	(1,216,226)	(0.70)%	OA60	-	-	145,441	0.56%	
The Company	APX	Parent/Subsidiary	(Sales)	(166,346)	(0.10)%	OA60	-	-	21,666	0.08%	
The Company	ASC	Parent/Subsidiary	(Sales)	(120,555)	(0.07)%	OA60	-	-	4,816	0.02%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(2,637,867)	(1.52)%	OA60	-	-	125,455	0.49%	
The Company	ATH	Parent/Subsidiary	(Sales)	(5,025,224)	(2.89)%	OA60	-	-	192,972	0.75%	
The Company	AVN	Parent/Subsidiary	(Sales)	(106,350)	(0.06)%	OA60	-	-	27,260	0.11%	
The Company	ALT	Parent/Subsidiary	(Sales)	(416,435)	(0.24)%	OA60	-	-	83,221	0.32%	
The Company	WLII	Parent/Subsidiary	(Sales)	(2,033,101)	(1.17)%	EM45	-	-	138,951	0.54%	
The Company	APHI	Parent/Subsidiary	Purchases	173,068	0.10%	OA60	-	-	(17,292)	(0.06)%	
The Company	ALT	Parent/Subsidiary	Purchases	181,471	0.11%	OA60	-	-	(14,178)	(0.05)%	
The Company	AEB	Parent/Subsidiary	Purchases	198,216	0.12%	EM60	-	-	(13,646)	(0.05)%	
The Company	WLII	Parent/Subsidiary	Purchases	117,284	0.07%	EM45	-	-	(21,431)	(0.08)%	
The Company	AOSD	Parent/Subsidiary	Purchases	212,706	0.13%	EM60	-	-	(21,231)	(0.08)%	
The Company	GTI	Parent/Subsidiary	Purchases	425,948	0.26%	OA60	-	-	(61,884)	(0.22)%	
WELL	WLII	Parent/Subsidiary	Purchases	134,119	96.05%	EM45	-	-	(24,557)	(96.13)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ALT	AIL	Fellow subsidiary	(Sales)	(224,164)	(30.53)%	OA45	-	-	3,182	2.79%	
ALT	The Company	Parent/Subsidiary	(Sales)	(181,471)	(24.72)%	OA60	-	-	14,178	12.41%	
ALT	The Company	Parent/Subsidiary	Purchases	416,435	54.64%	OA60	-	-	(83,221)	(69.09)%	
ACTTW	AGI	Parent/Subsidiary	(Sales)	(246,965)	(93.81)%	EM180	-	-	87,002	89.84%	
AEB	The Company	Parent/Subsidiary	(Sales)	(198,216)	(3.81)%	EM60	-	-	13,646	1.07%	
AEB	WLII	Fellow subsidiary	Purchases	148,959	3.49%	EM60	-	-	(23,380)	(3.67)%	
AGI	AOI	Fellow subsidiary	(Sales)	(176,614)	(74.98)%	OA60	-	-	46,716	50.37%	
AGI	ACTTW	Parent/Subsidiary	Purchases	246,965	95.73%	EM180	-	-	(87,002)	(98.27)%	
AOI	AOA	Parent/Subsidiary	(Sales)	(225,619)	(24.63)%	OA60	-	-	120,747	26.02%	
AOI	AOE	Parent/Subsidiary	(Sales)	(492,293)	(53.74)%	OA90	-	-	117,594	25.34%	
AOI	AOTH	Parent/Subsidiary	Purchases	284,104	35.21%	OA60	-	-	-	-	
AOI	AOZ	Parent/Subsidiary	Purchases	135,126	16.75%	OA60	-	-	(80,016)	(35.56)%	
AOI	AGI	Fellow subsidiary	Purchases	176,614	22.65%	OA60	-	-	(46,716)	(20.98)%	
WLII	The Company	Parent/Subsidiary	(Sales)	(117,284)	(0.87)%	EM45	-	-	21,431	1.02%	
WLII	WELL	Parent/Subsidiary	(Sales)	(134,119)	(0.99)%	EM45	-	-	24,557	1.17%	
WLII	AEB	Fellow subsidiary	(Sales)	(148,959)	(1.10)%	EM60	-	-	23,380	1.12%	
WLII	AST	Fellow subsidiary	(Sales)	(192,195)	(1.43)%	EM60	-	-	11,102	0.53%	
WLII	The Company	Parent/Subsidiary	Purchases	2,033,101	15.39%	EM45	-	-	(138,951)	(7.90)%	
AOSD	The Company	Parent/Subsidiary	(Sales)	(212,706)	(100.00)%	EM60	-	-	21,231	100.00%	
AST	WLII	Fellow subsidiary	Purchases	192,195	19.77%	EM60	-	-	(11,102)	(5.87)%	
GTI	The Company	Parent/Subsidiary	(Sales)	(425,948)	(83.22)%	OA60	-	-	61,884	69.80%	
AAC	AMEX	Fellow subsidiary	(Sales)	(629,394)	(1.22)%	OA60	-	-	143,126	1.91%	
AAC	ASC	Fellow subsidiary	(Sales)	(281,962)	(0.55)%	OA60	-	-	46,694	0.62%	
AAC	ATB	Fellow subsidiary	(Sales)	(563,382)	(1.09)%	OA60	-	-	163,992	2.19%	
AAC	The Company	Parent/Subsidiary	Purchases	48,836,788	87.30%	OA90	-	-	(7,304,965)	(85.65)%	
ACA	ACNZ	Fellow subsidiary	(Sales)	(107,220)	(1.74)%	OA60	-	-	623	0.05%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(222,953)	(3.62)%	EM30	-	-	34,270	2.74%	
