Stock Code:2353

ACER INCORPORATED

Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 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. Furthermore, 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. 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, 2020 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 the equity method, is 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 other related information on impairment of non-financial assets (including goodwill).

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 the 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 17, 2021

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 15,999,824	12	4,083,583	4
1110	Financial assets measured at fair value through profit or loss－current (note 6(b))	156,738	-	58,355	-
1120	Financial assets measured at fair value through other comprehensive income－current (note 6(c))	51,857	-	51,181	-
1140	Contract assets－current (note 6(t))	250	-	2,008	-
1170	Notes and accounts receivable, net (notes 6(d) & (t))	5,910,659	5	3,864,880	3
1180	Notes and accounts receivable from related parties (notes 6(d) & (t) and 7)	24,595,958	18	21,963,643	19
1200	Other receivables, net (note 6(e))	206,551	-	187,273	-
1210	Other receivables from related parties (notes 6(e) and 7)	214,152	-	130,046	-
130X	Inventories (note 6(f))	13,657,588	10	12,718,463	11
1470	Other current assets	226,214	-	248,829	-
	Total current assets	61,019,791	45	43,308,261	37
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income－non-current (note 6(c))	4,656,750	3	3,628,790	3
1550	Investments accounted for using the equity method (note 6(g))	66,039,920	49	65,760,877	57
1600	Property, plant and equipment (note 6(h))	1,844,520	1	1,310,885	1
1755	Right-of-use assets (note6(i))	73,967	-	133,049	-
1760	Investment property (note 6(j))	724,504	1	1,276,865	1
1780	Intangible assets (note 6(k))	180,529	-	207,915	-
1840	Deferred income tax assets (note 6(q))	1,911,708	1	973,841	1
1900	Other non-current assets	61,608	-	50,899	-
1980	Other financial assets－non-current (note 8)	88,955	-	91,717	-
	Total non-current assets	75,582,461	55	73,434,838	63
	Total assets	**$ 136,602,252**	**100**	**116,743,099**	**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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities measured at fair value through profit or loss－current (note 6(b))	$ 943,985	1	194,318	-
2130	Contract liabilities－current (note 6(t))	79,131	-	107,298	-
2170	Notes and accounts payable	41,949,644	31	28,022,101	24
2180	Accounts payable to related parties (note 7)	503,171	-	122,620	-
2200	Other payables (note 6(u))	18,406,873	13	15,813,420	14
2220	Other payables to related parties (note 7)	763,946	1	1,519,594	1
2250	Provisions－current (note 6(n) and 9)	742,153	1	716,840	1
2230	Current tax liabilities	1,680,371	1	388,906	1
2280	Lease liabilities－current (note 6(m))	60,449	-	73,195	-
2365	Refund liabilities－current	3,650,911	3	2,816,912	2
2399	Other current liabilities	433,513	-	374,774	-
	Total current liabilities	69,214,147	51	50,149,978	43
	Non-current liabilities:				
2540	Long-term debt (note 6(l))	3,300,000	3	5,800,000	5
2570	Deferred income tax liabilities (note 6(q))	3,153,296	2	2,183,773	2
2580	Lease liabilities－non-current (note 6(m))	14,236	-	60,833	-
2600	Other non-current liabilities (note 6(p))	607,208	-	576,321	-
2622	Long-term payable to related parties (note 7)	20,034	-	130,721	-
	Total non-current liabilities	7,094,774	5	8,751,648	7
	Total liabilities	76,308,921	56	58,901,626	50
	Equity (note 6(r)):				
3110	Common stock	30,478,538	22	30,749,338	26
3200	Capital surplus	27,378,068	20	28,152,962	24
	Retained earnings:				
3310	Legal reserve	853,852	1	587,602	1
3320	Special reserve	3,976,265	3	2,940,572	3
3350	Unappropriated retained earnings	6,038,916	4	2,668,082	2
3400	Other equity	(5,517,452)	(4)	(4,342,227)	(4)
3500	Treasury stock	(2,914,856)	(2)	(2,914,856)	(2)
	Total equity	60,293,331	44	57,841,473	50
	Total liabilities and equity	**$ 136,602,252**	**100**	**116,743,099**	**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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(t) and 7)**	$ 209,586,473	100	173,659,404	100
5000	**Cost of revenue (notes 6(f) & (n) and 7)**	(199,065,721)	(95)	(165,923,911)	(96)
	Gross profit before realized gross profit on sales to subsidiaries, associates and joint ventures	10,520,752	5	7,735,493	4
5920	Realized gross profit on sales to subsidiaries, associates and joint ventures	2,440	-	265	-
	Gross profit	10,523,192	5	7,735,758	4
	Operating expenses (notes 6(d), (h), (i), (j), (k), (m), (n), (o), (p) & (u), 7 and 12):				
6100	Selling expenses	(3,034,971)	(1)	(2,663,797)	(2)
6200	General and administrative expenses	(1,165,863)	(1)	(976,456)	-
6300	Research and development expenses	(1,986,440)	(1)	(1,954,062)	(1)
	Total operating expenses	(6,187,274)	(3)	(5,594,315)	(3)
6500	**Other operating income and expenses, net (notes 6(o) & (v) and 7)**	154,916	-	158,473	-
	Operating income	4,490,834	2	2,299,916	1
	Non-operating income and loss:				
7100	Interest income (notes 6(w) and 7)	50,577	-	95,624	-
7010	Other income (note 6(w))	185,228	-	164,104	-
7020	Other gains and losses (notes 6(w) and 7)	178,477	-	186,829	-
7050	Finance costs (notes 6(m) & (w) and 7)	(65,529)	-	(113,981)	-
7060	Share of profits of subsidiaries, associates and joint ventures (note 6 (g))	2,524,675	2	632,043	1
	Total non-operating income and loss	2,873,428	2	964,619	1
	Income before taxes	7,364,262	4	3,264,535	2
7950	**Income tax expenses (note 6 (q))**	(1,334,975)	(1)	(631,970)	-
	Net Income	6,029,287	3	2,632,565	2
	Other comprehensive income (loss) (notes 6 (g), (p), (q), (r) & (x)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(5,026)	-	(39,439)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	716,961	-	653,124	-
8330	Share of other comprehensive losses of subsidiaries and associates	(35,859)	-	(154,297)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	1,005	-	7,888	-
	Total items that will not be reclassified subsequently to profit or loss	677,081	-	467,276	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	(1,855,833)	(1)	(1,405,928)	(1)
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(1,855,833)	(1)	(1,405,928)	(1)
	Other comprehensive loss, net of taxes	(1,178,752)	(1)	(938,652)	(1)
	Total comprehensive income for the year	**$ 4,850,535**	**2**	**1,693,913**	**1**
	Earnings per share (in New Taiwan dollars) (note 6(s)):				
9750	Basic earnings per share	**$ 2.01**		**0.87**	
9850	Diluted earnings per share	**$ 1.99**		**0.87**	

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, 2020 and 2019

(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	Remeasurements of defined benefit plans	Total	Treasury stock	Total equity
Balance at January 1, 2019	$ 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)
Reorganization 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
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	-	6,029,287
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,855,833)	632,065	45,016	(1,178,752)	-	(1,178,752)
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	(1,855,833)	632,065	45,016	(1,178,752)	-	4,850,535
Appropriation approved by the stockholders:												
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Retirement of treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-
Share of changes in equity of associates	-	76,443	-	-	-	-	-	-	-	-	-	76,443
Changes in ownership interests in subsidiaries	-	43,604	-	-	-	-	-	-	-	-	-	43,604
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	-	-	-	-	-	-	174,404
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)
Stock option compensation cost of subsidiaries	-	110	-	-	-	-	-	-	-	-	-	110
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(3,527)	(3,527)	-	3,527	-	3,527	-	-
Balance at December 31, 2020	**$ 30,478,538**	**27,378,068**	**853,852**	**3,976,265**	**6,038,916**	**10,869,033**	**(6,043,227)**	**768,662**	**(242,887)**	**(5,517,452)**	**(2,914,856)**	**60,293,331**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Income before income tax	$ 7,364,262	3,264,535
Adjustments for:		
Adjustments to reconcile profit or loss:		
Depreciation	154,282	154,529
Amortization	27,796	29,758
Net loss on financial assets measured at fair value through profit or loss	1,268	-
Interest expense	65,529	113,981
Interest income	(50,577)	(95,624)
Dividend income	(185,228)	(164,104)
Share of profits of subsidiaries, associates and joint ventures	(2,524,675)	(632,043)
Gain on disposal of equipment and intangible assets	(1,181)	(5,943)
Gain on lease modification	-	(32)
Loss on disposal of investments accounted for using the equity method	-	6,538
Realized profit on sales to subsidiaries, associates and joint ventures	(2,440)	(265)
Acquisition of financial assets by contribution of technical know-how	(17,421)	-
Total adjustments for profit or loss	(2,532,647)	(593,205)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	650,016	208,252
Contract assets	1,758	82,442
Notes and accounts receivable	(2,045,779)	(512,609)
Notes and accounts receivable from related parties	(2,632,315)	1,111,461
Inventories	(980,229)	860,860
Other receivables and other current assets	3,436	295,369
Changes in operating assets	(5,003,113)	2,045,775
Changes in operating liabilities:		
Notes and accounts payable	13,931,231	(5,215,880)
Payables to related parties	437,903	(178,287)
Refund liabilities	833,999	205,689
Other payables and other current liabilities	2,652,811	269,600
Provisions	25,313	(41,701)
Contract liabilities	(28,167)	107,298
Other non-current liabilities	(84,826)	(2,971)
Changes in operating liabilities	17,768,264	(4,856,252)
Cash provided by (used in) operations	17,596,766	(139,147)
Interest received	50,566	95,811
Income taxes paid	(13,457)	(507,432)
Net cash provided by (used in) operating activities	17,633,875	(550,768)

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(297,000)	(120,000)
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,746	15,062
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	(43,365)	(277,432)
Proceeds from disposal of investments accounted for using the equity method	29,930	455,910
Proceeds from capital return of investments accounted for using the equity method	602,819	424,870
Proceeds from liquidation of investments accounted for using the equity method	-	4,210
Additions to property, plant and equipment and investment property	(43,789)	(26,573)
Proceeds from disposal of property, plant and equipment	5,251	1,523
Increase in receivables from related parties	(84,106)	(42,349)
Additions to intangible assets	(410)	(12,727)
Proceeds from disposal of intangible assets	-	9,360
Cash outflows from business demerger	(27,718)	-
Decrease (Increase) in other non-current financial assets and other non-current assets	(7,947)	35,748
Dividends received	333,191	272,627
Net cash flows provided by investing activities	469,602	751,478
Cash flows from financing activities:		
Increase in short-term borrowings	5,233,942	-
Decrease in short-term borrowings	(5,233,942)	-
Increase in long-term debt	-	5,800,000
Repayment of long-term debt	(2,500,000)	(3,300,000)
Payment of lease liabilities	(78,575)	(78,829)
Increase (decrease) in loans from related parties	(813,000)	320,000
Cash dividends	(1,352,971)	(2,367,699)
Cash distributed from capital surplus	(1,014,728)	-
Purchase of treasury stock	(361,943)	-
Interest paid	(66,019)	(115,753)
Net cash flows provided by (used in) financing activities	(6,187,236)	257,719
Net increase in cash and cash equivalents	11,916,241	458,429
Cash and cash equivalents at beginning of period	4,083,583	3,625,154
Cash and cash equivalents at end of period	$ **15,999,824**	**4,083,583**

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, 2020 and 2019

(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 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 17, 2021.

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 Coommission, R.O.C. (“FSC”).

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19 Related Rent Concessions”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform —Phase 2”

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

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

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

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

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent-company-only financial position and parent-company-only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent-company-only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

4. Summary of significant accounting policies

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. 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" (the "Regulations").

(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.

(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;
(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.

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(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.

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.

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

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).

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. 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.

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Notes to Parent-Company-Only Financial Statements

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 to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

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.

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.

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

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.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(h) 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 in 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. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

(Continued)

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Notes to Parent-Company-Only Financial Statements

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 ventures) 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 owners of the Parent 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.

(Continued)

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Notes to Parent-Company-Only Financial Statements

In an acquisition of new subsidiary achieved in stages, 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.

(Continued)

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Notes to Parent-Company-Only Financial Statements

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

(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.

(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;

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- 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.

At inception or on reassessment of whether a contract contains a lease, 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, 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.

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 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.

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(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.

(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.

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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.

(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.

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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.

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 made 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.

(Continued)

(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 (e.g., 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.

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 associated with the grant and that the grant will be received.

A government grant is recognized in profit or loss in the period in which it becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company without future related costs.

Government grant is recorded in other operating income and expenses.

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(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.

(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.

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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.

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 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.

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 records a refund liability for estimated future returns and other allowances in the same period the related revenue is recognized. Refund liability for estimated sales returns and other allowances is generally made and adjusted based on historical experience, channel inventory, market and economic conditions, and any other 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 accruals made.

