股票代號：2357

2018 ANNUAL REPORT

華碩電腦股份有限公司107年度年報

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I. Letter to Shareholders

Dear Shareholders:

Thank you for your long-term support.

This year marks our 30th anniversary at ASUS. Since day one, ASUS has recruited exceptional talent as we've worked to realize our brand vision. On this journey, we have repeatedly achieved new operational heights as we became one of the most valuable international brands from Taiwan. Along the way, we have also faced many challenges as a result of our ever-changing industry, but with the full dedication of all of our teams we have consistently managed to respond to adversity and strengthen our leading position.

From 2017 to 2018 ASUS once again came face-to-face with industry challenges, which led to an extended period of operational adjustments. In the process we recognized a need to re-focus our company culture and direction in order to respond to global market trends as well as social and technological changes, and we made organizational changes to focus on the ASUS brand essence — product innovation, product quality, and user experience. These core values have remained consistent since the company was founded. As Internet-based technologies continue to rapidly develop a consumer-centric economic model and value network, our mission is to continue to innovate and enhance product quality and customer experience to create higher value and seamless experiences that enhance the lives of always-connected consumers.

Following intensive discussions and debate, the ASUS leadership team has set multiple transformational goals which are based on a principal of idea meritocracy. I firmly believe that the culture of our great organization can once again evolve and achieve a level of idea meritocracy that will enable us to grow and prosper from an abundance of creative and meaningful inputs. Our key goals across the organization will include the following:

- Corporate culture: Culture is the foundation of business management. ASUS has great talents and teams, and we will focus on leveraging our collective wisdom by breaking down barriers. This will allow us to fully execute our goal of developing an idea meritocracy that enables us to benefit from an abundance of creative and meaningful inputs.
- Branding: We will re-focus on the fundamental values underlying our brand essence: product innovation, product quality, and user experience. It is the mission of all ASUS teams — from R & D to product management, quality management, sales and marketing, customer service, logistics and administration teams — to thoroughly execute on our Design Thinking approach in order to create the best product innovation, product quality, and user experience. Our co-CEOs will also serve as Chief Experience Officer and Chief Engineering Officer and will continue to encourage all teams to focus on core brand values.
- Operations: We will embrace reality and transform our smartphone business to focus on gamers and power users, leveraging the leading position of the Republic of Gamers (ROG) brand, together with our complete portfolio of gaming products, to become the dominant leader of total gaming solutions. Our Systems Business Unit will address changing technology trends in the consumer market and focus on product innovation and operational efficiencies. We will also devote more efforts to growing product segments and build exposures to commercial markets while strengthening consumer product lines to further improve quality and profitability.
- Smart products and new business development: The development of AIoT technologies is a strategic goal. We will leverage our product development experience and operational advantages to develop AIoT products and establish an AIoT platform. This effort will include collaborations with other companies to co-develop AI and smart products for consumer and commercial markets. We will continue to leverage big data and AI to strengthen our smart technology products and services, and we will further develop New Retail and Connected Services to provide the most seamless and valuable customers experiences.

ASUS gains global recognition through consecutive wins of prestigious awards, and is once again ranked the Most Valuable International Brand from Taiwan

ASUS continues to receive recognition from prestigious international organizations for thoroughly executing our brand spirit of In Search of Incredible in every aspect of the business, including innovation, customer satisfaction, user experience, corporate social responsibility and environmental sustainability. For the sixth consecutive year, in 2018 Interbrand named ASUS the Most Valuable International Brand from Taiwan; for the second consecutive year, ASUS ranked among Forbes' Global 2000 Top Regarded Companies; and for the fourth time, we ranked among Fortune's World's Most Admired Companies. In 2018 we were also named among Thomson Reuters' Top 100 Global Tech Leaders. Each of these awards is a testament to our enduring brand value and spirit.

Product Innovation & Sustainability

In 2018 ASUS won 18 prestigious iF awards, 16 Red Dot awards, 9 Good Design awards, and 35 Taiwan Excellence awards. These awards recognized exceptional ASUS products and innovation. ASUS also celebrated multiple world's firsts and other breakthroughs over the course of the year, including the launch of the following incredible innovations: ROG gaming phone; ROG Mothership; the incredibly thin and lightweight ROG Zehyrus S; ZenBook Pro, with a smart touchpad called ScreenPad; ROG Maximus XI Apex; ROG Strix XG49VQ, a super-wide curved gaming monitor; RT-AX88U, a dual-band wireless router; and also health management devices such as VivoWatch BP.

For many years, ASUS has been a consistent and dedicated leader through our corporate social responsibility and environmental protection initiatives. As part of the ASUS 2020 Sustainability Goals, the company has adopted the United Nations' Sustainable Development Goals. Our 2020 Sustainability Goals reflect a commitment to further transforming the business and to strengthening our competitiveness while acknowledging the importance of caring for the environment. These goals represent a key way in which ASUS is leveraging our brand influence to the benefit of the global community. In acknowledgment of our sustainability efforts, in 2018 ASUS received the prestigious Taiwan Corporate Sustainability Award as well as the CSR Corporate Citizen Award from CommonWealth Magazine in Taiwan. The company has also been selected for the Morgan Stanley Global Sustainability Index (MSCI), FTSE4Good Emerging Index, and FTSE4Good TIP Taiwan ESG Index.

2018 Financial Summary & 2019 Operational Transformation

In 2018 the Group's consolidated revenue was NT$354.2 billion, a decrease of 8% compared with 2017. The net profit after tax was NT$5.3 billion, of which the net profit attributable to owners of the parent company was NT$4.2 billion, a 73% decrease from 2017. After-tax earnings per share (EPS) was NT$5.7.

The combined revenue of the ASUS brands in 2018 was NT$352.5 billion (unaudited), a 10% decrease compared to 2017. Brand operating profit was NT$2.8 billion (unaudited), a 78% decrease from 2017, due to the transformation of the smartphone business. Accordingly, the Smartphone Business Unit listed a one-time restructuring cost of NT$6 billion and an operating loss in 2018 of about NT$8.2 billion, resulting in a total loss of about NT$14.2 billion. After the income tax benefit, the after-tax net loss of the old Smartphone Business Unit in 2018 (the net loss due to discontinued operations) was about NT$12.1 billion. Excluding the loss associated with the old Smartphone Business Unit (the net loss due to discontinued operations), the operating profit of the core business remained stable. The Open Platform Business Group continues to strengthen its leading position through agile operations that respond to product trends, contributing to overall growth. On the Systems Business Group side, fierce industry competition and other circumstances - including the U.S.-China trade war and a shortage of components — created tremendous pressures on growth and profitability, causing a year-over-year decline.

Looking ahead to 2019, our product strategy and operations goals are as follows: PC Systems Business Group will strengthen product innovation and operations in order to increase profitability, and motherboard, graphics card and Open Platform Business Group will continue to focus on exceeding average industry growth rates. ROG and all gaming-related business units will continue efforts to expand user groups in order to strengthen long-term profitability and growth, with the aim of double-digit growth year-over-year to further strengthen our industry-leading position. Smartphone business will reduce overall losses and concentrate efforts on core competencies across gamer and power user markets. In response to new industry trends related to AIOT, we will launch several projects designed to make the most of opportunities for market evolution and growth.

Once again, I would like to thank you for your long-term support. We will continue to evolve as a company — advancing both our culture and our operations models. By thoroughly executing the next level of idea meritocracy we will return to our brand essence and benefit from an abundance of creative and meaningful inputs. As we intently focus on the essential elements of the ASUS brand, we will deliver even greater value to our customers, shareholders, employees, and to consumers everywhere.

I would also like to take this opportunity to share our new vision and mission statements with you. Each statement reaffirms our goals as we move ahead in this exciting evolution and transformation of the business.

Vision: To become the world's most admired innovative leading technology enterprise in the new digital era

Mission: In search of incredible innovations to create the most ubiquitous, intelligent, heartfelt, and joyful smart life for everyone

Again, I want to thank each of you for your ongoing support.

Sincerely yours,

Jonney Shih

Chairman

II. Introduction of the Company

I. Establishment date: April 2, 1990

II. Development history

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

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

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

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

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

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

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

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

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

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

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

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

	Electronics and in the seventh place nationwide.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

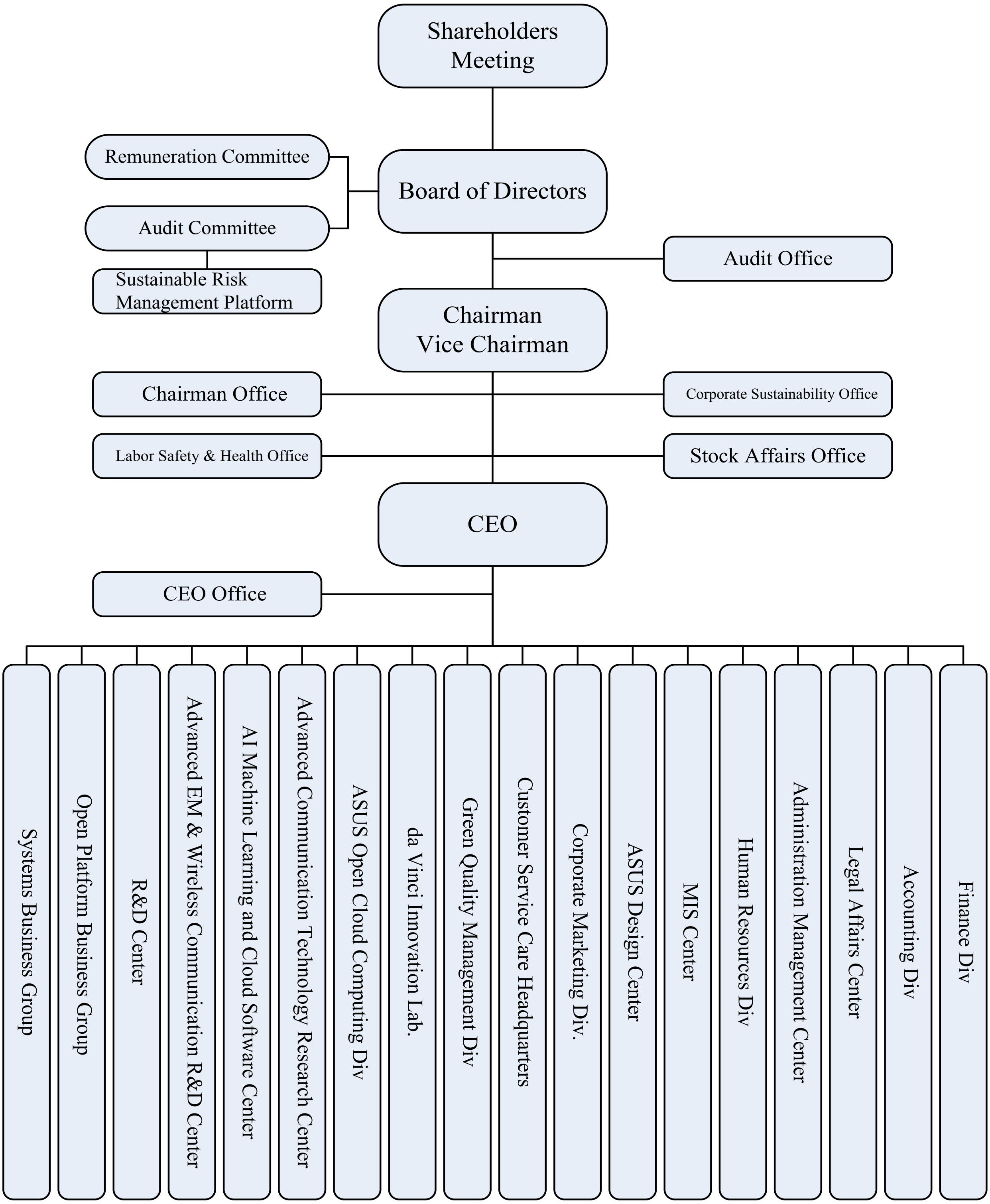
	e-sports notebooks by TechRadar 2019; ROG G703GI and ROG Strix GL502 were the fifth and seventh place, respectively.
April 2019	ASUS was awarded 21 awards in the 2019 German Red Dot Design Award.
April 2019	The ASUS ProArt^{TM} series introduced the first professional display supporting Dolby Vision PA32UCX/PQ22UC in the world.
April 2019	The ROG Zephyrus S e-sports notebook won the T3 award.

III. Corporate governance report

I. Corporate Organization

(I) Organization Chart

Effective date: 2018.12.31



(II) Department Function Description

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

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

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

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

Labor Safety & Health Office
Conduct occupational health and safety management through the Plan-Do-Check-Act Cycle.

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

Open Platform Business Group
Responsible for managing the R&D and operation of component related product lines.

R&D Center, Advanced EM & Wireless Communication R&D Center, AI Machine Learning and Cloud Software Center, Advanced Communication Technology Research Center, ASUS Open Cloud Computing Division and ASUS Design Center
Develop the common R&D technology need by business units.

Da Vinci Innovation Lab.
Responsible for the Company's technology and innovative product development.

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

Customer Service Care Headquarters
Provide customers with comprehensive service and total solutions.

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

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

Human Resources Division
Responsible for global talent management and managing employee satisfaction.

Administration Management Center, Legal Affairs Center, Accounting Division and Finance Division
Arrange the planning and enforcement of the Company's finance, accounting, regulatory, administration, and public works.

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

1. Directors

Base Date: April 20, 2019

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Jonny Shih	Male	2016.07	3	1994.05	30,093,638	4.05	30,093,638	4.05	0	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Note 1	Director	Jonathan Tsang,	2nd consanguinity
Vice Chairman	R.O.C.	Ted Hsu	Male	2016.07	3	1993.06	7,346,683	0.99	7,346,683	0.99	1,988,142	0.27	0	0	EMBA, National Chiao Tung University Vice President of Pegatron	Note 3	None	None	None
Director	R.O.C.	Jonathan Tsang	Male	2016.07	3	1999.04	1,423,093	0.19	1,423,093	0.19	0	0	0	0	MBA of Houston University Chairman of ASGL	Note 2	Chairman	Jonney Shih	2nd consanguinity
Director	R.O.C.	Jerry Shen	Male	2016.07	3	2002.05	3,370,309	0.45	3,370,309	0.45	626,313	0.08	0	0	Electrical Engineering Graduate Institute, National Taiwan University General Manager of ACER	Note 4	None	None	None
Director	R.O.C.	Eric Chen	Male	2016.07	3	2008.06	157,527	0.02	157,527	0.02	12,275	0.00	0	0	Department Of Mathematics, Tamkang University Corporate Vice President of ASGL	Note 5	None	None	None
Director	R.O.C.	S.Y. Hsu	Male	2016.07	3	2011.06	107,019	0.01	107,019	0.01	8,233	0.00	0	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Note 6	None	None	None
Director	R.O.C.	Samson Hu	Male	2016.07	3	2012.06	100,592	0.01	100,592	0.01	0	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Note 7	None	None	None
Director	R.O.C.	Joe Hsieh	Male	2016.07	3	2011.06	0	0.00	0	0.00	805	0.00	0	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Note 8	None	None	None
Director	R.O.C.	Jackie Hsu	Male	2016.07	3	2016.07	20,353	0.01	20,353	0.01	0	0	0	0	M.S. in Information Management, National Chengchi University Corporate Vice President of ASGL	Note 9	None	None	None
Director	R.O.C.	Tze-Kaing Yang	Male	2016.07	3	2016.07	0	0.00	0	0.00	0	0	0	0	Ph.D of Business Management, National Cheng Chi University Political Deputy Minister, the Ministry of Finance, R.O.C.	Note 10	None	None	None
Independent Director	R.O.C.	Chung-Hou Tai	Male	2016.07	3	2016.07	36,459	0.01	36,459	0.01	0	0	0	0	M.S. in Management Sciences , Tamkang University Co-founder of Acer	Note 11	None	None	None
Independent Director	R.O.C.	Ming-Yu Lee	Male	2016.07	3	2016.07	0	0.00	0	0.00	0	0	0	0	M.S. in Accounting, National Chengchi University Accountant of ROC	Note 12	None	None	None
Independent Director	R.O.C.	Chun-An Sheu	Male	2016.07	3	2016.07	0	0.00	0	0.00	0	0	0	0	MBA , Rider University (USA) National Tax Administration of Soutern Taiwan Province,Ministry of Finance	Note 13	None	None	None

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

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

Note 3: Chairman of the following companies: ASUS TECHNOLOGY PTE. LIMITED, ASUS GLOBAL PTE. LTD. and ASUS EUROPE B.V..
Director of the following companies: UNIMAX ELECTRONICS INC., AAEON TECHNOLOGY INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., Kartigen BioMedical Inc. and KARTIGEN BIOMEDICINE INC.

Note 4: Chairman of the following companies: iMotion Group Inc., ASMEDIA TECHNOLOGY INC., International United Technology Co., Ltd., and INTERNATIONAL UNITED TECHNOLOGY CO., LTD.

Note 5: Director of ASUS CLOUD CORPORATION and ASUS LIFE CORPORATION.

Note 6: Chairman of UPI Semiconductor Corp.; Director of the following companies: AAEON TECHNOLOGY INC., Hua-Cheng Venture Capital Corp., APAQ TECHNOLOGY CO., LTD. and ASUS COMPUTER INTERNATIONAL.

Note 7: Director of ASUS CLOUD CORPORATION, ASUS TECHNOLOGY INCORPORATION, Hua-Min Investment Co., Ltd., ASKEY, UPI Semiconductor Corp. and ASUS COMPUTER INTERNATIONAL.

Note 8: Director of the following companies: ASUS LIFE CORPORATION, ASUS Technology (Suzhou) Co. Ltd., ASUS COMPUTER INTERNATIONAL, GOING CHAMPION ENTERPRISE CO., LTD., NATIONAL FIBER TECHNOLOGY(*),CHUN-SHIH NATIONAL(*) and Shine Mao Invest Inc.
Chairman of the following companies: KUO-CHENG ENTERPRISE CO., LTD.(*) and SHUN-MAO INVESTMENT(*).

Note 9: Director of ASUS AUSTRALIA PTY LIMITED.

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

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

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

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

Note 14: Since the tenure of the Vice Chairman Ted Hsu had been suspended 8 years from the 2008 to 2016, the average tenure of the Board of Directors is 9.92 years.

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

Note 16: (*) Standards for the English transliteration of company’s name or individual’s name.

2. Education and training of directors

Title	Name	Date	Sponsor	Course Title	Hours
Chairman	Jonney Shih	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Vice Chairman	Ted Hsu	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Jonathan Tsang	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Jerry Shen	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Eric Chen	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3

		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	S.Y. Hsu	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Samson Hu	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Joe Hsieh	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Jackie Hsu	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Director	Tze-Kaing Yang	Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
		Aug 20, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	The financial industry and market development trends in Taiwan	3

		Sep 18, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Discussion on the Influence of the New Law of Money Laundering Prevention on Enterprises	3
Independent Director	Chung-Hou Tai	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Independent Director	Ming-Yu Lee	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		May 4, 2018	National Chung Hsing University	2018 Modern Accounting Forum Symposium	7
		May 8, 2018	Taiwan Stock Exchange	Listed company's new corporate governance blueprint summit forum	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Independent Director	Chun-An Sheu	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3

3. Professional qualifications and independence of directors

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

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

(1) Not an employee of the Company or any related party;

(2) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);

(3) Does not hold more than 1% of total stock issued directly or indirectly nor a natural shareholder on the top-ten shareholdings list;

(4) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual falling in the first three categories;

(5) Not a Director, Supervisor, or employee of the legal shareholder that holds over 5% of total stock issued directly or indirectly; or on the top-five shareholdings list of the Company;

(6) Not a Director (executive), Supervisor, management, or a shareholder with over 5% shareholdings of a company or organization that is in business with the Company;

(7) Not an owner, partner, Director, Supervisor, management of a partnership or institution and his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party. Including but not limited to Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter and the Remuneration Committee in accordance with the Power Exercise described in Article.

(8) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual;

(9) Free of any of the behaviors as defined in Article 30 of Company Act;

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

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

(II) Information of the management

Base Date: April 20, 2019

Title	Nationality/ Country of Origin	Gender	Name	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Branding Officer	R.O.C.	Male	Jonney Shih	Apr 30, 1994	30,093,638	4.05	0	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Reference to Director Information	None	None	None
Chief Strategy Officer	R.O.C.	Male	Ted Hsu	May 1, 2016	7,346,683	0.99	1,988,142	0.27	0	0	EMBA, National Chiao Tung University Vice President of Pegatron	Reference to Director Information	None	None	None
CO-Chief Executive Officer	R.O.C.	Male	S.Y. Hsu	Mar 10, 2008	107,019	0.01	8,233	0.00	0	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Reference to Director Information	None	None	None
CO-Chief Executive Officer	R.O.C.	Male	Samson Hu	Sep 10, 2008	100,592	0.01	0	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Reference to Director Information	None	None	None
Chief Operating Officer	R.O.C.	Male	Joe Hsieh	Mar 10, 2008	0	0.00	805	0.00	0	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Reference to Director Information	None	None	None
Corporate Vice President	R.O.C.	Male	Henry Yeh	Sep 10, 2008	48,781	0.01	245	0.00	0	0	Department of Electrical Engineering, National Taiwan University V.P. of TwinHead	Note 1	None	None	None
Corporate Vice President	R.O.C.	Male	Alex Sun	Jul 1, 2010	12,786	0.00	316	0.00	0	0	Ph. D of Electronic Engineering, University of Southern California Deputy-researcher, Chung-Shan institute of Science and Technology	None	None	None	None
Corporate Vice President	R.O.C.	Male	Taiyi Huang	Oct 15, 2018	0	0.00	0	0.00	0	0	Ph. D of Department of Information Science (and Engineering), University of Illinois at Urbana-Champaign Microsoft Principal Group Engineer Manager	None	None	None	None
Chief Financial Officer	R.O.C.	Male	Nick Wu	Aug 11, 2015	457	0.00	161	0.00	0	0	MBA, Vanderbilt University The specialist of China Development Industrial Bank	Note 2	None	None	None
Comptroller	R.O.C.	Female	Winnie Liu	Aug 11, 2015	649		0	0	0	0	Institute of Accounting, Soochow University Audit Director of TAIWAN MOBILE	Note 3	None	None	None

Note 1: Director of Power eXponent, Ltd.

Note 2: Supervisor of the following companies: Hua-Min Investment Co., Ltd. and Hua-Cheng Venture Capital Corp.

Note 3: Director of Askey Technology (Jiangsu) Limited.

Note 4: The shareholdings stated in the table exclude trust shareholdings that are with the "rights to use" reserved.

Note 5: The Company did not have stock option issued up to the date of the annual report issued; therefore, the Company's management did not have stock option shares.