ACA	The Company	Parent/Subsidiary	Purchases	4,591,929	95.28%	OA60	-	-	(1,623,500)	(95.97)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(104,684)	(1.01)%	OA60	-	-	114,108	13.84%	
ACCN	ACCQ	Fellow subsidiary	Purchases	9,567,210	97.80%	OA60	-	-	(1,844,436)	(98.70)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(9,567,210)	(100.00)%	OA60	-	-	1,844,436	100.00%	
ACCQ	ACCN	Fellow subsidiary	Purchases	104,684	1.11%	OA60	-	-	(114,108)	(8.80)%	
ACCQ	The Company	Parent/Subsidiary	Purchases	7,373,887	78.02%	OA60	-	-	(702,662)	(54.18)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ACF	AEG	Fellow subsidiary	(Sales)	(301,000)	(3.19)%	OA60	-	-	778,368	21.15%	
ACF	AEG	Fellow subsidiary	Purchases	8,340,602	92.17%	OA60	-	-	(1,114,052)	(96.40)%	
ACF	APX	Fellow subsidiary	Purchases	137,197	1.52%	OA60	-	-	(8,744)	(0.76)%	
ACG	AEG	Fellow subsidiary	(Sales)	(534,399)	(2.46)%	OA60	-	-	1,719,323	20.73%	
ACG	AEG	Fellow subsidiary	Purchases	19,734,703	94.08%	OA60	-	-	(4,500,204)	(98.54)%	
ACG	APX	Fellow subsidiary	Purchases	252,193	1.20%	OA45	-	-	(37,730)	(0.83)%	
ACH	AEG	Fellow subsidiary	(Sales)	(164,397)	(3.00)%	OA60	-	-	422,536	27.21%	
ACH	AEG	Fellow subsidiary	Purchases	5,002,910	94.82%	OA60	-	-	(696,607)	(98.23)%	
ACNZ	ACA	Fellow subsidiary	Purchases	107,220	13.15%	OA60	-	-	(623)	(0.25)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	712,133	86.85%	OA60	-	-	(246,599)	(99.75)%	
ACS	The Company	Parent/Subsidiary	Purchases	1,831,150	86.81%	OA60	-	-	(150,696)	(95.26)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(263,096)	(46.28)%	OA30	-	-	22,708	27.28%	
ACZ	APX	Fellow subsidiary	Purchases	199,910	38.93%	OA90	-	-	(29,864)	(99.05)%	
AEG	ACF	Fellow subsidiary	(Sales)	(8,340,602)	(11.52)%	OA60	-	-	1,114,052	8.12%	
AEG	ACG	Fellow subsidiary	(Sales)	(19,734,703)	(27.25)%	OA60	-	-	4,500,204	32.82%	
AEG	ACH	Fellow subsidiary	(Sales)	(5,002,910)	(6.91)%	OA60	-	-	696,607	5.08%	
AEG	AIB	Fellow subsidiary	(Sales)	(3,394,170)	(4.69)%	OA60	-	-	270,410	1.97%	
AEG	AIT	Fellow subsidiary	(Sales)	(3,996,961)	(5.52)%	OA60	-	-	738,254	5.38%	
AEG	APX	Fellow subsidiary	(Sales)	(853,605)	(1.18)%	OA60	-	-	141,341	1.03%	
AEG	ASIN	Fellow subsidiary	(Sales)	(22,060,419)	(30.46)%	OA60	-	-	4,556,067	33.23%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,214,449)	(3.06)%	OA60	-	-	261,690	1.91%	
AEG	AUK	Fellow subsidiary	(Sales)	(6,061,371)	(8.37)%	OA60	-	-	1,109,000	8.09%	
AEG	SER	Fellow subsidiary	(Sales)	(757,252)	(1.05)%	OA60	-	-	167,926	1.22%	
AEG	ACF	Fellow subsidiary	Purchases	301,000	0.43%	OA60	-	-	(778,368)	(8.05)%	
AEG	ACG	Fellow subsidiary	Purchases	534,399	0.76%	OA60	-	-	(1,719,323)	(17.78)%	
AEG	ACH	Fellow subsidiary	Purchases	164,397	0.23%	OA60	-	-	(422,536)	(4.37)%	
AEG	AIB	Fellow subsidiary	Purchases	236,172	0.34%	OA60	-	-	(433,282)	(4.48)%	
AEG	AIT	Fellow subsidiary	Purchases	239,561	0.34%	OA60	-	-	(434,272)	(4.49)%	
AEG	APX	Fellow subsidiary	Purchases	447,224	0.64%	OA60	-	-	(25,681)	(0.27)%	
AEG	The Company	Parent/Subsidiary	Purchases	69,464,527	97.00%	OA60	-	-	(3,917,990)	(40.53)%	
AFE	The Company	Parent/Subsidiary	Purchases	678,025	97.33%	OA60	-	-	(251,695)	(97.33)%	
AIB	AEG	Fellow subsidiary	(Sales)	(236,172)	(6.05)%	OA60	-	-	433,282	29.06%	
AIB	AEG	Fellow subsidiary	Purchases	3,394,170	90.47%	OA60	-	-	(270,410)	(94.77)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AIB	APX	Fellow subsidiary	Purchases	100,899	2.69%	OA60	-	-	(14,653)	(5.14)%	
AIL	The Company	Parent/Subsidiary	Purchases	7,148,717	78.26%	OA180	-	-	(4,449,844)	(95.17)%	
AIL	ALT	Fellow subsidiary	Purchases	224,164	2.45%	OA45	-	-	(3,182)	(0.07)%	