(Continued)

(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 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, 2020	December 31, 2019
Cash on hand	$ 514	664
Bank deposits	8,405,609	2,868,179
Time deposits	7,593,701	1,214,740
	$ 15,999,824	**4,083,583**

(b) Financial instruments measured at fair value through profit or loss—current

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	$ 154,578	54,927
Non-derivative financial assets		
Stocks listed on foreign markets	2,160	3,428
	$ 156,738	**58,355**
Financial liabilities held for trading—current:		
Derivatives—Foreign currency forward contracts	**$ (943,985)**	**(194,318)**

Please refer to note 6(w) for the amounts recognized in profit or loss arising from remeasurement at fair value.

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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, 2020

Contract amount (in thousands)		Currency	Maturity period
USD	594,000	USD / NTD	2021/01
USD	434,729	EUR / USD	2021/01~2021/05
USD	12,220	NZD / USD	2021/01~2021/05
USD	76,759	AUD / USD	2021/04~2021/05
USD	146,869	USD / JPY	2021/01~2021/07
USD	117,419	USD / INR	2021/01~2021/07

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

(c) Financial assets measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments measured at fair value through other comprehensive income		
Domestic listed stock	$ 4,568,341	3,502,546
Unlisted stock	140,266	177,425
	$ 4,708,607	**3,679,971**
Current	$ 51,857	51,181
Non-current	4,656,750	3,628,790
	$ 4,708,607	**3,679,971**

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 2020 and 2019.

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(d) Notes and accounts receivable, net (measured at amortized cost)

	December 31, 2020	December 31, 2019
Notes receivable	$ 16,502	29,262
Accounts receivable	5,896,378	3,839,231
Less: loss allowance	(2,221)	(3,613)
	5,910,659	3,864,880
Notes and accounts receivable from related parties	24,595,958	21,963,643
	$ 30,506,617	**25,828,523**

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. Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable was as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance**
Current	$ 5,135,039	0.04%	(1,925)
Past due 1-30 days	527,116	0.04%	(188)
Past due 31-60 days	60,375	0.17%	(101)
Past due 61-90 days	189,767	0.00%	-
Past due 91-180 days	489	1.43%	(7)
Past due 181 days or over	94	0.00%	-
	$ 5,912,880		**(2,221)**

	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)**

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As of December 31, 2020 and 2019, no expected credit losses was provided for abovementioned notes and accounts receivable from related parties after management's assessment. The analysis was as follows:

	December 31, 2020	December 31, 2019
Current	$ 19,989,238	19,355,582
Past due 1-30 days	1,509,349	1,755,605
Past due 31-60 days	1,941,296	652,604
Past due 61-90 days	711,999	25,391
Past due 91-180 days	358,961	84,374
Past due 181 days or over	85,115	90,087
	$ 24,595,958	**21,963,643**

Movements of the allowance for notes and accounts receivable were as follows:

	2020	2019
Balance at January 1	$ 3,613	2,698
Impairment losses recognized (reversed)	(1,051)	915
Write-off	(341)	-
Balance at December 31	**$ 2,221**	**3,613**

(e) Other receivables, net

	December 31, 2020	December 31, 2019
Other receivables from related parties	$ 214,152	130,046
Reimbursement of advertising expense	19,474	44,873
Purchase discount	171,381	118,835
Others	16,551	24,042
	421,558	317,796
Less: loss allowance	(855)	(477)
	$ 420,703	**317,319**

As of December 31, 2020 and 2019, 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, 2020	December 31, 2019
Raw materials	$ 12,581,388	11,403,139
Finished goods and merchandise	649,950	975,836
Spare parts	84,461	67,279
Inventories in transit	341,789	272,209
	$ 13,657,588	**12,718,463**

For the years ended December 31, 2020 and 2019, the amounts of inventories recognized as cost of revenues were $183,044,036 and $152,421,436, respectively, of which $(309,033) and $272,864, respectively, was the write-down of inventories (reversal of write-downs). The write-downs arose from the write-down of inventories to net realizable value. The reversal of write-downs arose from the increase in the net realizable value or sale of inventories, and the circumstance of net realizable value of inventory to be lower than its cost no longer existed.

(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, 2020	December 31, 2019
Subsidiaries	$ 65,941,416	65,643,255
Associates	9,186	8,591
Joint Ventures	89,318	109,031
	$ 66,039,920	**65,760,877**

(i) For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2020.

(ii) The Company has performed an impairment test for Goodwill from investment in subsidiaries, and there was no impairment as a result of the test. Please refer to the consolidated financial statements for the year ended December 31, 2020 for the description of the impairment of goodwill.

(iii) Associates and joint venture

Name of Associates and Joint Venture	December 31, 2020 Percentage of ownership	December 31, 2020 Carrying amount	December 31, 2019 Percentage of ownership	December 31, 2019 Carrying amount
Associates	-	$ 9,186	-	8,591
Joint Venture:				
Smart Frequency Technology Inc. ("SFT", note (i))	55.00	89,318	55.00	109,031
		$ 98,504		**117,622**

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.

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	2020	2019
The Company's share of net income (loss) of the associates:		
Net income (loss)	$ 595	(258)
Other comprehensive income	-	-
Total comprehensive income(loss)	$ 595	(258)

	2020	2019
The Company's share of net loss of the joint venture:		
Net loss	$ (19,713)	(17,965)
Other comprehensive income	-	-
Total comprehensive loss	$ (19,713)	(17,965)

(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, 2020	$ 963,542	1,413,224	607,864	280,743	3,265,373
Additions	-	14,080	10,507	4,787	29,374
Disposals	-	-	(52,714)	(8,840)	(61,554)
Reclassifications	586,639	1,347,361	17,523	(1,698)	1,949,825
Balance at December 31, 2020	$ 1,550,181	2,774,665	583,180	274,992	5,183,018
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
Accumulated depreciation and impairment loss:					
Balance at January 1, 2020	$ 126,540	1,010,242	567,890	249,816	1,954,488
Depreciation	-	25,279	22,785	13,199	61,263
Disposals	-	-	(49,310)	(8,174)	(57,484)
Reclassifications	193,547	1,188,216	-	(1,532)	1,380,231
Balance at December 31, 2020	$ 320,087	2,223,737	541,365	253,309	3,338,498
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
Carrying amounts:					
Balance at December 31, 2020	$ 1,230,094	550,928	41,815	21,683	1,844,520
Balance at December 31, 2019	$ 837,002	402,982	39,974	30,927	1,310,885

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Notes to Parent-Company-Only Financial Statements

(i) Right-of-use assets

		Buildings	Other equipment	Total
Cost:				
Balance at January 1, 2020	$	208,362	3,332	211,694
Additions		13,115	6,117	19,232
Disposals		(15,622)	(3,332)	(18,954)
Balance at December 31, 2020	$	**205,855**	**6,117**	**211,972**
Balance at January 1, 2019	$	-	-	-
Effects of initial 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, 2020	$	76,672	1,973	78,645
Depreciation		76,375	1,939	78,314
Disposals		(15,622)	(3,332)	(18,954)
Balance at December 31, 2020	$	**137,425**	**580**	**138,005**
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, 2020	$	**68,430**	**5,537**	**73,967**
Balance at December 31, 2019	$	**131,690**	**1,359**	**133,049**

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(j) Investment property

	Land	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2020	$ 1,305,066	3,237,899	4,542,965
Additions	-	14,415	14,415
Reclassifications	(586,639)	(1,347,193)	(1,933,832)
Balance at December 31, 2020	**$ 718,427**	**1,905,121**	**2,623,548**
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**
Accumulated depreciation and impairment loss:			
Balance at January 1, 2020	$ 427,047	2,839,053	3,266,100
Depreciation	-	14,705	14,705
Reclassifications	(193,547)	(1,188,214)	(1,381,761)
Balance at December 31, 2020	**$ 233,500**	**1,665,544**	**1,899,044**
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**
Carrying amounts:			
Balance at December 31, 2020	**$ 484,927**	**239,577**	**724,504**
Balance at December 31, 2019	**$ 878,019**	**398,846**	**1,276,865**
Fair value:			
Balance at December 31, 2020			**$ 1,130,556**
Balance at December 31, 2019			**$ 1,578,696**

The fair value of the investment property is determined by referring to the market price of similar real estate transaction 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, 2020 and 2019, the estimated discount rate used for calculating the present value of the future cash flows was 5.18% and 5.40%, respectively.

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(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, 2020:						
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)
Net balance at January 1, 2020		166,604	-	25,564	15,747	207,915
Additions		-	-	-	410	410
Amortization		-	-	(18,083)	(9,713)	(27,796)
Net balance at December 31, 2020	**$**	**166,604**	**-**	**7,481**	**6,444**	**180,529**
Net balance at December 31, 2020:						
Cost	$	166,604	7,489,298	1,344,680	670,320	9,670,902
Accumulated amortization and impairment loss		-	(7,489,298)	(1,337,199)	(663,876)	(9,490,373)
	$	**166,604**	**-**	**7,481**	**6,444**	**180,529**
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**

The amortization and impairment loss of intangible assets were included in operating expenses of the parent-company-only statements of comprehensive income.

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(l) Long-term debt

Type of Loan	Creditor	Credit Line	Term		December 31, 2020	December 31, 2019
Unsecured loan	Bank of Taiwan	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	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. The loan was early repaid in February 2020.		-	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. The loan was early repaid in February 2020.		-	1,500,000
				$	**3,300,000**	**5,800,000**
Unused credit facilities				$	**4,400,000**	**1,900,000**
Interest rate					**0.90%**	**1.10~1.34%**

No financial covenants were required for the unsecured loan agreements with Bank of Taiwan, DBS Bank and Taipei Fubon Bank. Please refer to note 6(w) for related interest expense with respect to the abovementioned bank loans.

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Notes to Parent-Company-Only Financial Statements

(m) Lease liabilities

(i) The carrying amounts of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 60,449	73,195
Non-current	$ 14,236	60,833

Please refer to note 6(y) for maturity analysis.

(ii) The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ 1,889	3,092
Expenses relating to short-term leases	$ 2,415	1,233
Expenses relating to leases of low-value assets	$ 36	36

(iii) The amounts recognized in the statement of cash flows for the Company were as follows:

	2020	2019
Total cash outflow for leases	$ 82,915	83,190

(iv) Major terms of leases

The Company leases buildings, vehicles, office equipment, and miscellaneous equipment with lease terms ranged 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－current

	Warranties	Litigation	Environmental protection	Total
Balance at January 1, 2020	$ 428,096	210,742	78,002	716,840
Additions	261,274	-	46,909	308,183
Amount utilized	(205,475)	-	(64,601)	(270,076)
Effect of exchange rate changes	(1,608)	(11,186)	-	(12,794)
Balance at December 31, 2020	$ 482,287	199,556	60,310	742,153
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

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(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

The Company leases its investment property to others. The Company has classified these leases as operating leases as it does not transfer substantially all the risks and rewards incidental to 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, is as follows:

	December 31, 2020	December 31, 2019
Less than 1 year	$ 96,074	129,713
1 year to 2 years	65,075	50,069
2 years to 3 years	33,130	27,461
3 years to 4 years	24,199	16,652
4 years to 5 years	15,134	7,404
Over 5 years	22,607	4,510
Total undiscounted lease payments	**$ 256,219**	**235,809**

In 2020 and 2019, the rental income from investment property amounted to $124,335 and $116,954, respectively, were recognized and included in other operating income and loss. Related repair and maintenance expenses recognized were as follows:

	2020	2019
Arising from investment property that generated rental income during the period	$ 40,879	36,549
Arising from investment property that did not generate rental income during the period	25,798	24,957
	$ 66,677	**61,506**

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(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, 2020	December 31, 2019
Present value of benefit obligations	$ 890,212	892,600
Fair value of plan assets	(314,957)	(346,535)
Net defined benefit liabilities (reported under other non-current liabilities)	**$ 575,255**	**546,065**

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, 2020 and 2019, the balances of aforementioned pension funds were $314,957 and $346,535, 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.

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2) Movements in present value of the defined benefit obligations

		2020	2019
Defined benefit obligations at January 1	$	892,600	895,574
Current service costs		9,394	10,345
Interest expense		8,730	10,021
Remeasurement on the net defined benefit liabilities:			
Actuarial loss (gain) arising from experience adjustments		(22,698)	36,097
Actuarial loss (gain) arising from changes in financial assumption		35,564	12,127
Benefits paid by the plan		(49,125)	(34,856)
Liabilities assumed (transferred) due to the Group's employee shift		15,747	(36,708)
Defined benefit obligations at December 31	**$**	**890,212**	**892,600**

3) Movements in fair value of plan assets

		2020	2019
Fair value of plan assets at January 1	$	346,535	358,844
Remeasurement on the net defined benefit liabilities			
Return on plan assets (excluding amounts included in net interest expense)		7,840	8,785
Benefits paid by the plan		(49,125)	(34,856)
Interest income		2,311	2,901
Contributions by the employer		24,701	29,569
Payments to related parties for transferred employees		(9,216)	(11,409)
Loss on curtailment		(8,089)	(7,299)
Fair value of plan assets at December 31	**$**	**314,957**	**346,535**

4) Changes in the effect of the asset ceiling

In 2020 and 2019, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

		2020	2019
Current service costs	$	9,394	10,345
Net interest expense		6,419	7,120
Loss on curtailment		8,089	7,299
	$	**23,902**	**24,764**
Classified under operating expense	**$**	**23,902**	**24,764**

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6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.625 %	1.000 %
Future salary increases rate	3.000 %	3.000 %

The Company expects to make contribution of $28,262 to the defined benefit plans in the year following December 31, 2020. The weighted average duration of the defined benefit plans is 13.30 years.