Education and training of the management

Title	Name	Training Date		Sponsor	Course Title	Hour
		Start	End			
Chief Financial Officer	Nick Wu	March 16, 2018	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		Jul 24, 2018	Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3
Comptroller	Winnie Liu	Feb 23, 2018	Feb 23, 2018	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Analysis of Legal Responsibilities and Practice Cases of Enterprises' "Illegal Absorption of Law"	3
		Feb 23, 2018	Feb 23, 2018	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Discussion on the Legal Compliance Issues and Related Legal Responsibilities of "Enterprise Mergers and Acquisitions"	3
		March 16, 2018	March 16, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Introduction of the latest Income Tax Act and Statute for Industrial Innovation; Assessment of impacts from the US tax reform on the ASUS Group	3
		March 29, 2018	March 29, 2018	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	The company commissioned the accountant to discuss the related matters of the "financial statement review"	3
		March 29, 2018	March 29, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	The development trend of FinTech and the way of corporate response	3
		Jul 24, 2018	Jul 24, 2018	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Trends and important regulations of money laundering and counter terrorism-financing	3

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

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

1. Remuneration of Directors

Title	Name	Director's Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of part-time employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B) (Note 1)		Remuneration to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Remuneration to Employee (G)						
		From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS		Companies in the financial statements		From ASUS	Companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Jonney Shih	3,000 thousand	3,600 thousand	0	0	15,749 thousand	15,749 thousand	0	56 thousand	0.4427%	0.4582%	97,047 thousand	153,214 thousand	540 thousand	864 thousand	18,131 thousand	0	30,187 thousand	0	3.1751%	4.8092%	None
Vice Chairman	Ted Hsu																					
Director	Jonathan Tsang																					
Director	Jerry Shen																					
Director	Eric Chen																					
Director	S.Y. Hsu																					
Director	Samson Hu																					
Director	Joe Hsieh																					
Director	Jackie Hsu																					
Director	Tze-Kaing Yang																					
Independent Director	Chung-Hou Tai																					
Independent Director	Ming-Yu Lee																					
Independent Director	Chun-An Sheu																					

Remuneration Bracket

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements (H)	The Company	Invest in other companies (I)
Below 2,000,000	Jonney Shih, Ted Hsu, Jonathan Tsang, Jerry Shen, Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh, Jackie Hsu, Tze-Kaing Yang,	Jonney Shih, Ted Hsu, Jonathan Tsang, Jerry Shen, Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh, Jackie Hsu, Tze-Kaing Yang,	Jonathan Tsang, Eric Chen, Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu	Tze-Kaing Yang , Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu

	Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu	Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu		
2,000,000～5,000,000				
5,000,000～10,000,000				
10,000,000～15,000,000			Jonney Shih , Ted Hsu	Jonney Shih , Ted Hsu, Jonathan Tsang
15,000,000～30,000,000			S.Y. Hsu, Samson Hu, Joe Hsieh	Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh
30,000,000～50,000,000			Jerry Shen	Jerry Shen, Jackie Hsu
50,000,000～100,000,000				
Over 100,000,000				

Note 1: No actual payout for pension funds for that year. It is a provision for pension.
Note 2: The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

2. Remuneration of President and Vice President

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Remuneration to Employee (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company		Companies in the financial statements		The Company	Companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Branding Officer	Jonney Shih	42,505 thousand	42,505 thousand	868 thousand	868 thousand	94,074 thousand	94,074 thousand	19,698 thousand	0	19,698 thousand	0	3.71%	3.71%	None
Chief Strategy Officer	Ted Hsu													
Chief Executive Officer	Jerry Shen													
CO-Chief Executive Officer	S.Y. Hsu													
CO-Chief Executive Officer	Samson Hu													
Chief Operating Officer	Joe Hsieh													
Chief Operating Officer	Jerry Chao													
Corporate V.P.	Henry Yeh													
Corporate V.P.	Alex Sun													
Corporate V.P.	Taiyi Huang													

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

Remuneration Bracket

Range of Remuneration	Name of President and Vice President	
	The Company	Invest in other companies (E)
Below 2,000,000		
2,000,000～5,000,000	Henry Yeh, Taiyi Huang	Henry Yeh, Taiyi Huang
5,000,000～10,000,000	Alex Sun	Alex Sun
10,000,000～15,000,000	Jonney Shih, Ted Hsu	Jonney Shih, Ted Hsu
15,000,000～30,000,000	S.Y. Hsu, Samson Hu, Joe Hsieh, Jerry Chao	S.Y. Hsu, Samson Hu, Joe Hsieh, Jerry Chao
30,000,000～50,000,000	Jerry Shen	Jerry Shen
50,000,000～100,000,000		
Over 100,000,000		

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

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

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

	Title	Name	Stock Amount	Cash Amount (estimated amount)	Total	Ratio of Total Amount to Net Income (%)
Managers	Chief Branding Officer	Jonney Shih	0	21,679 thousand	21,679 thousand	0.51%
	Chief Strategy Officer	Ted Hsu				
	Chief Executive Officer	Jerry Shen				
	CO-Chief Executive Officer	S.Y. Hsu				
	CO-Chief Executive Officer	Samson Hu				
	Chief Operating Officer	Joe Hsieh				
	Chief Operating Officer	Jerry Chao				
	Corporate V.P.	Henry Yeh				
	Corporate V.P.	Alex Sun				
	Corporate V.P.	Taiyi Huang				
	Chief Financial Officer	Nick Wu				
	Comptroller	Winnie Liu				

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

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

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

Year (Note 1)	Ratio of the total remuneration paid to the Company's Directors, Supervisors, President, and V.P. in the last two years to net income
2017	1.43%
2018	4.15%

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

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

III. Corporate governance Implementation

(I) Board of Directors

The 2018 11th Board of Directors convened 9 meetings (A). The following is the attendance of the directors:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Jonney Shih	8	1	88.89%	
Vice Chairman	Ted Hsu	9	0	100%	
Director	Jonathan Tsang	7	2	77.78%	
Director	Jerry Shen	9	0	100%	
Director	Eric Chen	6	2	66.67%	1 leave
Director	S.Y. Hsu	8	1	88.89%	
Director	Samson Hu	8	1	88.89%	
Director	Joe Hsieh	8	0	88.89%	1 leave
Director	Jackie Hsu	8	0	88.89%	1 leave
Director	Tze-Kaing Yang	8	0	88.89%	1 leave
Independent Director	Chung-Hou Tai	8	0	88.89%	1 leave
Independent Director	Ming-Yu Lee	9	0	100%	
Independent Director	Chun-An Sheu	9	0	100%	

Other mentionable items:

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

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

BOD	Subjects	Securities and Exchange Act, rticle 14-3	Opinions of independent directors	Company's treatment of the pinions.	Resolution results
The 14th time of the 11th term Mar 11, 2018	The change of accountants in line with the internal personnel adjustment of the accounting firm.	V	None	None	The matter is approved by all the attendees.
The 17th time of the 11th term Nov 13, 2018	The amendment for "the internal control and audit systems" of the Company.	V	None	None	The matter is approved by all the attendees.

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

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting shall be specified: None.

3. Evaluation of the functions of the board of directors in the current year and last year: The Company's board of directors operates in accordance with the Company's "Rules of Procedure for Board Meetings" and related laws. The executive financial officers and chief auditors will also attend a directors' meeting and produce relevant reports to directors for reference. Meanwhile, in order to upgrade the board members' competency, the Company will invite external trainers to give lessons and arrange advanced studies for the board members.

4. The Attendance of the independent directors at board of directors' meetings in 2018:
   (V: Attendance in Person; *: By Proxy; X: Absent / Leave)

Name	First Jan 2, 2018	Second Jan 29, 2018	Third Mar 16, 2018	Fourth Apr 18, 2018	Fifth May 11, 2018	Sixth Jul 24, 2018	Seventh Aug 10, 2018	Eighth Nov 13, 2018	Ninth Dec 13, 2018
Chung-Hou Tai	V	X	V	V	V	V	V	V	V
Ming-Yu Lee	V	V	V	V	V	V	V	V	V
Chun-An Sheu	V	V	V	V	V	V	V	V	V

(II) The operation of the Audit Committee:

The 2018 Audit Committee convened 5 meetings (A). The following is the attendance of the Independent Director:

Title	Identity	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Independent Director	Chung-Hou Tai	5	0	100%	
Member	Independent Director	Ming-Yu Lee	5	0	100%	
Member	Independent Director	Chun-An Sheu	5	0	100%	

Other mentionable items:

I.The operation of the Committee has the following matters as the major works of the year:
(1) Fair presentation of the financial statements.
(2) The delegation (discharge), independence and performance of the CPAs.
(3) The delegation (discharge), independence and performance of the CPAs.
(4) Compliance with the relevant laws and regulations by the Company.
(5) Control over the existing or potential risks of the Company.

II.Operation of the Committee in 2018:

Audit Committee	Subjects	Securities and Exchange Act, Article 14-5	Resolution results
The seventh time of the 1st term Mar 16, 2018	Assessment of CPA's independence for 2017.		The matter is approved by all the attendees.
	Ratification of the annual business report and financial statement for 2017.	V	
	Profit distribution of 2017.		
	Presentation of the "Annual Internal Control System Statement for 2017."		
The eighth time of	Presentation of the consolidated		The matter is approved

the 1st term May 11, 2018	financial statements for Q1, 2018.		by all the attendees.
	To accommodate the internal adjustment of the accounting firm, the Company replaced the CPAs.	V	
The ninth time of the 1st term August 10, 2018	Report of the information security management and current status.		The matter is approved by all the attendees.
	Ratification of the consolidated financial statements for Q2, 2018.	V	
	Changes of deputies for the head of accounting.		
The tenth time of the 1st term September 28, 2018	Report of planning to transfer equity of UPI.		The matter is approved by all the attendees.
The eleventh time of the 1st term November 13, 2018	The business report of the key subsidiaries, AAEON and Askey.		The matter is approved by all the attendees.
	Presentation of the consolidated financial statements for Q3, 2018.		
	The amendment for "the internal control and audit systems" of the Company.	V	
	Presentation of "2019 Annual Audit Plan."		

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

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

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

i. The audit manager shall give audit reports to the independent directors on a regular basis, where necessary, contact and communicate with them by telephones, letters and messages. The audit manager shall attend the Audit Committee meetings in order to give suggestions and descriptions when related data are required by the committee members.

ii. The accountant shall explain the review or examination of the financial statement to the independent directors in a written form or face-to-face and the independent directors shall response their opinions in the same way, and where necessary, make sufficient communications by telephone, letter and message.

iii. The independent directors have no particular opinions on the communication between internal audit manager and the accountant.

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”?	V		The Company established its “Corporate Governance Best-Practice Principles” upon approval of the board of directors on November 11, 2015, and disclosed the same on the Company’s website and MOPS pursuant to laws.	No deviation
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure??	V		(1) The Company has established the spokesperson system and investor relation department to process relevant issues.	No deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company is used to maintaining fair relationship with major shareholders and controls the relevant name list from time to time.	No deviation
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established proper risk control mechanism and firewall according to the internal relevant regulations such as the “Regulations Governing Subsidiary Company Management,” “Endorsement and Guarantee Operation Procedure” and “Acquisition or Disposition of Information Asset Process.”	No deviation
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the “Operating Procedure for Processing of Important Internal Information” and “Employees’ Code of Conduct”. The Company conducts educational promotion of relevant laws and regulations to directors, managers and employees at least once a year. On November 29, 2018, the Company has conducted the promotion to the insiders, including directors and managers, for the prevention of insider trading related laws and regulations and Q&A through e-mail, and prohibited the insider trading; to other employees, ethical behavior trainings were conducted by HR before new employees starting their work. The presentations of the abovementioned trainings are uploaded to the internal employee system to be known by all employees.	No deviation
3. Composition and Responsibilities of the Board of				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The Company has established the board diversity policy in Article 20 of the Best Practice Principles of Corporate Governance and carried out the policy. See Note 1 for the implementation of each Board.	No deviation
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has not yet established other functional committee.	Scheduled to gradually establish according to the laws and regulations as well as the practical requirement of the Company.
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) The Company's Remuneration Committee will conduct the performance appraisal once per six months based on each director's participation in the Company's operation.	No deviation
(4) Does the Company regularly evaluate the independence of CPAs?	V		(4) The Board of Directors will evaluate the independence and adequacy of the Company's auditors according to the Statement of Independence issued by the accounting firm where the auditors belong to and along with the related regulations of the Certified Public Accountant Act. See Note 2 for the criteria of independence evaluation.	No deviation
4. Does the Company designate a full-time (part-time) unit or personnel to take charge of the Company's governance	V		The Stock Affair Office is responsible for managing the Company's governance business, ensuring the shareholder's equity and	No deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
businesses (including but not limited to providing required data to the directors and supervisors, performing related events of the Board and the shareholder meetings by law, conduct the Company's registration and the amendment of the registration)?			strengthening the Board of Directors' competency. The primary duty of the Stock Affair Office is to manage related affairs of the Board of Directors and the shareholders, conduct and amend the Company's registration and report information in accordance with the regulations of the competent authority and related laws. Related Affairs Implementation: 1. Arrange advanced courses for the Board of Directors and assist them with taking at least 6 hours advanced courses. 2. Cooperate with the Company's Legal affair unit to evaluate the "Directors and Supervisors Liability Insurance" that meet the Company's and the Board of Directors' demand to secure the Company and the Board of Directors. 3. Irregularly assist the communication between the accountants, independent directors and finance audit managers to implement the internal audit control system. 4. Plan the agenda and inform the directors 7 days before the Boards of Directors' meeting pursuant to laws (except special session). Then provide required data, perform the meeting, make the minutes and send them within 20 days after the meeting pursuant to laws. 5. Conduct the registration for the shareholders' meeting beforehand and prepare related meeting notice, meeting handbook, minutes within legally specified time frame, and upload it on the Market Observation Post System pursuant to laws. 6. Disclose major resolutions of the Boards of Directors or the shareholders' meeting on the Market Observation Post System pursuant to laws. 7. Be responsible for registration of the changes, if any, with respect to the Company.	
5. Does the Company setup communication channels between the investors (including but not limited to the shareholders, employees and suppliers), establish the Investor Relation area on the Company's website and respond to the issues of corporate social responsibilities concerned by the investors?	V		The Company has setup the investor communication channel on the CSR website, established the Investor Relation area on the official website and appropriately responded to the issues in the CSR report.	No deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company assigns KGI Securities registrar to handle the stock affairs.	No deviation
7. Information Disclosure				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
(1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance	V		(1) Already disclosed the information about finance and business on the Company's website for investors at http://www.asus.com/tw/Investor/, and stated the status of the Company's corporate governance to shareholders and investors at a shareholders' meeting and investor conference.	No deviation
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company establishes specialist in charge of information collection and disclosure with implementation of spokesperson system as the external communication. The corporate conference process will is also displayed at the Company website.	No deviation
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) For information regarding employees' rights and care for employees, please refer to the section on "Labor-Employer Relation" of this annual report. (2) The Company has built up the Investor Relations area on its official website. (3) The Company has established related information of the liability insurance for all directors and supervisors in the Company's Article of Incorporation. The insurance amount, coverage, rate and other important information will be reported to the Board on a regular basis. (4) To improve the supervision and management function of the Board of the Directors, the Company follows the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" promulgated by competent authority and develops the "Board of the Directors Meeting Standards" with arrangement of advanced study for the directors to pursue advanced study from time to time. (Please refer to "Education and Training of Directors" in this annual report) (5) The Company establishes maintenance office and consumer hotlines worldwide to protect the rights of the consumers. The Company also signs contract with clients to provide relevant products and services. (6) The Company follows the laws and regulation with emphasis on labor-employer relation, providing	No deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
			employment opportunity, creating own branding, expanding export, and fulfilling social responsibilities. (7) In the succession planning program, the successor not only must have the outstanding capabilities in the technology industry, but also acknowledge the Company's operation philosophy and implement it. Their personality traits must include "humbleness, honesty, hard-working, cleverness, and courage," or the five virtues of ASUS, while being trustworthy, innovative, and trusted by clients. In order to introduce new management concepts, the Company allows the open discussions before making decisions, and selects the most correct decision. The reshaping of the company culture and management philosophy has been activated, by referring the innovative management concepts of international companies, and taking "leverage the collective wisdom, select the best creativity" as the core. The Company also continues to train the young generation of the management team, as a talent succession plan for the future management team. The training programs for senior management successors are divided as vision leadership, operating decision-making, strategy execution, driving innovation, and talent inheritance. Through the above-mentioned "five forces for executive leadership," to train their professional management capabilities and integrated application, for developing their capability in decision-making and judgement. (8) Other company: The governance matters are gradually implemented, taking consideration of the current situation of the Company and regulations.	
9. The Company shall describe the improvements with reference to the corporate governance evaluation results issued by the CG Center of Taiwan Stock Exchange Corporation, and shall make available the prioritized enhanced measures for the matters that have not been improved.	V		ASUS particularly disclosed the information on our website to meet the corporate governance requirements. The Company will make improvement progressively according to the plan to be made for the matters that have not been improved.	No deviation

Note 1: Individual directors for diversification of Board members

The list of the 13 directors of the 11th intake of the Board of Directors, including the directors with expertise in the industry and technology, namely Jonney Shih, Ted Hsu, Jonathan Tseng, Jerry Shen, S.Y. Hsu and Samson Hu; the directors with expertise in marketing, namely Eric Chen, Joe Hsieh, and Jackie. Hsu; and the director with finance expertise, namely Tze-Kaing Yang. Three independent directors, including Chung-Hou Tai, Ming-Yu Lee and Chun-An Sheu, have their expertise in the fields of industry, accounting and taxation, and their profession advices are very helpful to the Company! (Details below)

In addition, 61% of the directors are employees of the Company; 39% of them are non-employees and independent directors; terms of all three independent directors are under three years.

Diversification Item / Name	Gender	Industry	Technology	Marketing	Accounting	Finance	Taxation
Jonney Shih	Male	V	V	V			
Ted Hsu	Male	V	V				
Jonathan Tsang	Male	V	V	V			
Jerry Shen	Male	V	V	V			
Eric Chen	Male	V		V			
S.Y. Hsu	Male	V	V				
Samson Hu	Male	V	V				
Joe Hsieh	Male	V	V	V			
Jackie Hsu	Male	V		V			
Tze-Kaing Yang	Male	V				V	
Chung-Hou Tai	Male	V	V	V			
Ming-Yu Lee	Male				V	V	V
Chun-An Sheu	Male				V	V	V

Note 2: Assessment criteria of accountant's independence

Assessment	2018 assessment result (Y/N)	Independence (Y/N)
1. The designated accountant does not have direct or indirect financial interest relationship with the Company.	Y	Y
2. The designated accountant does not have a financing or guarantee relationship with the Company or any director or supervisor of the Company.	Y	Y
3. The designated accountant does not take into account the possible loss of the client to affect his/her auditing task.	Y	Y
4. The designated accountant does not have close business relationship or potential employment relationship with the Company.	Y	Y
5. The designated accountant does not have contingent fees related to his/her auditing task.	Y	Y
6. The designated accountant does / did not currently/ in the recent two years serve as a director, supervisor, or manager of the Company or play a role having significant influence on the audit case.	Y	Y
7. The non-audit service that the firm of the designated accountant offered to the Company does not have direct influence on any important items of the audit case.	Y	Y
8. The designated accountant does not promote or act as an intermediate for the shares or other securities issued by the Company.	Y	Y
9. The designated accountant does not serve as the advocate of the Company nor as the representative of the Company to mediate the dispute between the Company and any third party.	Y	Y
10. The designated accountant does not have kinship with any director, supervisor, or manager of the Company or the person having significant influence on the audit service.	Y	Y
11. No former partner of the designated accountant serves as a director, supervisor, or manager of the Company or in a position having significant influence on the audit case within one year after relieved of his/her office.	Y	Y
12. The designated accountant did not receive any gift or present of great value from the Company or any director, supervisor, or manager of the Company.	Y	Y
13. The designated accountant did not accept any inappropriate selection of accounting policies or inappropriate disclosure of financial statements made by the management of the Company.	Y	Y

(IV) Compensation Committee Operations:

1. Formation and Responsibilities of ASUS Compensation Committee：

(1) Formation of Committee：

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

(2) Responsibilities of Committee：

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

i. Periodically review the guidelines and propose recommendation for revision.

ii. Formulate and periodically review the performance appraisal for ASUS directors, supervisors and managers with policy, system, standards, and structure for salary and remuneration.

iii. Periodically evaluate and specify the salary and remuneration for ASUS directors, supervisors and managers.

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

i. Ensure the arrangement of salary and remuneration in line with relevant laws and regulations that are sufficient to attract outstanding personnel.

ii. The performance appraisal and salary/remuneration for directors, supervisor and managers shall refer to common peer standards for payout with consideration of personal performance and company salary/remuneration concept, business performance and rationality of future risk association.

iii. Directors and managers shall not be misled with introduction of pursuit of salary/remuneration to engage in conducts exceeding the risk appetite of the Company.

iv. The proportion of bonus to directors and senior managers in short-term performance and the payout time for some changing salary and remuneration shall be determined with consideration of industry characteristics and the business nature.

2. The Members of ASUS Compensation Committee:

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

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

(1) Not an employee of the Company or any related party;

(2) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);

(3) Does not hold more than 1% of total stock issued directly or indirectly nor a natural shareholder on the top-ten shareholdings list;

(4) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual falling in the first three categories;

(5) Not a Director, Supervisor, or employee of the legal shareholder that holds over 5% of total stock issued directly or indirectly; or on the top-five shareholdings list of the Company;

(6) Not a Director (executive), Supervisor, management, or a shareholder with over 5% shareholdings of a company or organization that is in business with the Company;

(7) Not an owner, partner, Director, Supervisor, management of a partnership or institution and his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party.

(8) Free of any of the behaviors as defined in Article 30 of Company Act.

3. Operations of ASUS Compensation Committee:

(1) The members of the Remuneration Committee of the Company: 3 people.

(2) Period of the 3rd term: July 28, 2016 to July 27, 2019.

(3) The Salary and Remuneration Committee convened 3 meetings in 2018 (A). The qualification of the members and their attendance are described below:

Title	Identify	Name	Attendance (Times) (B)	Proxy	Frequency of attendance (%) (B/A)	Remark
Convener	Independent Director	Li, Ming-Yu	3	0	100%	
Committee	Independent Director	Kenneth Tai	2	0	66.67%	
Committee	Independent Director	Sheu, Chun-An	3	0	100%	

Other mentionable items:

1. The board of directors decline to adopt, or will modify, a recommendation of the Remuneration Committee: None
2. Any member's objection to or reservations about motion resolved by the Remuneration Committee: None
3. The treatment to the Compensation Committee by the Company: No special opinion expressed by any members in the year.

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

Date	Operation	Resolution results
Jan 29, 2018 The fifth time of the third term	Approved the Company's motion for allocation of year-end bonus to managers in 2017. Approved the motion for allocation of remuneration to directors/supervisors and employee bonus from earnings of 2017.	The matter is approved by all the attendees.
Jul 24, 2018 The second time of the third term	Passage of the proposal for compensation distribution to directors for 2017. Passage of the proposal for 2018 interim performance bonus to managers.	The matter is approved by all the attendees.
Nov 23, 2018 The seventh time of the third term	Passage of the proposal for 2018 adjusting remunerations to managers.	The matter is approved by all the attendees.
Jan 22, 2019 The eighth time of the third term	Approved the Company's motion for allocation of year-end bonus to managers in 2018. Passage of the proposal for adjusting remunerations to CO-CEO.	The matter is approved by all the attendees.
Mar 20, 2019 The ninth time of the third term	Approved the motion for allocation of remuneration to directors/supervisors and employee bonus from earnings of 2018.	The matter is approved by all the attendees.

(V) Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Corporate Governance Implementation				
(1) Does the Company declare its corporate social responsibility policy and examine the results of the implementation?	V		(1) ASUS has corporate social responsibility policy and guidelines defined that can be looked up at ASUS corporate sustainability report and ASUS CSR website at http://csr.asus.com.	There have been no differences
(2) Does the Company provide educational training on corporate social responsibility on a regular basis?	V		(2) The Company offers new employee courses related to their work with coverage on social responsibility education and training. The company sets up a permanent unit, the Office of Sustainability and Green Quality Management, dedicated to promoting policies and actions related to corporate social responsibility. The meetings of GreenASUS and SERASUS (Social and Environmental Responsibility, SER) Management Committees are held regularly. The management representatives are appointed by the CEO; and the meetings are convened regularly to promote sustainability affairs and monitor their effectiveness, as well as to report the annual sustainability plan and performance to the Board of Directors.	There have been no differences
(3) Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		(3) The Company takes consideration of the domestic price level and peer salary level to reasonably adjust salary and remuneration. The Company also conducts two performance appraisals to recognize employee performance and promote development through the appraisal system as well as to caring for employees with performance falling behind. The Company also fulfills social responsibly of caring for employees and assist employees to accomplish their goals through performance improvement program. The Company develops "Employee Ethical Conducts Principles" and "Work Conducts" to explicitly regulate the respective integral conduct standards of employees, rewards and	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
(4) Does the Company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V		punishment standards for implementation of fair treatment.	There have been no differences
2. Sustainable Environment Development				
(1) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(1) To effectively utilize resources and to reduce green-gas emission during transport, ASUS designs the special structure for package with patent to reduce the packaging weight, reduce packaging material volume, in addition to introducing the user of recycled materials. In the future, ASUS will continue reducing waste, control the total amount of use for package materials and enhance packaging universality to introduce sustainable materials.	There have been no differences
(2) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		(2) ASUS had passed ISO14001 Environmental Management System Certification in 1998 and complied with PDCA annually.	There have been no differences
(3) ASUS stays alert the impact of climate change on business activities; also, drafts up energy saving and carbon reduction and greenhouse gas reduction strategy?	V		(3) The Company supports and adopts the "Task Force on Climate-related Financial Disclosures" (TCFD) issued by the Financial Stability Board (FSB); based on governance, strategy, risk management, and indicators and targets structure, the financial impacts from the climate change is discussed. The related information can be viewed on the Corporate Sustainability Report and the ASUS CSR website. The Company's products achieve the greenhouse gas reduction through ecological design and by means of improving energy efficiency.	There have been no differences
3. Preserving Public Welfare				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company has developed and disclosed statement of human rights policy according to the UN Statement of Human Rights in addition to developing internal standards.	There have been no differences
(2) Has the Company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		(2) The Company establishes employee ethical conduct principles, sexual harassment prevention measures, complaint and punishment regulations, and prevention	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			program for encountering illegitimate invasion during execution. Employees can report to the special email audit@asus.com upon discovery of unethical conducts. In the event of illegitimate invasion, file consultation and complaint through workplace violence and sexual harassment prevention hotline: 6666@asus.com. The Company will immediately start the investigation and processing mechanism upon receiving such complaints filed by employees.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company has established the unit dedicated to occupational health and safety, and continued passing OHSAS 18001 labor health and safety management system. The Company will perform occupational health and safety educational training on new employees, current employees and contractors to protect the staff's health and safety.	There have been no differences
(4) Does the Company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V		(4) ASUS holds labor meeting quarterly. In the event of major changes in operation, the Company's PR or competent departmental supervisor shall explain to employees through public channels (including seminar, announcement, and email).	There have been no differences
(5) Does the Company provide its employees with career development and training sessions?	V		(5) The Company comprehensively promotes "Learning and Growth Plan" for supervisors to assist employees develop required competency, in addition to providing feasible programs meeting organizational and personal development. The Company upholds to concept of "Level-based teaching" and using corporate core value and functions required for all levels as the basis to evaluate the personal work requirement. Supervisors and employees will jointly discuss to plan the personal annual learning growth plan so that learning will become more intuitive and efficient.	There have been no differences
(6) Does the Company establish any consumer protection mechanisms and appealing procedures regarding research	V		(6) ASUS has setup consumer complaints procedures and methods by 0800-093-456 Technical Service Hotline /	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
development, purchasing, producing, operating and service?			e-mail or Support website at http://support.asus.com.tw	
(7) Does the Company advertise and label its goods and services according to relevant regulations and international standards?	V		(7) ASUS follows relevant laws and regulations and international standards in addition to developing internal standards.	There have been no differences
(8) Does the Company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	V		(8) When selecting new suppliers and vendors, we request the suppliers (including vendors) sign ASUS Code of Conduct. They must promise to follow corporate social responsibility and shall pass the evaluation with respect to the quality system, quality procedure, green regulation and corporate social responsibility, and our audit and evaluation experts or third-party certification institutions conduct an on-site annul environmental and social audits. If the supplier has records of impacting on the environment and society, they will be listed as a high-risk supplier and subject to guidance. This will be an important reference for quarterly business assessment, order distribution, and long-term cooperation.	There have been no differences
(9) Do the contracts between the Company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V		(9) The current contract provides that the suppliers shall meet the laws and regulations applicable in the countries all over the world, including labor and environmental protection requirements. Breach of the contract by the suppliers shall result in punishment. Meanwhile, the Company will ask the suppliers to sign the "Declaration of ASUS Group Contractor/Supplier Conduct Compliance", which states that where the suppliers breach any requirements about corporate social responsibility and thereby cause material effect to the environment and society in the countries where they operate business, ASUS Group may terminate or rescind the contract or cooperation with them at any time.	There have been no differences
4. Enhancing Information Disclosure (1) Does the Company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		The Company has established the CSR website to disclose information related to corporate social responsibility both from time to time and routinely, issue corporate sustainability report, and disclose relevant information on the Public	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			Observation Post System.	