AIN	AMI	Parent/Subsidiary	(Sales)	(473,857)	(6.84)%	OA60	-	-	8,683	5.29%	
AIN	AMI	Parent/Subsidiary	Purchases	779,757	11.02%	OA90	-	-	(51,246)	(3.99)%	
AIN	The Company	Parent/Subsidiary	Purchases	5,971,656	84.36%	OA90	-	-	(1,225,193)	(95.48)%	
AIT	AEG	Fellow subsidiary	(Sales)	(239,561)	(5.31)%	OA60	-	-	434,272	20.46%	
AIT	AEG	Fellow subsidiary	Purchases	3,996,961	92.02%	OA60	-	-	(738,254)	(98.76)%	
AJC	The Company	Parent/Subsidiary	Purchases	2,377,259	86.12%	OA180	-	-	(1,221,877)	(98.61)%	
AMEX	AAC	Fellow subsidiary	Purchases	629,394	94.15%	OA60	-	-	(143,126)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(779,757)	(99.59)%	OA90	-	-	51,246	99.87%	
AMI	AIN	Parent/Subsidiary	Purchases	473,857	67.76%	OA60	-	-	(8,683)	(20.23)%	
AMI	The Company	Parent/Subsidiary	Purchases	140,864	20.14%	OA90	-	-	(28,579)	(66.59)%	
AOA	AOI	Parent/Subsidiary	Purchases	225,619	99.81%	OA90	-	-	(120,747)	(95.94)%	
AOE	AOI	Parent/Subsidiary	Purchases	492,293	99.42%	OA60	-	-	(117,594)	(98.87)%	
AOTH	AOZ	Parent/Subsidiary	(Sales)	(238,984)	(45.10)%	OA60	-	-	-	-	
AOTH	AOI	Parent/Subsidiary	(Sales)	(284,104)	(53.61)%	OA60	-	-	-	-	
AOTH	AOZ	Parent/Subsidiary	Purchases	241,961	42.27%	OA60	-	-	-	-	
AOZ	AOTH	Parent/Subsidiary	(Sales)	(241,961)	(48.81)%	OA60	-	-	-	-	
AOZ	AOI	Parent/Subsidiary	(Sales)	(135,126)	(27.27)%	OA60	-	-	80,016	97.95%	
AOZ	AOTH	Parent/Subsidiary	Purchases	238,984	50.64%	OA60	-	-	-	-	
APHI	The Company	Parent/Subsidiary	(Sales)	(173,068)	(10.25)%	OA60	-	-	17,292	40.39%	
APHI	The Company	Parent/Subsidiary	Purchases	1,216,226	91.89%	OA60	-	-	(145,441)	(66.01)%	
APX	ACF	Fellow subsidiary	(Sales)	(137,197)	(5.88)%	OA60	-	-	8,744	5.23%	
APX	ACG	Fellow subsidiary	(Sales)	(252,193)	(10.81)%	OA45	-	-	37,730	22.57%	
APX	ACZ	Fellow subsidiary	(Sales)	(199,910)	(8.57)%	OA90	-	-	29,864	17.86%	
APX	AEG	Fellow subsidiary	(Sales)	(447,224)	(19.16)%	OA60	-	-	25,681	15.36%	
APX	AIB	Fellow subsidiary	(Sales)	(100,899)	(4.32)%	OA60	-	-	14,653	8.77%	
APX	AEG	Fellow subsidiary	Purchases	853,605	42.50%	OA60	-	-	(141,341)	(52.62)%	
APX	The Company	Parent/Subsidiary	Purchases	166,346	8.28%	OA60	-	-	(21,666)	(8.07)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(138,463)	(100.00)%	OA60	-	-	11,968	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	281,962	38.71%	OA60	-	-	(46,694)	(47.59)%	
ASC	The Company	Parent/Subsidiary	Purchases	120,555	16.55%	OA60	-	-	(4,816)	(4.91)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ASIN	ACZ	Fellow subsidiary	Purchases	263,096	1.17%	OA30	-	-	(22,708)	(0.50)%	
ASIN	AEG	Fellow subsidiary	Purchases	22,060,419	97.95%	OA60	-	-	(4,556,067)	(100.00)%	
ASIN	ARU	Fellow subsidiary	Purchases	138,463	0.61%	OA60	-	-	(11,968)	(0.26)%	
ASSB	SMA	Parent/Subsidiary	(Sales)	(532,257)	(15.58)%	OA60	-	-	(244)	(0.10)%	
ASSB	The Company	Parent/Subsidiary	Purchases	2,637,867	91.14%	OA60	-	-	(125,455)	(85.36)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,214,449	94.04%	OA60	-	-	(261,690)	(99.05)%	
ATB	AAC	Fellow subsidiary	Purchases	563,382	6.69%	OA60	-	-	(163,992)	(6.66)%	
ATH	The Company	Parent/Subsidiary	Purchases	5,025,224	87.19%	OA60	-	-	(192,972)	(81.91)%	
AUK	AEG	Fellow subsidiary	Purchases	6,061,371	95.20%	OA60	-	-	(1,109,000)	(99.03)%	
AVN	The Company	Parent/Subsidiary	Purchases	106,350	66.28%	OA60	-	-	(27,260)	(94.16)%	
Bluechip	ACA	Fellow subsidiary	Purchases	222,953	8.95%	EM30	-	-	(34,270)	(10.63)%	
SER	AEG	Fellow subsidiary	Purchases	757,252	100.00%	OA60	-	-	(167,926)	(100.00)%	
SMA	ASSB	Parent/Subsidiary	Purchases	532,257	14.86%	OA60	-	-	244	0.29%	