7) 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, 2020 and 2019.

	December 31, 2020		December 31, 2019	
	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Discount rate	$ (23,919)	24,828	(24,024)	24,950
Future salary increasing rate	$ 23,719	(22,990)	23,954	(23,191)

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, 2020 and 2019, the Company recognized pension expenses of $83,831 and $82,052, respectively, which had been contributed to the Bureau of Labor Insurance, in relation to the defined contribution plans.

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(q) Income taxes

(i) The components of income tax expense were as follows:

		2020	2019
Current income tax expense			
Current period	$	1,292,482	536,737
Adjustments for prior years		9,832	-
		1,302,314	536,737
Deferred tax expense			
Origination and reversal of temporary differences		203,781	31,671
Change in unrecognized deductible temporary differences		(171,120)	63,562
		32,661	95,233
Income tax expense	$	**1,334,975**	**631,970**

The components of income tax benefit (expense) recognized in other comprehensive income were as follows:

		2020	2019
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	$	**1,005**	**7,888**

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:

		2020	2019
Income before taxes	$	**7,364,262**	**3,264,535**
Income tax using the Company’s statutory tax rate	$	1,472,852	652,907
Adjustments for prior-year income tax expense		9,832	-
Undistributed earnings additional tax		380	279
Change in unrecognized temporary differences		(171,120)	63,562
Others		23,031	(84,778)
	$	**1,334,975**	**631,970**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

		December 31, 2020	December 31, 2019
Loss associated with investments in subsidiaries	$	2,591,465	2,958,591
Deductible temporary differences		1,046,282	1,493,019
	$	**3,637,747**	**4,451,610**

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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, 2020 and 2019. 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, 2020	December 31, 2019
Profits associated with investments in subsidiaries	$ 2,102,538	2,745,281

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:

	Remeasurements of defined benefit plans	Accrued expenses and costs	Total
Balance at January 1, 2020	$ 70,837	903,004	973,841
Recognized in profit or loss	-	936,862	936,862
Recognized in other comprehensive income	1,005	-	1,005
Balance at December 31, 2020	**$ 71,842**	**1,839,866**	**1,911,708**
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**

Deferred income tax liabilities:

	Income from investments accounted for using the equity method	Others	Total
Balance at January 1, 2020	$ 2,043,256	140,517	2,183,773
Recognized in profit or loss	821,094	148,429	969,523
Balance at December 31, 2020	**$ 2,864,350**	**288,946**	**3,153,296**
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**

(iii) No income tax was recognized directly in equity in 2020 and 2019.

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(iv) The Company's income tax returns for the years through 2018 were examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

As of December 31, 2020 and 2019, the Company had issued 5,850 thousand units and 5,805 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, 2020 and 2019, the Company's authorized shares of common stock consisted of 4,000,000 thousand shares, of which 3,047,854 thousand shares and 3,074,934 thousand shares were issued, respectively. 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 repurchased by the Company or held by the Company's subsidiaries. The movements in outstanding shares of common stock were as follows (in thousands of shares):

	2020	2019
Balance at January 1	3,028,188	3,028,188
Retirement of treasury stock	(27,080)	-
Balance at December 31	**3,001,108**	**3,028,188**

(ii) Capital surplus

		December 31, 2020	December 31, 2019
Paid-in capital in excess of par value	$	10,086,648	11,101,376
Surplus from mergers		15,797,245	16,027,221
Surplus related to treasury stock transactions and cash dividend		551,856	376,607
Difference between consideration and carrying amount of subsidiaries acquired or disposed		217,421	43,017
Employee share options		90,000	90,000
Surplus from equity-method investments		634,898	514,741
	$	**27,378,068**	**28,152,962**

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.

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(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, pursuant to the Company Act, 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 March 18, 2020, the Company's Board of Directors approved the distribution of cash dividends amounting to $1,352,971 ($0.443909 per share), of which $20,809 was distributed to the subsidiaries holding the Company's common shares. Additionally, on June 12, 2020, the Company's shareholders approved an appropriation 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 ($0.332932 per share), of which $15,607 was distributed to the subsidiaries holding the Company's common shares.

(Continued)

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 March 17, 2021, the Company's Board of Directors had approved the distribution of cash dividends amounting to $4,571,781 ($1.5 per share), of which $70,119 was distributed to the subsidiaries holding the Company's common shares. Additionally, the Company's Board of Directors had proposed the appropriation of 2020 earnings, which included the appropriations of legal reserve and special reserve of $602,575 and $857,485, respectively.

Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(iv) Treasury stock

According to Article 28-2 of the Securities and Exchange Act, the Company purchased its own common shares of 27,080 thousand shares for an aggregate amount of $361,943 from March 13, 2020 to May 5, 2020 in order to maintain the Company's credit and the shareholders' equity. All such treasury stock was retired on September 28, 2020 and related legal and registration procedures have been completed.

As of December 31, 2020 and 2019, 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, 2020		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	515,783
GDRs	24,937	1,969,617	639,821
	46,746	**$ 2,914,856**	**1,155,604**

	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**

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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Notes to Parent-Company-Only Financial Statements

(v) Other equity items (net after tax)

1) Foreign currency translation differences:

	2020	2019
Balance at January 1	$ (4,187,394)	(2,789,146)
Generated by the Company:		
Foreign exchange differences arising from translation of foreign operations	(1,855,833)	(1,405,928)
Reclassified to profit or loss as a result of disposal of subsidiaries	-	7,680
Balance at December 31	**$ (6,043,227)**	**(4,187,394)**

2) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:

	2020	2019
Balance at January 1	$ 133,070	(522,226)
Generated by the Company:		
Change in fair value of financial assets measured at fair value through other comprehensive income	716,961	653,124
Share of other comprehensive income (loss) of subsidiaries and associates	(84,896)	32,238
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	3,527	(30,066)
Balance at December 31	**$ 768,662**	**133,070**

3) Remeasurement of defined benefit plans:

	2020	2019
Balance at January 1	$ (287,903)	(69,817)
Change in the period (generated by the Company)	(4,021)	(31,551)
Share of other comprehensive income (loss) of subsidiaries	49,037	(186,535)
Balance at December 31	**$ (242,887)**	**(287,903)**

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(s) 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:

	2020	2019
Net income attributable to the ordinary shareholders of the Parent	$ 6,029,287	2,632,565
Weighted-average number of ordinary shares outstanding (in thousands)	3,006,934	3,028,188
Basic earnings per share (in New Taiwan dollars)	$ 2.01	0.87

(ii) Diluted earnings per share

	2020	2019
Net income attributable to the ordinary shareholders of the Parent	$ 6,029,287	2,632,565
Weighted-average number of ordinary shares outstanding (in thousands)	3,006,934	3,028,188
Effect of dilutive potential common stock (in thousands):		
Effect of employee remuneration in stock	22,460	9,446
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock) (in thousands)	3,029,394	3,037,634
Diluted earnings per share (in New Taiwan dollars)	$ 1.99	0.87

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2020		
	IT Hardware Products	Others	Total
Primary geographical markets:			
EMEA	$ 71,369,455	9,908,178	81,277,633
Pan America	56,881,698	12,813,439	69,695,137
Asia Pacific	48,697,093	9,916,610	58,613,703
	$ 176,948,246	32,638,227	209,586,473

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	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**

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Notes and accounts receivable (including receivables from related parties)	$ 30,508,838	25,832,136	26,430,073
Less: loss allowance	(2,221)	(3,613)	(2,698)
	$ 30,506,617	**25,828,523**	**26,427,375**
Contract assets－current	**$ 250**	**2,008**	**84,450**
Contract liabilities－current	**$ 79,131**	**107,298**	**122,994**
Contract liabilities－non-current	**$ -**	**-**	**491,976**

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.

The amount of revenue recognized in 2020 and 2019 that was included in the contract liability balance at January 1, 2020 and 2019, was $85,693 and $3,047, respectively.

(u) 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.

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For the years ended December 31, 2020 and 2019, the Company accrued its remuneration to employees amounting to $480,000 and $138,000, respectively, and the remuneration for directors of $23,821 and $5,685, 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.

Except that the remuneration to directors for 2020 resolved by the Company's Board of Directors on March 17,2021 was $10,013 and that for 2019 resolved by the Company's Board of Directors on March 18, 2020 was $5,697, the aforementioned accrued remunerations to employees were the same as the amounts resolved by the Board of Directors on March 17, 2021 and March 18, 2020, respectively, which were all paid in cash. The difference between accrual and actual payment, amounting to $13,808 and $12 for 2020 and 2019, respectively, is treated as change in accounting estimate and recognized in profit or loss in the following year.

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

(v) Other operating income and expenses – net

		2020	2019
Rental income	$	154,471	158,019
Government grants		445	454
	$	**154,916**	**158,473**

(w) Non-operating income and loss

(i) Interest income

		2020	2019
Interest income from bank deposits	$	50,247	95,414
Other interest income		330	210
	$	**50,577**	**95,624**

(ii) Other income

		2020	2019
Dividend income	**$**	**185,228**	**164,104**

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(iii) Other gains and losses

		2020	2019
Gain on disposal of property, plant and equipment and intangible assets	$	1,181	5,943
Foreign currency exchange gain (loss), net		1,635,993	227,370
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss		(1,495,854)	(98,241)
Loss on disposal of investments accounted for using the equity method (note 6(g))		-	(6,538)
Others (note 7(b)-(v))		37,157	58,295
	$	**178,477**	**186,829**

(iv) Finance costs

		2020	2019
Interest expense from bank loans	$	55,668	99,481
Interest expense on lease liabilities		1,889	3,092
Others		7,972	11,408
	$	**65,529**	**113,981**

(x) Financial instruments and fair value information

(i) Categories of financial instruments

1) Financial assets

		December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss	$	156,738	58,355
Financial assets measured at fair value through other comprehensive income		4,708,607	3,679,971
Financial assets measured at amortized cost:			
Cash and cash equivalents		15,999,824	4,083,583
Notes and accounts receivable and other receivables (including receivables from related parties)		30,927,320	26,145,842
Other financial assets – non-current		88,955	91,717
	$	**51,881,444**	**34,059,468**

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2) Financial liabilities

		December 31, 2020	December 31, 2019
Financial liabilities measured at fair value through profit or loss	$	943,985	194,318
Financial liabilities measured at amortized cost:			
Notes and accounts payable (including payables to related parties)		42,452,815	28,144,721
Other payables (including payables to related parties)		19,190,853	15,951,138
Lease liabilities (including current and non-current)		74,685	134,028
Long-term debt		3,300,000	5,800,000
	$	65,962,338	50,224,205

(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.

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).

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	December 31, 2020			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	154,578	-	154,578
Stock listed on foreign markets	2,160	-	-	2,160
	$ 2,160	**154,578**	**-**	**156,738**
Financial assets measured at fair value through other comprehensive income:				
Domestic listed stock	$ 4,568,341	-	-	4,568,341
Unlisted stock	-	-	140,266	140,266
	$ 4,568,341	**-**	**140,266**	**4,708,607**
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	**$ -**	**(943,985)**	**-**	**(943,985)**

	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)**

There were no transfers among fair value hierarchies for the years ended December 31, 2020 and 2019.

3) Movement in financial assets included in Level 3 fair value hierarchy

	2020	2019
	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income
Balance at January 1	$ 177,425	77,048
Total gains or losses:		
Recognized in other comprehensive income	(51,834)	(4,561)
Additions	17,421	120,000
Disposals	(2,746)	(15,062)
Balance at December 31	**$ 140,266**	**177,425**

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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, 2020 and 2019 were as follows:

	2020	2019
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”)	$ (51,834)	(4,561)

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.

(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.

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The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2020

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
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 46,168,006	40,257,347	5,910,659	-	-	5,910,659

December 31, 2020

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
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 82,206,991	40,257,347	41,949,644	-	-	41,949,644

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
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(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
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 54,627,650	26,605,549	28,022,101	-	-	28,022,101

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(y) 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)) and time deposits (classified as other financial assets). Abovementioned financial assets are considered low-credit-risk financial assets, and thus, the loss allowance is measured using 12 months ECL. Please refer to note 4(f) for descriptions about how the Company determines the credit risk.