5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:
ASUS has substantiated corporate social responsibility in accordance with the "Rules Governing Listed & OTC corporate governance.

6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:
Please refer to the business sustainability report and website of ASUS at http://csr.asus.com/chinese/index.aspx#120

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions:
The Company issues the CSR report before June 30 every year. Please download the latest version of the CSR report from http://csr.asus.com/chinese/article.aspx?id=120.
The 2016 Corporate Sustainability Report released in 2017 is based on the GRI Standards Core Option structure. The Company entrusts SGS to use AA1000AS Type 2 High Level Assurance and PwC Taiwan to conduct limited assurance based on selected indicators in accordance with the ROC Statement of Assurance No. 1 "Non-historical Financial Information Audit or Approval Assurance". This report follows the report principles of containment, sustainability, significance and completion as well as the quality principles of accuracy, balance, clarity, comparability and timeliness.

(VI) Corporate Social Responsibility

As an international leading brand, ASUS values corporate social responsibility (Corporate Social Responsibility, CSR) at the same time as it attends to its business growth, in hopes of being an enterprise with sustainable development in the areas of economy, environment and society.

“To be a world-class green high-tech leading group and truly contribute to human society” is the business philosophy of ASUS. Therefore, in 2009, a dedicated sustainable development unit was established, to grasp the global pulse of sustainability, analyze the sustainable issues regarding governance, environment and society, and integrate the strategic core, product innovation and service, to establish strategic directions of sustainability and project promotion. As the organization initiated the re-shaping project, the sustainability unit was re-organized into the “Office of Sustainability and Green Quality Management.” This dedicated unit is led by the Chief Sustainability Officer, responsible for grasping and analyzing the global sustainability pulse, manage sustainable policy objectives and specific actions. The key sustainability annual plan and performance results are reported to the board of directors periodically for verification.

ASUS pays attentions to key issues such as highly influential products, supply chain and organization operations in the sustainable corporation operations. The “GreenASUS and SERASUS Management Committee” is established. The CEO authorizes the Chief Sustainability Officer to be the managing representative, and meetings are held every two months. The members of the committee come from the business operations unit, procurement, customer service, administration, legal affairs and other departments. The horizontal communication and coordination are carried out across the units, to effectively allocate the resources effectively, so that all employees of ASUS can work toward a consistent direction for sustainability, concretely combining the sustainability and operational cores to become a part of the competitiveness of enterprises.

2018 Results of sustainable governance:

(1) Selected as a component of the MSCI Global Sustainability Indexes for five consecutive years.
(2) Selected as a component of the FTSE4Good Emerging Index for three consecutive years.
(3) Selected as a component of FTSE4Good Emerging Index and TIP Taiwan ESG Index for two consecutive years.
(4) The most trusted company in the world selected by Forbes. The only top 100 enterprises in Taiwan that has been selected for two consecutive year.
(5) For 2017 and 2018, the Company was selected among the Top Ten Corporate Citizen Award by CommonWealth Magazine for two consecutive years.
(6) Taiwan Corporate Sustainability Awards (TCSA): The Most Prestigious Sustainability Awards, Top Ten Domestic Corporates, as well as seven other

awards, including Supply Chain Management, Social Inclusion, Climate Leadership, Growth through Innovation, Circular Economy Leadership," and Corporate Sustainability Report Award.

(7) 2018 Asia Sustainability Reporting Award - Asia's Best Supply Chain Reporting and the finalist of Asia's Best SDG Reporting.

(8) Awarded for the China Corporate Social Responsibility Excellence Award.

1. GreenASUS

The Company has been dedicated to environmental protection since 2000 to control and respond to the global environmental protection laws and regulations, such as Restriction of Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE), Energy related products, ErP, REACH, laws governing limit value and labelling of product energy efficiency, and requirements about use of battery and packing materials and waste goods. Meanwhile, the Company delivered the green production process ahead of the others in the same trade to improve the product design. The Company makes every endeavor to promote green design, green procurement, green production, and green marketing, and pays attention to the effect to environment at the very beginning when the product is designed, enhances green design, develop green products and design energy-saving products. The Company also works with suppliers to boost the green supply chain and establish the recycling mechanism. In other words, the Company tries its best to contribute to the earth at each stage.

Therefore, in terms of the life cycle of products, ASUS reviews procurement of raw materials and supplies, production, transportation, use and waste. It has established the "ASUS Product Ecological Design and Technology Standards" consisting of the three major themes, namely "choice of environmental materials", "easy disassembly and recycled design" and "energy-saving design", including hazardous substance management, easy recycling and reuse, easy disassembly, and design and service for extension of life cycle of product, and low energy consumption design, to ensure the green quality of products and reduce the carbon footprint at the very beginning.

ASUS products not only comply with the international environmental protection requirements; they have also received various international environmental protection marks and environmental protection awards to demonstrate the strength of green high-tech technology. The milestones of GreenASUS are outlined as following:

(1) Since 2013, all series of notebook computers have met the latest Energy Star standards for energy efficiency. Even though ENERGY STAR has been repeatedly revised to raise the energy efficiency threshold, ASUS has met the requirements with its outstanding performance. In 2018, all the notebook

computers are 100% compliant, and the average efficiency outperforms the standards by 29%.

(2) The ratio of the global electronic products recovery volume to sales volume was probably 14% in 2017 and better than the performance of the industry.

(3) ASUS was awarded the HSPM certificate (Hazardous Substance Process Management) by IECQ in 2012 and became the first computer company to win such honor in the world. This reflects that the efforts spent by ASUS in environmental protection and green action were recognized again.

(4) The first receiving the electronic information products pollution control voluntary certification (rohs) certificate for notes as awarded by China Quality Certification Center in July 2012.

(5) ASUS completed the life cycle carbon emission investigation according to the PAS 2050:2008 published by BSI, and received the first certificate for notebook certified according to the carbon footprint certification under PAS 2050:2008 by DNV in the world. ASUS also analyzed the carbon investigation result and released the notebook U53SD based on ecological design and concept about green innovation. US53SD adopted bamboo in replace of traditional plastic materials, which is even equipped with the exclusive Super Hybrid Engine (SH) energy-saving technology, in order to improve the carbon footprint of products by virtue of alternative materials and upgrading of energy utilization. In 2012, the Company followed the PAS 2060:2010 published by BSI, and achieved the carbon neutral status for the products by the residual carbon emission after the carbon crediting transaction, and received the carbon neutral certification certificate based on PAS 2060 by DNV.

(6) Best Choice Award and Eee Box EB1033 awarded Green ICT Award in 2012.

(7) Since ASUS received the first notebook EPEAT gold medal in Taiwan and the first notebook EU Flower mark in the world in 2008, ASUS has continued and worked hard to boost the green environmental protection products to demonstrate its excellent green design concept. In 2011, the EPEAT environmental protection marks received by ASUS extended to EeePC, EeeBox and monitors. Meanwhile, it promoted the registration of EPEAT in other countries.

(8) The Company developed ultra-effective energy saving technology, which may reduce power consumption and upgrade endurance, and the excellent workmanship relied on by the monitors, which may be recycled and save energy easily. As a result, ASUS continued upgrading the efficiency of products and received the Energy Star Award of 2011 for Excellence in Efficient Product Design organized by U.S. Environmental Protection Agency.

(9) Received the China Environmental Labelling Certificate for multiple series of notebooks, desktops and PC in 2011.

(10) Received Best Choice Award in 2011 and Green ICT Award for VW247H-HF and U43SD in 2011.

(11) Received Best Choice Award, and Green ICT Award for Eee PC 1015PE in 2010.

(12) Greenpeace organized an Electronics Survey in 2010, with respect to the use of chemical substance in a product, energy efficiency, extension of the life cycle of products and other issues. The Company's VW247H-HF won 7.5 points out of 10, ahead of the other brands, and ranked 1st for the monitor products. Meanwhile, the notebook UL30A also ranked 1st for notebooks. Accordingly, the Company became the only manufacturer to receive the championship for two products at the same time.

(13) The Company was invited to take part in the Electronics Take Back Coalition in the U.S.A. in 2012, and achieved remarkable performance in the area of computers.

(14) The Company's U30Jc notebook received Japan Eco Mark in 2012 and became the first one of the global top 10 IT suppliers, which received such honor.

(15) The Company's U30Jc received Korean Eco-Label in 2010.

(16) The Company released the first halogen-free motherboard (P7P55D-E/HF) and the first 920x1080 halogen-free LED monitor (VW247-HF) in the world in 2010.

(17) U53Jc received PAS 2050/ISO14067 "carbon footprint" certificate in 2010.

(18) The Company became the first notebook supplier to receive the "EPD" and "Product Carbon Footprint" certification in the world in 2009.

(19) The Company announced the greenhouse gas inspection information and organizational investigation certification according to ISO 14064 in 2009.

(20) The Company released halogen-free series in 2009, including notebooks, PADs, LCD monitors, EeePC, and VGA, etc.

(21) The Company's notebook U series and EeeBox received EU Flower and Czech environmental protection mark in 2009.

(22) The first notebook in Taiwan, the Company's notebook N series, received EU Flower and Czech environmental protection mark in 2008.

(23) The first notebook in Taiwan, the Company's notebook N series, received EPEAT gold medal in 2008.

(24) The Company received the excellent achievement, B+, for the "computer and peripheral devices" of Oekom international environmental performance competition in Germany in 2007, ranking 1st place among the international own-brand manufacturers participating the competition with respect to computer and peripheral devices.

For more ASUS products under the environmental protection mark, please view: http://csr.asus.com/chinese/index.aspx#74

2. Corporate social responsibility SERASUS

Considering that the corporate social responsibility has increasingly become one of the KPIs to measure an enterprise's sustainability, ASUS's concerns about the social and environmental responsibilities also include the labor health and safety risk assessment and measures, promotion of labors' interest and right, occupational safety and care for employees' physical and mental health, in addition to the environmental management covering various measures and controls over air, polluted water, waste goods, hazardous substance, noise and energy saving. ASUS integrates the requirements about environment, safety and health, labor and code of business conduct as the management system framework, and complies with the following social and environmental responsibility policies and Safety and health policy:

(1) Compliance with regulatory standards, reduction of operating risks
(2) Innovating green products, creating competitive advantage
(3) Promoting sustainable procurement, reducing environmental impact
(4) Cherishing natural resources, realizing green enterprises
(5) Enhancing human care, implementing care for personnel
(6) Establishing diversified communications, engaging improvement by all
(7) Deepening sustainability culture, fulfilling social responsibilities

Interested parties are increasingly concerned about the issue about human rights. The Company is used to respecting humanity and caring for employees as its management philosophy. The employees hired by the Company comply with the minimum age requirements applicable locally, local laws, and RBA. The Company will not discriminate against employees because of race, sex, age, political party, religion or handicap, but will care for and protect their work and living conditions, and provide employees with well-founded training and chance for self-development. According to the Universal Declaration of Human Rights of UN, ASUS discloses the Company's statement of human rights policy as following:

(1) No child labor: No child labor will be hired, in order to comply with the minimum age requirements under local laws.
(2) Basic pay: To provide employees with the wage and benefit which are equivalent to or better than the minimum requirements under local laws and regulations.
(3) Working hours: To provide employees with leave with pay periodically; no employees will be forced to work more than the maximum working hours required under local laws; to comply with the requirements about overtime work or compensation as required.
(4) Non-discrimination: To forbid discrimination because of race, skin color, age, sex, sex orientation, religion, handicap, labor union member or political orientation; each employee is entitled to equal protection, free from any discrimination.
(5) No inhumane treatment: To forbid harassment or physical abuse, etc.
(6) Forced labor: To ensure that no forced, imprisoned or involuntary prison laborers are hired to produce ASUS products or services, and all employment terms and conditions are agreed upon by the employees voluntarily.
(7) Health and safety: To provide all employees with a healthy and safe working environment in which all employees respect and trust each other.

(8) Employees' training and self-development: To provide facilities, training plan, hours and subsidies to support employees' career development.

The SERASUS results are stated as following:

(1) Acquired the UL Zero Waste to Landfill certificate in 2016 as the first HQ in the consumer electronic industry that acquired this certificate.

(2)Awarded the TCSA "Supply Chain Management Award" by the Taiwan Institute for Sustainable Energy (TAISE).

(3) Acquired the USA Green Building LEED Platinum Mark and Taiwan Green Building Diamond Mark in 2016.

(4) Acquired the Silver Mark for intelligentization of existing buildings in 2016.

(5) Passed the ISO 50001 Energy Management System certification in 2016.

(6) Honored the "2015 Taipei Labor Safety Award for Excellent Corporations" in 2016.

(7) Awarded the "Excellent Labor Safety Institute of Labor Safety Award of Taipei City 2014" in 2015.

(8) Awarded the "Taipei City Excellent Health Workplace" in 2015.

(9) Awarded the "Environmental Protection Award of the R.O.C. Enterprises" of 24th term in 2015.

(10) Passed the health workplace-health promotion mark in 2015.

(11) Awarded the "Sustainability Award" by Department of Environmental Protection in 2014.

(12) Awarded the "Enterprise Environmental Protection Award"- sliver prize of 23rd term by Environmental Protection Administration in 2014.

(13) The "corporate sustainability report" released in 2014 was found meeting GRI G4 Core Option upon the third party's investigation.

(14) Awarded the Excellence Award of "Taipei City Industrial and Commercial Energy Personnel Competition" in 2013.

(15) Awarded the "Taipei City Commercial Building Energy Saving Landmark" in 2013, namely the energy saving building.

(16) Awarded the "Taiwan Corporate Sustainability Report Award" – non-manufacturing section in 2013.

(17) Awarded the "Excellent Labor Health and Safety Institute" and "Excellent Labor Health and Safety Staff" of Taipei City in 2012.

(18) Passed the health workplace certification in 2012.

(19) Awarded the "Excellence in Corporate Social Responsibility Report Disclosure of Listed Companies" by TWSE in 2011.

(20) Awarded the excellent institution for "energy saving and carbon reduction mobile mark" by Environmental Protection Administration in 2010 and received the "energy saving and carbon reduction mobile mark".

(21) Attended the "Taiwan Enterprise Sustainability Award" and receive the excellent work prize in 2009. Received the non-manufacturing bronze medal and special award for excellence in dealing with climate transformation in 2011; received the service industry bronze medal in 2012; received the service industry excellence award in 2013. Received the service industry

silver medal for “Taiwan Top 50 CSR Award” in 2014; received the service industry bronze medal for “Taiwan CSR Award” in 2015.

(22) Attended the “CSR Taiwan Corporate Social Responsibility” organized by Global Views Monthly and received the CSR Excellence Award for Technology Industry in 2010.

(23) Awarded the “1st Place of Corporate Sustainability Award” by Executive Yuan on December 3, 2007. Such honor made consumers more confident about ASUS products without doubt, substantiating that ASUS products are of solid quality and meet the environmental protection standards. Meanwhile, ASUS’s commitments to consumers were realized accordingly.

3. Climate change

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

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

Governance	
Oversight of the Board of Directors to risks and opportunities related to climate change	- The ASUS Enterprise Sustainable Development Policy was approved by the Chairman. As the highest responsible person for the Group’s sustainability issues, the Chairman includes and is responsible for approving the corresponding climate change strategies. - The annual sustainability report will be presented to the board of directors, including the implementation results of the 2020 Sustainable Target and the progress of the greenhouse gas reduction target - A sustainable risk management platform has been established, belonging to the Audit Committee, and consists of sustainability, finance, occupational safety, legal affairs, HR, MIS and operating units. It is responsible for developing the cross-department treatment for issues related to major risks.
The authorities and duties of management to assess and manage risks and opportunities	The CEO is the highest responsible executive for climate change and sustainable management. As a director also, the CEO aggregates the sustainability information of the organization’s operations, products and supply chain

related to climate change	submitted by the COO and CSO. He/she would make decisions after a comprehensive assessment of the interactions among different aspects, and report the major issues to the board of directors. - The Office of Sustainability and Green Quality Management is the dedicated unit for sustainability issues, and led by the Chief Sustainability Officer (CSO). The Office is responsible for analyzing the global sustainability pulses, implementing related sustainability projects, and reporting to the Chief Operating Officer. - The GreenASUS and SERASUS Management Committee is responsible for horizontal cross-department coordination and cooperation, to implement the sustainability strategy in product, operation and value chain management. The committee meets every two months; the CSO acts as the management representative and reports to the CEO.

<table>
<tr><th colspan="2">Strategy</th></tr>
<tr><td>Short, medium and long-term risks and opportunities identified</td><td>ASUS assesses risks based on the Company's internal objectives of operational management; a short-term is defined as one-year period, a medium-term as one to five years, and a long-term as five-year or longer.
Risk:<table>
<tr><td>Short-term</td><td>Increased demands and needs for energy efficiency/low carbon products; increased severity of extreme weather events such as typhoons and floods</td></tr>
<tr><td>Mid-term</td><td>Voluntary advocates</td></tr>
<tr><td>Long-term</td><td>Mandatory product and service regulations, market uncertainties, using renewable energies</td></tr>
</table>Opportunity:<table>
<tr><td>Short-term</td><td>Development or expansion of low-carbon products and services</td></tr>
<tr><td>Mid-term</td><td>Development and innovation of new products and services, diversified operations.</td></tr>
<tr><td>Long-term</td><td>New market partnership</td></tr>
</table></td></tr>
<tr><td>How climate change-related risks and opportunities affect operations, strategy and financial</td><td>ASUS integrates climate change related issues into its operating strategy, and identifies the risks and opportunities around the life cycle for five aspects, including: products and services, supply chain, adaptation and mitigation activities, R&D investment and operations.</td></tr>
</table>

planning for the organization	The Company further analyzes the financial impact of key climate change-related risks and opportunities to operating costs, sales revenue, assets and capital investment, and assesses the management costs required to implement the countermeasures, while grasping the financial exposures and impact related to climate change, in order to benefit future decision-making.
Impacts to organizational operations, strategies and financial planning in different climate change scenarios	Using climate change scenario simulations, the Company analyzes the contributions that ASUS needs to make to improve product energy efficiency and operating aspects in the context of achieving global and national greenhouse gas reduction targets, and assess possible financial impacts: − Energy Technology Perspectives 2017 estimates that in 2DS, the global energy usage growth rate should be reduced from 3% to 1.5% per year. Based on this, ASUS establishes a simulated scenario to estimate the needed energy efficiency of products to achieve the 2DS target, and evaluates potential risks, financial impacts, operating opportunities and strategic adjustments in this scenario. − Taiwan's NDC target is that "by 2030, greenhouse gas emissions are reduced for 50% of BAU." Although ASUS is not in a high-emission, high-energy-consuming industry, it is also responsible for reducing greenhouse gas emissions and saving energy, and sets the absolute goal of "50% greenhouse gas reduction by 2025."

Risk Management	
Procedures for the organization to identify and assess risks associated with climate change	The Risk Management Platform under the Audit Committee of the Board of Directors, is responsible for managing the overall risks of ASUS, including climate change risks. According to the TCFD risk structure, the impact and potential opportunities from the transformation risks and physical risks faced in each stage of the value chain are analyzed.
Procedures for the organization to manage risks associated with climate changes	Regarding major climate risks and opportunities, ASUS develops management measures to mitigate, transfer or control these risks and opportunities, from the aspect of product and service, supply chain and self-operations, the main actions include: - Products and services: Introducing a green design platform, continuously investing in research and development of innovative energy, and improving the efficiency of energy use for soft- and hardware. - Supply chain: Under the continuous RBA audit

	mechanism, facilitating suppliers to strengthen their resilience to respond to climate change and drive the supply chain to transform to low-carbon manufacturing. - Operations: Introducing the ISO 50001 energy management system, identifying high energy consuming hotspot areas and equipment, and gradually improving their energy efficiency.
Describe how procedures for identifying, assessing, and managing risk associated with climate change are integrated into the overall risk management structure of the organization	ASUS recognizes that climate change is an urgent issue, and affects economics, environment and society. Therefore, the “Office of Sustainability and Green Quality Management” has been established as a dedicated unit, to promote countermeasures versus relevant risks and opportunities based on the corporate sustainable governance structure.

Indicators and targets	
Disclose the indicators used by the organization to assess climate change related risks and opportunities when setting strategies and managing risks	ASUS sets key performance indicators based on the locations of climate change shocks: – Operating aspect: Greenhouse gas emissions (tonnes) – Product aspect: Total annual energy consumption (kWh), and percentage (%) of the revenue contributed by Eco-Products – Supply chain: proportion of key suppliers to complete RBA audits and facilitation by third-party units (%)
Disclose Category 1, 2 and 3 greenhouse gas emissions and related risks.	Continue to carry out greenhouse gas inventory. For the inventory information of the past years, please refer to the ASUS Corporate Social Responsibility Report and official website: Refer to the “Greenhouse Gas Inventory Protocol – Second Edition of Corporate Accounting and Reporting Standards” to establish the detail list of greenhouse gas emissions inventory. For suppliers and OEM vendors with significant greenhouse gas emissions, the greenhouse gas inventory is conducted in accordance with the “Enterprise Value Chain Category Three Accounting and Reporting Standards.” In addition, the category three emissions of employee travel are also inventoried continuously.
Objectives for managing climate change-related risks and opportunities by the organization, and	In 2018, greenhouse gas emissions decreased by 25% compared to the baseline of 2008; energy efficiency of products increased by 37% comparing to 2013; we continue to move toward the goal.

the deviation between the performance and objectives	

4. Sustainable supply chain management

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

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

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

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

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

5. Care for employees

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

<u>Care for employees</u>

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

<u>Diversified communication channels</u>

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

Disaster relief

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

6. Social participation

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

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

Social and public welfare results:

(1) Refurbished computer digital training plan

Since 2008, the Company has promoted the "Refurbished Computer Hope Engineering" Project. Under the Project, wasted computers may be re-assembled and installed with software after being recycled. Under the Project, wasted computers may be recycled and the concept about environmental protection and love of the earth may be promoted therefor, and digital learning may be promoted actively to shorten the digital gap.

ASUS has created an accumulative recycling amount of 400,593 disused computers and electronic devices. The number of recycled computer donations, including the overseas donations, in 2018 was 2,842 and accumulatively amounted to a total number of 13,228 to this day. The number of nonprofit organizations that have received the donations is 599, including the organizations in 38 foreign countries.

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

In addition, we have held NPO Day-Smart NPO since 2016 and 61 recipients and 7 donators have participated in the activity. Local government agencies have also given support with guidance (such as Social Affairs Bureau of Kaohsiung City Government, Changhua County Government). We have invited digital lectures speakers from Taipei Orphan Welfare Foundation, ISPA, Chinese Culture University, professor from Chienkuo Technology University and ASUS software designer. The topics include overview of the cloud-based Office 365, nonprofit organization online marketing, website design concepts overview, and mobile app introduction and application. This project has influenced and benefited 99 people directly and 9,760 people indirectly.

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

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

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

ASUS digital learning sharing platform – "Love Connects the World":
https://www.facebook.com/groups/asuselearning/

For more information about the impression of the recipients, please visit the ASUS "Recycled Computer Donation" and Love the Earth page on:
https://www.facebook.com/asusecopc/

For more details about the "Refurbished computer digital training plan", you may access them at the following website:
http://www.asusfoundation.org

(2) Digital opportunity center

Since 2009, the ASUS Foundation has participated in the ADOC 2. 0, a project of APEC, and worked with the Ministry of Foreign Affairs to help local nonprofit organizations in ADOC member states and in the countries having formal diplomatic relationship with Taiwan establish digital learning centers, promote learning of digital applications, and remedy digital divides between countries, townships, cities, ages, and sexes in the hope to allow people to live a more convenient and happier life.