Note 1: The trade terms and price of sales with related parties are not comparable to those with third-party customers as they are determined by the economic environment and market competition of specific locations. The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

Note 2: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Acer Incorporated
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2019

Table 6

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	AAC	Parent/Subsidiary	7,304,965	6.56	-		5,858,990		
The Company	ACA	Parent/Subsidiary	1,624,699	2.68	-		1,062,548		
The Company	ACCQ	Parent/Subsidiary	738,697	10.45	-		702,733		
The Company	ACNZ	Parent/Subsidiary	246,599	2.92	-		240,217		
The Company	ACS	Parent/Subsidiary	150,696	10.01	-		150,696		
The Company	AEG	Parent/Subsidiary	3,917,990	16.62	-		3,917,990		
The Company	AFE	Parent/Subsidiary	251,695	2.47	175,143	Under collection	18,888		
The Company	AIL	Parent/Subsidiary	4,449,844	1.65	-		6,072		
The Company	AIN	Parent/Subsidiary	1,225,629	6.63	-		700,874		
The Company	AJC	Parent/Subsidiary	1,221,877	2.03	213,057	Under collection	541,370		
The Company	APHI	Parent/Subsidiary	145,441	8.39	13,267	Under collection	37,172		
The Company	ASSB	Parent/Subsidiary	125,455	13.98	-		125,455		
The Company	ATH	Parent/Subsidiary	192,972	10.49	-		192,972		
The Company	WLII	Parent/Subsidiary	140,967	10.64	-		139,101		
EDC	The Company	Parent/Subsidiary	213,953	2.87	-		-		
AEB	The Company	Parent/Subsidiary	252,700	8.88	-		13,646		
AOI	AOA	Parent/Subsidiary	120,747	2.04	38,591	Under collection	70,351		Note 2
AOI	AOE	Parent/Subsidiary	117,594	4.28	33,442	Under collection	73,695		Note 2
ETEN	The Company	Parent/Subsidiary	120,036	6.59	-		-		
ADSC	The Company	Parent/Subsidiary	649,292	-	-		-		
CCI	The Company	Parent/Subsidiary	121,471	-	-		-		
AAC	AMEX	Fellow subsidiary	143,178	1.19	143,178	Under collection	95,575		
AAC	ASC	Fellow subsidiary	725,553	9.94	-		-		
AAC	ATB	Fellow subsidiary	163,992	4.79	71,608	Under collection	60,236		
AAH	AAC	Parent/Subsidiary	4,524,051	-	-		-		

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
ACCN	ACCQ	Fellow subsidiary	114,108	0.89	114,108	Under collection	-		
ACCQ	ACCN	Fellow subsidiary	1,844,436	4.96	336,113	Under collection	448,830		
ACF	AEG	Fellow subsidiary	778,368	0.39	50,331	Under collection	-		
ACG	AEG	Fellow subsidiary	1,720,013	0.30	69,591	Under collection	-		
ACH	AEG	Fellow subsidiary	423,957	0.39	-		-		
AEG	ACF	Fellow subsidiary	1,114,052	5.59	-		-		
AEG	ACG	Fellow subsidiary	4,500,204	4.77	218,410	Under collection	191,620		
AEG	ACH	Fellow subsidiary	696,607	6.26	-		-		
AEG	AIB	Fellow subsidiary	270,410	10.12	-		-		
AEG	AIT	Fellow subsidiary	738,254	4.83	-		-		
AEG	APX	Fellow subsidiary	141,341	6.41	-		-		
AEG	ASIN	Fellow subsidiary	4,556,067	5.34	-		-		
AEG	ASZ	Fellow subsidiary	261,690	7.28	-		-		
AEG	AUK	Fellow subsidiary	1,109,000	5.54	-		-		
AEG	SER	Fellow subsidiary	167,926	5.43	-		-		
AIB	AEG	Fellow subsidiary	437,063	0.57	-		-		
AIT	AEG	Fellow subsidiary	434,272	0.57	-		-		
ASC	AAC	Fellow subsidiary	224,299	28.01	-		-		
ASIN	AEG	Fellow subsidiary	673,724	0.01	-		-		
ASZ	AEG	Fellow subsidiary	283,729	0.33	-		-		
AUK	AEG	Fellow subsidiary	675,554	0.10	-		-		
GWI	AAC	Parent/Subsidiary	392,282	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Note 2: The ending balance of receivables has been deducted by the credit amount of investments accounted for using equity method.