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(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, 2020 and 2019, the Company had unused credit facilities of $31,954,737 and $30,111,055, 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, 2020				
Non-derivative financial liabilities:				
Long-term debt carrying floating interest rates	$ 3,350,287	29,700	3,320,587	-
Notes and accounts payable (including related parties)	42,452,815	42,452,815	-	-
Other payables (including related parties)	19,190,853	17,077,540	2,113,313	-
Lease liability	75,547	61,183	12,881	1,483
	$ 65,069,502	**59,621,238**	**5,446,781**	**1,483**
Derivative financial instruments:				
Foreign currency forward contracts－settled in gross				
Outflow	$ 54,032,247	54,032,247	-	-
Inflow	(53,236,042)	(53,236,042)	-	-
	$ 796,205	**796,205**	**-**	**-**
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**	**-**	**-**

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 currency of the Company. The foreign currencies used in these transactions are mainly the US dollar (USD), Indian Rupee (INR), 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 currencies. 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, 2020				
	Foreign currency	**Exchange rate**	**NTD**	**Change in magnitude**	**Pre-tax effect on profit or loss**
Financial assets					
Monetary items					
USD	$ 1,239,609	28.5080	35,338,773	1 %	353,388
INR	7,102,905	0.3902	2,771,554	1 %	27,716
JPY	14,070,248	0.2761	3,884,795	1 %	38,848
Financial liabilities					
Monetary items					
USD	2,007,450	28.5080	57,228,385	1 %	572,284

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(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

With varieties of foreign currencies, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(w) 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, 2020 and 2019 would have been $33,000 and $58,000, 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 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, 2020 and 2019, would have increased or decreased by $235,430 and $183,999, respectively.

(z) 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.

(aa) 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 2020 and 2019.

(ii) The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	**Cash flows**	**Non-cash changes of leasing**	**December 31, 2020**
Long-term debt	$ 5,800,000	(2,500,000)	-	3,300,000
Lease liabilities	134,028	(78,575)	19,232	74,685
Loans from related parties	1,408,000	(813,000)	-	595,000
Total liabilities from financing activities	**$ 7,342,028**	**(3,391,575)**	**19,232**	**3,969,685**

	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
Loan from ralated 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**

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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 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
CPYou B.V. (CPY)	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

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

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 Infotech Pvt Ltd. (AIP)	Subsidiaries
Acer Vietnam Co., Ltd. (AVN)	Subsidiaries
Acer Philippines, Inc. (APHI)	Subsidiaries
Servex (Malaysia) Sdn Bhd (SMA)	Subsidiaries
Weblink International Inc. (WLII)	Subsidiaries
Wellife Inc. (WELL)	Subsidiaries
Pecer Bio-medical Technology Incorporated (PBT)	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 Gaming Inc. (AGM)	Subsidiaries
Cross Century Investment Limited (CCI)	Subsidiaries
Acer SoftCapital Incorporated (ASCBVI)	Subsidiaries
DropZone Holding Limited (DZH)	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

(Continued)

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Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
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 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
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
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)	Subsidiaries
Bluechip Infotech Incorporated (BLI)	Subsidiaries
GadgeTek Inc. (GTI)	Subsidiaries
GadgeTek (Shanghai) Limited (GCN)	Subsidiaries

(Continued)

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Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Highpoint Service Network Corporation (HSNC)	Subsidiaries
Highpoint Service Network (Thailand) Co., Ltd (HSNT)	Subsidiaries
PT HSN Tech Indonesia (HSNI)	Subsidiaries
HighPoint Service Network Sdn Bhd (HSN)	Subsidiaries
Highpoint Services Network Philippines, Inc. (HSNP)	Subsidiaries
AcerPure Inc. (API)	Subsidiaries
Smart Frequency Technology Inc. (SFT)	Joint venture
Aegis Semiconductor Technology Inc. (ATI)	Associates
GrandPad Inc. (GrandPAD)	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
Acer Foundation	The Company has significant influence over the entity

(b) Significant related-party transactions

(i) Revenue

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

	2020	2019
Subsidiaries		
AEG	$ 81,108,431	69,464,527
AAC	69,391,765	48,836,788
Others	45,901,657	42,755,078
Associates	197,093	7
Joint venture	22	-
Other related parties	5,917	37
	$ 196,604,885	161,056,437

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.

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(ii) Purchases

The amounts of significant purchases from related parties were as follows:

	2020	2019
Subsidiaries	$ 1,869,722	1,082,028

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, product development and design provided by related parties and the donation to related parties were as follows:

Accounts	Related-party categories	2020	2019
Cost of revenue	Subsidiaries	$ 380,197	425,172
Operating expense	Subsidiaries	70,445	103,970
Operating expense	Associates	6,225	2,075
Operating expense	Other related parties	12,500	10,557
		$ 469,367	541,774

(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:

	2020	2019
Subsidiaries:		
ASDI	$ 38,434	38,434
AEB	17,436	21,772
Others	9,190	16,685
Associates	2,491	2,378
Joint venture	1,668	777
Other related parties	78	78
	$ 69,297	80,124

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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 " and was summarized as follows:

	2020	2019
Subsidiaries	$ 16,792	41,006
Associates	48	1,953
Joint venture	3,223	2,086
Other related parties	19	-
	$ 20,082	**45,045**

(vi) Loans to related parties

The actual drawdown amounts were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries:		
AGM	$ 95,000	-
ALT	63,000	-
GTI	20,000	-
ABST	-	37,800
	$ 178,000	**37,800**
Interest rate	**0.80%**	**0.86%**

Interest income related to loans to subsidiaries in 2020 and 2019 was $330 and $210, respectively.

(vii) Borrowings from related parties

The borrowings from related parties were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries:		
ADSC	$ -	648,000
ETEN	80,000	117,000
EDC	250,000	200,000
AEB	-	156,000
CCI	100,000	121,000
ABH	150,000	83,000
Others	15,000	83,000
	$ 595,000	**1,408,000**
Interest rate	**0.75%**	**0.80%**

(Continued)

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Notes to Parent-Company-Only Financial Statements

Interest expenses related to borrowings from subsidiaries in 2020 and 2019 were $7,822 and $11,266, respectively.

(viii) Organizational restructuring－Intelligent solutions of air quality business

In May 2020, the Company acquired 3,222 thousand shares of API' s common stock from ACTTW for a cash consideration of $43,365. Additionally, the Company spun off its intelligent solutions of air quality business in Taiwan to API on July 7, 2020 in accordance with Business Merger and Acquisition Act, Company Act and other relevant regulations. The carrying value of the net assets transferred was $22,282; in the meantime, the Company made a cash payment of $27,718 to acquire 5,000 thousand shares of API' s common stock. The carrying amounts of the respective assets and liabilities transferred were as follows:

Assets:	
Inventories, net	$ 23,581
Other current assets	2,519
Subtotal	26,100
Liabilities:	
Accounts payables	(3,687)
Other payables	(131)
Subtotal	(3,818)
Net Assets	**$ 22,282**

(ix) Payables related to 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, ETEN and other subsidiaries. Related payables were included in "other payables to related parties" and "long-term payable to related parties".

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Notes to Parent-Company-Only Financial Statements

(x) Receivables from related parties

Accounts	Related-party categories	December 31, 2020	December 31, 2019
Notes and accounts receivable from related parties	Subsidiaries:		
	AAC	$ 10,693,291	7,304,965
	AJC	3,889,769	1,221,877
	Others	9,986,878	13,436,801
Notes and accounts receivable from related parties	Associates	26,020	-
Other receivables from related parties	Subsidiaries	35,512	91,803
Other receivables from related parties (financing)	Subsidiaries:		
	AGM	95,000	-
	ALT	63,000	-
	Others	20,000	37,800
Other receivables from related parties	Associates	323	223
Other receivables from related parties	Joint venture	297	220
Other receivables from related parties	Other related parties	20	-
		$ 24,810,110	22,093,689

(xi) Payables to related parties

Accounts	Related party categories	December 31, 2020	December 31, 2019
Accounts payable to related parties	Subsidiaries	$ 503,171	122,620
Other payables to related parties	Subsidiaries	143,946	111,594
Other payables to related parties	Other related parties	25,000	-
Other payables to related parties (financing)	Subsidiaries	595,000	1,408,000
Long-term payable to related parties	Subsidiaries	20,034	130,721
		$ 1,287,151	1,772,935

(xii) Guarantees and endorsements provided to related parties

As of December 31, 2020 and 2019, the balances of guarantees and endorsements provided to subsidiaries were $21,503,281 and $24,619,724, respectively, and the amounts actually drawn were $5,012,962 and $3,082,396, respectively.

(Continued)

(c) Compensation for key management personnel

	2020	2019
Short-term employee benefits	$ 189,313	168,172
Post-employment benefits	19,709	3,568
	$ 209,022	**171,740**

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, 2020	December 31, 2019
Cash in bank and time deposits	Contract bidding and project fulfillment guarantee	**$ 6,776**	**5,850**

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, 2020 and 2019, the Company had outstanding stand-by letters of credit provided by the banks totaling $14,227 and $49,843, respectively, for purposes of bids and contracts.

(d) As of December 31, 2020 and 2019, the Company had issued promissory notes amounting to $36,809,506 and $37,559,767, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant loss from disaster: None

11. Significant subsequent events: None

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Notes to Parent-Company-Only Financial Statements

12. Others

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2020			2019		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefits:						
Salaries	-	2,738,139	2,738,139	-	2,158,662	2,158,662
Insurance	-	156,719	156,719	-	157,006	157,006
Pension	-	111,744	111,744	-	106,816	106,816
Remuneration of directors	-	36,821	36,821	-	19,185	19,185
Others	-	175,306	175,306	-	177,395	177,395
Depreciation	-	154,282	154,282	-	154,529	154,529
Amortization	-	27,796	27,796	-	29,758	29,758

	2020	2019
Employees	1,627	1,600
Directors not in concurrent employment	4	6
Average employee benefits	$ 1,961	1,631
Average employee salaries	$ 1,687	1,354
Adjustment of average employee salaries	24.59 %	(16.00)%
Supervisor's remuneration	$ -	-

The Company's compensation policy, including directors, managers, and employees, is as follows:

The compensation of directors and managers is evaluated and reviewed by Compensation Committee periodically. The compensation of employees is determined by participating in salary surveys every year and reviewing salary level regularly to provide competitive compensation to employees.

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;

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

(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);

(b) Information on investees: See Table 7 attached;

(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 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, 2020, please refer to “Information on significant transactions” above.

(d) Major shareholders:

According to the information provided by Taiwan Depository & Clearing Corporation, none of the shareholders holds over 5% of the Company’s stocks.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Acer Incorporated
Financing provided to other parties
For the year ended December 31, 2020

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	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABH	Other receivables from related parties	Yes	29,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	CCI	Other receivables from related parties	Yes	6,000	4,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ADSC	Other receivables from related parties	Yes	34,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AEB	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	XPL	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ACTTW	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ASDI	Other receivables from related parties	Yes	88,000	38,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ETEN	Other receivables from related parties	Yes	152,000	100,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	API	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABST	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	PBC	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABC	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	MPS	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ABHI	Other receivables from related parties	Yes	19,000	15,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	EDC	Other receivables from related parties	Yes	693,000	400,000	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	HSNC	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	GTI	Other receivables from related parties	Yes	50,000	50,000	20,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ITS	Other receivables from related parties	Yes	114,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	ALT	Other receivables from related parties	Yes	100,000	100,000	63,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
0	The Company	AGM	Other receivables from related parties	Yes	300,000	300,000	95,000	0%~4%	2	-	Operating requirements	None	None	None	5,750,350	28,751,752
1	APDI	The Company	Other receivables from related parties	Yes	41,000	40,000	-	0%~4%	2	-	Operating requirements	None	None	None	41,990	41,990
2	ABH	The Company	Other receivables from related parties	Yes	350,000	150,000	150,000	0%~4%	2	-	Operating requirements	None	None	None	592,522	592,522
2	ABH	ABST	Other receivables from related parties	Yes	75,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522

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	ACTTW	Other receivables from related parties	Yes	30,000	30,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	40,000	40,000	37,800	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABSG	Other receivables from related parties	Yes	78,414	77,486	72,263	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
2	ABH	ABST	Other receivables from related parties	Yes	68,000	68,000	68,000	0%~4%	2	-	Operating requirements	None	None	None	148,130	592,522
3	CCI	The Company	Other receivables from related parties	Yes	121,000	100,000	100,000	0%~4%	2	-	Operating requirements	None	None	None	136,932	136,932
4	ADSC	The Company	Other receivables from related parties	Yes	700,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	516,111	516,111
4	ADSC	Bluechip	Other receivables from related parties	Yes	30,490	28,514	28,514	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	ABST	Other receivables from related parties	Yes	68,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
4	ADSC	AGM	Other receivables from related parties	Yes	100,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	129,028	516,111
5	AEB	The Company	Other receivables from related parties	Yes	156,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	69,386	277,546
6	XPL	The Company	Other receivables from related parties	Yes	8,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	4,886	4,886
7	ACTTW	The Company	Other receivables from related parties	Yes	167,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	84,586	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	57,388	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABSG	Other receivables from related parties	Yes	17,621	17,413	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
7	ACTTW	ABST	Other receivables from related parties	Yes	40,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	21,146	84,586
8	ASDI	The Company	Other receivables from related parties	Yes	88,000	38,000	15,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
8	ASDI	APDI	Other receivables from related parties	Yes	50,000	40,000	5,000	0%~4%	2	-	Operating requirements	None	None	None	90,378	90,378
9	ETEN	The Company	Other receivables from related parties	Yes	152,000	100,000	80,000	0%~4%	2	-	Operating requirements	None	None	None	117,477	117,477
10	API	The Company	Other receivables from related parties	Yes	13,000	10,000	-	0%~4%	2	-	Operating requirements	None	None	None	37,340	37,340
11	ABST	The Company	Other receivables from related parties	Yes	48,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	-	-
12	AIZS	ACCQ	Other receivables from related parties	Yes	208,111	207,460	207,460	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
12	AIZS	ACCQ	Other receivables from related parties	Yes	209,643	209,643	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	424,620	399,112	399,112	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
13	GWI	AAC	Other receivables from related parties	Yes	391,378	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,446,750	-	-	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752
14	AAH	AAC	Other receivables from related parties	Yes	4,579,830	4,304,708	4,304,708	0%~4%	2	-	Operating requirements	None	None	None	28,751,752	28,751,752