Since 2009, the ASUS Foundation has assisted more than 31 countries in the establishment of digital opportunity centers with the support of the ADOC (APEC Digital Opportunity Center) and the Ministry of Foreign Affairs. In addition to recycled and brand new computer donations, ASUS IT volunteers have made efforts to promote digital learning, improve the digital capability of the children in remote areas, poor young students, women, and aged people, and provide practical training opportunities. In the past decade, we have assisted more than 38 countries to establish digital opportunity centers, with more than 500 computer classrooms, and donated a total of 15,000 information devices such as new ASUS computers, recycled computers and tablets. Other than donating computers, the information volunteer services has been applied to promote the digital learning, to enhance the digital capabilities of rural children, poor young students, women and seniors, as well as to provide internship. The number of benefitted people from the program exceeded 550,000.

Since 2015, the program has been renamed as Taiwan Digital Opportunity Center (TDOC). In 2018, ASUS Foundation, TDOC and the Latin American Division of the Ministry of Foreign Affairs jointly donated 701 brand new computer devices in Taiwan and overseas, as well as 2,482 recycled computers to the rural schools and institutions domestically and 24 foreign countries. Through the power of the government and private enterprises, we share Taiwan's love and resources with the rural or disadvantaged groups around the world, and help local disadvantaged children and academic institutions to enhance their digital capabilities.

The countries that received donations from 2009 until now:

10 countries in the Asia Pacific	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, China, Malaysia, Shuguo, Myanmar
4 countries in Central Asia	India, Sri Lanka, Turkey, Nepal
7 countries in Africa	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya, Nigeria, Burkina Faso
15 countries in Central and South America	Ecuador, Paraguay, Panama, Nicaragua, Dominica, Honduras, Belis, Haiti, Peru, Saint Vincent, Saint Kitts and Nevis, Mexico, El Salvador, Guatemala, St Lucia
2 countries in European	Netherlands, Russia

(3) ASUS world citizens/international volunteer worker project

In 2018, the ASUS Foundation worked with 9 international volunteer squads and 121 international volunteers selected from universities, colleges, student advisor areas, and ASUS to give IT and communications training, Chinese language education, ecological conservation, technological training, and other similar training services to the people in remote areas of the Malaysia, Indonesia, Thailand, Burma, Vietnam, Nepal and Tanzania. ASUS encourages the employees to participate in volunteer activities and supports the volunteers with two weeks of official business leave and costs for their meals and accommodations in the hope to arouse the potential capability of the ASUS folks and take social responsibilities conscientiously. The ASUS Foundation shared the service process of the volunteers and their interesting or moving stories using videos, pictures and textual records in the results sharing activity and on the Facebook and volunteer' website. The volunteers served 6,221 people and interacted with a total of 110,000 people with the stories and information shared on the Facebook in 2018.

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

(4) ASUS world citizens/local volunteer worker project

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

In 2018, the volunteer service activities included self-propelled car learning camp for children without parents, digital learning camp and environmental education for the secret bases of the children from the Dayuan Catholic Church, the learning camp as a secret base for children in Tamsui, Zenan Homeless Social Welfare Foundation, Bring Warmth in Winter by TFCF, Genesis Social Welfare Foundation and Hilarious Guandu Festival charity sale.

Since 2017, ASUS has adopted a 500-meter coastline in Bali District, New Taipei City. ASUS employees and their families have been invited to join the beach-cleaning voluntary service from time to time. In the past two years, an accumulation of 1,648.7 kilograms of marine garbage has been retrieved. In all ASUS events, the engagements of ASUS volunteers are seen. Not only the enthusiasm of ASUS employees to engage in social welfare event is demonstrated, but also the employees' self-values and achievements are upgraded. In 2018, the total hours of domestic voluntary service were 7,265.5 hours.

(5) Mobile phone video creation camp

ASUS combined the professional imaging technology of the Public Television Service with the latest handheld product, ZenFone3, of ASUS to organize an image creation camp. The purpose of the activity was to develop the competitiveness of the students in the imaging technology and enable them to record what they have seen and heard photographically and professionally from a creative vision of young people. These valuable images were shared with the public. It is intended with such an activity to collect adequate resources and arouse the resonance of society for the people, matters and objects that need assistance with the help of the communication power of the media operated by the next generation.

(6) ASUS Indigenous Science Education Award

The purpose of the ASUS Indigenous Science Education Award is to support the continuation and scientific verification of the indigenous culture heritages. This allows a combination of the traditional knowledge about the nature, culture and environmental ecology among the tribes of the indigenous people with the modern science and technology to improve the ability of the elementary and middle school students of the tribes to collect information and enhance their scientific knowledge. ASUS uses this platform to enable the students from indigenous villages, in the Company of their parents and the seniors of the tribe, to do specific scientific research with their living environment in the tribe as the topic, and scientifically verifies the traditional intelligence and culture of the indigenous people.

Since 2009, ASUS Indigenous Science Education Award has been co-organized by National Tsing Hua University, Taiwan Indigenous Television, Council of Indigenous Peoples and ASUS Foundation, and co-sponsored by ASUS, the Department of Information and Technology Education of MOE, National Tsing Hua University "Aboriginal Science Education Website," Indigenous Peoples related Counties and Tsing-Hua Foundation for Web Culture & Education. 2017 is the eighth year of the award and more than 2,000 indigenous teachers, students, elderly and tribe leaders have participated in the event.

Website: http://yabit.et.nthu.edu.tw/2015yabit/rules.html

(7) Community service and cultural & educational activities

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

a. Business and Enterprise College

ASUS and National Taiwan University of Science and Technology launched a long-term Business and Enterprise College Program in 2015 to training talents for the country using the resources of ASUS. The students of the Business and Enterprise College Program come from different departments and are selected on a filtering-off basis. They are led to understand more about the actual situation of the industry via courses, visits, contests, and simulated cross-department and cross-industry working modes. ASUS's officers and executors experienced in the career act as instructors to help the students minimize the gap in their understanding of the industry, establish a clear direction toward their career, and improve the employment rate. This is also helpful for the instructors to improve their professional capability by planning the curricula

b. ASUS Campus Executive Officer Program

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

c. Kuandu Arts Festival

ASUS has developed in Kuandu for more than 20 years, but connected with this area to a minimum extent. With this in the mind, ASUS worked with Taipei National University of the Arts, which is also located in Kuandu", to jointly organize the "Bustling Kuandu Art Festival". The activity is organized to promote the relationship of neighbors, care for the people, matters and objects in Kuandu, and develop Kuandu to be a town of arts and technologies in Taipei City. Thanks to the efforts of the people from different areas, the ASUS Campus Executive Officer Program became a response to the World Design Capital Taipei 2016 and one of the annual large events in Taipei City. In 2017, ASUS Zenny and more than 200 employees took part in the market fair and street performance by dancing Say ASUS with people on Kuandu streets. Another ASUS team participated in the canoe team to row from Shuangxi Harbor to Kuandu Harbor to meet with the dancing team and express their respect to the land. All earnings from the fair were transferred to the Taipei Family Helper and other social welfare organizations which has long cooperation with ASUS to help disadvantaged children.

d. DaAi TV Public Welfare Advertisement

Since 2008, ASUS has sponsored DaAi TV to produce advertisements that purify people's heart. Using "Sustainability and Innovation" as the main theme for advertisement corresponding with the example of donating refurbished computers, the first half year is centered on the everlasting love of Yunlin Luminant Night Angel then the international pen pal between Swaziland and Da-Feng Elementary School in the second half year. ASUS expects to make more people understand the meaning and intention of this project and also expects that more people can participate in this refurbished computer donation plan in the future.

e. Development and growth of children with mental disabilities

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

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

f. ASUS New Youth e-Entrepreneurship Volunteer Initiative

2018was the tenth year of the "ASUS E-Volunteer Action." The theme was: "Technology Connects Villages, Cares for Children Left-behind ." The action continued the theme of the previous year, with care and IT Internet technology to help children left behind to communicate with their parents and the external world, so that they can get closer to their families and see the vast world with their heart.

In 2018, the offline recruitment was conducted in 35 colleges and universities in16 cities across the country; the online recruitment covers 300 colleges and universities. All enthusiastic young college students may apply on-site recruitment or via the official website. The selected people will participate in the two days exclusive training; teachers who are enthusiastic about the public welfare with certain influence are invited to conduct training via online and offline. In 16 cities, a total of 45 training sessions were held in 70 colleges and universities, and a total of 3,677 volunteers were trained.

From July to August, among 30,000 college student volunteers recruited, 30 elite volunteers were screened via points-exchange and interviews, to participate in the summer elite public welfare camp. Together with the charity ambassador, NZBZ, they went to Anshun, Guizhou Province, bringing many interesting courses to the local children, and walked into the village with the children to brainstorm and help the village develop better. Meanwhile, we launched the "Dream Action" in 2018. The volunteers used the relay to bring the children left behind to the cities where their parents worked. They witnessed the parents' contribution to the city, and made them proud of their parents. In turn, the self-esteem and self-confidence of children left behind were built up, and they were touched to study hard and build their dreams.

While organizing college student volunteers, we also strived to use their image to expand the influence of the event. The materials of 2018e-creation social welfare works have been edited into five short films, including the documentary “Stone’s Holiday” the winner of Public Welfare Mapping Award of 2018 China Charity Festival.

Over the decade of holding the event, the voluntary organizations from 16 cities and more than a hundred voluntary organizations in colleges and universities have been accumulated, and more than 35,000 university student volunteers have been trained. Into more than 5,000 villages and communities in 31 provinces and autonomous regions all over China were penetrated, and more than 33,000 IT science seminars were completed; a total of 1080 ASUS Charity Science Libraries were set up (five in 2018), and more than 4 million people have been benefitted - the number of people that were influenced in 2018 by ASUS e-creation event.

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

ASUS spent NT$ 18,912 thousand on public welfare in 2018. The major recipients were ASUS Foundation and educational and social organizational of public interest.

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

ASUS not only makes money donation to implement corporate social responsibility, but also, starting from the core value of ASUS, makes contribution to society through employee care and in-kind donation. Also, ASUS has built a non-profit donation platform to encourage employees’ donation. This platform has raised NT$ NT$ 4,283,561from the employees and has donated to the Year-end Blessing for the Disadvantaged and Care for the Disadvantaged. The Year-end Blessing for the Disadvantaged is a fund for disadvantaged people before Chinese Lunar New Year. The donation of the fund has been aggregated to the amount of NT$ 14,574,000 since 2011 and benefited 18 social welfare organizations.

ASUS not only builds a non-profit fund-raising platform for employees but also a material donation platform to encourage employees to donate unused materials, either new or old. Some of the materials raised in 2018 became the products on the fair for people to purchase and extend their service life; some were donated to diplomatic relations countries in Africa such as Swaziland and Kenya for school kids to have shoes and clothes to wear. ASUS employees now know better about the importance of cherishing belongings, loving people, and benefiting others.

For the latest news and promotional activities about ASUS social and environmental responsibility, please view the Company's website at:
http://csr.asus.com/chinese/

ASUS Corporate Sustainability Report (Chinese version) (English version)
http://csr.asus.com/chinese/index.aspx#120
http://csr.asus.com/english/index.aspx#114

(VII) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		1. Modesty, Integrity, Diligence, Flexibility, and Bravery are the inborn DNA in all ASUS employees while integrity and rightfulness are the core management principles of ASUS. ASUS has developed the "Employee Moral Conduct Principles" which clearly states that all employees, including the directors and managers shall strictly abide by the performance of relevant integral policies to prevent and eliminate any business conducts of deception. The Annual Report and CSR Report will describes in details the policy of company's management of integrity as well as the commitment from the Board of Directors and Managerial Level for progressive implementation.	There have been no differences
(2) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	V		2. To advocate and promote integral conducts, ASUS not only announces relevant standards on the internal website for employee review but also provides training on the five characteristics of ASUS, ASUS DNA, ASUS Culture, and employee's moral conducts.	There have been no differences
(3) Does the Company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		3. It is specified in "Employee Code of Conduct" that illegitimate political contribution, improper charity donation or sponsorship, unreasonable gifs, treatment or other illegitimate interests are prohibited.	There have been no differences
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business	V		1. To put into effect the avoidance of transaction with suppliers of deceitful conducts, the Company also	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
contracts?			developed Supplier Conduct Standards for new suppliers to present "Declaration of ASUS Group Contractor/Supplier Conduct Compliance" upon conducting qualification assessment in addition to requesting transacting suppliers to sign the "Supplier Integrity Commitment Letter."	
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		2. (1)Unit for Promoting In the Company, HR is responsible for establishing the ethical corporate management policy and the codes of conducts for employees. With the assistance from the relevant units, the Board of Directors and management formulated and supervised the implementation of policies and prevention programs, as well as ensured the implementation of the employees' code of conducts. Before the announcing the amendments, the Board of Directors will also be presented with the amendments, for them to discuss and approve with their resolution; the execution reports are presented to the Board of Directors on a regular basis, at least once a year. (2)Operations and Execution In promoting the education of all employees, the Company has prepared the educational material of the "Code of Conduct for Employees" in multiple languages for employees around the world. The educational material has been set as a compulsory course for all staff and it is specified that new employees must complete the study within one month after they report. In addition, the annual re-training of the Code of Conduct for Employees to	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
			the employees around the world is conducted, and each employee is provided with the "prevention card from unfair competition and bribery" for clarifying their concepts and promotion from time to time.	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		3. The Company sets out the provisions related to prevention of conflicts of interest in the Code of Conduct for Employees, and publishes a mail box for complaint report on the quality card issued to each employee, as well as on the Company's internal EIP website for reporting inappropriate behavior.	There have been no differences
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		4. In addition to establishing proper accounting system and internal control system, the Company may not retain external account or secret accounts. The internal auditors shall routinely audit the compliance of previous system in addition to reporting to the Board of Directors.	There have been no differences
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		5. [Code of Conduct for Employees] is a compulsory course for employees. New employees are required to complete the study within one month after they report.	There have been no differences
3. Operation of the integrity channel (1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		1. Reporting channel: audit@asus.com / Employee mailbox. Punishment and complaint filing system: Handled in accordance with the "Work Rules " of the Company. The Human Resources Division accepted the reporting of the employee and supervisor. The reporting channels are also disclosed on the Company's "Investor Relationship" website.	There have been no differences
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		2. The processing procedures include: 1. Case clarification; 2. Case acceptance; 3. Collection and confirmation of evidence; 4. Meeting with relevant	There have been no differences

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

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

The Company has defined its "corporate governance best-practice principles". Please see the "important internal rules" in the "corporate governance" section on the Company's investor relation website: http://www.asus.com/tw/Investor/ 。

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

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

   Please refer to the "internal rules" of "corporate governance" on the Company's homepage for the operating procedure in details: http://tw.asus.com/investor.aspx

(X) Enforcement of internal control

1. Declaration of Internal Control: Please refer to Page 166.
2. If the Company is requested by the SEC to retain CPA's service for examining internal control system, the Independent Auditor's Report must be disclosed: None

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

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

1. The important resolutions of the general shareholder meeting:

Date	Subjects	Review of execution
Jun 12, 2018 AGM	1. The recognition of 2017 Final Accounts and Consolidated Financial Statements and Report.	The proposal was passed via voting as it was and would be the basis for the 2017 profit distribution.
	2. Proposition to recognition of 2017 surplus distribution.	The proposition was adopted through voting. The board of directors set the record date of allocation of dividend on July 9, 2018, and date of allocation of cash dividend on July 31, 2018.

2. The important resolutions of the Board of Directors:

Date	Major resolutions
Jan 2, 2018	Adopted the proposal to invest subsidiaries in China
Jan 29, 2018	1. Adopted the 2018 Director and Supervisor Liability Insurance report 2. Adopted the Company's donation to "ASUS Foundation" in 2018 3. Adopted the appropriation of remuneration for the Board of Directors and employees in 2017 4. Adopted the Company's year-end performance bonus distribution for managers in 2017 5. Adopted the amendments of the "Employee Ethical Conduct Principles" of the Company 6. Adopted the job adjustment of the Company's Ex-COO and the appointment of the new COO 7. 7.Adopted the appointment of the Company's Deputy Spokesperson
Mar 16, 2018	1. Report on the impact of introducing IFRS 16 to the Company 2. Adopted the evaluation of the CPAs' independence in 2017 3. Adopted the Company's business report and financial statement 2016 4. Adopted the proposition to allocate the Company's earnings 2016 5. Adopted the proposition for the Company's "Statement of Declaration for Internal Control System" 2016 6. Adopted the causes for calling the Company's general shareholders' meeting 2017
Apr 18, 2018	Selection of the Vice Chairman
May 11, 2018	1. Passed the consolidated financial statements for Q1, 2018. 2. To accommodate the internal adjustment of the accounting firm, the replacement of the CPAs was passed. 3. Passed the proposal on applying for bank credits.
July 24, 2018	1. Passed the proposal on the credit for foreign exchange and derivative transactions. 2. Passed the proposal of the annual renewal of the company's bank credit. 3. Passage of the proposal for compensation distribution to directors. 4. Adopted the Company's mid-year performance bonus distribution for managers in 2018.
Aug 10, 2018	1. Passed the consolidated financial statements for Q2, 2018. 2. Passed to increased capital of the subsidiary in China, Jingshuo Culture Media (Shanghai) Co., Ltd. 3. Passage of the changes of deputies for the head of accounting.
Nov 13, 2018	1. Passed the consolidated financial statements for Q3, 2018. 2. Passed the proposal for adjusting remunerations to managers for 2018. 3. Amended the case through the company's "internal control system" and "internal audit system." 4. Passed the presentation of "2019 Annual Audit Plan."
Dec 13, 2018	1. Passed the proposal of the appointment of the company's co-CEO. 2. Passed the proposal of the strategic transformation plan for the Company's mobile phone business. 3. Passed the proposal of the AIOT new strategic business investment plan.
Jan 22, 2019	1. Reported the renewal of the director and supervisor liability insurance for 2019. 2. Passed the proposal on the 2018 year-end performance bonus distribution to managers. 3. Passed the proposal on adjusting the remuneration for co-CEO. 4. Passed the proposal on the amendments to the Code of Conduct for Employees. 5. Passed the proposal of the annual renewal of the company's bank credit.

Date	Major resolutions
	6. Passed the proposal on the appointment of a new COO. 7. Passed the proposal on donating to the ASUS Foundation for 2019.
Mar 20, 2019	1. Passed the assessment of CPA's independence for 2018. 2. Passed the annual business report and financial statement for 2018. 3. Passed the proposal on profit distribution of 2018. 4. Passed the proposal of the 2018 compensations to directors and employees. 5. Passed the proposal on the amendments to the "Articles of Association" of the Company. 6. Passed the proposal to amend "Procedure for Acquisition and Disposition of Assets." 7. Passed the presentation of the "Statement of Internal Control System for 2018." 8. Passed the proposal on the full re-election of directors of the 12th intake. 9. Passed the proposal of nomination of candidates for the directors of the 12th intake. 10. Passed the matters of convening 2019 Shareholders' meeting.

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

(XIIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

Title	Name	Date of appointment	date of dismissal	Reasons for resignation or dismissal
Chief Executive Officer	Jerry Shen	Jan 1, 2008	Dec 31, 2018	Personal career planning

IV. CPAs fees

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
PricewaterhouseCoopers, Taiwan	CHOU, CHIEN-HUNG	CHANG, SHU-CHIUNG	Jan 1, 2018~ Dec 31, 2018	

Unit: NT$ thousands

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

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

CPA firm	Name of CPA	Audit fee	Non-auditing fees					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Pricewater houseCoopers, Taiwan	CHOU, CHIEN-HUNG	7,800	0	0	0	3,792	3,792	Jan 1, 2018~ Dec 31, 2018	Non-audit fees: The Company's Corporate Social Responsibility Report Consultation, Subsidiary Financial Information Review and DJSI Consultation.
	CHANG, SHU-CHIUNG								

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

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

V. CPA's information: None.

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

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

(1) Information on Net Change in Shareholding

Title	Name	2018		As of April 20, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & Chief Branding Officer	Jonney Shih	0	0	0	0
Vice Chairman & Chief Strategy Officer	Ted Hsu	0	0	0	0
Director	Jonathan Tsang	0	0	0	0
Director	Jerry Shen	0	0	0	0
Director	Eric Chen	0	0	0	0
Director & CO-Chief Executive Officer	S.Y. Hsu	0	0	0	0
Director & CO-Chief Executive Officer	Samson Hu	0	0	0	0
Director & Chief Operating Officer	Joe Hsieh	0	0	0	0
Director	Jackie Hsu	0	0	0	0
Director	Tze-Kaing Yang	0	0	0	0
Independent Director	Chung-Hou Tai	0	0	0	0

Title	Name	2018		As of April 20, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Ming-Yu Lee	0	0	0	0
Independent Director	Chun-An Sheu	0	0	0	0
Corporate V.P.	Henry Yeh	0	0	0	0
Corporate V.P.	Alex Sun	0	0	0	0
Corporate V.P.	Taiyi Huang	0	0	0	0
Chief Financial Officer	Nick Wu	0	0	0	0
Comptroller	Winnie Liu	0	0	0	0

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

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

(3) Information of equity pledged: There is no party involved in equity pledge knows as the related party.

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

Base Date: April 20, 2019

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
Jonney Shih	30,093,638	4.05	0	0	0	0	None	None
ASUS's Certificate of Depository with CitiBank (Taiwan)	24,653,312	3.32	0	0	0	0	None	None
Cathay United Bank managed Expert Union Limited Investment account	20,492,542	2.76	0	0	0	0	None	None
Silchester International Investors International Value Equity Trust	19,023,000	2.56	0	0	0	0	None	None
Labor Insurance Funds	12,783,040	1.72	0	0	0	0	None	None

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
New Labor Pension Fund	11,977,580	1.61	0	0	0	0	None	None
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	11,084,966	1.49	0	0	0	0	None	None
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	11,060,589	1.49	0	0	0	0	None	None
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	10,474,191	1.41	0	0	0	0	None	None
CitiBank (Taiwan) managed Stewart Investors Global Emerging Markets Leaders Fund	10,387,000	1.40	0	0	0	0	None	None