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Acer Incorporated

Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence

December 31, 2019

Table 7

(Amounts in Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2019			Maximum ownership during 2019		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,746,549	1,746,549	128,282	100.00	1,860,807	128,282	100.00	32,245	32,245	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	25,582,490	1,263,432	92.02	308,859	284,196	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	147	100.00	16,555,306	147	100.00	220,590	220,590	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	6,230,208	1,130,566	191,155	100.00	14,419,551	191,155	100.00	1,007,146	1,007,146	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	32,988	1,225	33.39	68,306	1,225	33.39	11,033	2,953	Parent/Subsidiary
The Company	AWI	British Virgin Islands	Investment and holding activity	-	4,069,764	-	-	-	1,326,193	100.00	(6,478)	(6,478)	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	5,658,111	1,900,347	158,475	100.00	727,341	158,475	100.00	(306,559)	(306,559)	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	559,812	-	100.00	9,533	5,857	Parent/Subsidiary
The Company	ADSBH	British Virgin Islands	Investment and holding activity	-	1,175,933	-	-	-	2,246	100.00	312,461	312,461	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,139,390	1,188,445	10,545	64.54	376,010	10,999	87.09	67,696	54,962	Parent/Subsidiary
The Company	AGC	British Virgin Islands	Investment and holding activity	-	5,012,454	-	-	-	166,209	100.00	(649,858)	(649,858)	Parent/Subsidiary
The Company	WLII	Taiwan	Sale of computers and communication products	752,962	1,087,987	49,674	67.36	982,600	68,358	97.33	125,555	111,962	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	815,583	819,792	1,203	19.39	-	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld products	6,800,751	6,800,751	16,000	100.00	1,933,900	20,000	100.00	(72,058)	(75,406)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	2,128,004	149,779	100.00	1,289,695	176,368	100.00	(188,932)	(188,932)	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	395,981	311,820	32,212	66.80	22,148	32,212	66.80	(16,465)	(10,598)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,595,356	1,700,466	162,956	100.00	1,353,325	186,593	100.00	(105,638)	(105,638)	Parent/Subsidiary
The Company	AOI	Taiwan	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	333,155	333,155	28,970	40.55	238,783	28,970	40.55	(167,582)	(67,636)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	45,000	4,500	83.64	49,778	4,500	83.64	1,586	1,326	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	150,000	50,000	15,000	92.54	158,772	5,000	100.00	7,197	6,287	Parent/Subsidiary
The Company	SFT	Taiwan	Research, manufacturing and sale of radio-detection and civilian technology application products related to distance	132,000	132,000	13,200	55.00	109,031	13,200	55.00	(32,546)	(17,965)	Joint Venture
The Company	AST	Taiwan	System integration service	82,577	82,600	6,775	60.88	120,949	7,000	91.74	27,202	20,193	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	32,298	32,298	11,068	100.00	5,869	11,068	100.00	620	620	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	38,979	100	100.00	(585)	100	100.00	(2,933)	(2,933)	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	1,763	577	74	100.00	3,013	74	100.00	1,330	1,330	Parent/Subsidiary
HSNC	HSNI	Indonesia	Repair and maintenance of IT products	30,501	-	99	99.00	34,585	99	99.00	2,858	2,595	Parent/Subsidiary
HSNC	HSN	Malaysia	Repair and maintenance of IT products	85,419	-	500	100.00	87,570	500	100.00	8,778	2,521	Parent/Subsidiary
AST	ISU	Taiwan	Human resources and project service	20,000	-	2,000	100.00	19,846	2,000	100.00	(154)	(154)	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	23,234	1,244	24.88	20,816	5,268	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	103,633	2,958	100.00	1,230	1,230	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	223,946	22,593	100.00	2,082	2,082	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	22,029	4,427	28.03	(15,324)	(2,035)	Associate
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,421	286	1.81	(15,324)	(131)	Associate
WLII	HPT	Taiwan	Retail service of software	23,668	23,668	882	30.22	15,862	882	30.22	8,358	2,526	Associate
WLII	WELL	Taiwan	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	10,000	10,000	1,000	100.00	1,908	1,000	100.00	3,433	3,433	Parent/Subsidiary
WLII	ANT	Taiwan	Customization and research service of automobile, motorcycle and industrial components; electrical machinery products agency	203,052	-	6,000	20.00	222,174	6,000	20.00	150,168	6,656	Associate
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,223,924	109,639	7.98	308,859	24,663	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	32.01	178,331	436	37.75	(292,611)	(120,862)	Associate

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount: December 31, 2019	Original Investment Amount: December 31, 2018	Balances as of December 31, 2019: Shares (in thousands)	Balances as of December 31, 2019: Percentage of Ownership	Balances as of December 31, 2019: Carrying Value	Maximum ownership during 2019: Shares (in thousands)	Maximum ownership during 2019: Percentage of Ownership	Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
ABH	AEB	Taiwan	Cloud ticketing system, electronic book, online payment service, customized system development and integration services, and sale of commercial and cloud application software and technical services	334,025	334,025	32,000	87.79	495,933	32,000	100.00	131,578	131,144	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	1,153,000	1,153,000	42,694	100.00	195,920	64,314	100.00	(221,944)	(221,944)	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	141,711	7,249	100.00	74,051	7,249	100.00	9,817	9,817	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	78,613	40,200	6,581	86.59	99,086	4,980	88.93	11,151	7,676	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	394,772	34,308	94.41	195,351	34,308	94.41	(78,334)	(73,955)	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information	50,000	50,000	5,000	100.00	47,221	5,000	100.00	(2,672)	(2,672)	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	18,500	1,989	49.00	6,233	1,989	49.00	(13,560)	(6,644)	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	38,173	2,310	100.00	9,441	4,401	100.00	(12,470)	(12,470)	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	50,676	2,947	100.00	7,303	5,825	100.00	(20,686)	(20,686)	Parent/Subsidiary
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	6,488	2,071	51.00	(13,560)	(6,916)	Parent/Subsidiary
ACTTW	AGI	Taiwan	Development of user-friendly IoT device	29,000	29,000	3,222	100.00	32,770	3,222	100.00	260	260	Parent/Subsidiary
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	300,000	30,000	100.00	(7,880)	30,000	100.00	(131,519)	(131,519)	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	291,910	202,401	6,029	100.00	(69)	6,029	100.00	(115,254)	(115,254)	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	31,784	570	15.54	11,033	1,374	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(159,455)	15,000	100.00	2,877	2,877	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(14,688)	1	100.00	7,948	7,948	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	161,720	50	100.00	(46,098)	(46,098)	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	30,146	1	100.00	1,164	1,164	Parent/Subsidiary
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	4,000	100.00	40,728	4,000	100.00	1,609	1,609	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	19,228	105	70.00	925	647	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	884	100	100.00	(171)	(171)	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of display device	20,000	20,000	2,000	80.00	23,794	2,000	80.00	4,843	3,874	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	22,887	39	35.30	8,329	39	39.00	(18,453)	(7,197)	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	376,238	6,664	20.07	331,200	6,664	20.07	113,283	21,772	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,817	300	100.00	-	-	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	27,763	1	100.00	2,356	2,356	Parent/Subsidiary