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	PBC	The Company	Other receivables from related parties	Yes	11,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,508	2,508
16	ABC	The Company	Other receivables from related parties	Yes	10,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	2,420	2,420
17	MPS	The Company	Other receivables from related parties	Yes	25,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	26,025	26,025
18	ABHI	The Company	Other receivables from related parties	Yes	19,000	1,000	-	0%~4%	2	-	Operating requirements	None	None	None	17,638	17,638
19	EDC	The Company	Other receivables from related parties	Yes	693,000	400,000	250,000	0%~4%	2	-	Operating requirements	None	None	None	620,599	620,599
20	HSNC	The Company	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	62,319	62,319
21	GTI	The Company	Other receivables from related parties	Yes	23,000	-	-	0%~4%	2	-	Operating requirements	None	None	None	27,371	27,371
22	ASSB	HSN	Other receivables from related parties	Yes	30,265	-	-	0%~4%	2	-	Operating requirements	None	None	None	204,577	511,443
23	Bluechip	BLI	Other receivables from related parties	Yes	1,153	1,140	1,140	0%~4%	2	-	Operating requirements	None	None	None	45,450	45,450

Note 1: Nature of Financing:
Type 2: Short-term financing purpose

Note 2: 1. The aggregate financing amount shall not exceed 50% of net worth of the Company, within which the short-term financing amount shall not exceed 20% of net worth of the Company.
1-1. 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 net worth of the Company and 40% of net worth of the entity.
1-2. For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of net worth of the Company.
1-3. When a subsidiary who provides financing to other parties is directly or indirectly wholly owned by the Company, the aforementioned limit of aggregate amount and individual financing amount is applied.
2. For AIZS, GWI and AAH, the individual financing amounts shall not exceed higher of 20% of net worth of the entities or 50% of net worth of the ultimate parent company.
3. The financing limits of APDI, ABH, CCI, ADSC, XPL, ACTTW, ETEN, API, ABST, PBC, ABC, MPS, ABHI, EDC, HSNC and GTI were as follows:
3-1. The aggregate financing amount shall not exceed 40% of net worth of the entities listed above.
3-2. The individual financing amounts to the ultimate parent company shall not exceed 40% of net worth of the enties listed above.
4. The aggregate financing amount of AEB shall not exceed 40% of its net worth.
4-1. The individual financing amounts of AEB to subsidiaries or affiliates shall not exceed 10% of its net worth.
4-2. In the event AEB provides loans to enterprise in which AEB proposes to make equity investment and there is necessity of short-term financing, each application shall be submitted to the Board of Directors for approval and the individual financing amounts shall not exceed 10% of its net worth.
5. For an entity which the financing company owns more than 50% of its outstanding common shares or is fellow subsidiary of the same group, the individual financing amounts of ABH, ADSC and ACTTW shall not exceed 10% of net worth of ABH, ADSC and ACTTW.
6. The financing limit of ASDI is as follows:
6-1. The aggregate financing amount shall not exceed 40% of net worth of ASDI.
6-2. The individual financing amounts to the ultimate parent company and its related parties shall not exceed 40% of net worth of ASDI.
7. The aggregate financing amount and the individual financing amounts of ASSB shall not exceed 50% and 20%, respectively, of net worth of ASSB.
8. Both of the aggregate financing amount and the individual financing amounts of Bluechip shall not exceed 20% of net worth of Bluechip.

Note 3: Net worth of the Company and subsidiaries listed above are the most recent audited or reviewed.

Note 4: 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, 2020

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 to Note 6)	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 to Note 6)	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	11,500,701	843,984	828,320	-	-	1.44%	57,503,505	Y		
0	The Company	ATH	2	11,500,701	160,749	151,092	21,980	-	0.26%	57,503,505	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,500,701	4,094,550	1,995,560	105,441	-	3.47%	57,503,505	Y		
0	The Company	AEG	2	11,500,701	399,807	275,058	275,058	-	0.48%	57,503,505	Y		
0	The Company	Acer EMEA subsidiaries	2	11,500,701	3,942,900	997,780	466,196	-	1.74%	57,503,505	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,500,701	13,860	13,860	13,860	-	0.02%	57,503,505	Y		
0	The Company	ATB	2	11,500,701	909,900	855,240	43,323	-	1.49%	57,503,505	Y		
0	The Company	Acer Pan America subsidiaries	2	11,500,701	5,156,100	4,846,360	363,919	-	8.43%	57,503,505	Y		
0	The Company	AMEX	2	11,500,701	272,970	256,572	-	-	0.45%	57,503,505	Y		
0	The Company	Acer Greater China subsidiaries	2	11,500,701	1,668,150	1,567,940	18,607	-	2.73%	57,503,505	Y		Y
0	The Company	AEB	2	11,500,701	1,850,000	850,000	650,000	-	1.48%	57,503,505	Y		
0	The Company	SMA	2	11,500,701	110,724	106,365	2,681	-	0.18%	57,503,505	Y		
0	The Company	ACA	2	11,500,701	303,300	285,080	285,080	-	0.50%	57,503,505	Y		
0	The Company	AIL	2	11,500,701	2,647,855	2,574,357	962,792	-	4.48%	57,503,505	Y		
0	The Company	ACCN/ACCQ/BJAC	2	11,500,701	876,256	873,514	-	-	1.52%	57,503,505	Y		Y
0	The Company	AME	2	11,500,701	45,495	-	-	-	0.00%	57,503,505	Y		
0	The Company	ACTTW	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	ABSG	2	11,500,701	151,650	142,540	-	-	0.25%	57,503,505	Y		
0	The Company	ITS	2	11,500,701	500,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	AIP	2	11,500,701	84,780	-	-	-	0.00%	57,503,505	Y		
0	The Company	ALT	2	11,500,701	400,000	400,000	-	-	0.70%	57,503,505	Y		
0	The Company	GTI	2	11,500,701	360,000	360,000	-	-	0.63%	57,503,505	Y		
0	The Company	HSNC	2	11,500,701	123,824	123,508	-	-	0.21%	57,503,505	Y		
0	The Company	HSNP	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNT	2	11,500,701	57,648	57,016	-	-	0.10%	57,503,505	Y		
0	The Company	HSNC/HSNI/HSNP/HSNT	2	11,500,701	121,320	114,032	23,779	-	0.20%	57,503,505	Y		
0	The Company	MPS	2	11,500,701	51,561	48,464	48,464	-	0.08%	57,503,505	Y		
0	The Company	EDC	2	11,500,701	2,783,368	2,565,720	1,218,240	-	4.46%	57,503,505	Y		
0	The Company	ADSC	2	11,500,701	60,660	-	-	-	0.00%	57,503,505	Y		
0	The Company	AAC	2	11,500,701	205,727	193,854	113,543	-	0.34%	57,503,505	Y		
0	The Company	AGM	2	11,500,701	400,000	400,000	400,000	-	0.70%	57,503,505	Y		
0	The Company	HSNI	2	11,500,701	115,296	114,032	-	-	0.20%	57,503,505	Y		
0	The Company	API	2	11,500,701	50,000	50,000	-	-	0.09%	57,503,505	Y		
1	AAC	ASC	4	1,877,932	18,198	17,105	17,105	-	0.18%	1,877,932			
2	AOI	AOSD	2	175,611	60,660	57,016	-	-	9.74%	585,370	Y		
3	AOZ	AOC	4	47,291	30,330	28,508	-	-	12.06%	118,228			Y
4	AST	ASTS	2	72,414	20,000	17,470	-	-	4.83%	181,036	Y		Y
4	AST	ISU	2	72,414	30,000	30,000	-	-	8.29%	181,036	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 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 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 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 endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AOZ.

Note 6: The aggregate endorsement/guarantee amount provided shall not exceed 50% of the most recent audited or reviewed net worth of AST.

The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of AST.

Acer Incorporated
Marketable securities held at reporting date
(Excluding investments in subsidiaries, associates, and joint controlled entities)
December 31, 2020

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 2020		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	51,857	0.00%	51,857	564	0.00%	
The Company	Stock: Starbreeze	-	Financial assets measured at fair value through profit or loss — current	572	2,160	0.10%	2,160	572	0.21%	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income — non-current	81,713	2,365,582	4.15%	2,365,582	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income — non-current	4,012	172,096	0.24%	172,096	4,012	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	54,816	1,699,296	1.93%	1,699,296	54,816	1.93%	
The Company	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	6,600	279,510	2.97%	279,510	6,600	2.97%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	24	-	19.90%	-	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	8,505	-	19.35%	-	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	2,845	19.94%	2,845	1,884	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%	
The Company	Stock: CellMax Life Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	600	17,421	1.02%	17,421	600	1.02%	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income — non-current	13,046	404,432	0.46%	404,432	13,046	0.46%	
ADSC	Stock: Pi Mobile Technology Inc.	-	Financial assets measured at fair value through other comprehensive income — non-current	1,604	126,000	3.77%	126,000	1,604	3.77%	
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	322	18.92%	
ASCBVI	ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income — non-current	3,800	149,141	19.39%	149,141	3,800	19.39%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income — non-current	1,346	6,158	1.00%	6,158	1,346	1.00%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income — non-current	244	57,016	1.90%	57,016	244	1.91%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income — non-current	600	-	7.74%	-	600	8.00%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income — non-current	1,000	42,762	4.39%	42,762	1,000	4.58%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income — non-current	463	114,032	12.20%	114,032	463	14.07%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2020		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income — current	5,049	46,961	0.03%	46,961	5,049	0.03%	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income — non-current	1,015	20,715	2.01%	20,715	1,015	2.01%	
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	228,064	12.50%	228,064	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	Equity of Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income — non-current	-	8,405	13.79%	8,405	-	13.79%	
ACVP	Equity of Shenmou Technology (Shenzhen)	-	Financial assets measured at fair value through other comprehensive income — non-current	-	412	19.99%	412	960	19.99%	
AHN	EUR Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	940,403	0.00%	940,403	-	0.00%	
WLII	Stock: Protrade Global Limited	-	Financial assets measured at fair value through other comprehensive income — non-current	950	166,794	19.00%	166,794	950	19.00%	
AHI	USD Term Liquidity Fund	-	Financial assets measured at fair value through profit or loss — current	-	4,695,327	0.00%	4,695,327	-	0.00%	
AEB	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	
ACSI	Preferred Stock B: SKFHC	-	Financial assets measured at fair value through other comprehensive income — non-current	666	28,205	0.30%	28,205	666	0.30%	

Note 1: The stocks of SKFHC are prefered stock B. The percentage of ownership listed above is the percentage of ownership of preferred stock B.