IX. Ownership of Shares in Affiliated Enterprises:

Total Shareholding Ratio

Base date: Dec.31.2018, Unit: Share; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS TECHNOLOGY INCORPORATION	19,000,000	100.00			19,000,000	100.00
ASKEY COMPUTER CORP.	480,000,000	100.00			480,000,000	100.00
HUA-CHENG VENTURE CAPITAL CORP.	114,500,000	100.00			114,500,000	100.00
HUA-MIN INVESTMENT CO., LTD.	68,000,000	100.00			68,000,000	100.00
UNIMAX ELECTRONICS INC.			21,300,000	100.00	21,300,000	100.00
JINSHUO CULTURAL DIFFUSION CO., LTD.	-	100.00			-	100.00
ASUS CLOUD CORPORATION	23,645,558	94.58			23,645,558	94.58
ASMEDIA TECHNOLOGY INC.	24,457,660	40.74	7,317,655	12.19	31,775,315	52.93
AAEON TECHNOLOGY INC.	43,756,000	40.97	16,718,000	15.66	60,474,000	56.63
ONYX HEALTHCARE INC.	1,120,075	5.60	10,056,093	50.26	11,176,168	55.86
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	11,401,092	56.72	1,000	0.01	11,402,092	56.73
SHINEWAVE INTERNATIONAL INC.	5,468,750	50.99	1,000	0.01	5,469,750	51.00
AAEON TECHNOLOGY INC.	43,756,000	29.47	16,718,000	11.26	60,474,000	40.73
UPI SEMICONDUCTOR CORP.	19,200,116	27.53	4,654,937	6.67	25,855,053	34.20
IMOTION, GROUP INC.	15,300,000	25.50	2,700,000	4.50	18,000,000	30.00
YU-LIAN TECHNOLOGY CO., LTD.	5,250,000	16.55	2,625,000	8.28	7,875,000	24.83
JOINT POWER EXPONENT, LTD.	1,040,000	11.56	960,000	10.66	2,000,000	22.22
JIE-LI TECHNOLOGY CO., LTD.	2,247,888	6.38	4,111,660	11.67	6,359,548	18.05
ASUS COMPUTER INTERNATIONAL	50,000	100.00			50,000	100.00
ASUS HOLLAND B. V.	3,000,000	100.00			3,000,000	100.00
ASUS INTERNATIONAL LIMITED	89,730,042	100.00			89,730,042	100.00
ASUSTEK HOLDINGS LIMITED	20,452,104	100.00			20,452,104	100.00
ASUS GLOBAL PTE.LTD.	28,000,000	100.00			28,000,000	100.00
QUANTUM CLOUD	830,001	100.00			830,001	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
INTERNATIONAL PTE. LTD.						
PT.ASUS TECHOLOGY INDONESIA JAKARTA	7,920	99.00	80	1.00	8,000	100.00
PT.ASUS TECHOLOGY INDONESIA BATAM	1,089,000	99.00	11,000	1.00	1,099,000	100.00
DEEP DELIGHT LIMITED			11,422,000	100.00	11,422,000	100.00
CHANNEL PILOT LIMITED			30,033,000	100.00	30,033,000	100.00
ASUS TECHNOLOGY PTE. LIMITED			44,419,424	100.00	44,419,424	100.00
ASUS EGYPT L. L. C.			-	100.00	-	100.00
ASUS MIDDDLE EAST FZCO			5	100.00	5	100.00
ASUS COMPUTER (SHANGHAI) CO., LTD.			-	100.00	-	100.00
ASUS TECHNOLOGY (HONG KONG) LIMITED			500,000	100.00	500,000	100.00
ASUS TECHNOLOGY (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.			-	100.00	-	100.00
ASUSTEK Computer (CHONGQING) CO., LTD.			-	100.00	-	100.00
ASUS INVESTMENTS (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUS COMPUTER GMBH			-	100.00	-	100.00
ASUS FRANCE SARL			5,300	100.00	5,300	100.00
ASUSTEK (UK) LIMITED			50,000	100.00	50,000	100.00
ASUS KOREA CO., LTD.			158,433	100.00	158,433	100.00
ASUSTEK COMPUTER (S) PTE. LTD.			20,002	100.00	20,002	100.00
ASUS POLSKA SP. Z O. O.			1,000	100.00	1,000	100.00
ASUS TECHNOLOGY PRIVATE LIMITED			20,134,400	100.00	20,134,400	100.00
ASUS EUROPE B. V.			375,000	100.00	375,000	100.00
ASUS TECHNOLOGY (VIETNAM) CO., LTD.			-	100.00	-	100.00
ASUSTEK ITALY S. R. L.			-	100.00	-	100.00
ASUS SPAIN MARKETING SUPPORT SL			3,000	100.00	3,000	100.00
ASUS JAPAN INCORPORATION			20,500	100.00	20,500	100.00
ASUS COMPUTER CZECH REPUBLIC S. R. O.			-	100.00	-	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS CZECH SERVICE S. R. O.			-	100.00	-	100.00
ASUS SERVICE AUSTRALIA PTY LIMITED			950,000	100.00	950,000	100.00
ASUS AUSTRALIA PTY LIMITED			350,000	100.00	350,000	100.00
ASUS INDIA PRIVATE LIMITED			33,500,000	100.00	33,500,000	100.00
ASUS ISRAEL (TECHNOLOGY) LTD.			50,000	100.00	50,000	100.00
PT. ASUS SERVICE INDONESIA			1,500,000	100.00	1,500,000	100.00
ACBZ IMPORTACAO E COMERCIO LTDA.			549,469,000	100.00	549,469,000	100.00
ASUS PERU S. A. C.			1,000	100.00	1,000	100.00
ASUS HOLDINGS MEXICO, S. A. DE C. V.			51,120	100.00	51,120	100.00
ASUS MEXICO, S. A. DE C. V.			132	100.00	132	100.00
ASUS COMPUTER COLOMBIA S. A. S.			74,489	100.00	74,489	100.00
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY			-	100.00	-	100.00
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.			30,000	100.00	30,000	100.00
ASUS SWITZERLAND GMBH			3,400	100.00	3,400	100.00
ASUS NORDIC AB			3,000	100.00	3,000	100.00
ASUS MARKETING (THAILAND) CO., LTD.			20,000	100.00	20,000	100.00
ASUSTEK COMPUTERS (PTY) LIMITED			1,000	100.00	1,000	100.00
ASUSTEK COMPUTER MALAYSIA SDN. BHD.			500,000	100.00	500,000	100.00
ASUS SERVICE (THAILAND) CO., LTD.			30,000	100.00	30,000	100.00
ASUS CHILE SPA			1,000	100.00	1,000	100.00
ASUS BILGISAYAR SISTEMLERI TICARET.LIMITD.SIRKETI			2,046	100.00	2,046	100.00
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI			3,000	100.00	3,000	100.00
eMES (SHUZHOU) CO., LTD.			-	100.00	-	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
UNIMAX HOLDINGS LIMITED			6,500,000	100.00	6,500,000	100.00
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.			-	100.00	-	100.00
ASUS CLOUD SINGAPORE PTE. LTD.			-	100.00	-	100.00
ASUS CLOUD (LUXEMBOURG) S. A R. L			-	100.00	-	100.00
ASUS LIFE CORPORATION			500,000	50.00	500,000	50.00
ASKEY INTERNATIONAL CORP.			10,000,000	100.00	10,000,000	100.00
DYNALINK INTERNATIONAL CORP.			8,160,172	100.00	8,160,172	100.00
MAGIC INTERNATIONAL CO., LTD.			118,019,831	100.00	118,019,831	100.00
EcoLand Corporation			780,000	33.91	780,000	33.91
ASKEY (VIETNAM) COMPANY LIMITED			2,883,359	100.00	2,883,359	100.00
WISE ACCESS (HK) LIMITED			1,600,000	100.00	1,600,000	100.00
SILIGENCE SAS			4,623,090	95.95	4,623,090	95.95
MAGICOM INTERNATIONAL CORP.			91,030,000	100.00	91,030,000	100.00
LEADING PROFIT CO., LTD.			50,050,000	100.00	50,050,000	100.00
UNI LEADER INTERNATIONAL LTD.			50,000	100.00	50,000	100.00
OPENBASE LIMITED			50,000	100.00	50,000	100.00
ASKEY COMMUNICATION GMBH			100,000	100.00	100,000	100.00
ASKEY DO BRASIL TECHNOLOGY LTDA.			3,200,000	100.00	3,200,000	100.00
ASKEY CORPORATION (THAILAND) CO., LTD.			20,000	100.00	20,000	100.00
ASKEY JAPAN CO., LTD.			500,000	100.00	500,000	100.00
ASKEY TECHNOLOGY (SHANGHAI) LTD.			-	100.00	-	100.00
ASKEY TECHNOLOGY (JIANGSU) LTD.			-	100.00	-	100.00
ASKEY MAGICXPRESS (WUJIANG) CORP.			-	100.00	-	100.00
AAEON ELECTRONICS,INC.			490,000	100.00	490,000	100.00
AAEON DEVELOPMENT INCORPORATED			50,000	100.00	50,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
AAEON TECHNOLOGY CO., LTD.			8,807,097	100.00	8,807,097	100.00
AAEON TECHNOLOGY (EUROPE) B. V.			-	100.00	-	100.00
AAEON TECHNOLOGY GMBH			-	100.00	-	100.00
AAEON INVESTMENT CO., LTD.			15,000,000	100.00	15,000,000	100.00
AAEON TECHNOLOGY SINGAPORE PTE. LTD.			465,840	100.00	465,840	100.00
ONYX HEALTHCARE (SHANGHAI) LTD.			-	100.00	-	100.00
AAEON TECHNOLOGY (SUZHOU) INC.			-	100.00	-	100.00
ONYX HEALTHCARE USA, INC.			200,000	100.00	200,000	100.00
ONYX HEALTHCARE EUROPE B. V.			100,000	100.00	100,000	100.00
IHELPER INC.			1,656,000	46.00	1,656,000	46.00
IBASE TECHNOLOGY INC.			52,921,865	30.35	52,921,865	30.35
LITEMAX ELECTRONICS INC.			5,015,050	14.58	5,015,050	14.58
NEXT SYSTEM LIMITED			8,560,974	43.48	8,560,974	43.48
POTIX CORPORATION (CAYMAN)			5,000,000	22.22	5,000,000	22.22

Note 1: Company investment under Equity Method.

IV. Stock Subscription

I. Capital and shares

(1) History of capitalization

1. Type of shares

Base date: As of April 20, 2019 / Unit: Shares

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

Note: Listed stock

2. Issued Shares

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

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

3. Self-registration system: None

(2) Status of shareholders

Status of Shareholders

Base date: As of April 20, 2019

QTY \ Status of shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	14	273	88,977	1,200	90,468
Shareholding (shares)	10	17,733,287	65,364,588	170,768,645	488,893,750	742,760,280
Percentage	0.00	2.39	8.80	22.99	65.82	100.00

(3) Shareholding Distribution Status

1. Common Shares

Base date: As of April 20, 2019

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1- 999	67,917	16,762,217	2.26
1,000- 5,000	19,110	34,536,930	4.65
5,001- 10,000	1,554	11,225,306	1.51
10,001- 15,000	506	6,206,405	0.84
15,001- 20,000	240	4,263,440	0.57
20,001- 30,000	241	5,935,359	0.80
30,001- 50,000	195	7,507,437	1.01
50,001- 100,000	210	14,896,178	2.01
100,001- 200,000	156	22,479,306	3.03
200,001- 400,000	97	27,802,547	3.74
400,001- 600,000	52	24,627,402	3.32
600,001- 800,000	37	25,373,543	3.42
800,001-1,000,000	24	21,095,336	2.84
Over 1,000,001	129	520,048,874	70.00
Total	90,468	742,760,280	100.00

2. Preferred Shares: None

(4) List of Major Shareholders

Base date: As of April 20, 2019

Shareholder's Name \ Shareholding	Shareholding	Percentage
Jonney Shih	30,093,638	4.05%
ASUS's Certificate of Depository with CitiBank (Taiwan)	24,653,312	3.32%

Shareholder's Name \ Shareholding	Shareholding	Percentage
Cathay United Bank managed Expert Union Limited Investment account	20,492,542	2.76%
Silchester International Investors International Value Equity Trust	19,023,000	2.56%
Labor Insurance Funds	12,783,040	1.72%
New Labor Pension Fund	11,977,580	1.61%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	11,084,966	1.49%
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	11,060,589	1.49%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	10,474,191	1.41%
CitiBank (Taiwan) managed Stewart Investors Global Emerging Markets Leaders Fund	10,387,000	1.40%

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

Unit: NT$/Share

Item \ Fiscal year			2017	2018	As of March 31, 2019 (Note 9)
Market price per share (Note 1) (Note 3)	Highest Market Price		308.0	284.0	241.0
	Lowest Market Price		241.0	195.5	199.5
	Average Market Price		273.82	257.9	223.51
Net worth per share (Note 2)	Before Distribution		235.80	217.25	-
	After Distribution		220.80	(Note 8)	
Earnings per share	Weighted average shares (Note 3)		742,760 thousand shares	742,760 thousand shares	-
	Earnings per shares (Note 3)	Before adjustment	20.93	5.70	-
		After adjustment	20.93	(Note 8)	
Dividends per share	Cash dividends		15	(Note 8)	-
	Stock dividends	Dividends from Retained earnings	0	(Note 8)	-
		Dividends from Capital Surplus	0	(Note 8)	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Analysis of return on investment	Price/Earning Ratio (Note 5)		13.08	45.25	-
	Price/Dividend Ratio (Note 6)		18.25	(Note 8)	-
	Cash dividends yield rate (Note 7)		5.48%	(Note 8)	-

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

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

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

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

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

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

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

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

Note 9: The data collected up to March 31, 2019 were included in the report printed on April 20, 2019 for data accuracy.

(6) Execution of Dividend Policy

1. Dividend Policy

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

2. Proposed Distribution of Dividends:

(1)The distributable earnings of the year 2018 is NT$94,132,977,336, including the Company's 2018 net income of NT$4,235,036,329, and the unappropriated retained earnings of prior years of NT$90,384,886,660.

The distributable earnings, after setting aside NT$423,503,633 as legal reserve, NT$2,533,026 as Change in associates and joint ventures accounted for under equity method, NT$60,908,994 as Disposal of financial assets at fair value through other comprehensive, will be distributed NT$11,141,404,200 in cash totally to Shareholders' dividends (NT$15 per share).

(Please refer to the Company's 2018 Earnings Distribution Table)

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

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

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

Distribution of Retained Earnings

In 2018 Unit: NT$

Account	Amount	Note
Unappropriated earnings - beginning (Unadjusted)	90,094,965,117	
(+)Effect of retrospective application and	289,921,543	
Unappropriated earnings - beginning (Adjusted)	90,384,886,660	
(+)2018 Net Income	4,235,036,329	
(-)Appropriated 10% legal reserve	(423,503,633)	

(-)Change in associates and joint ventures accounted for under equity method	(2,533,026)	
(-)Disposal of financial assets at fair value through other comprehensive	(60,908,994)	
Distributable earnings - current	94,132,977,336	
(-)Distributions：		
Shareholder bonus	11,141,404,200	N T$15 per share
2018 Unappropriated earnings	0	
Unappropriated earnings - ending	82,991,573,136	

Note: Earnings distribution of the year is appropriated from the 2018 and prior year after-tax distributable earnings.

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

(8) Remuneration to employees and directors

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

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

The counterparts entitled to receive remuneration to employees referred to in the preceding paragraph shall include employees of the Company's subsidiaries.

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

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

3. Allocation of remuneration adopted by the board of directors in 2018

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

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

Any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized: N/A

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

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

4. The actual remuneration allocated to employees and directors actually in 2017:

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

	Amount (NT$)
Remuneration to employees	1,064,379,212
Remuneration to directors	56,019,959

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

(9) Purchase of Treasury stock in 2018: None.

II. Arrangement of corporate bond:

(I) Arrangement of corporate bond: None

(II) Convertible Bonds: None

(III) Information of CB: None

(IV) Self registration of CB: None

(V) Bond with stock option: None

III. Preferred stock (with stock option): None

IV. Issuance of global depository receipts:

GDR

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

Outstanding GDR	4,932,960 GDRS (December 31, 2018)
Issuance and expense amortization throughout the issuance period	It is to be amortized in three years on average after issuance according to Article 243 of Company Law
GDR agreement and depository agreement	Please refer to Attachment B

Market price per unit (US$)	2018	Highest	US$ 48.65
		Lowest	US$ 32.21
		Average	US$ 43.00
	As of April 20, 2019	Highest	US$ 38.92
		Lowest	US$ 33.00
		Average	US$ 36.65

Item	GDR				Total marketable security shares recognized	
	Date	Amounts	Price	Issue Amount	Shares	Price / Per share
Date and remainder of initial issuance A	86/05/30	21,000,000	USD11.23	235,830,000	21,000,000	0
Date and Remainder of Additional Issuance After the Initial Issuance B	87/06/15	25,478,476	0	0	25,478,476	0
	87/10/26	56,628	0	0	56,628	0
	88/06/14	18,893,413	0	0	18,893,413	0
	88/08/30	69,309	0	0	69,309	0
	89/08/11	23,830,652	0	0	23,830,652	0
	90/08/30	20,663,365	0	0	20,663,365	0
	92/08/01	6,256,511	0	0	6,256,511	0
	93/08/15	10,924,803	0	0	10,924,803	0
	94/08/29	10,654,365	0	0	10,654,365	0
	95/09/21	13,439,142	0	0	13,439,142	0
	96/09/20	6,310,972	0	0	6,310,972	0
	97/01/02	-126,062,109	0	0	0	0
	97/09/30	3,142,032	0	0	15,710,161	0
	98/09/23	64,927	0	0	324,639	0
	99/06/24	-29,514,114	0	0	-147,570,571	0
	100/09/01	1,111,472	0	0	5,557,362	0
Total Number of Remainder for Issuance D				6,319,844		31,599,227

Attachment A

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

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

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

Attachment B

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

V. Employee stock option certificates: None

VI. Limit on Employee New Bonus Share: None

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

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

(2) If the merger is completed, stock shares is transferred, and new stock shares are issued in recent years and up to the date of the annual report printed, the information of the merger and the

merged or acquired company must be disclosed: None

VIII. Fund implementation plan

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

V. Overview of Business Operation

I. Principal activities

(I) Operating Scope

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

The Company's major business is design, development and sales of 3C information products (including computer system products, motherboards and various types of boards, and handheld devices such as tablets and smart phones). For a number of 3C integrated products, the Company is recognized by many domestic and international awards for the excellent quality and the original leading technologies in the industry. It was selected by the "Fortune" magazine as one of the "World's Most Respected Companies" and entered the World's Most Trusted Enterprise, by the US magazine "Forbes" and the "Top 100 of Global Technology" by Reuters in UK. The product categories spans motherboards, graphics cards, notebooks, smart phones, displays, routers and a full range of technology product solutions; the Company also actively expands e-sports products and creates a variety of applications in new areas of AIOT. ASUS is committed to pursuing unparalleled technological innovations, creating a thoughtful intelligent life and ubiquitous happiness for global users; the vision of brand is to become "a leading technology innovative enterprise highly respected by the new digital generation." ASUS' employees are approximately 14,500 around the world, including more than 5,000 world-class R&D elites. Its products are sold in more than 70 countries around the world, with numerous awards and a turnover of more than $10 billion.

ASUStek Computer's core business is PC-related products. In 2018, the proportions of its products were 70% for computer-related products, 23% for component-related products, and 7% for other products

Product development projects:

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

In 2019, ASUS's main direction for the product strategy and business objectives are as follows. Computer system products will be quickly strengthened for product innovation and operation, return to the right track of operation, and achieve a growth rate outperform the industry with the board and open platform product lines. ROG and all e-sports-related products, along with the expansion of the e-sports industry and e-sports user base, become the important long-term growth momentum, the annual growth rate will be targeted on double-digits, and gradually become a lion in the industry. For mobile phones, the focus will be on e-sports users and expert users; after quickly reducing the losses, it is intended to gain a competitive advantage in specific markets for profit. Responding to the new industry trend of AIOT, several product projects and market positioning will be initiated, to grasp the opportunities for market evolution and growth. For more information and plans related to R&D, please refer to "Future R&D Plans and Estimated Investment" in "Risks"

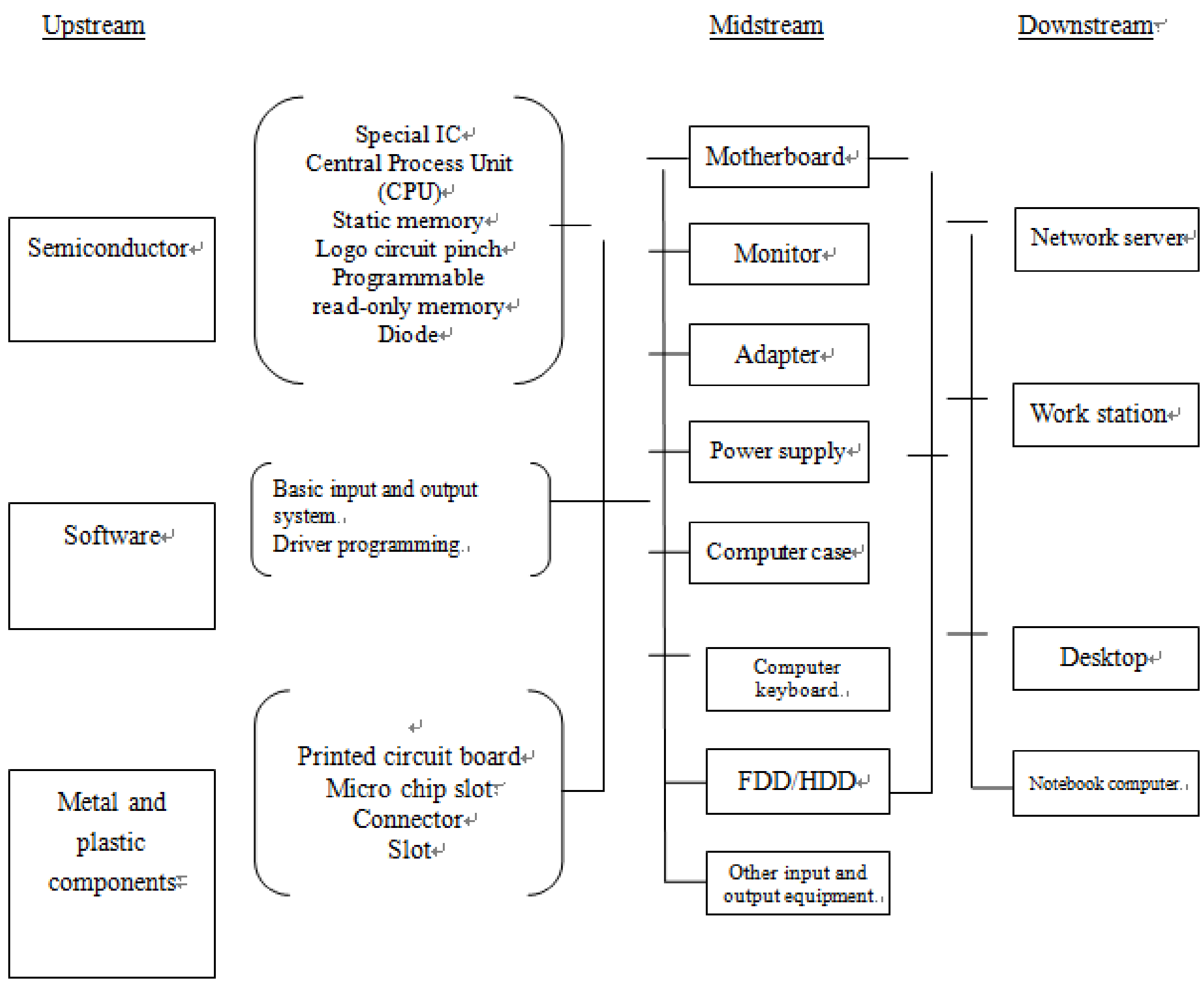
(II) Industry Overview

1. Progress and development of the industry:

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

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

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



3. Product development trends:

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

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

4. Competition:

Shipments for the laptop computer industry are gradually slowing down, and some competitors have withdrawn from the market. Nonetheless the laptop market competition is still intense and the impact of low-priced products continues. Product design remains important with emphasis on personalized design to stimulate consumer demand. Manufacturers also emphasize product differentiation and segmentation to meet the requirements of individual target consumers. Therefore, the use of marketing strategy is also significantly important in creating opportunities for profits between individual industries. The future laptop computer trends also drive the integration of new technology to increase product value. For example, ASUS' strengths in compactness, thinness, portability, power-saving and environmental-friendliness contribute to its growing market share. According to research institutions, the 2018 market share of ASUS compact notebooks was estimated as 20%; the aim is to continue to expanding its market share.

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

(III) Research and Development

ASUS has committed to R&D excellence since the day of its incorporation to rely on in-house innovation for the R&D, production, and marketing of advanced motherboards, graphics cards, laptops, tablets, servers and smartphones; and to develop 4C (computers, communications, consumer electronics, and automobile electronics) integrated products. For ASUS, the R&D Division and the R&D Center have a positive correlation working together. The R&D Center focuses on technology studies and commercialization of creativity. The R&D Center is entrusted with the responsibility to conduct preliminary studies and assessments on the key software and hardware technology, modules, and applied program development platform in depth. This work provides reference for the R&D director in judging technology trends and partner selection. The R&D Division focuses on system integration, product introduction and commercialization. Technology is transformed to generate income, and then part of that income is contributed back to support the creativity or technology supplier. This cycle allows R&D sustain continuous development. These commitments to R&D, and the incentives provided by the Company's management, allow ASUS to continuously recruit talented R&D. In the constantly-changing computer world, the Company has key technologies and leading products enabling it to compete in the market and to create product value. ASUS R&D expense of NTD 5.9 billion for 2018; consolidated R&D expense is NTD 11 billion for 2018. R&D budget in 2019: NT$13~15 billion.

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

The specific product in the recent year:

R&D planned in 2019:

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

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

1. Short-term development plan;

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

2. Long-term development plan:

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

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

(1) Market analysis:

1. Sales regions:

Unit: NT$ thousands

Item \ Year	2017		2018	
	Subtotal	Total	Subtotal	Total
Sales to TW		27,107,279		28,177,303
Sales to region outside of Taiwan		406,859,512		363,373,699
America	93,752,695		87,738,499	
Asia Pacific / Oceania	166,964,495		161,927,664	
Europe	143,425,593		110,445,956	
Africa	2,716,729		3,261,580	
Net sales		433,966,791		391,551,002
(-) Revenue from contracts with customers from discontinued operations		(47,547,932)		(37,363,337)
Total		386,418,859		354,187,665

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

(1) Market demand and supply of computer components:

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

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

(2) Market demand and supply of NB:

The availability of laptop computers has grown substantially throughout the world. ASUS has worked in the laptop computer industry for over 15 years, demonstrating a remarkably-sustained performance in product quality, R&D technology, and business development. According to research conducted by an international market survey institute, ASUS stands in the world's top three consumer laptop computer suppliers and constantly leads the industry in terms of product innovation, attaining high brand value and consumer recognition. The 2018 research institute estimated the shipment of ASUS consumer laptop computers to take about 13% of the global market share.

(3) Short-term development of IT industry:

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

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

   Industrial development and vision:

   (1) Advantages

      a. For the rise of mobile computing, lightweight and thin have became the trend for laptop computers. Consumers seek better user experience and higher product value. This complies with the persistent operating philosophy and the product development capability of ASUS, and will be the focus in our business operation.

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

   (2) Disadvantages and responsive strategies

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

      ASUS expects to have a more flexible and efficient organizational operation, with two business groups being formed including: System Business Group and Open Platform Business Group in order to aggregate recourses and be more responsive to market changes. Each business group will then be able to focus on improving procedure, form optimal strategy, and execute strategy completely.