Acer Incorporated
Information on Investment in Mainland China
For the year ended December 31, 2019

Table 8

(Amounts in Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2019		Share of profits/ losses of investee	Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	90,318	2	90,318	-	-	90,318	(6,611)	100.00	-	100.00	(6,611)	(9,889)	-
Acer Information (Zhong Shan) Co., Ltd.	Sale of brand-name IT products	45,159	2	-	-	-	-	2,203	100.00	-	100.00	2,203	205,948	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	60,212	2	60,212	-	-	60,212	(217,856)	100.00	-	100.00	(217,856)	433,622	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,515,900	2	4,636,324 (Note 2)	-	-	4,636,324 (Note 2)	91,216	100.00	-	100.00	91,216	3,942,282	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	150,530	1	150,530	-	-	150,530	(14,691)	100.00	-	100.00	(14,691)	46,309	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	25,942	1	(Note 3)	-	-	(Note 3)	(1,470)	30.00	-	30.00	(441)	14,993	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	9,050	1	9,050	-	-	9,050	(1,149)	100.00	-	100.00	(1,149)	5,560	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	12,971	1	(Note 3)	-	-	(Note 3)	(1,599)	30.00	-	30.00	(480)	9,440	-
Acer China Venture Corp	Fund company management	21,618	1	21,618	-	-	21,618	(4,775)	100.00	-	100.00	(4,775)	10,610	-
Acer China Venture Partnership	Investment fund	64,854	1	60,530 (Note 4)	-	-	60,530 (Note 4)	(1)	100.00	-	100.00	(1)	64,841	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,324	1	4,324	-	-	4,324	5,240	100.00	-	100.00	5,240	10,591	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,024	1	19,024	-	-	19,024	21,385	100.00	-	100.00	21,385	70,340	-
Shanghai AST Technology Service Ltd.	System integration service	19,024	1	19,024	-	-	19,024	399	100.00	-	100.00	399	19,622	-
GadgeTek (Shanghai) Limited	Sale of peripheral 3C products	15,053	1	-	15,053	-	15,053	578	100.00	-	100.00	578	15,834	-
AOPEN International (ShangHai) Co., Ltd	Sale of computer, apparatus system, and peripheral equipment	161,322	2	161,322	-	-	161,322	40	100.00	-	100.00	40	18,811	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of computer parts and components	450,261	2	450,261	-	-	450,261	(59,080)	100.00	-	100.00	(59,080)	222,842	-

Note 1: Method of Investment:
Type 1: Direct investment in Mainland China.
Type 2: Indirect investment in Mainland China through a holding company established in other countries.
Note 2: Acer Intellectual (Chongqing) Limited had merged with Acer (Chongqing) Ltd. in 2014, and Acer (Chongqing) Ltd. was the surviving entity from the merger. This amount included the original investment in Acer Intellectual (Chongqing) Limited of $ 120,424 (US $4,000 thousand).
Note 3: Innovation and Commercialization Accelerator Inc. and Consumer Insights Research (Chongqing) Inc. were reinvested by Acer Cloud Technology(Chongqing) Ltd.
Note 4: Acer China Venture Partnership was invested by the Company and Acer China Venture Corp of $60,530 and $4,324, respectively.

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2019 (Note 5)(Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)(Note 6)	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company and Subsidiaries	$5,688,192 (US$188,938,829)	$7,263,641 (US$241,268,884.5)	(Note)

Note 5: In September, 2008, AOI had disposed all shares of JNS Technology Co., Ltd., and the proceeds from the disposal of US$730,000 had been remitted to AOI in March 2010.
AOI has not yet to report to MOEA, therefore, the amout of US$ 1,645,200 was still included the original investment in JNS Technology Co., Ltd.

Note 6: T-Conn Precision(Zhongshan) Co., Ltd., indirectly invested by AOI, had been dissolved and the related liquidation process has been completed. The liquidation proceeds of US$31,549.06 (according to ownership percentage of 19%) has been remitted to Super Elite Ltd., a holding company established in other countries. On March 12, 2010, AOI has obtained MOEA's approval to withdraw its investment. However, the amount of accumulated investment in Mainland China still included the amount of US$57,000 due to the liquidation of capital which has yet to be remitted to Taiwan.

The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.106 as of December 31, 2019.

Note: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

ACER INCORPORATED

Statement of Cash and Cash Equivalents

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 664
Bank deposits	Note 1	2,868,179
Time deposits (mature within a year)	Interest rate at 1.045%~2.35%; Note 2	1,214,740
		$ 4,083,583

Note 1: Foreign currency deposits and their exchange rates were as follows:

CNY	$ 9,899	CNY: NTD=1 : 4.3236
EUR	$ 1,635	EUR: NTD=1 : 33.7579
USD	$ 67,991	USD: NTD=1 : 30.1060
JPY	$ 1,715	JPY: NTD=1 : 0.2772
SEK	$ 14	SEK: NTD=1 : 3.2147
AUD	$ 12,371	AUD: NTD=1 : 21.1374
NZD	$ 5	NZD: NTD=1 : 20.2914

Note 2: Including USD $40,000 thousand

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income－Current

(Expressed in Thousands of New Taiwan Dollars / Thousands of Shares)

Name of Financial Instrument	Description	Shares or Units	Acquisition Cost	Fair Value: Unit Price (In Dollars)	Fair Value: Total Amount
Domestic listed company stocks	Hon Hai Precision Industry Co., Ltd.	564	$ 5,084	90.8	51,181