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, 2020

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	-	-	450,000	1,920,391	450,000	1,922,811	1,920,391	2,420	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	1,317,000	5,660,742	1,317,000	5,684,745	5,660,742	24,003	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss — current	China Merchants Bank	None	-	-	265,000	1,129,279	265,000	1,130,638	1,129,279	1,359	-	-
ACCQ	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss — current	Fubon Bank (China) Co., Ltd.	None	-	-	3,341,000	14,301,834	3,341,000	14,353,674	14,301,834	51,840	-	-
The Company	Stock: Acer Inc.	Treasury Stock	Centralized Securities Exchange Market	The Company	-	-	27,080	361,943	-	-	-	-	-	-

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, 2020

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)	(69,391,765)	(33.11)%	OA90	-	-	10,693,291	35.05%	
The Company	ACA	Parent/Subsidiary	(Sales)	(5,638,608)	(2.69)%	OA60	-	-	1,573,217	5.16%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(8,078,071)	(3.85)%	OA60	-	-	469,267	1.54%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(766,262)	(0.37)%	OA60	-	-	131,169	0.43%	
The Company	ACS	Parent/Subsidiary	(Sales)	(2,291,538)	(1.09)%	OA60	-	-	478,323	1.57%	
The Company	AEG	Parent/Subsidiary	(Sales)	(81,108,431)	(38.70)%	OA60	-	-	1,887,259	6.19%	
The Company	AFE	Parent/Subsidiary	(Sales)	(906,572)	(0.43)%	OA60	-	-	498,044	1.63%	
The Company	AIL	Parent/Subsidiary	(Sales)	(5,661,920)	(2.70)%	OA150	-	-	2,785,837	9.13%	
The Company	AIN	Parent/Subsidiary	(Sales)	(3,649,335)	(1.74)%	OA90	-	-	426,550	1.40%	
The Company	AJC	Parent/Subsidiary	(Sales)	(5,880,058)	(2.81)%	OA60	-	-	3,889,769	12.75%	
The Company	APHI	Parent/Subsidiary	(Sales)	(2,041,714)	(0.97)%	OA60	-	-	281,781	0.92%	
The Company	APX	Parent/Subsidiary	(Sales)	(169,202)	(0.08)%	OA60	-	-	20,492	0.07%	
The Company	ASC	Parent/Subsidiary	(Sales)	(106,280)	(0.05)%	OA60	-	-	6,054	0.02%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(3,061,808)	(1.46)%	OA60	-	-	526,954	1.73%	
The Company	ATH	Parent/Subsidiary	(Sales)	(5,233,657)	(2.50)%	OA60	-	-	551,156	1.81%	
The Company	AVN	Parent/Subsidiary	(Sales)	(109,850)	(0.05)%	OA60	-	-	6,043	0.02%	
The Company	GPI	Associate	(Sales)	(197,093)	(0.09)%	EM120	-	-	26,020	0.09%	
The Company	AOI	Parent/Subsidiary	(Sales)	(118,109)	(0.06)%	EM60	-	-	31,413	0.10%	
The Company	WLII	Parent/Subsidiary	(Sales)	(1,902,524)	(0.91)%	EM45	-	-	177,550	0.58%	
The Company	APHI	Parent/Subsidiary	Purchases	149,837	0.07%	OA60	-	-	(5,708)	(0.01)%	
The Company	ALT	Parent/Subsidiary	Purchases	219,535	0.11%	OA60	-	-	(41,259)	(0.10)%	
The Company	AEB	Parent/Subsidiary	Purchases	190,621	0.10%	EM60	-	-	(16,369)	(0.04)%	
The Company	WLII	Parent/Subsidiary	Purchases	165,172	0.08%	EM60	-	-	(29,478)	(0.07)%	
The Company	AOSD	Parent/Subsidiary	Purchases	700,050	0.35%	OA60	-	-	(249,448)	(0.59)%	
The Company	GTI	Parent/Subsidiary	Purchases	668,698	0.33%	OA60	-	-	(149,006)	(0.35)%	
WELL	WLII	Parent/Subsidiary	Purchases	217,134	100.00%	EM45	-	-	(53,672)	(96.05)%	
ALT	The Company	Parent/Subsidiary	(Sales)	(219,535)	(54.30)%	OA60	-	-	41,259	37.07%	
AEB	The Company	Parent/Subsidiary	(Sales)	(190,621)	(3.51)%	EM30	-	-	16,369	1.40%	
AEB	WLII	Fellow subsidiary	Purchases	157,781	3.30%	EM60	-	-	(32,855)	(4.22)%	

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	
AOI	AOA	Parent/Subsidiary	(Sales)	(120,507)	(18.77)%	OA90	-	-	228,382	56.72%	
AOI	AOE	Parent/Subsidiary	(Sales)	(363,343)	(56.60)%	OA60	-	-	119,074	29.57%	
AOI	AOZ	Parent/Subsidiary	Purchases	207,941	33.89%	OA60	-	-	(32,574)	(22.20)%	Note 3
AOI	The Company	Parent/Subsidiary	Purchases	118,109	10.80%	EM60	-	-	(31,413)	(26.73)%	
WLII	The Company	Parent/Subsidiary	(Sales)	(165,172)	(0.96)%	EM60	-	-	29,478	1.37%	
WLII	WELL	Parent/Subsidiary	(Sales)	(217,134)	(1.23)%	EM45	-	-	53,672	2.39%	
WLII	AEB	Fellow subsidiary	(Sales)	(157,781)	(0.89)%	EM60	-	-	32,855	1.46%	
WLII	The Company	Parent/Subsidiary	Purchases	1,902,524	11.38%	EM45	-	-	(177,550)	(9.43)%	
AOSD	The Company	Parent/Subsidiary	(Sales)	(700,050)	(100.00)%	OA60	-	-	249,448	100.00%	
GTI	The Company	Parent/Subsidiary	(Sales)	(668,698)	(80.14)%	OA60	-	-	149,006	73.06%	
AAC	AMEX	Fellow subsidiary	(Sales)	(1,334,232)	(1.76)%	OA60	-	-	698,656	5.78%	
AAC	ASC	Fellow subsidiary	(Sales)	(427,783)	(0.56)%	OA60	-	-	78,049	0.65%	
AAC	ATB	Fellow subsidiary	(Sales)	(646,219)	(0.85)%	OA60	-	-	72,805	0.60%	
AAC	The Company	Parent/Subsidiary	Purchases	69,391,765	100.00%	OA90	-	-	(10,693,291)	(94.41)%	
ACA	ACNZ	Fellow subsidiary	(Sales)	(115,244)	(1.65)%	OA60	-	-	10,462	0.81%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(197,091)	(2.83)%	EM30	-	-	39,429	3.04%	
ACA	The Company	Parent/Subsidiary	Purchases	5,638,608	94.79%	OA60	-	-	(1,573,217)	(97.94)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(1,064,235)	(65.28)%	OA60	-	-	291,622	93.59%	
ACCN	ACCQ	Fellow subsidiary	Purchases	577,730	100.00%	OA60	-	-	(17,869)	(100.00)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(577,730)	(5.04)%	OA60	-	-	17,869	5.22%	
ACCQ	ACCN	Fellow subsidiary	Purchases	1,064,235	9.31%	OA60	-	-	(291,622)	(17.69)%	
ACCQ	The Company	Parent/Subsidiary	Purchases	8,078,071	70.70%	OA60	-	-	(469,267)	(28.47)%	
ACF	AEG	Fellow subsidiary	(Sales)	(293,326)	(2.85)%	OA60	-	-	1,024,958	24.87%	
ACF	AEG	Fellow subsidiary	Purchases	9,222,190	93.35%	OA60	-	-	(1,094,312)	(95.86)%	
ACF	APX	Fellow subsidiary	Purchases	119,327	1.21%	OA60	-	-	(9,298)	(0.81)%	
ACG	AEG	Fellow subsidiary	(Sales)	(570,655)	(2.23)%	OA60	-	-	2,483,770	26.33%	
ACG	AEG	Fellow subsidiary	Purchases	23,545,020	95.29%	OA60	-	-	(4,774,778)	(98.48)%	
ACG	APX	Fellow subsidiary	Purchases	236,705	0.96%	OA45	-	-	(42,056)	(0.87)%	
ACH	AEG	Fellow subsidiary	(Sales)	(172,308)	(2.51)%	OA60	-	-	488,100	28.64%	
ACH	AEG	Fellow subsidiary	Purchases	6,381,801	96.26%	OA60	-	-	(650,751)	(96.81)%	
ACNZ	ACA	Fellow subsidiary	Purchases	115,244	13.17%	OA60	-	-	(10,462)	(7.13)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	766,262	87.59%	OA60	-	-	(131,169)	(89.40)%	
ACS	The Company	Parent/Subsidiary	Purchases	2,291,538	100.00%	OA60	-	-	(478,323)	(99.52)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(245,894)	(42.51)%	OA30	-	-	22,351	23.04%	
ACZ	APX	Fellow subsidiary	Purchases	209,456	40.28%	OA90	-	-	(37,827)	(99.64)%	

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	
AEG	ACF	Fellow subsidiary	(Sales)	(9,222,190)	(10.54)%	OA60	-	-	1,094,312	7.20%	
AEG	ACG	Fellow subsidiary	(Sales)	(23,545,020)	(26.91)%	OA60	-	-	4,774,778	31.41%	
AEG	ACH	Fellow subsidiary	(Sales)	(6,381,801)	(7.29)%	OA60	-	-	650,751	4.28%	
AEG	AIB	Fellow subsidiary	(Sales)	(4,343,412)	(4.96)%	OA60	-	-	852,046	5.61%	
AEG	AIT	Fellow subsidiary	(Sales)	(5,491,664)	(6.28)%	OA60	-	-	1,134,624	7.47%	
AEG	APX	Fellow subsidiary	(Sales)	(1,436,433)	(1.64)%	OA60	-	-	215,282	1.42%	
AEG	ASIN	Fellow subsidiary	(Sales)	(24,501,355)	(28.00)%	OA60	-	-	3,790,796	24.94%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,427,454)	(2.77)%	OA60	-	-	197,318	1.30%	
AEG	AUK	Fellow subsidiary	(Sales)	(8,971,681)	(10.25)%	OA60	-	-	2,118,187	13.94%	
AEG	SER	Fellow subsidiary	(Sales)	(1,190,271)	(1.36)%	OA60	-	-	240,092	1.58%	
AEG	ACF	Fellow subsidiary	Purchases	293,326	0.35%	OA60	-	-	(1,024,958)	(10.79)%	
AEG	ACG	Fellow subsidiary	Purchases	570,655	0.68%	OA60	-	-	(2,483,770)	(26.14)%	
AEG	ACH	Fellow subsidiary	Purchases	172,308	0.20%	OA60	-	-	(488,100)	(5.14)%	
AEG	AEH	Parent/Subsidiary	Purchases	182,524	0.22%	OA60	-	-	(11,982)	(0.13)%	
AEG	AIB	Fellow subsidiary	Purchases	252,688	0.30%	OA60	-	-	(575,525)	(6.06)%	
AEG	AIT	Fellow subsidiary	Purchases	223,686	0.26%	OA60	-	-	(750,031)	(7.89)%	
AEG	APX	Fellow subsidiary	Purchases	566,651	0.67%	OA60	-	-	(58,637)	(0.62)%	
AEG	The Company	Parent/Subsidiary	Purchases	81,108,431	95.97%	OA60	-	-	(1,887,259)	(19.87)%	
AEH	AEG	Parent/Subsidiary	(Sales)	(182,524)	(69.09)%	OA60	-	-	11,982	44.24%	
AFE	The Company	Parent/Subsidiary	Purchases	906,572	97.18%	OA60	-	-	(498,044)	(99.40)%	
AIB	AEG	Fellow subsidiary	(Sales)	(252,688)	(5.16)%	OA60	-	-	575,525	25.83%	
AIB	AEG	Fellow subsidiary	Purchases	4,343,412	91.64%	OA60	-	-	(852,046)	(95.49)%	
AIB	APX	Fellow subsidiary	Purchases	111,821	2.36%	OA60	-	-	(24,171)	(2.71)%	
AIL	The Company	Parent/Subsidiary	Purchases	5,661,920	61.88%	OA150	-	-	(2,785,837)	(91.71)%	
AIN	AMI	Parent/Subsidiary	(Sales)	(339,755)	(6.54)%	OA60	-	-	1,080	4.98%	
AIN	AMI	Parent/Subsidiary	Purchases	547,614	11.37%	OA90	-	-	(9,207)	(1.87)%	
AIN	The Company	Parent/Subsidiary	Purchases	3,649,335	75.77%	OA90	-	-	(426,550)	(86.57)%	
AIT	AEG	Fellow subsidiary	(Sales)	(223,686)	(3.72)%	OA60	-	-	750,031	26.11%	
AIT	AEG	Fellow subsidiary	Purchases	5,491,664	94.49%	OA60	-	-	(1,134,624)	(98.97)%	
AJC	The Company	Parent/Subsidiary	Purchases	5,880,058	100.00%	OA60	-	-	(3,889,769)	(98.98)%	
AMEX	AAC	Fellow subsidiary	Purchases	1,334,232	96.68%	OA60	-	-	(698,656)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(547,614)	(98.44)%	OA90	-	-	9,207	100.00%	
AMI	AIN	Parent/Subsidiary	Purchases	339,755	63.70%	OA60	-	-	(1,080)	(6.86)%	
AOA	AOI	Parent/Subsidiary	Purchases	120,507	79.61%	OA90	-	-	(228,382)	(98.19)%	
AOE	AOI	Parent/Subsidiary	Purchases	363,343	98.48%	OA60	-	-	(119,074)	(99.46)%	