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

   Operating environment:

(1) Advantages

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

(2) Disadvantages:

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

(3) Responsive strategies:

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

Internal conditions

(1) Advantages

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

(2) Disadvantages:

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

Product and technological development:

(1) Advantages:

a. ASUS has created a strong R&D team. The excellent R&D talents of ASUS are recognized in the industry, with many patents awarded and many new products constantly in development.

b. Many of the department heads and management of ASUS have a technological background. They thoroughly understand industrial trends and product development technology enabling them to take full advantage of development-to-plan product lines in depth, to apply recourses effectively, and to generate added value.

c. The Company made early investments in important new products such as wearable devices, robotics and intelligent home products, with considerable R&D and marketing resources to ensure that the products lead the competition.

(2) Disadvantages:

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

Sales and marketability:

(1) Advantages

a. Under the operation of a strong sales management program, ASUS has achieved competitive computer sales in most regions, limiting the impact that adverse economic situations in one area has on the corporate operations. By deploying product lines across the market, the Company can properly reduce the impact of economic risks.

b. The Asia-Pacific market has been upgraded into global markets with better growth momentum in recent years. ASUS has planned and acquired good brand and channel positioning.

c. The Company mostly have the leading positions in each product line, and is the No. 1 in terms of the global market share of the motherboards. In terms of notebooks, other than the first place in Taiwan and Indonesia, the Company has also achieved good performance in other regions, making it the third largest consumer notebook computer in the world. According to research institutions, the ASUS E-sports notebook computer has the second largest market share in the world in 2018. Moreover, for the global website service, official websites in multi-lingual versions have been established, to implement the business strategy of localization, and deep cultivation of the local markets.

(2) Disadvantages:

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

(2) Application and production process of major products:

1. Application of major products:

a. Motherboards, graphics cards, and optical drives are important elements for desktop computers and servers. ASUS is in a leading position worldwide with all the aforementioned products.

b. The market boundaries among notebooks, tablets, and smart phones are increasingly blurred; with the significant market size, ASUS continues to strengthen product differentiation and seize market opportunities in product innovation.

c. The quality and technical demand for wireless broadband communication products is extremely high and ASUS holds the key technologies allowing it to develop high-quality products with trust and word-of-mouth reputation from customers.

2. Production Process of Major Products

More than 90% of processes are automated

a. MB and VGA: Automatic SMT → Pick and place → soldering pot → burning → test

b. NB, tablet and other products: Automatic SMT → pick and place → soldering pot → burning → PCB test → assemblying → system test

(III) Supply of major raw materials:

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

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

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

1. Major Suppliers of the last two fiscal years

Unit: NT$ thousands

	2017				2018				2019Q1 (Note 1)			
Item	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net purchase of Q1 (%)	Relation with issuer
1	F Suppliers	61,495,613	19	None	F Suppliers	62,032,168	19	None				
	Others	269,041,965	81		Others	270,973,913	81					
	Net purchase amount	330,537,578	100		Net purchase amount	333,006,081	100					

Note 1: The 2019Q1 financial statements audited by the CPA were not yet available up to the print of annual report on April 20, 2019.

Note 2: Causes of increase and decrease: The major suppliers of the ASUS Group did not change substantially in 2018 and 2017

2. Major Customers of the last two fiscal years:

The sales income of one customer from the consolidated company between 2018 and 2017 did not show 10% of the consolidated net operating income.

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

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

Unit: Piece (unit); NT$ thousands

year / Major product	2017				2018			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
IT products	3,507,063	21,930,718	61,081,522	310,450,687	3,375,337	22,466,101	51,272,377	272,949,775
Others	-	902,858	-	2,591,300	-	2,189,164	-	15,404,093
Total	-	22,833,576	-	331,041,987	-	24,655,265	-	288,353,868

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

III. Employees

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

April 20, 2019

Year		2017	2018	As of April 20, 2019
Employee	Direct Labor	0	0	0
	Indirect labor	6,288	6,089	5,667
	Total	6,288	6,089	5,667
Average age		34.5	35.1	35.5
Average years of service		5.99	6.49	6.83
Education (%)	Ph. D.	0.76%	0.69%	0.66%
	Masters	59.43%	58.42%	57.05%
	College /University	37.28%	38.23%	39.51%
	Senior High School	2.29%	2.45%	2.52%
	Junior High School and below	0.24%	0.21%	0.26%

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

IV. Expenditure on environmental protection

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

1. The Company established GreenASUS and SERASUS Committee dedicated to boosting the sustainability management system certification, international environmental protection awards and green innovation projects. Please see Section III. Corporate Governance Report (6) Corporate Social Responsibility herein.
2. ASUS fellows will join environmental protection organizations and get involved in environmental protection activities.
3. We implement the “Digital Inclusion Project” to recycle IT apparatuses and donate them to schools in remote areas after repair. This not only reduces the waste materials but also helps to fill the urban-rural gap.
4. Arrange environmental protection, recycling, and merciful donation activities from time to time; also, contribute the income generated to charities activities.
5. We cooperate with the government to introduce ISO50001 energy management system to build an energy baseline every year and use PDCA to set up energy saving goals and

ensure continual improvements in order to maintain implementation and reach the goal of reduction every year.

(II) The total amount of loss and fine paid for environmental pollution in 2018 and up to the date of the report printed: None.

(III) Estimated environmental protection expenses:

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

V. Employee/employer relations

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

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

(I) Employee's welfare package

ASUS always takes human respect and employee care as one of the management philosophies. To ensure the living conditions of employees and hold the belief of sharing profits with all employees, we provide a fair and legal internal and external bonus and remuneration system based on the average gross national income and price index, industry compensation level, and internal equal pay for equal work condition to determine the bonus and remuneration for the employees. The reasonable amount and distribution are proposed to the Board of Directors after being reviewed by the neutral Remuneration management Commission. The remuneration for the managerial officers is distributed after approved by the Boards of Directors. The amount distributed to the employees or managers is also determined depends on the importance of the job, contribution and personal performance. In order to encourage employees to work hard without worry, besides basic security and bonus, ASUS specially supports and sponsors related welfare projects. Employees also organize employee welfare organizations for planning and implementation of the welfare matters. Major points of the current welfare projects are listed below:

1. ASUS has the following benefits provided in accordance with Company Law:

Health insurance, labor insurance, group insurance, pension reserve, accrual pension reserve according to old contribution plan deposited in Bank of Taiwan, arrearage reserve, and appropriating welfare fund with a percentage of sales revenue and paid-in capital.

2. ASUS has the following benefits provided specially:
Season-greeting bonus and performance bonus, annual physical health check up, E-Library, Employee Assistance Programs(EAP), Employee Sports and Recreational Center – Taoran Hall: offering lukewarm swimming pool/SPA, gym, pool room, and aerobics room as well as employee café, featuring multiple functional sites and welfare measures.

3. “Employee Welfare Committee”
Birthday & Season-greeting bonus, wedding/funeral/celebration and emergency financial aid, group activities, scholarship and financial aid to employee’s children, Winter & Summer vocations’ children's winter & summer camp, employee benefits Vouchers, and using departmental-based “Teamwork” activities and cooperate with literary units for discount offers so that the peers can implement art and literature appreciation.

(II) Education and training

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

1. Personal learning & growth plan

ASUS has promoted the “Learning & Growth Plan”, manager assist employees developing capability; also, to provide alternatives in conformity with organizational and personal development. Base on the concept of “individualization” to plan personal learning and growth plan by the management and the staff together in accordance with the core value of the Company and the occupational ability needed for job performance. The idea is to have the learning process become more systematic and effective. There were 1,653 individuals participated in the learning and growth plan in 2018. Please refer to the learning and growth plan procedure below:

Figure 1: Learning & Growth Plan Procedure

2. Diversified learning resources

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

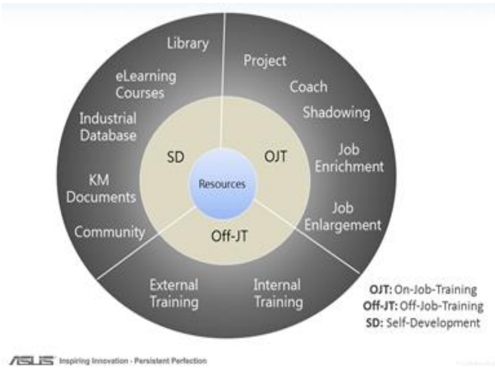


Figure2: Diversify Learning & Development Resources

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

AUSU plans comprehensive learning blueprint for each employee to help build up their occupational competence. Annual management training program including junior management training and management competency training in all level is to help the management upgrade managing ability systematically and exercise management effectiveness. Plan core value training courses to help staff generate ASUS DNA and upgrade staff's work skills and performance. The average cumulative training hours of each employee in management and core value was 7.6 hours in 2018. The actual expenses of included the learning management system and classroom equipment costs of NT$ 65,000. And the classroom/E-learning courses costs of NT$ 1,705,294. The total amount was NT$ 1,770,294. The result of training is described below:

Course Type	Course	Cumulative Hours (hr.)	Cumulative attendance times	Expense (NTD)
Classroom	89	347.8	5710	1,366,833
E-learning	50	67.6	10,385	338,461
Total	139	415.4	16,095	1,705,294

(2) Internal training courses - Professional training

ASUS has new recruits trained with various professional and practical courses to help them adapt to working culture and accumulate professional skills in width and depth. Professional training courses arranged by each department in 2017 included 1,212 courses. The expenses produced due to professional training provided by each department were amounted up to NT$ 1,788,482 in 2018.

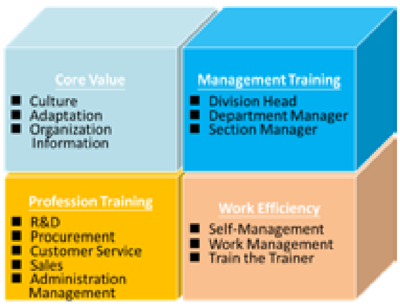


Figure 3: Internal Training Course

(3) Self-development resources and seminars

For the purpose of encouraging staffs for independent study, ASUS provides various learning resources for independent development, such as, ASUS Library, industry database, E-Book, document sharing, and community discussion of diverse topics. Build up colleague's active learning and personal capability and positive work attitude and sense of value. ASUS library, MP talking book, and VCD / DVD are 840 items in total in 2018. The costs of self - learning development resource is NT$2,826,669.

(4) On-job training

Directors have on-the-job training arranged in accordance with the mission assigned and personal development added it with the participating in the projects, coaching, internship, job enlargement, and job enrichment to upgrade employee's competence. Let employees learn from daily operation systematically and apply the learned skills to work. Directors have 255 on-job training programs planned and arranged in 2018, representing 2.15% of learning and growth plan.

(5) External training

In addition to the internal training courses planned in accordance with the demands of the staff taking as a whole, employees are assigned to be trained externally in response to the demand of each individual in order to upgrade the professional ability needed for performing the task. ASUS grants employees financial support for the external training courses related to their job performance. ASUS had 318 external training courses arranged in 2018 with NT$1,407,877 granted as follows:

Item	Course	Expense (NTD)
Professional	280	1,053,821
Management	15	117,899
Language	11	69,128
Others	12	167,030
Total	318	1,407,877

(III) Code of employee's conducts and ethics

The "sincerity, thrift, profundity, and practicality" is one of the Company's operating concepts. For the common understanding of ASUS fellows, the Company has the Chinese traditions "modesty, sincerity, theft, swiftness, courage" made to be the code of employee's conduct socially and personally.

In addition, as corporate ethics and social responsibility are increasingly valued internationally, for sustainable operations, enterprises must continue to win the trust and respect from consumers, partners and the general public. Ethics and integrity have always been the most important core value of ASUS corporate culture. ASUS has always been committed to conduct all business ethically, and does not permit corruption and any form of fraud. Through the reward and penalty system, we ensure that employees will never accept any form of request or agreement for bribery or other improper benefits. When it is found that ASUS employees may violate ASUS ethical code of conduct, such violation may be reported directly to the Company through the public email address: audit@asus.com. The whistleblowers are protected to prevent unfair and disrespectful treatment. ASUS also produces a digital teaching material, the "Code of Employee's Conducts and Ethics" and presents it as a compulsory training course for every employee. The material is produced in multi-language versions. All employees in service have taken the training since 2012. ASUS also explicitly requires that all the newcomers read the material within one month after taking employment to ensure that the ideals are practiced and communicated. Dissemination and explanation are made to employees on an irregular basis in order to enhance the awareness of ethics at both the Company and employee levels. In addition to the professional capability, ASUS expects all employees to demonstrate required ethic behavior to make ASUS a recognized benchmark in ethics. In addition, ASUS organizes retaining of global employees with respect to the "Code of Employee's Conducts and Ethics" every year. We provide every employee with an "Unfair Competition and Bribery Prevention Card", conduct irregular dissemination and resolve doubts to enhance the awareness of ethics of the employees. Besides the professional skills, ASUS expects all employees to act in compliance ethic norms to make ASUS a respectable benchmarking enterprise.

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

Chapter 1 General Provisions
Chapter 2 Regulatory compliance
Chapter 3 Preventing conflict of interest
Chapter 4 Gifts, business entertainment, and social standard
Chapter 5 Avoid the personal gain chance
Chapter 6 Information fully preserved and disclosure
Chapter 7 Fair trade, advertisement, and competition
Chapter 8 Safeguard the interest
Chapter 9 Community watch
Chapter 10 Training and dissemination
Chapter 11 Punishment
Chapter 12 Others

(IV) Workers and environmental safety protective measures:

1. Establish occupational health and safety management department
   The Company has established the dedicated health and safety personnel pursuant to laws and regulations, in charge of the planning, execution, audit and improvement for the o company personnel, environmental and occupational safety and health management systems.
2. Regular implementation of environment aspects and risk assessment
   Through annual environmental considerations and risk assessments for safety and health, the potential risks are identified for workers and the environment, and with the improvement and prevention, it is sought to reduce accidents.
3. Regular occupational health and safety management training and physical examination
   To ensure the safety of the employee and environment, we hold regular occupational health and safety management training for employees and contractors. We designate managers for the employee who engages in special operations, conduct environmental monitoring, and arrange physical (health) examination for these employees in accordance with the laws to ensure their health and safety.
4. Fire management and emergency response training

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

5. Regular operational environment testing implementation

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

6. Dedicated medical department and health management system

   The Company has better annual health checkups than the regulatory requirements. It employs occupational medical specialists and nurses pursuant to laws to be in charge of the employee health management, occupational disease prevention and health promotion activities, including: working hours management, musculoskeletal hazards, pregnant women's safety and health, healthy stair-climbing stairs, slimming weight loss, anti-cancer screening, and healthy living habits, among other things, and provide outpatient clinics and counseling services to achieve a full range of health care. Furthermore, the health management system and an abnormal overload system are built to grasp the risk group through the system, in order to effectively prevent occupational diseases.

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

8. The Company passed the health workplace certification in 2018, obtained the health promotion label, as well as won the National Occupational Safety and Health Award in 2018 - Corporate Benchmark Award, the Taipei Labor Safety Award for the fourth consecutive year - Excellent Entity, National Outperforming Health Workplace in 2018 -Health Management Award, being among top five in the Taipei City's excellent health workplace, receiving the certificate of appreciation by assisting the Fire Department to promote fire prevention for the second consecutive year. The Company is well-recognized for the safety, physical and mental care and environmental protection for its employees.

(V) Retirement plan

In response to the Company's having the business operation dividend into brand name business and OEM/ODM since 2008, the seniority of the workers with ROC nationality was settled and with the pension paid on the end of January 2008. Workers with ROC nationality who have been employed in 2008 are entitled to the Defined Contribution Pension Plan. Foreign workers are subject to adaption of new-pension plan or old pension plan according to the law.

(VI) Other agreements

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

VI. Major agreements:

April 20, 2019

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Credit Contracts	Taiwan Cooperative Bank	Apr 17, 2018 ~ Apr 17, 2019	Unsecured loan, totaling NT$1 billion	N/A
Credit Contracts	Taipei Fubon Bank	Aug 3, 2018 ~ Jul 28, 2019	Unsecured loan, totaling NT$2 billion	N/A
Credit Contracts	The Shanghai Commercial & Savings Bank, Ltd.	Aug 16, 2018 ~ Aug 15, 2019	Unsecured loan, totaling NT$1 billion and USD 40 millions	N/A
Credit Contracts	Mega International Commercial Bank, Lanya Branch	Aug 17, 2018 ~ Aug 16, 2019	Unsecured loan, totaling NT$3 billion	N/A
Credit Contracts	Bank of America	Oct 9, 2018 to modify or terminate the contract	Unsecured loan, totaling US$30 million	N/A
New Construction (Civil) Contract Agreement	CHUNG-LIN GENERAL CONTRACTORS, LTD.	May 24, 2017 ~ Jul 25, 2019 (Scheduled completion date)	Civil Works of Newly Built Office Building	N/A

VI. Financial Information

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

(I) Condensed balance sheets (consolidated)

Unit: NT$ thousands

Item \ Year		Financial information in the past five years (Note 2)					As of April 20, 2019
		2014 (Adjustment)	2015	2016	2017	2018	
Current Assets		274,913,727	258,336,700	273,972,099	257,588,380	254,924,246	(Note 3)
Property, plant and equipment		9,581,880	9,042,789	13,743,767	15,250,476	16,733,866	
Intangible Assets		2,148,541	1,996,495	1,898,724	1,953,183	2,071,736	
Other Assets		65,777,365	64,228,889	74,605,336	70,099,130	68,436,028	
Total Assets		352,421,513	333,604,873	364,219,926	344,891,169	342,165,876	
Current Liabilities	Before allocation	178,987,351	152,738,006	168,496,912	153,886,173	162,689,625	
	After allocation	191,614,276	163,879,410	181,123,837	165,027,577	(Note 1)	
Total non-current liabilities		7,911,099	11,438,921	11,505,800	12,330,693	11,784,327	
Total Liabilities	Before allocation	186,898,450	164,176,927	180,002,712	166,216,866	174,473,952	
	After allocation	199,525,375	175,318,331	192,629,637	177,358,270	(Note 1)	
Share capital		7,427,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,452,757	4,719,653	5,079,722	5,554,197	6,299,430	
Retained earnings	Before allocation	121,463,998	125,934,543	133,995,876	136,913,856	130,233,968	
	After allocation	108,837,073	114,793,139	121,368,951	125,772,452	(Note 1)	
Other Equity		30,297,852	29,270,140	34,982,282	25,248,529	17,404,000	
Treasury shares		-	-	-	-	-	
Non-controlling interest		1,880,853	2,076,007	2,731,731	3,530,118	6,326,923	
Total Equity	Before allocation	165,523,063	169,427,946	184,217,214	178,674,303	167,691,924	
	After allocation	152,896,138	158,286,542	171,590,289	167,532,899	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 20, 2019; therefore, the amount after adjustment is not disclosed.

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

Note 3: The 2019Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 20, 2019.

Condensed statements of comprehensive income (consolidated)

Unit: NT$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 20, 2019
	2014 (Adjustment)	2015	2016	2017	2018	
Operating revenue	477,408,049	472,335,318	466,802,706	386,418,859	354,187,665	(Note 2)
Gross Profit	65,383,788	67,885,370	66,227,367	54,902,250	52,014,276	
Operating Income	21,709,964	21,006,376	18,751,955	17,284,892	16,975,634	
Non-operating Income and Expenses	3,687,550	1,436,944	5,529,994	6,435,902	4,010,083	
Profit before income tax	25,397,514	22,443,320	24,281,949	23,720,794	20,985,717	
Income (Losses) from Continuing Operations for the year	19,714,405	17,285,917	19,618,404	19,556,284	17,342,299	
Losses from Discontinued Operations	-	-	-	(3,516,290)	(12,069,803)	
Profit for the year (Losses)	19,714,405	17,285,917	19,618,404	16,039,994	5,272,496	
Other comprehensive income for the year(Net of income tax)	23,461,100	(1,029,629)	5,708,881	(9,749,918)	(7,613,160)	
Total comprehensive income for the year	43,175,505	16,256,288	25,327,285	6,290,076	(2,340,664)	
Profit attributable to shareholders of the parent	19,470,409	17,097,470	19,202,737	15,544,905	4,235,036	
Profit attributable to Non-controlling interests	243,996	188,447	415,667	495,089	1,037,460	
Total comprehensive income attributable to shareholders of the parent	42,926,013	16,069,758	24,914,879	5,811,152	(3,346,590)	
Total comprehensive income attributable to Non-controlling interests	249,492	186,530	412,406	478,924	1,005,926	
Earnings per share (non-retroactive)	26.21	23.02	25.85	20.93	5.70	

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

Note 2: The 2019Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 20, 2019.

(II) Condensed balance sheets (separate)

Unit: NT$ thousands

Item / Year		Financial information in the past five years (Note 2)					As of April 20, 2019
		2014 (Adjustment)	2015	2016	2017	2018	
Current Assets		155,550,385	135,861,965	137,328,384	114,259,033	108,263,861	(Note 3)
Property, plant and equipment		3,241,556	3,155,770	7,008,339	7,431,227	9,041,080	
Intangible Assets		358,199	273,810	191,765	115,992	113,635	
Other Assets		117,045,866	119,819,832	137,888,365	137,492,255	133,165,955	
Total Assets		276,196,006	259,111,377	282,416,853	259,298,507	250,584,531	
Current Liabilities	Before allocation	104,274,665	81,556,623	89,805,339	72,510,647	77,519,048	
	After allocation	116,901,590	92,698,027	102,432,264	83,652,051	(Note 1)	
Total non-current liabilities		8,279,131	10,202,815	11,126,031	11,643,675	11,700,482	
Total Liabilities	Before allocation	112,553,796	91,759,438	100,931,370	84,154,322	89,219,530	
	After allocation	125,180,721	102,900,842	113,558,295	95,295,726	(Note 1)	
Share capital		7,427,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,452,757	4,719,653	5,079,722	5,554,197	6,299,430	
Retained earnings	Before allocation	121,463,998	125,934,543	133,995,876	136,913,856	130,233,968	
	After allocation	108,837,073	114,793,139	121,368,951	125,772,452	(Note 1)	
Other Equity		30,297,852	29,270,140	34,982,282	25,248,529	17,404,000	
Treasury shares			-	-	-	-	
Total Equity	Before allocation	163,642,210	167,351,939	181,485,483	175,144,185	161,365,001	
	After allocation	151,015,285	156,210,535	168,858,558	164,002,781	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 20, 2019; therefore, the amount after adjustment is not disclosed

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

Note 3: The 2019Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 20, 2019.

Condensed statements of comprehensive income (separate)

Unit: NT$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 20, 2019
	2014 (Adjustment)	2015	2016	2017	2018	
Operating revenue	384,234,950	377,074,468	360,595,685	300,429,666	273,282,876	(Note 2)
Realized gross profit	24,427,785	24,098,655	22,662,633	19,928,677	18,154,704	
Operating Income	10,685,311	9,263,997	9,080,820	8,576,620	8,904,342	
Non-operating Income and Expenses	12,690,772	11,733,974	13,420,744	12,841,875	9,345,784	
Profit before tax	23,376,083	20,997,971	22,501,564	21,418,495	18,250,126	
Income (Losses) from Continuing Operations for the year	19,470,409	17,097,470	19,202,737	19,061,195	16,304,839	
Losses from Discontinued Operations	-	-	-	(3,516,290)	(12,069,803)	
Profit for the year	19,470,409	17,097,470	19,202,737	15,544,905	4,235,036	
Other comprehensive income for the year (Net of income tax)	23,455,604	(1,027,712)	5,712,142	(9,733,753)	(7,581,626)	
Total comprehensive income for the year	42,926,013	16,069,758	24,914,879	5,811,152	(3,346,590)	
Earnings per share (non-retroactive)	26.21	23.02	25.85	20.93	5.70	

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

Note 2: The 2019Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 20, 2019.