(Continued)

ACER INCORPORATED

Statement of Notes and Accounts Receivable

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Notes and accounts receivable:	
Client A	$ 1,063,845
Client B	642,309
Client C	605,228
Others (the amount of individual client does not exceed 5% of the account balance)	1,557,111
Less: loss allowance	(3,613)
	$ 3,864,880

Statement of Inventories

Item	Amount: Carrying Amount	Amount: Market Value	Note
Raw materials	$ 11,403,139	11,410,606	Market value at net realizable value
Finished goods and merchandise	975,836	1,201,423	Market value at net realizable value
Spare parts	67,279	67,279	Market value at net realizable value
Inventories in transit	272,209	272,209	Market value at net realizable value
	$ 12,718,463	**12,951,517**	

(Continued)

ACER INCORPORATED

Statement of Other Current Assets

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Prepaid expenses	$ 120,535
Advance on procurement	16,943
Prepaid royalty	1,279
Input VAT	106,281
Current income tax assets	3,791
	$ 248,829

(Continued)

ACER INCORPORATED

Statement of Changes in Investments Accounted for Using The Equity Method

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars / Thousands of Shares)

	Beginning Balance		Addition		Decrease					Ending balance			Market Value or Net Assets Value		
Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount (note)	Others	Investment Profit (Loss)	Foreign Currency Translation Differences	Shares	Percentage of Ownership	Amount	Unit Price (In Dollars)	Total Amount	Collateral
ADSC	128,282	$ 1,708,174	-	-	-	-	120,388	32,245	-	128,282	100.00 %	1,860,807	14.51	1,860,807	-
Boardwalk	1,263,432	25,795,473	-	-	-	-	49,664	284,196	(546,843)	1,263,432	92.02 %	25,582,490	20.25	25,582,490	-
AEH	147	17,072,262	-	-	-	-	(158,881)	220,590	(578,665)	147	100.00 %	16,555,306	112,621	16,555,306	-
AHI	33,550	9,243,042	157,605	4,382,612	-	-	(17,799)	1,007,146	(195,450)	191,155	100.00 %	14,419,551	75.43	14,419,551	-
Bluechip	1,225	68,313	-	-	-	(1,326)	-	2,953	(1,634)	1,225	33.39 %	68,306	55.76	68,306	-
AWI	1,326,193	317,471	-	-	(1,326,193)	(344,988)	29,060	(6,478)	4,935	-	-	-	-	-	-
ASCBVI	43,067	1,137,501	115,408	32,988	-	-	(124,471)	(306,559)	(12,118)	158,475	100.00 %	727,341	4.59	727,341	-
CCI	-	550,229	-	-	-	-	3,726	5,857	-	-	100.00 %	559,812	-	559,812	-
ADSBH	2,246	(299,677)	-	-	(2,246)	(7,760)	-	312,461	(5,024)	-	-	-	-	-	-
ACSI	10,999	187,348	-	-	(454)	(57,892)	191,592	54,962	-	10,545	64.54 %	376,010	108.00	1,138,860	-
AGC	163,369	5,010,165	2,840	87,188	(166,209)	(4,382,612)	-	(649,858)	(64,883)	-	-	-	-	-	-
WLII	68,358	1,316,492	3,276	-	(21,960)	(483,038)	37,202	111,962	(18)	49,674	67.36 %	982,600	19.78	982,600	-
ATI	1,203	3,068	-	-	-	(3,068)	-	-	-	1,203	19.39 %	-	-	-	-
ETEN	20,000	2,000,757	-	-	(4,000)	-	8,549	(75,406)	-	16,000	100.00 %	1,933,900	120.87	1,933,900	-
ABH	176,368	1,471,504	-	-	(26,589)	-	8,914	(188,932)	(1,791)	149,779	100.00 %	1,289,695	8.61	1,289,695	-
ASBZ	30,628	30,713	1,584	84,161	-	-	(82,130)	(10,598)	2	32,212	66.80 %	22,148	0.69	22,148	-
AOI	28,970	316,531	-	-	-	(8,691)	900	(67,636)	(2,321)	28,970	40.55 %	238,783	16.45	476,557	-
EDC	186,593	1,565,945	-	-	(23,637)	(105,110)	(1,940)	(105,638)	68	162,956	100.00 %	1,353,325	8.30	1,353,325	-
ACVC	-	15,899	-	-	-	-	-	(4,959)	(330)	-	100.00 %	10,610	-	10,610	-
ACVP	-	62,541	-	-	-	-	-	(1)	(2,021)	-	93.33 %	60,519	-	60,519	-
SEB	-	5,530	-	-	-	-	-	5,327	(266)	-	100.00 %	10,591	-	10,591	-
SFT	13,200	126,996	-	-	-	-	-	(17,965)	-	13,200	55.00 %	109,031	8.26	109,031	-
GTI	4,500	48,806	-	-	-	-	(8)	1,326	(346)	4,500	83.64 %	49,778	11.06	49,778	-
HSNC	5,000	49,543	10,000	100,000	-	-	1,858	6,287	1,084	15,000	92.54 %	158,772	10.58	158,772	-
AST	7,000	89,902	276	6,083	(501)	(13,486)	18,564	20,193	(307)	6,775	60.88 %	120,949	63.08	427,367	-
Others	-	8,714	-	-	-	-	-	(258)	-	-	-	8,456	-	-	-
Subtotal		67,903,242		4,693,032		(5,407,971)	85,188	631,217	(1,405,928)			66,498,780			
Less: Treasury stock held by subsidiaries		(423,002)		-		-	-	-	-			(423,002)			
Adjustments of unrealized profits or losses resulting from transactions with subsidiaries and associates		(315,992)		265		-	-	826	-			(314,901)			
		67,164,248		4,693,297		(5,407,971)	85,188	632,043	(1,405,928)			65,760,877			
Credit balance of investments accounted for using the equity method reclassified to other liabilities:															
ADSBH		299,677										-			-
		$ 67,463,925										65,760,877			

Note: The amount included cash dividend $108,523 distributed from the investees (including $65,509 from WLII, $1,326 from Bluechip, $8,691 from AOI and $32,997 from ACSI).