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	
AOZ	AOI	Parent/Subsidiary	(Sales)	(207,941)	(93.22)%	OA60	-	-	32,574	83.16%	Note 3
APHI	The Company	Parent/Subsidiary	(Sales)	(149,837)	(6.21)%	OA60	-	-	5,708	6.62%	
APHI	The Company	Parent/Subsidiary	Purchases	2,041,714	100.00%	OA60	-	-	(281,781)	(94.60)%	
APX	ACF	Fellow subsidiary	(Sales)	(119,327)	(3.99)%	OA60	-	-	9,298	4.30%	
APX	ACG	Fellow subsidiary	(Sales)	(236,705)	(7.92)%	OA45	-	-	42,056	19.46%	
APX	ACZ	Fellow subsidiary	(Sales)	(209,456)	(7.01)%	OA90	-	-	37,827	17.50%	
APX	AEG	Fellow subsidiary	(Sales)	(566,651)	(18.95)%	OA60	-	-	58,637	27.13%	
APX	AIB	Fellow subsidiary	(Sales)	(111,821)	(3.74)%	OA60	-	-	24,171	11.18%	
APX	AEG	Fellow subsidiary	Purchases	1,436,433	54.11%	OA60	-	-	(215,282)	(62.19)%	
APX	The Company	Parent/Subsidiary	Purchases	169,202	6.37%	OA60	-	-	(20,492)	(5.92)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(132,856)	(100.00)%	OA60	-	-	9,804	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	427,783	76.63%	OA60	-	-	(78,049)	(52.47)%	
ASC	The Company	Parent/Subsidiary	Purchases	106,280	19.04%	OA60	-	-	(6,054)	(4.07)%	
ASIN	ACZ	Fellow subsidiary	Purchases	245,894	1.00%	OA30	-	-	(22,351)	(0.58)%	
ASIN	AEG	Fellow subsidiary	Purchases	24,501,355	98.42%	OA60	-	-	(3,790,796)	(98.89)%	
ASIN	ARU	Fellow subsidiary	Purchases	132,856	0.54%	OA60	-	-	(9,804)	(0.26)%	
ASSB	SMA	Parent/Subsidiary	(Sales)	(301,401)	(9.01)%	OA60	-	-	130	0.05%	
ASSB	The Company	Parent/Subsidiary	Purchases	3,061,808	93.46%	OA60	-	-	(526,954)	(92.91)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,427,454	91.96%	OA60	-	-	(197,318)	(98.43)%	
ATB	AAC	Fellow subsidiary	Purchases	646,219	11.97%	OA60	-	-	(72,805)	(3.61)%	
ATH	The Company	Parent/Subsidiary	Purchases	5,233,657	94.90%	OA60	-	-	(551,156)	(93.79)%	
AUK	AEG	Fellow subsidiary	Purchases	8,971,681	98.34%	OA60	-	-	(2,118,187)	(99.87)%	
AVN	The Company	Parent/Subsidiary	Purchases	109,850	78.02%	OA60	-	-	(6,043)	(37.16)%	
Bluechip	ACA	Fellow subsidiary	Purchases	197,091	7.92%	EM30	-	-	(39,429)	(17.12)%	
GPI	The Company	Associate	Purchases	197,093	70.39%	EM120	-	-	(26,020)	(94.51)%	
SER	AEG	Fellow subsidiary	Purchases	1,190,271	100.00%	OA60	-	-	(240,092)	(99.04)%	
SMA	ASSB	Parent/Subsidiary	Purchases	301,401	10.31%	OA60	-	-	(130)	(0.17)%	

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.

Note 3: AOI sold materials to AOZ for processing and repurchased the finished goods. Therefore, the transactions were presented at net amount.

Acer Incorporated
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2020

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	10,693,291	7.71	-		9,491,218		
The Company	ACA	Parent/Subsidiary	1,574,108	3.53	748,226	Under collection	1,404,475		
The Company	ACCQ	Parent/Subsidiary	469,274	13.79	-		469,274		
The Company	ACNZ	Parent/Subsidiary	131,169	4.06	15,444		131,169		
The Company	ACS	Parent/Subsidiary	478,323	7.29	110,370	Under collection	364,902		
The Company	AEG	Parent/Subsidiary	1,887,259	27.94	-		1,887,259		
The Company	AFE	Parent/Subsidiary	498,044	2.42	298,784	Under collection	174,391		
The Company	AIL	Parent/Subsidiary	2,785,837	1.56	-		1,318,844		
The Company	AIN	Parent/Subsidiary	426,550	4.42	-		418,520		
The Company	AJC	Parent/Subsidiary	3,889,769	2.30	2,929,223	Under collection	1,841,797		
The Company	APHI	Parent/Subsidiary	281,781	9.56	-		196,073		
The Company	ASSB	Parent/Subsidiary	526,954	9.39	-		526,954		
The Company	ATH	Parent/Subsidiary	551,156	14.07	-		551,156		
The Company	WLII	Parent/Subsidiary	177,560	12.02	-		177,560		
ABH	The Company	Parent/Subsidiary	150,478	-	-		-		
ABH	ABST	Parent/Subsidiary	106,028	-	-		-		
EDC	The Company	Parent/Subsidiary	261,333	4.96	-		-		
AEB	The Company	Parent/Subsidiary	110,345	12.70	1,999	Under collection	1,999		
AOI	AOA	Parent/Subsidiary	228,382	0.69	167,042	Under collection	19,280		
AOI	AOE	Parent/Subsidiary	119,074	3.07	62,125	Under collection	16,876		
AOSD	The Company	Parent/Subsidiary	249,448	5.17	-		129,879		
CCI	The Company	Parent/Subsidiary	100,267	-	-		-		
GTI	The Company	Parent/Subsidiary	150,026	6.34	-		-		
AAC	AMEX	Fellow subsidiary	698,843	3.17	467,515	Under collection	462,917		
AAC	ASC	Fellow subsidiary	618,985	6.86	-		-		
AAH	AAC	Parent/Subsidiary	4,328,278	-	-		-		
ACCN	ACCQ	Fellow subsidiary	291,622	5.25	291,622	Under collection	291,622		
ACF	AEG	Fellow subsidiary	1,027,822	0.33	56,539	Under collection	56,539		

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
ACG	AEG	Fellow subsidiary	2,502,311	0.27	48,530	Under collection	48,530		
ACH	AEG	Fellow subsidiary	489,540	0.38	-		-		
AEG	ACF	Fellow subsidiary	1,094,312	8.35	-		-		
AEG	ACG	Fellow subsidiary	4,774,778	5.08	243,833	Under collection	226,924		
AEG	ACH	Fellow subsidiary	650,751	9.47	-		-		
AEG	AIB	Fellow subsidiary	852,046	7.74	-		-		
AEG	AIT	Fellow subsidiary	1,134,624	5.86	-		-		
AEG	APX	Fellow subsidiary	215,282	8.06	-		-		
AEG	ASIN	Fellow subsidiary	3,790,796	5.87	-		-		
AEG	ASZ	Fellow subsidiary	197,318	10.58	-		-		
AEG	AUK	Fellow subsidiary	2,118,187	5.56	-		-		
AEG	SER	Fellow subsidiary	240,092	5.83	-		-		
AIB	AEG	Fellow subsidiary	583,099	0.50	-		-		
AIT	AEG	Fellow subsidiary	750,031	0.38	-		-		
AIZS	ACCQ	Fellow subsidiary	210,395	-	-		-		
ASC	AAC	Fellow subsidiary	194,336	38.15	-		-		
ASIN	AEG	Fellow subsidiary	452,985	0.01	-		-		
ASZ	AEG	Fellow subsidiary	298,855	0.31	-		-		
AUK	AEG	Fellow subsidiary	947,925	0.08	-		-		
GWI	AAC	Parent/Subsidiary	399,653	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Acer Incorporated
Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence
December 31, 2020

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, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,143,730	1,746,549	68,000	100.00	1,297,008	128,282	100.00	33,816	33,816	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	24,799,338	1,263,432	92.02	773,714	711,736	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	147	100.00	17,029,774	147	100.00	240,981	240,981	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	6,230,208	6,230,208	191,155	100.00	15,233,443	191,155	100.00	1,274,225	1,274,225	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	32,988	1,225	33.39	75,335	1,225	33.39	27,086	8,600	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	5,658,111	5,658,111	158,475	100.00	670,010	158,475	100.00	20,379	20,379	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	566,977	-	100.00	5,627	5,627	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,139,390	1,139,390	10,756	64.54	395,867	10,756	64.54	82,154	53,019	Parent/Subsidiary
The Company	WLII	Taiwan	Sale of computers and communication products	730,210	752,962	48,173	65.32	1,014,655	49,674	67.36	194,226	127,593	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	815,583	815,583	1,203	19.39	-	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld	6,800,751	6,800,751	10,000	100.00	1,894,059	16,000	100.00	(39,802)	(43,180)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	2,128,004	130,308	100.00	1,531,987	149,779	100.00	71,484	71,484	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	395,981	395,981	32,212	66.80	7,404	32,212	66.80	(22,085)	(14,753)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,595,356	1,595,356	152,181	100.00	1,392,504	162,956	100.00	42,317	42,317	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	240,859	28,970	40.55	(66,475)	(25,544)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	45,000	4,500	83.64	68,517	4,500	83.64	22,221	18,585	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	150,000	150,000	15,000	92.54	155,633	15,000	92.54	1,519	1,406	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	89,318	13,200	55.00	(35,842)	(19,713)	Joint Venture
The Company	AST	Taiwan	System integration service	82,577	82,577	6,775	52.00	188,275	6,775	60.88	30,785	21,410	Parent/Subsidiary
The Company	API	Taiwan	Intelligent solutions of air quality	93,365	-	8,222	100.00	93,457	8,222	100.00	10,806	475	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	-	32,298	-	-	-	11,068	100.00	-	Note 1	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	38,979	100	100.00	478	100	100.00	(460)	Note 1	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	1,763	1,763	74	100.00	6,108	74	100.00	3,200	Note 1	Parent/Subsidiary
HSNC	HSNI	Indonesia	Repair and maintenance of IT products	30,501	30,501	99	99.00	33,865	99	99.00	1,657	Note 1	Parent/Subsidiary
HSNC	HSN	Malaysia	Repair and maintenance of IT products	85,419	85,419	500	100.00	93,905	500	100.00	9,444	Note 1	Parent/Subsidiary
HSNC	HSNP	Philippines	Repair and maintenance of IT products	6,741	-	106	100.00	(2,932)	106	100.00	(8,327)	Note 1	Parent/Subsidiary
AST	ISU	Taiwan	Human resources and project service	20,000	20,000	2,000	100.00	31,671	2,000	100.00	11,825	Note 1	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	24,872	1,244	24.88	25,332	Note 1	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	104,852	2,958	100.00	2,326	Note 1	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	215,545	22,593	100.00	(7,710)	Note 1	Parent/Subsidiary
ADSC	AGM	Taiwan	Agency of video game console and peripherals	10,000	-	1,000	100.00	11,247	1,000	100.00	1,247	Note 1	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	22,906	4,427	28.03	4,580	Note 1	Associate

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,477	286	1.81	4,580	Note 1	Associate
CCI	ECS	Taiwan	Business integration system	-	-	452	9.05	9,040	452	9.05	25,332	Note 1	Associate
WLII	HPT	Taiwan	Retail service of software	26,820	26,820	882	30.22	16,200	882	30.22	8,417	Note 1	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	6,629	1,000	100.00	5,531	Note 1	Parent/Subsidiary
WLII	ANT	Taiwan	Customization and research service of automobile, motorcycle and industrial components; electrical machinery products agency	203,052	203,052	6,000	20.00	239,657	6,000	20.00	209,812	Note 1	Associate
WLII	PBT	Taiwan	Sale of health supplements and biotech service	750	-	75	75.00	726	75	75.00	(32)	Note 1	Parent/Subsidiary
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,155,963	109,639	7.98	773,714	Note 1	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	29.17	187,339	436	32.01	(142,213)	Note 1	Associate
Bluechip	BLI	Taiwan	Sale of computer peripherals and software system	1,000	-	100	100.00	7	100	100.00	(993)	Note 1	Parent/Subsidiary
ABH	AEB	Taiwan	Providing solutions of cloud and digitalization	275,612	334,025	26,404	72.44	502,641	32,000	87.79	209,232	Note 1	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	955,056	1,153,000	2,900	100.00	(12,053)	42,694	100.00	(9,934)	Note 1	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	141,711	7,249	100.00	56,576	7,249	100.00	(17,475)	Note 1	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	78,613	78,613	6,581	86.59	73,981	6,581	86.59	(27,409)	Note 1	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	394,772	34,308	94.41	154,091	34,308	94.41	(42,983)	Note 1	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	50,000	50,000	5,000	100.00	42,269	5,000	100.00	(4,952)	Note 1	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	18,500	1,225	49.00	(29)	1,989	49.00	(12,780)	Note 1	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	38,173	2,310	100.00	12,235	2,310	100.00	2,737	Note 1	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	50,676	2,947	100.00	5,083	2,947	100.00	(2,220)	Note 1	Parent/Subsidiary
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	(30)	2,071	51.00	(12,780)	Note 1	Parent/Subsidiary
ACTTW	API	Taiwan	Intelligent solutions of air quality	-	29,000	-	-	-	3,222	100.00	10,806	Note 1	Fellow subsidiaries
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	300,000	2,500	100.00	(50,429)	30,000	100.00	(41,979)	Note 1	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	291,910	291,910	6,029	100.00	(42,099)	6,029	100.00	(41,460)	Note 1	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	35,054	570	15.54	27,086	Note 1	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(167,465)	15,000	100.00	(17,971)	Note 1	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(30,706)	1	100.00	(14,808)	Note 1	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	248,145	50	100.00	518	Note 1	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	30,378	1	100.00	742	Note 1	Parent/Subsidiary

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2020			Maximum ownership during 2020		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	4,000	100.00	41,032	4,000	100.00	304	Note 1	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	15,947	105	70.00	(4,773)	Note 1	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	772	100	100.00	(72)	Note 1	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of display device	20,000	20,000	2,000	80.00	36,455	2,000	80.00	20,077	Note 1	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	22,887	39	27.21	44,719	39	35.30	(64,053)	Note 1	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	376,238	6,664	20.07	352,098	6,664	20.07	157,602	Note 1	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,634	300	100.00	1,366	Note 1	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	19,498	1	100.00	(9,773)	Note 1	Parent/Subsidiary

Note1: The share of profits or losses of the investee company is not disclosured herein as such amount is already included in the share of profits or losses of the investor company.