(III) Auditing by CPAs

CPAs and their auditing opinions in the past five years

Auditing Year	CPAs	Opinions
2014	Chou Tseng Hui-Chin, Hsuen Ming Ling	Modified unqualified
2015	Chou Tseng Hui-Chin, CHANG, MING-HUI	Modified unqualified
2016	Chou Tseng Hui-Chin, CHANG, MING-HUI	Modified unqualified
2017	CHOU, CHIEN-HUNG, CHANG, MING-HUI	Unqualified Opinion
2018	CHOU, CHIEN-HUNG, CHANG, SHU-CHIUNG	Unqualified Opinion

II. Financial analysis in the past five years

(I) Financial analysis for consolidated report

Item (Note 3) \ Year (Note 1)		Financial analysis in the past five years					As of April 20, 2019
		2014 (Adjustment)	2015	2016	2017 (Note 8)	2018	
Financial structure (%)	Ratio of liabilities to assets	53.03	49.21	49.42	48.19	50.99	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	1,810.02	2,000.12	1,424.09	1,252.45	1,072.53	
Solvency	Current ratio (%)	153.59	169.14	162.60	167.39	156.69	
	Quick ratio (%)	93.16	96.34	107.33	108.38	95.01	
	Times interest earned	95.67	61.74	389.85	114.93	35.65	
Operating ability	Account receivable turnover (times)	5.94	5.58	5.37	4.96	4.10	
	Days sales in accounts receivable	61.44	65.41	67.97	73.58	89.02	
	Inventory turnover (times)	4.10	3.48	3.60	3.73	2.90	
	Account payable turnover (times)	5.48	5.63	6.06	5.76	4.97	
	Average days in sales	89.02	104.88	101.38	97.85	125.86	
	Property, plant and equipment turnover (times)	46.97	50.72	40.97	29.93	22.15	
	Total assets turnover (times)	1.47	1.38	1.34	1.22	1.03	
Profitability	Ratio of return on total assets (%)	6.14	5.12	5.64	4.56	1.60	
	Ratio of return on equity (%)	13.03	10.32	11.09	8.84	3.04	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	341.93	302.16	326.92	268.78	120.04	
	Profit ratio (%)	4.13	3.66	4.20	3.70	1.49	
	Earnings per share ($) (non-retroactive)	26.21	23.02	25.85	20.93	5.70	
Cash flow (%)	Cash flow ratio	14.64	(6.92)	29.26	(0.90)	3.18	
	Cash flow adequacy ratio	97.63	65.41	90.54	86.40	58.32	
	Cash reinvestment ratio	6.32	(12.00)	18.33	(6.91)	(3.15)	
Leverage	Degree of operating leverage	3.19	2.95	3.19	4.54	3.05	
	Degree of financial leverage	1.01	1.02	1.00	1.01	1.02	

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

Interest Protection Multiples: The interest expense increased during the year, and the net profit before tax decreased, resulting in a decrease in the interest protection multiples.
Inventory turnover rate: The cost of sales decreased during the year, and the inventory balance at the end of the period increased, resulting in a decrease in inventory turnover.
Property, plant and equipment turnover rate: The net sales decreased during the year, resulting in a decline in the turnover rate of real estate, plant and equipment.
Return on assets: The net profit after tax declined this year, resulting the return on assets to fall.
Return on equity: The net profit after tax declined during the year, resulting the return on equity fall.
Percentage of pre-tax net profit to paid-in capital: The net profit before tax fell during the year, and the percentage of net profit before tax to paid-in capital decreased.
Net margin: The net profit after tax declined this year, resulting the net margin to fall.
Earnings per share: The net profit attributable to owners of the parent company decreased during the year, resulting in a decrease in earnings per share.
Cash flow ratio: The cash inflow from operating activities increased during the year, resulting in an increase in the cash flow ratio.
Cash flow adequacy rate: The net cash inflow from operating activities decreased in the recent five years, resulting in a decrease in the cash adequacy flow rate.
Cash reinvestment ratio: The cash inflow from operating activities increased during the year, resulting in an increase in the ratio of cash re-investment.
Operating leverage: The amount of fixed costs and the proportion of the year decreased, so the operating leverage also decreased.

(II) Financial analysis for separate report

Item (Note 3)	Year (Note 1)	Financial analysis in the past five years					As of April 10, 2017
		2014 (Adjustment)	2015	2016	2017 (Note 8)	2018	
Financial structure (%)	Ratio of liabilities to assets	40.75	35.41	35.74	32.45	35.60	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	5,303.67	5,626.35	2,748.32	2,513.55	1,914.21	
Solvency	Current ratio (%)	149.17	166.59	152.92	157.58	139.66	
	Quick ratio (%)	113.06	112.54	115.37	111.11	87.40	
	Times interest earned	1,744.31	1,166,554.94	202,717.79	76,318.04	2,427.51	
Operating ability	Account receivable turnover (times)	4.70	4.29	4.03	3.96	4.04	
	Days sales in accounts receivable	77.65	85.08	90.57	92.17	90.34	
	Inventory turnover (times)	10.79	8.36	8.44	9.14	6.31	
	Account payable turnover (times)	5.58	5.68	5.99	5.73	5.18	
	Average days in sales	33.82	43.66	43.24	39.93	57.84	
	Property, plant and equipment turnover (times)	100.04	117.89	70.95	46.52	33.18	
	Total assets turnover (times)	1.55	1.41	1.33	1.24	1.07	
Profitability	Ratio of return on total assets (%)	7.84	6.39	7.09	5.74	1.66	
	Ratio of return on equity (%)	13.03	10.33	11.01	8.72	2.52	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	314.72	282.70	302.95	236.32	83.21	
	Profit ratio (%)	5.07	4.53	5.33	4.63	1.55	
	Earnings per share ($) (non-retroactive))	26.21	23.02	25.85	20.93	5.70	
Cash flow	Cash flow ratio	9.38	(8.73)	13.57	11.86	14.78	
	Cash flow adequacy ratio	79.65	44.46	46.69	42.01	35.03	
	Cash reinvestment ratio	(2.65)	(10.78)	0.53	(2.11)	0.18	
Leverage	Degree of operating leverage	1.90	2.11	1.95	2.31	1.43	
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00	

The root causes of the financial ratio change in the last two years:	
Ratio of long-term funds to property, plant and equipment:	The balance of property, plant and equipment increased and the total equity decreased during the year, resulting in a decrease in the ratio of long-term funds to property, plant and equipment.
Quick ratio:	The balance of quick assets decreased this year, causing the quick ratio to also decrease.
Interest protection multiples:	The net profit before tax decreased in the current year, resulting in a decrease in the interest protection multiples.
Inventory turnover rate:	The cost of sales decreased during the year, and the inventory balance at the end of the period increased, resulting in a decrease in inventory turnover.
Property, plant and equipment turnover rate:	The net sales of goods decreased during the year and the balance of real estate, plant and equipment increased, resulting in a decrease in the turnover rate of real estate, plant and equipment.
Return on assets:	The net profit after tax fell during the year, resulting in a decline in the return on assets.
Return on equity:	The income after tax fell this year, resulting in a decrease in the return on equity.
Percentage of pre-tax net profit to paid-in capital:	The net profit before tax fell during the year, and the ratio of net profit before tax to paid-in capital decreased.
Net margin:	The net profit after tax decreased this year, resulting in a decrease in net profit margin.
Earnings per share:	The net profit attributable to owners of the parent company decreased during the year, resulting in a decrease in earnings per share.
Cash flow ratio:	Cash inflows from operating activities increased during the year, so the cash flow ratio increased.
Cash re-investment ratio:	The cash inflow ratio of business activities increased during the year, so the ratio of cash re-investment also increased.
Operating leverage:	The amount of fixed costs and the proportion for the year decreased, so the operating leverage decreased.

Note 1: The financial information is audited by CPA.

Note 2: The 2019Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 20, 2019.

Note 3: Equations:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
   (3) Times interest earned = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (2) Days sales in accounts receivable = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold/ Average accounts payable (including accounts payable and notes payable derived from business operation)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
   (7) Total assets turnover = Net sales / Average total assets
4. Profitability
   (1) Ratio of return on total assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total

assets

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

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

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

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

5. Cash flow

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

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

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

6. Leverage:

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

(2) Degree of financial leverage = Operating income / (Operating income – interest expense)

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

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

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

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

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

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

III. Audit Committee's review report of 2018

Audit Committee's Review Report of ASUSTeK Computer Inc.

The Board of Directors has prepared the ASUSTeK Computer Inc. ("the Company") 2018 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company's financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of ASUSTeK Computer Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

ASUSTek Computer Inc.

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

March 20, 2019

IV. Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries in the most recent years: Please refer to Page 167-281 for details.

V. Separate Financial Statements and Report of Independent Accountants in the most recent years: Please refer to Page 282-359 for details.

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

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

I. Analysis of financial position

Consolidated Comparison of Financial Position

Unit: NT$ thousands

Item / Year	2018	2017	Difference	
			Amount	%
Current assets	254,924,246	257,588,380	(2,664,134)	(1.03)
Property, plant and equipment	16,733,866	15,250,476	1,483,390	9.73
Long-term investment, intangible assets and other assets	70,507,764	72,052,313	(1,544,549)	(2.14)
Total assets	342,165,876	344,891,169	(2,725,293)	(0.79)
Current liabilities	162,689,625	153,886,173	18,803,452	5.72
Non-current liabilities	11,784,327	12,330,693	(546,366)	(4.43)
Total liabilities	174,473,952	166,216,866	8,257,086	4.97
Share capital	7,427,603	7,427,603	-	-
Capital surplus	6,299,430	5,554,197	745,233	13.42
Retained earnings	130,233,968	136,913,856	(6,679,888)	(4.88)
Other equity	17,404,000	25,248,529	(7,844,529)	(31.07)
Total equity attributable to shareholders of the parent	161,365,001	175,144,185	(13,779,184)	(7.87)
Total equity	167,691,924	178,674,303	(10,982,379)	(6.15)
Analysis of financial ratio change: Other equity: Because of the unrealized gains in financial assets measured at fair value through other comprehensive gains and losses recognized in the current period reduced.				

Separate Comparison of Financial Position

Unit: NT$ thousands

Item \ Year	2018	2017	Difference	
			Amount	%
Current assets	108,263,861	114,259,033	(5,995,172)	(5.25)
Property, plant and equipment	9,041,080	7,431,227	1,609,853	21.66
Long-term investment, intangible assets and other assets	133,279,590	137,608,247	(4,328,657)	(3.15)
Total assets	250,584,531	259,298,507	(8,713,976)	(3.36)
Current liabilities	77,519,048	72,510,647	5,008,401	6.91
Non-current liabilities	11,700,482	11,643,675	56,807	0.49
Total liabilities	89,219,530	84,154,322	5,065,208	6.02
Share capital	7,427,603	7,427,603	-	-
Capital surplus	6,299,430	5,554,197	745,233	13.42
Retained earnings	130,233,968	136,913,856	(6,679,888)	(4.88)
Other equity	17,404,000	25,248,529	(7,844,529)	(31.07)
Total equity	161,365,001	175,144,185	(13,779,184)	(7.87)

Analysis of financial ratio change:
Property, plant and equipment: Because of the increase in unfinished constructions and equipment to be inspected.
Other equity: Because of the unrealized gains in financial assets measured at fair value through other comprehensive gains and losses recognized in the current period
reduced.

II. Business performance

(I) Consolidated Comparison of Business Performance

Unit: NT$ thousands

Item	2018	2017	Amount change	Ratio change (%)
Operating revenues	354,187,665	386,418,859	(32,231,194)	(8.34)
Operating costs	(302,173,389)	(331,516,609)	29,343,220	(8.85)
Gross profit	52,014,276	54,902,250	(2,887,974)	(5.26)
Operating expenses	(35,038,642)	(37,617,358)	2,578,716	(6.86)
Operating profit	16,975,634	17,284,892	(309,258)	(1.79)
Non-operating income and expenses				
Other income	4,158,750	3,910,366	248,384	6.35
Other gains (losses)	33,581	2,676,800	(2,643,219)	(98.75)
Finance costs	(257,339)	(175,235)	(82,104)	46.85
Share of profit of associates and joint ventures accounted for under equity method	75,091	23,971	51,120	213.26
Total non-operating income and expenses	4,010,083	6,435,902	(2,425,819)	(37.69)
Profit before income tax	20,985,717	23,720,794	(2,735,077)	(11.53)
Income tax expenses	(3,643,418)	(4,164,510)	521,092	(12.51)
Profit from continuing operations for the period	17,342,299	19,556,284	(2,213,985)	(11.32)
Profit from discontinuing operations for the period	(12,069,803)	(3,516,290)	(8,553,513)	243.25
Profit for the year	5,272,496	16,039,994	(10,767,498)	(67.13)
Other comprehensive income (loss)				(31.95)
Components of other comprehensive income that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	(15,162)	(22,282)	$7,120	(31.95)-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(9,469,103)	-	(9,469,103)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(1,606)	-	(1,606)	-
Income tax relating to the components of other comprehensive income	47,830	1,222	46,608	3,814.08
Components of other comprehensive				

Item	2018	2017	Amount change	Ratio change (%)
income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	1,008,147	(4,856,680)	5,864,827	(120.76)
Unrealized gain on valuation of available-for-sale financial assets	-	(3,721,315)	3,721,315	(100.00)
Gain on effective portion of cash flow hedges	-	(1,953,888)	1,953,888	(100.00)
Gains (losses) on hedging instrument	951,950	-	951,950	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(9,091)	(111)	(8,980)	8,090.09
Income tax relating to the components of other comprehensive income	(126,125)	803,136	(929,261)	(115.70)
Other comprehensive income for the year	(7,613,160)	(9,749,918)	2,136,758	(21.92)
Total comprehensive income for the year	(2,340,664)	6,290,076	(8,630,740)	(137.21)
Profit attributable to: shareholders of the parent	4,235,036	15,544,905	($11,309,869)	(72.76)
Total comprehensive income attributable to: shareholders of the parent	(3,346,590)	5,811,152	(9,157,742)	(157.59)

Analysis of financial ratio change:
Non-operating income and expenses: Mainly due to the loss of fines recognized in the current period.
Loss of discontinued operations: The main reason is to recognize the losses arising from the re-measurement of assets and the estimated obligations from restructuring, as well as the decrease in the sales revenue of the discontinued operations
Other comprehensive net profit: During the period, the increase in the exchange difference of foreign operating entities in the financial statements is recognized, and the benefits from hedging instruments increased

Separate Comparison of Business Performance

Unit: NT$ thousands

Item	2018	2017	Amount change	Ratio change (%)
Operating revenue	$273,282,876	$300,429,666	($27,146,790)	(9.04)
Operating costs	(256,913,446)	(281,661,236)	24,747,790	(8.79)
Gross profit	16,369,430	18,768,430	(2,399,000)	(12.78)
Unrealized profit from sales	1,785,274	1,160,247	625,027	53.87
Realized Gross profit	18,154,704	19,928,677	(1,773,973)	(8.90)
Operating expenses	(9,250,362)	(11,352,057)	2,101,695	(18.51)
Operating profit	8,904,342	8,576,620	327,722	3.82
Non-operating income and expenses				
Other income	2,629,355	2,813,266	(183,911)	(6.54)
Other gains (losses)	228,251	250,709	(22,458)	(8.96)
Finance costs	(2,547)	(230)	(2,317)	1,007.39
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6,490,725	9,778,130	(3,287,405)	(33.62)
Total non-operating income and expenses	9,345,784	12,841,875	(3,496,091)	(27.22)
Profit before income tax	18,250,126	21,418,495	(3,168,369)	(14.79)
Income tax expenses	(1,945,287)	(2,357,300)	412,013	(17.48)
Profit from continuing operations for the period	16,304,839	19,061,195	(2,756,356)	(14.46)
Profit from discontinuing operations for the period	(12,069,803)	(3,516,290)	(8,553,513)	243.25
Profit for the year	$4,235,036	$15,544,905	($11,309,869)	(72.76)
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	($9,430,925)	$-	($9,430,925)	-
Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method	25,420	(19,274)	44,694	(231.89)
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	2,173,611	(5,109,986)	7,283,597	(142.54)

Item	2018	2017	Amount change	Ratio change (%)
Unrealized gain on valuation of available-for-sale financial assets	-	(3,887,043)	3,887,043	(100.00)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	(198,053)	(1,524,919)	1,326,866	(87.01)
Income tax relating to the components of other comprehensive income	(151,679)	807,469	(959,148)	(118.78)
Other comprehensive (loss) income for the year	($7,581,626)	($9,733,753)	$2,152,127	(22.11)
Total comprehensive income for the year	($3,346,590)	$5,811,152	($9,157,742)	(157.59)

Analysis of financial ratio change:
Non-operating income and expenses: This is mainly because the shares recognized from the benefits of subsidiaries, affiliates and joint venture by the equity method decreased.
Loss of discontinued operations: The main reason is to recognize the losses arising from the re-measurement of assets and the estimated obligations from restructuring, as well as the decrease in the sales revenue of the discontinued operations.
Other comprehensive net profit: During the period, the increase in the exchange difference of foreign operating entities in the financial statements is recognized, and the benefits from hedging instruments increased.

III. Analysis of cash flow

(I) Consolidated liquidity analysis of the last two years

Year / Item	2017	2016	Financial ratio change
Cash flow ratio	3.18%	(0.90)%	Not applicable
Cash flow adequacy ratio	58.32%	86.40%	(32.50)%
Cash reinvestment ratio	(3.15)%	(6.91)%	Not applicable

Analysis of financial ratio change:

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

2.The current cash flow adequacy ratio has decreased:
The net cash inflow from operating activities decreased in the recent five years, resulting in a decrease in the cash flow rate.

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

Separate liquidity analysis of the last two years

Item \ Year	2015	2014	Financial ratio change
Cash flow ratio	14.78%	11.86%	24.62%
Cash flow adequacy ratio	35.03%	42.01%	(16.62)%
Cash reinvestment ratio	0.18%	(2.11)%	Not applicable
Analysis of financial ratio change: 1.The cash flow ratio for the current year increased: Cash inflows from operating activities increased during the year, so the cash flow ratio increased. 2.The rate of cash re-investment for the current year increased: The cash inflow ratio of business activities increased during the year, so the ratio of cash re-investment also increased.			

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

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

There is no significant capital expenditure in this period.

V. Reinvestment in recent years:

Unit: NT$ thousands

Item (Note)	Amount	Policy	Gain or Loss in 2018	Root cause of profit or loss	Corrective action	Investment Plans
Own brand business	1,255,869	Develop brand business to improve competitiveness and operating performance	117,850	Focus on brand marketing and business development	-	-

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

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

(I) The impact of interest rate, exchange rate, and inflation on the Company's income and expense and the responsive measures:

1. The impact of interest rate on the Company's income and expense and the responsive measures:
   The ratio of 2018 interest income and interest expense for ASUS Group to the 2018 revenue were 0.42% and 0.07% respectively, which accounted considerably low ratio of revenue after evaluation. Hence variance of interest rate did not have any significant impact on the Group.
2. The impact of exchange rate on the Company's income and expense and the responsive measures:

The 2018 net foreign exchange loss recognized by the Group accounted the ratio to 2018 revenue was -0.16%, and therefore variance in foreign exchange rate did not have any significant impact on the Group.

3. The impact of inflation on the Company's income and expense and the responsive measures:

   The global major economies in 2018 did not have significant inflation after evaluation and hence did not have any significant impact on the Group. The Company will continue to pay close attention to this issue in the future.

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

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

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

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

1. Products development planned in 2018:
   (1) Digital control wireless transmission technology CPU MB
   (2) Advanced 3D image display and wireless TV transmission graphic card
   (3) Smartphone
   (4) Ultra Mobile PC
   (5) High-speed router / exchanger / firewall / VPN
   (6) New-generation advanced server
   (7) Professional LED display & PC
   (8) Interactive Display / ScreenPad Laptop
   (9) Content Creation / ProArt Laptop
   (10) Touch Windows Notebook & Tablet
   (11) VR(Virtual Reality) / AR(Augmented Reality)
2. R&D budget in 2019: NT$13~15 billion

(IV) The impact of domestic and international policies and law change on the Company's finance and the responsive measures: None.

(V) The impact of technology change and industrial change on the Company's finance and the responsive measures:

ASUS constantly strives to be an integrated 3C solution provider (Computer, Communications, Consumer electronics). Technology change provides the Company with business opportunity for new products. The Company was with 2.90 times of inventory turnover in 2018; apparently, there was not any significant negative impact on finance.

(VI) The impact of industrial image change on business risk management and the responsive measures:

ASUS has maintained a fine industrial image and there is not any negative report on the Company's image.

(VII) The expected effect, potential risk, and responsive measures of merger:

The Company's did not have any merger conducted in 2018 and up to the date of the annual report printed: Not Applicable

(VIII) The expected effect, potential risk, and responsive measures of plant expansion: Not Applicable

(IX) The risk faced by procurements and sales hub and the responsive measures:

The Company's procurements and sales are not centralized and with a good customer relationship established; therefore, no risk of procurements and sales centralization.

(X) The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures:

There was not any massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding in 2018 and up to the date of the annual report printed.

(XI) The impact of right to operate change on the Company, the risk, and the responsive measures: Not Applicable

(XII) Legal and non-legal events:

1. The Company's major legal issues, non-legal issues, or administrative lawsuits settled or in pending:

(1) Several patentees filed lawsuits or investigations for patent infringement including the User Interface, audio signal encoding and decoding system, Audio stream, cellphone and tablet supporting OK Google function, products with Google Play Movies and TV function, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering function in Camera app for saving information and static imaging processing technique in low power, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control, Tablet, products with UMTS, remote upgrade code function and Nvidia image processor tablet products against the Group. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a German court, in a French court, in a Netherlands court and in an England court. The Group cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

(2) Several patentees filed lawsuits or investigations for patent infringement including AP and router products supporting MU-MIMO, products with SK hynix Solid State Drive, processors and memories of Samsung, product with Nvidia GPU, MP3 function for desktop computer and notebook, SDRAM function, ZenFone trademarks, cellphone and tablet for Qualcomm chips with DCVS or DVFS capabilities, Omnivision CMOS Image Detector Products, LED for cellphone products, smartphones with front cameras, Multimedia player, notebook, personal computer and server, Qualcomm Snapdragon 835 and 845 chips, products supporting HDCP 2.0 or higher version, equipped with some cellphone and router products, thumbnail with fingerprint recognition and motion picture recording/ playback, optimize power consumption management, products with static image processing (pixel capture), audio decoding and related functions, microprocessor with Intel's 14nm process Tri-Gate technology, cellphone products using Dual arrier HspA+ communication technology, cellphone and tablet and the source code in the firmware of the ASUS router product against the Group. These lawsuits or investigations are currently under investigation, in a Texas court, in a California court, in a Delaware court, in an Alabama court, in a Missouri court, at the United States International Trade

Commission, in a German court, in a Japan court, in an India court and in a China court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

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

(XIII) Other significant risks and responsive measures:

Management of Information security

The Company has established the "Information Security Policy" which complies with the relevant laws and regulations, and refers to ISO27001/CNS27001 and related specifications, to formulate information security policies as the basis for the ASUS Group to protect information assets (including data, software, hardware devices, etc.) from the external threats or the improper management and use by the internal personnel, causing risks of tampering, disclosure, destruction or loss. In addition, in order to continuously promote the protection and management of personal data for global consumers and ASUS employees, the "Personal Data Protection and Information Asset Security Committee" has been established to prepare the General Personal Data Protection Policy, as the guidance for ASUS Group regarding collecting, processing, and utilizing personal data, and establishing and implementing information asset safeguards.

To implement the information security policy, a security management system is established:

1. Establish an appraisal mechanism for information asset, to conduct at least one information asset risk assessment every year and deal with risky matters so. that information assets are properly protected against unauthorized or negligent damage to assets.
2. All information security incidents or suspicious security vulnerabilities are responded to by appropriate report procedures, and properly investigated and dealt with, to ensure the early repair of the weakness and avoid being exploited.
3. A review, test and inspection to the operating continuity plan shall be contacted at least annually, to ensure that the core service operating system meets the availability requirements for the whole year.
4. Regularly implement the information security education and training every year, as well as the periodic education and training as appropriate, to ensure that all employees in the Company have an information security awareness to be applied in their daily work.
5. Review the information security policy and management system annually to ensure that information security measures or practices comply with the current laws and regulations.

The outcomes of continuous implementation to reduce risks, of the 2018 annual information security management are as the following:

Risk assessment:

Based on the management objectives of information security: namely, confidentiality, integrity, availability, to identify the value of assets, and conduct risk assessment, to clarify the chances of possible of threats and vulnerabilities encountered, analyze related impacts to determine risk levels. The risks are divided to four levels, from A to D, as the highest to the lowest. There is no A-level risk portfolio in the outcomes of the 2018 information assets identification.

Assessment of Impact to Operations:
Taking the asset value and availability of information assets into accounts, to conduct the Business Impact Assessment. Based on the identified business processes, the criticality of business processes, tolerable impacts and recovery needs are analyzed, to prioritize the contingencies for the company in the event of a complete disruption of business, while developing relevant operational continuity manuals to perform relevant practical drills.

Management Platform for Product and Information Security Reporting:
To ensure the safety of ASUS products, and protect customers' privacy, the Company is committed to improve the safety and personal information protection measures pursuant to all applicable laws and regulations, and a management platform for product and information security reporting is established for consumers, security experts or researchers, as a dedicated channel, to report security vulnerabilities or problems with ASUS products or information systems.

Information service system monitoring:
In order to maintain the high availability of the information service system, the servers, network nodes and the devices associated with the information service system are included in the monitoring operations, so that the maintenance personnel can be notified and alerted immediately when the information system is abnormally interrupted.

Information services operating continuity:
The key information service system of the Company is set up in the enterprise headquarters information room and the backup machine room in a different location. The Active-Active Mode operating mode is applied to ensure that one information service from the information room can take over operations immediately when an operation interruption occurs in the other system, and the operations of the service will not be interrupted.

Security drills for using email:
In order to enhance the awareness of information security toward malicious emails, the email and social engineering drills are implemented, the announcement on related incidents and fraudulent skills is made to educate employees on how to report and handle them.

Personal information protection policy:

As the response to changes in the European General Data Protection Regulation (GDPR), the new version of personal information protection policy of ASUS was released in 2018. The training of employees (including employees in Europe) are conducted simultaneously, and a notification to all ASUS members around the world was issued to inform them on the update of privacy policy.

VII. Other material events: None

VIII. Special disclosures

I. Related party

(II) Consolidated financial statements of the related party

1. Related party

(1) Organizational structure of related party: Please refer to Page 143-146.

(2) Company profile of related party: Please refer to Page 147-151.