(Continued)

ACER INCORPORATED

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income －Non-current

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars / Thousands of Shares)

	Beginning balance		Addition		Decrease			Ending Balance		
Name of Financial Instrument	Shares	Amount	Shares	Amount	Shares	Amount	Unrealized Gain (Loss)	Shares	Amount	Collateral
Common Stock of Qisda	81,713	$ 1,609,740	-	-	-	-	130,740	81,713	1,740,480	-
Common Stock of Wistron	54,816	1,046,986	-	-	-	-	507,047	54,816	1,554,033	-
Common Stock of WPG Holdings	4,012	148,227	-	-	-	-	8,625	4,012	156,852	-
Stock of iD SoftCapital Inc.	398	3,675	-	-	-	-	(574)	398	3,101	-
Stock of World Venture, Inc.	8,505	52,047	-	-	-	-	(7,199)	8,505	44,848	-
Stock of Dragon Investment Co. Ltd.	13,459	21,313	-	-	(11,575)	(14,805)	2,968	1,884	9,476	-
Stock of Venture Power	15	13	-	-	-	(257)	244	15	-	-
Stock of Pell Bio-med Technology Co., Ltd.	-	-	1,200	120,000	-	-	-	1,200	120,000	
		$ 2,882,001		120,000		(15,062)	641,851		3,628,790	

Statement of Other Non-current Assets

Item	Amount
Prepaid patent development expense	$ 41,721
Deferred cost－e-commerce	9,178
	$ 50,899

(Continued)

ACER INCORPORATED

Statement of Other Financial Assets－Non-current

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Tender deposits and refundable deposits	$ 91,717

Statement of Notes and Accounts Payable

Vendor Name	Amount
Vendor A	$ 4,879,336
Vendor B	2,155,619
Vendor C	2,058,566
Vendor D	2,034,789
Vendor E	1,862,264
Vendor F	1,548,426
Vendor G	1,510,888
Others (the amount of individual vendor does not exceed 5% of the account balance)	11,972,213
	$ 28,022,101

(Continued)

ACER INCORPORATED

Statement of Other Payables

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Royalty payable	$ 3,712,351
Accrued compensation for price difference	3,196,123
Accrued product development costs	4,154,051
Salaries and bonus payable	1,396,752
Others (the amount of individual item does not exceed 5% of the account balance)	3,354,143
	$ 15,813,420

Statement of Other Current Liabilities

Items	Amount
Collection in advance	$ 371,201
Others (the amount of individual item does not exceed 5% of the account balance)	3,573
	$ 374,774

(Continued)

ACER INCORPORATED

Statement of Other Non-current Liabilities

December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Defined benefit liabilities	$ 546,065
Guarantee deposits	30,256
	$ 576,321

Statement of Lease Liabilities

Item	Description	Lease terms	discount rate	Ending balance
Lease liabilities	Buildings	2016/07~2022/12	1.79%	$ 132,692
Lease liabilities	Other equipments	2017/07~2020/09	1.79%	1,336
				$ 134,028
Lease liabilities—Current				**$ 73,195**
Lease liabilities—Non-current				**$ 60,833**

(Continued)

ACER INCORPORATED

Statement of Cost of Revenue

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from purchase		$ 165,333,497
Beginning inventory	$ 14,303,049	
Net purchase for the period	150,552,827	
Ending inventory	(13,667,619)	
Reclassified to property, plant and equipment	(11,861)	
Royalty for software and technology	13,242,092	
Write-down of inventories	272,864	
ODM stock provision	136,293	
Others	505,852	
Cost of product development and repair and maintenance		590,414
Cost of revenue		**$ 165,923,911**

(Continued)

ACER INCORPORATED

Statement of Operating Expenses

For the year ended December 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 956,256	433,118	769,288
Depreciation	65,326	58,561	30,642
Amortization	866	27,681	1,211
Advertising and promotion expense	665,379	1,381	832
Utilities expense	33,398	8,447	10,458
Professional service expense	556,672	241,062	821,601
Others	385,900	206,206	320,030
	$ 2,663,797	**976,456**	**1,954,062**

Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current: Note 6(b).
Statement of Receivable from Related Parties: Note 7.
Statement of Other Receivables: Note 6(e).
Statement of Changes in Property, Plant and Equipment: Note 6(h).
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment: Note 6(h).
Statement of Changes in Right-of-use Assets: Note 6(i).
Statement of Changes in Investment Property: Note 6(j).
Statement of Changes in Intangible Assets: Note 6(k).
Statement of Long-term Debt: Note 6(l).
Statement of Financial Liabilities Measured at Fair Value through Profit or Loss – Current: Note 6(b).
Statement of Payables from Related Parties: Note 7.
Statement of Provisions – Current: Note 6(n).
Statement of Deferred Tax assets/liabilities: Note 6(q).
Statement of Revenue: Note 6(u).
Statement of Other Operating Income and Expenses: Note 6(w).
Statement of Other Income: Note 6(x).
Statement of Other Gains and Losses: Note 6(x).
Statement of Financial Costs: Note 6(x).

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