Acer Incorporated
Information on Investments in Mainland China
For the year ended December 31, 2020

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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2020		Share of profits/ losses of investee	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	85,524	1	85,524	-	-	85,524	5,830	100.00	-	100.00	5,830	(4,160)	-
Acer Information (Zhong Shan) Co., Ltd.	Sale of brand-name IT products	42,762	2	-	-	-	-	3,403	100.00	-	100.00	3,403	211,446	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	57,016	2	57,016	-	-	57,016	760,077	100.00	-	100.00	760,077	1,198,110	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,276,200	2	4,390,232 (Note 2)	-	-	4,390,232 (Note 2)	362,190	100.00	-	100.00	362,190	4,344,575	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	142,540	1	142,540	-	-	142,540	(12,880)	100.00	-	100.00	(12,880)	33,900	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	26,205	1	(Note 3)	-	-	(Note 3)	(15,787)	30.00	-	30.00	(4,736)	12,140	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	8,570	1	8,570	-	-	8,570	100	100.00	-	100.00	100	5,717	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	13,103	1	(Note 3)	-	-	(Note 3)	(9,024)	30.00	-	30.00	(2,707)	7,577	-
Acer China Venture Corp	Fund company management	21,838	1	21,838	-	-	21,838	(2,688)	100.00	-	100.00	(2,688)	4,285	-
Acer China Venture Partnership (Limited Partnership)	Investment fund	65,514	1	61,146 (Note 4)	-	-	61,146 (Note 4)	(16)	100.00	-	100.00	(16)	9,312	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,368	1	4,368	-	-	4,368	(1,782)	100.00	-	100.00	(1,782)	8,917	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,217	1	19,217	-	-	19,217	12,301	100.00	-	100.00	12,301	83,357	-
Shanghai AST Technology Service Ltd.	System integration service	19,973	1	19,973	-	-	19,973	2,395	100.00	-	100.00	2,395	22,266	-
GadgeTek (Shanghai) Limited	Sale of peripheral 3C products	14,254	1	14,254	-	-	14,254	4,983	100.00	-	100.00	4,983	20,979	-
AOPEN International (ShangHai) Co., Ltd	Sale, import and export of commercial computer products, components, peripheral equipment and apparatus; repair and maintenance service of computer products	161,322	2	161,322	-	-	161,322	(3,448)	100.00	-	100.00	(3,448)	15,513	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of commercial computer products, components, peripheral equipment and apparatus	450,261	2	450,261	-	-	450,261	3,868	100.00	-	100.00	3,868	228,745	-

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 $114,032 (US$ 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 $61,146 and $4,368, respectively.

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2020 (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	$5,394,144 (US$189,215,105)	$6,892,347 (US$241,768,884.5)	(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$28.508 as of December 31, 2020.

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, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 514
Bank deposits	Note 1	8,405,609
Time deposits (mature within a year)	Interest rate at 0.10%~2.60%; Note 2	7,593,701
		$ 15,999,824

Note 1: Foreign currency deposits (in thousands) and their exchange rates were as follows:

CNY	$ 535	CNY: NTD=1 :	4.3676
EUR	$ 752	EUR: NTD=1 :	34.8254
USD	$ 245,868	USD: NTD=1 :	28.5080
JPY	$ 245	JPY: NTD=1 :	0.2761
SEK	$ 235	SEK: NTD=1 :	3.4650
AUD	$ 10,371	AUD: NTD=1 :	21.9341
NZD	$ 5,495	NZD: NTD=1 :	20.4801

Note 2: Including USD $260,000 thousands and CNY $39,180 thousands.

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	92.0	51,857

(Continued)

ACER INCORPORATED

Statement of Notes and Accounts Receivable

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Notes and accounts receivable:	
Client A	$ 2,216,375
Client B	496,589
Client C	414,094
Client D	398,207
Client E	346,476
Others (the amount of individual client does not exceed 5% of the account balance)	2,041,139
Less: loss allowance	(2,221)
	$ 5,910,659

Statement of Inventories

Item	Amount		Note
	Carrying Amount	Market Value	
Raw materials	$ 12,581,388	12,625,216	Market value at net realizable value
Finished goods and merchandise	649,950	867,626	Market value at net realizable value
Spare parts	84,461	84,461	Market value at net realizable value
Inventories in transit	341,789	341,789	Market value at net realizable value
	$ 13,657,588	**13,919,092**	

(Continued)

ACER INCORPORATED

Statement of Other Current Assets

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Prepaid expenses	$ 102,549
Advance on procurement	4,680
Prepaid royalty	1,271
Input VAT	111,317
Current income tax assets	6,397
	$ 226,214

(Continued)

ACER INCORPORATED

Statement of Changes in Investments Accounted for Using The Equity Method

For the year ended December 31, 2020

(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	$ 1,860,807	-	-	(60,282)	(631,840)	34,225	33,816	-	68,000	100.00 %	1,297,008	19.07	1,297,008	-
Boardwalk	1,263,432	25,582,490	-	-	-	-	48,940	711,736	(1,543,828)	1,263,432	92.02 %	24,799,338	19.63	24,799,338	-
AEH	147	16,555,306	-	-	-	-	42,892	240,981	190,595	147	100.00 %	17,029,774	115,849	17,029,774	-
AHI	191,155	14,419,551	-	-	-	-	2,820	1,274,225	(463,153)	191,155	100.00 %	15,233,443	79.69	15,233,443	-
Bluechip	1,225	68,306	-	-	-	(1,139)	(3,127)	8,600	2,695	1,225	33.39 %	75,335	61.50	75,335	-
ASCBVI	158,475	727,341	-	-	-	-	(34,435)	20,379	(43,275)	158,475	100.00 %	670,010	4.23	670,010	-
CCI	-	559,812	-	-	-	-	1,538	5,627	-	-	100.00 %	566,977	-	566,977	-
ACSI	10,545	376,010	211	-	-	(31,635)	(1,527)	53,019	-	10,756	64.54 %	395,867	143.00	1,538,108	-
WLII	49,674	982,600	-	-	(1,501)	(102,138)	6,766	127,593	(166)	48,173	65.32 %	1,014,655	36.48	1,757,351	-
ATI	1,203	-	-	-	-	-	-	-	-	1,203	19.39 %	-	-	-	-
ETEN	16,000	1,933,900	-	-	(6,000)	-	3,339	(43,180)	-	10,000	100.00 %	1,894,059	189.41	1,894,059	-
ABH	149,779	1,289,695	-	-	(19,471)	-	170,310	71,484	498	130,308	100.00 %	1,531,987	11.76	1,531,987	-
ASBZ	32,212	22,148	-	-	-	-	3	(14,753)	6	32,212	66.80 %	7,404	0.23	7,404	-
AOI	28,970	238,783	-	-	-	-	22,466	(25,544)	5,154	28,970	40.55 %	240,859	15.50	449,035	-
EDC	162,956	1,353,325	-	-	(10,775)	-	(2,284)	42,317	(854)	152,181	100.00 %	1,392,504	9.15	1,392,504	-
ACVC	-	10,610	-	-	-	-	(3,745)	(2,645)	65	-	100.00 %	4,285	-	4,285	-
ACVP	-	60,519	-	-	-	-	(52,450)	(15)	637	-	93.33 %	8,691	-	8,691	-
SEB	-	10,591	-	-	-	-	-	(1,742)	68	-	100.00 %	8,917	-	8,917	-
SFT	13,200	109,031	-	-	-	-	-	(19,713)	-	13,200	55.00 %	89,318	6.77	89,318	-
GTI	4,500	49,778	-	-	-	-	(41)	18,585	195	4,500	83.64 %	68,517	15.23	68,517	-
HSNC	15,000	158,772	-	-	-	-	137	1,406	(4,682)	15,000	92.54 %	155,633	10.38	155,633	-
AST	6,775	120,949	-	-	-	(13,908)	59,612	21,410	212	6,775	52.00 %	188,275	78.00	528,450	-
API	-	-	8,222	93,365	-	-	(383)	475	-	8,222	100.00 %	93,457	11.37	93,457	
Others	-	8,456	-	-	-	-	-	595	-	-	-	9,051	-	-	-
Subtotal		66,498,780		93,365		(780,660)	295,056	2,524,656	(1,855,833)			66,775,364			
Less: Treasury stock held by subsidiaries		(423,002)		-		-	-	-	-			(423,002)			
Adjustments of unrealized profits or losses resulting from transactions with subsidiaries and associates		(314,901)		2,440		-	-	19	-			(312,442)			
		$ 65,760,877		95,805		(780,660)	295,056	2,524,675	(1,855,833)			66,039,920			

Note: The amount included cash dividend $147,963 distributed from the investees.

(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, 2020

(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	$ 1,740,480	-	-	-	-	625,102	81,713	2,365,582	-
Common Stock of Wistron	54,816	1,554,033	-	-	-	-	145,263	54,816	1,699,296	-
Common Stock of WPG Holdings	4,012	156,852	-	-	-	-	15,244	4,012	172,096	-
Preferred stock of SKFH	-	-	6,600	297,000	-	-	(17,490)	6,600	279,510	-
Stock of iD SoftCapital Inc.	398	3,101	-	-	(374)	(2,746)	(355)	24	-	-
Stock of World Venture, Inc.	8,505	44,848	-	-	-	-	(44,848)	8,505	-	-
Stock of Dragon Investment Co. Ltd.	1,884	9,476	-	-	-	-	(6,631)	1,884	2,845	-
Stock of Venture Power	15	-	-	-	-	-	-	15	-	-
Stock of Pell Bio-med Technology Co., Ltd.	1,200	120,000	-	-	-	-	-	1,200	120,000	
Stock of CellMax Life Inc.	-	-	600	17,421	-	-	-	600	17,421	
		$ 3,628,790		314,421		(2,746)	716,285		4,656,750	

Statement of Other Non-current Assets

December 31, 2020

Item	Amount
Prepaid patent development expense	$ 49,579
Costs to fulfill a contract	12,029
	$ 61,608

(Continued)

ACER INCORPORATED

Statement of Other Financial Assets－Non-current

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Tender deposits and refundable deposits	$ **88,955**

Statement of Notes and Accounts Payable

Vendor Name	Amount
Vendor A	$ 6,191,264
Vendor B	3,333,668
Vendor C	3,321,445
Vendor D	2,732,879
Vendor E	2,575,037
Vendor F	2,439,015
Vendor G	2,243,002
Others (the amount of individual vendor does not exceed 5% of the account balance)	19,113,334
	$ **41,949,644**

(Continued)

ACER INCORPORATED

Statement of Other Payables

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item		Amount
Royalty payable	$	4,486,628
Accrued compensation for price difference		5,084,126
Accrued product development costs		4,186,557
Salaries and bonus payable		1,638,183
Others (the amount of individual item does not exceed 5% of the account balance)		3,011,379
	$	**18,406,873**

Statement of Other Current Liabilities

Items		Amount
Temporary credits	$	430,203
Others (the amount of individual item does not exceed 5% of the account balance)		3,310
	$	**433,513**

(Continued)

ACER INCORPORATED

Statement of Other Non-current Liabilities

December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Defined benefit liabilities	$ 575,255
Guarantee deposits	31,953
	$ 607,208

Statement of Lease Liabilities

Item	Description	Lease terms	Discount rate	Ending balance
Lease liabilities	Buildings	2016/07~2022/12	1.10%~1.79%	$ 69,140
Lease liabilities	Other equipments	2020/09~2023/09	1.10%	5,545
				$ 74,685
Lease liabilities—Current				**$ 60,449**
Lease liabilities—Non-current				**$ 14,236**

(Continued)

ACER INCORPORATED

Statement of Cost of Revenue

For the year ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods sold from purchase		$ 198,399,437
Beginning inventory	$ 13,667,619	
Net purchase for the period	183,047,148	
Ending inventory	(14,334,074)	
Reclassified to property, plant and equipment	(17,523)	
Royalty for software and technology	15,615,476	
Reversal of write-downs of inventories	(309,033)	
ODM stock provision	172,542	
Others	557,282	
Cost of product development and repair and maintenance		666,284
Cost of revenue		**$ 199,065,721**

(Continued)

ACER INCORPORATED

Statement of Operating Expenses

For the year ended December 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 1,334,646	496,569	906,924
Depreciation	62,869	63,761	27,652
Amortization	2,085	25,337	374
Advertising and promotion expense	603,582	956	1,119
Utilities expense	31,947	9,199	9,162
Professional service expense	635,029	423,205	762,443
Others	364,813	146,836	278,766
	$ 3,034,971	**1,165,863**	**1,986,440**

Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current: Note 6(b).
Statement of Receivable from Related Parties and Other 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 to Related Parties and Other Payables to 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(t).
Statement of Other Operating Income and Expenses: Note 6(v).
Statement of Other Income: Note 6(w).
Statement of Other Gains and Losses: Note 6(w).
Statement of Financial Costs: Note 6(w).