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

(4) Business scope of ASUS Group:

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

(5) Directors, supervisors, and president of the related party: Please refer to Page 152-158.

2. Business operation of the related party: Please refer to Page 167-281.

(II) Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries: Please refer to Page 159-255.

(III) Related Party Report: Not Applicable

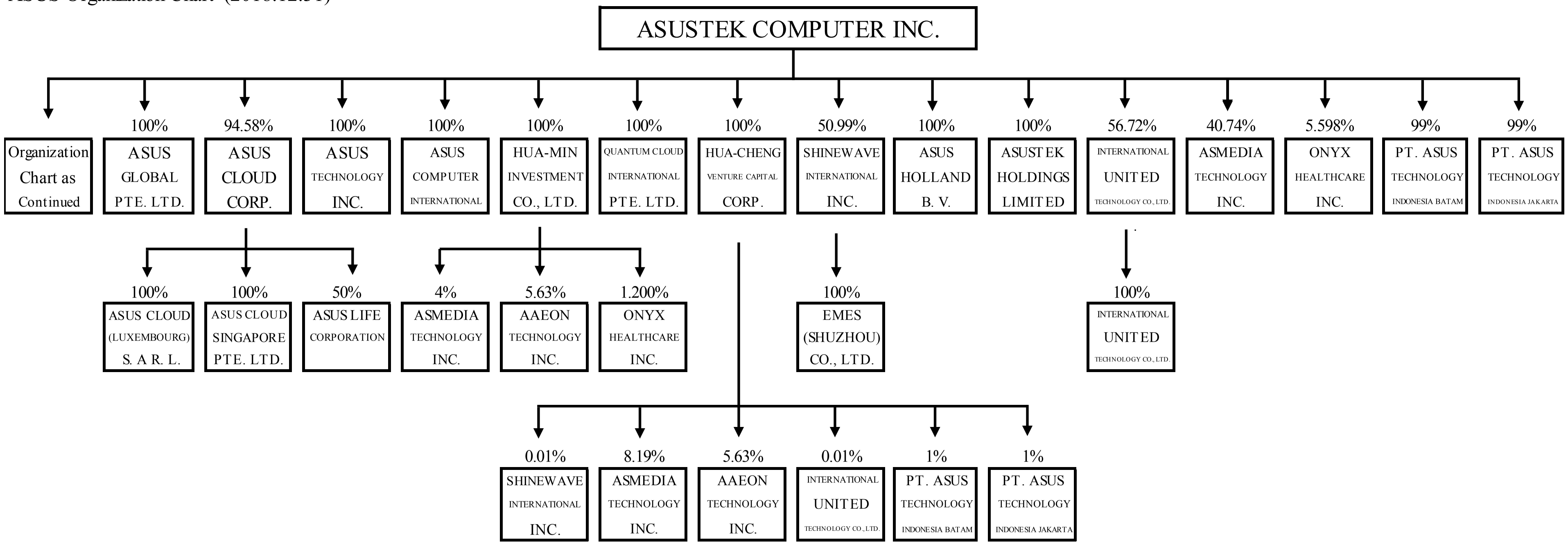
II. Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None

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

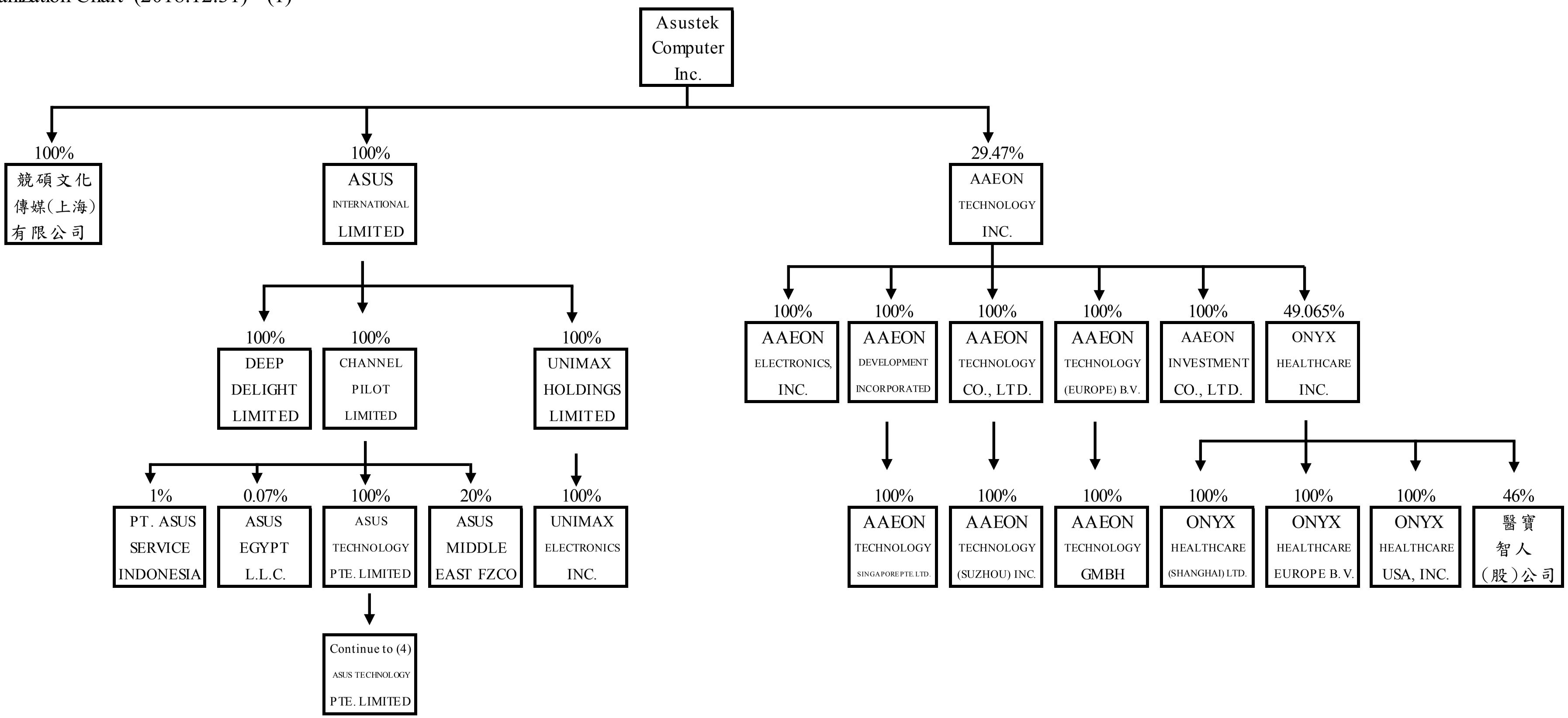
IV. Supplementary disclosures: None

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

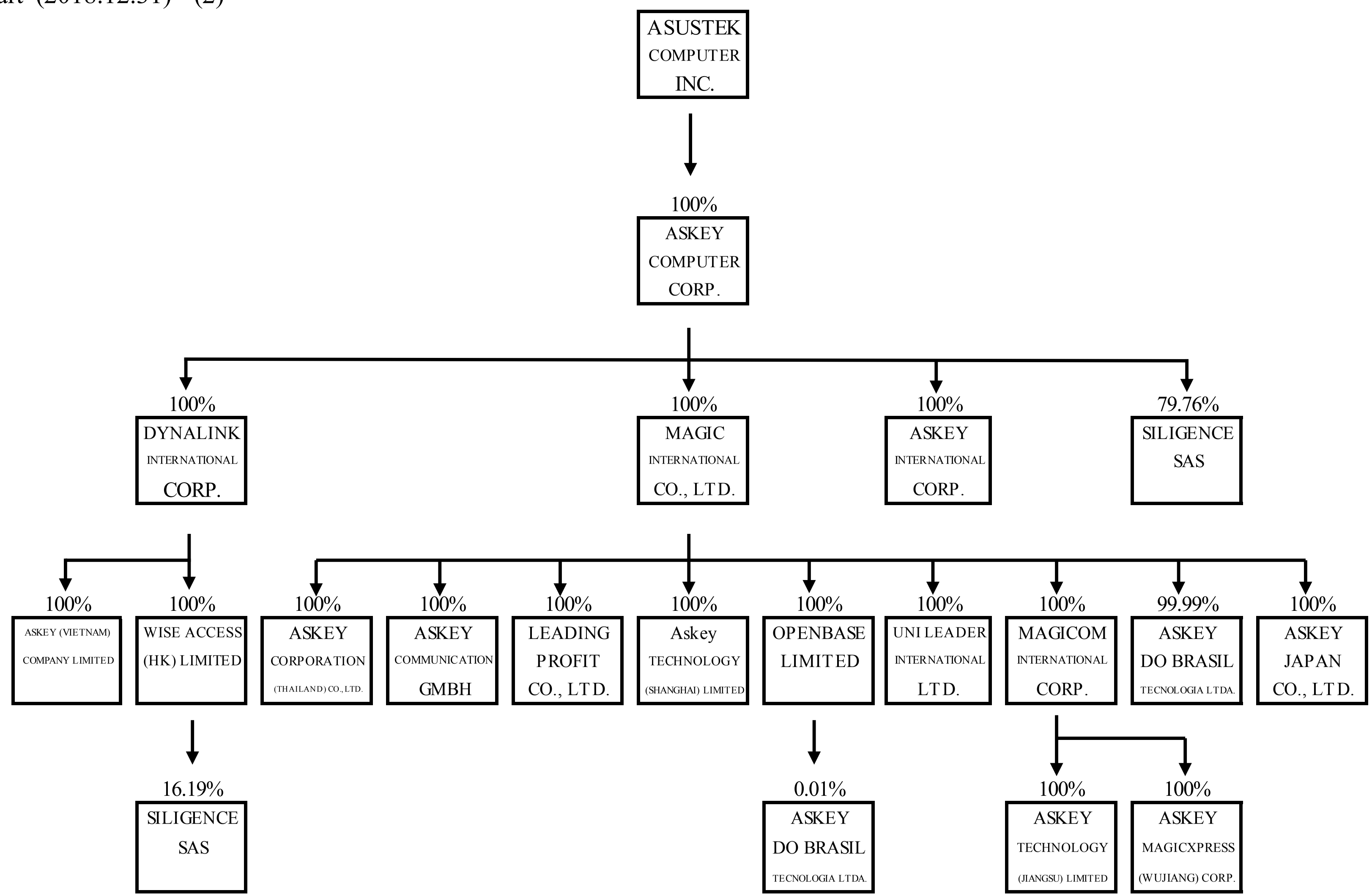
ASUS Organization Chart (2018.12.31)



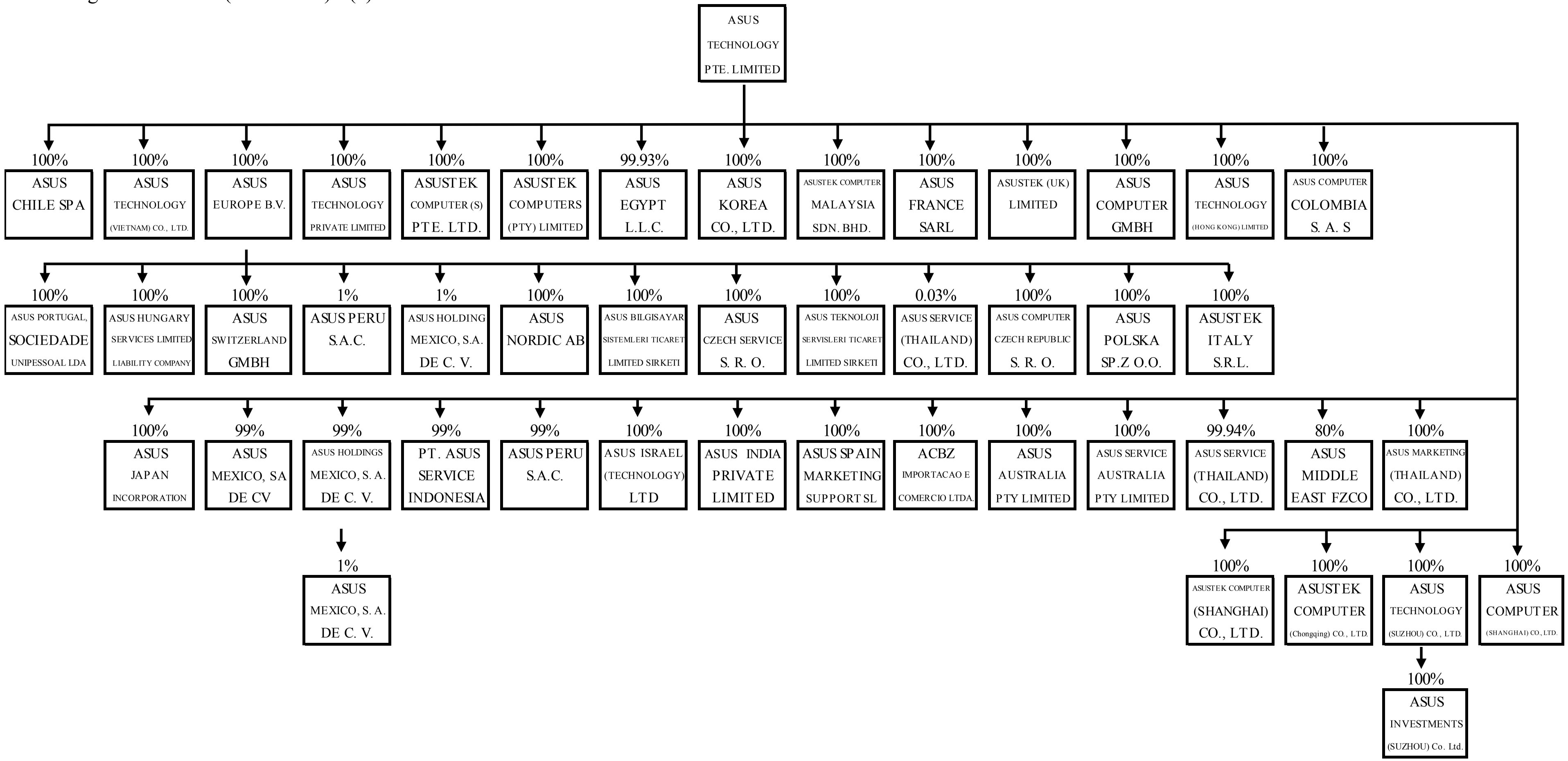
ASUS Organization Chart (2018.12.31) - (1)



ASUS Organization Chart (2018.12.31) - (2)



ASUS Organization Chart (2018.12.31) - (3)



(2)Basic Data of Affiliated Enterprises

In thousand NTD / as of Dec 31, 2018

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS COMPUTER INTERNATIONAL	June 21, 1994	USA	15,358	Selling 3C products in North America
ASUS TECHNOLOGY INCORPORATION	April 20, 1999	Taiwan	190,000	Selling 3C products in Taiwan
ASUS HOLLAND B. V.	March 29, 2000	Netherlands	47,918	Repairing 3C products
ASUS INTERNATIONAL LIMITED	March 8, 2002	Cayman Islands	2,756,058	Investing in 3C and computer peripheral business
ASUSTEK HOLDINGS LIMITED	September 20, 1999	Cayman Islands	691,278	Investing in computer peripherals business
HUA-CHENG VENTURE CAPITAL CORP.	May 27, 2008	Taiwan	1,145,000	Investing in computer peripherals business
HUA-MIN INVESTMENT CO., LTD.	May 27, 2008	Taiwan	680,000	Investing in computer peripherals business
ASMEDIA TECHNOLOGY INC.	March 31, 2004	Taiwan	600,379	Designing, researching, developing and manufacturing of high-speed analog circuit
ASUS GLOBAL PTE. LTD.	March 15, 2013	Singapore	860,020	Selling 3C products
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	November 2, 2014	Singapore	25,493	Servicing of information technology
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	May 23, 2017	Indonesia	225,446	Selling of 3C products in Indonesia
PT. ASUS TECHNOLOGY INDONESIA BATAM	May 24, 2017	Indonesia	282,587	Selling of 3C products in Indonesia
JINSHUO CULTURAL DIFFUSION CO., LTD.	June 15, 2018	China	473,542	Professional eSports
ASKEY COMPUTER CORP.	November 10, 1989	Taiwan	4,800,000	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts
ASKEY INTERNATIONAL CORP.	June 28, 1996	USA	307,150	Selling and servicing about communication products
DYNALINK INTERNATIONAL CORP.	October 1, 1996	British Virgin Islands	250,640	Investing in communication business
MAGIC INTERNATIONAL CO., LTD.	May 13, 1999	British Virgin Islands	3,624,979	Investing in computer peripherals business
ASKEY (VIETNAM) COMPANY LIMITED	November 1, 1996	Vietnam	176,136	Manufacturing and selling of communication products
WISE ACCESS (HK) LIMITED	September 21, 2011	Honk Kong	41,511	Investing in communication and computer peripheral business
MAGICOM INTERNATIONAL CORP.	June 23, 1999	Cayman Islands	2,795,986	Investing in communication business
OPENBASE LIMITED	Jan 10, 2005	British Virgin Islands	1,536	Selling of communication products and computer peripherals
LEADING PROFIT CO., LTD.	March 12, 2004	Mauritius	1,537,286	Selling of communication products and computer peripherals

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
UNI LEADER INTERNATIONAL LTD.	September 2, 2004	Mauritius	1,536	Selling of communication products and computer peripherals
ASKEY COMMUNICATION GMBH	April 11, 2013	Germany	3,520	Selling and servicing of communication products
ASKEY CORPORATION (THAILAND) CO.,LTD.	June 21, 2017	Thailand	1,904	Intelligent energy-savings service
ASKEY JAPAN CO., LTD.	March 19, 2018	Japan	1,398	Selling and servicing of communication products
ASKEY DO BRASIL TECNOLOGIA LTDA.	April 20, 2016	Brasil	25,329	Services of communication products
SILIGENCE SAS	July 19, 2011	France	169,594	Selling and servicing of communication products
ASKEY TECHNOLOGY (SHANGHAI) LTD.	July 1, 2003	China	111,043	Developing and selling of communication products
ASKEY TECHNOLOGY (JIANGSU) LTD.	August 30, 2001	China	3,097,055	Manufacturing and selling of communication products
ASKEY MAGICXPRESS (WUJIANG) CORP.	September 27, 2012	China	84,831	Manufacturing and selling of communication products
ASUS CLOUD CORPORATION	March 24, 2000	Taiwan	250,000	Selling and consulting of internet service
ASUS CLOUD SINGAPORE PTE. LTD.	December 14, 2012	Singapore	17,308	Investing in internet service business
ASUS CLOUD (LUXEMBOURG) S.A R.L	December 3, 2013	Luxembourg	14,080	Providing maintenance and operating service for information hardware
ASUS LIFE CORPORATION	September 9, 2016	Taiwan	10,000	Selling of internet information service
SHINEWAVE INTERNATIONAL INC.	August 6, 1997	Taiwan	107,250	Researching, developing, selling and consulting of information system software
EMES (SUZHOU) CO., LTD.	March 22, 2002	China	10,455	Selling and consulting of information system software
INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN)	June 16, 1998	Taiwan	201,000	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	May 21, 2003	Samoa	- (Note 1)	Investing in ink-jet print heads and ink-jet digital image output technology business
AAEON TECHNOLOGY INC.	December 1, 2010	Taiwan	1,484,985	Manufacturing and selling of industrial computers and computer peripherals
AAEON ELECTRONICS, INC.	June 6, 1995	USA	150,504	Selling of industrial computers and computer peripherals
AAEON DEVELOPMENT INCORPORATED	November 21, 1997	British Virgin Islands	20,266	Investing in industrial computers and computer peripherals business
AAEON TECHNOLOGY CO., LTD.	September 11, 2001	British Virgin Islands	270,510	Investing in industrial computers and interface cards business
AAEON TECHNOLOGY (EUROPE) B. V.	March 4, 2005	Netherlands	3,520	Selling of industrial computers and computer peripherals

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
AAEON INVESTMENT CO., LTD.	June 6, 2009	Taiwan	150,000	Investing in industrial computers and computer peripherals business
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	March 30, 2004	Singapore	10,472	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY GMBH	October 23, 2007	Germany	1,056	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY (SUZHOU) INC.	November 1, 2001	China	266,922	Manufacturing and selling industrial computers and interface cards
ONYX HEALTHCARE INC.	February 2, 2010	Taiwan	200,075	Designing, manufacturing and selling of medical computers
ONYX HEALTHCARE USA, INC.	October 27, 2011	USA	61,430	Selling of medical computers and peripherals
ONYX HEALTHCARE EUROPE B.V.	May 16, 2012	Netherlands	3,520	Marketing support and repairing of medical computers and peripherals
IHELPER INC.	February 26, 2018	Taiwan	36,000	Researching, developing and selling of medical robots
ONYX HEALTHCARE (SHANGHAI) LTD.	September 15, 2014	China	44,166	Selling of medical computers and peripherals
DEEP DELIGHT LIMITED	January 23, 2002	British Virgin Islands	350,827	Investing in computer peripherals business
CHANNEL PILOT LIMITED	March 30, 2005	British Virgin Islands	922,464	Investing in 3C business
UNIMAX HOLDINGS LIMITED	February 15, 2007	Cayman Islands	199,648	Investing in automotive electronics and computer peripherals business
UNIMAX ELECTRONICS INCORPORATION	April 17, 2007	Taiwan	213,279	Manufacturing and selling of automotive electronics and computer peripherals
ASUS TECHNOLOGY PTE. LIMITED	April 26, 2005	Singapore	1,363,343	Investing in 3C business
ASUS MIDDLE EAST FZCO	October 22, 2007	Dubai	4,182	Providing support and repair for 3C products in Middle East
ASUS EGYPT L. L. C.	September 11, 2008	Egypt	1	Providing support for 3C products in Egypt
PT. ASUS SERVICE INDONESIA	May 21, 2013	Indonesia	30,770	Repairing of 3C products in Asia-pacific and America
ASUS MARKETING (THAILAND) CO., LTD.	January 6, 2016	Thailand	15,235	Providing support for 3C products in Thailand
ASUS SERVICE (THAILAND) CO., LTD.	February 23, 2005	Thailand	2,856	Repairing of 3C products in Thailand
ASUS COMPUTER GMBH	June 19. 1991	Germany	8,999	Selling and providing support for 3C products in Germany
ASUS FRANCE SARL	July 12, 2002	France	3,731	Providing support for 3C products in France
ASUSTEK (UK) LIMITED	April 3, 2006	UK	1,944	Providing support for 3C products in United Kingdom

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS TECHNOLOGY (HONG KONG) LIMITED	November 25, 2005	Hong Kong	1,961	Providing support and repair for 3C products in Hong Kong
ASUS KOREA CO., LTD.	July 1, 2006	Kore	21,801	Providing support and repair for 3C products in South Korea
ASUSTEK COMPUTER (S) PTE. LTD.	October 21, 2003	Singapore	450	Repairing of 3C products in Singapore
ASUS TECHNOLOGY PRIVATE LIMITED	September 13, 2006	India	89,054	Providing support and repair for 3C products in India
ASUS EUROPE B. V.	March 6, 2007	Netherlands	308,875	Selling of 3C products
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	March 1, 2007	Vietnam	1,704	Repairing of 3C products in Vietnam
ASUS SPAIN MARKETING SUPPORT SL	May 19, 2004	Spain	1,056	Providing support for 3C products in Spain
ASUS JAPAN INCORPORATION	May 28, 2008	Japan	57,299	Selling of 3C products in Japan
ASUS SERVICE AUSTRALIA PTY LIMITED	February 10, 2011	Australia	20,583	Repairing of 3C products in Australia
ASUS AUSTRALIA PTY LIMITED	January 5, 2011	Australia	7,583	Providing support for 3C products in Australia
ASUS ISRAEL (TECHNOLOGY) LTD	March 12, 2012	Israel	400	Providing support for 3C products in Israel
ASUS COMPUTER COLOMBIA S. A. S	February 19, 2015	Columbia	705	Providing support for 3C products in Colombia
ASUSTEK COMPUTERS (PTY) LIMITED	August 31, 2004	South Africa	2	Providing support and repair for 3C products in Africa
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	May 13, 2005	Malaysia	3,698	Providing support and repair for 3C products in Malaysia
ASUS CHILE SPA	January 24, 2018	Chile	44	Providing support for 3C products in Chile
ASUS PERU S. A. C.	April 25, 2013	Peru	9	Providing support for 3C products in Peru
ASUS HOLDINGS MEXICO, S. A. DE C. V.	March 27, 2013	Mexico	79,921	Selling of 3C products in Mexico
ACBZ IMPORTACAO E COMERCIO LTDA.	January 5, 2011	Brazil	4,349,188	Selling of 3C products in Brazil
ASUS INDIA PRIVATE LIMITED	July 5, 2011	India	148,169	Selling of 3C products in India
ASUS MEXICO, S. A. DE C. V.	April 22, 2013	Mexico	206	Providing support for 3C products in Mexico
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	May 10, 2007	Hungary	1,367	Providing support and repair for 3C products in Hungary
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.	May 21, 2008	Portugal	1,056	Providing support for 3C products in Portugal
ASUS SWITZERLAND GMBH	May 10, 2009	Switzerland	10,603	Providing support for 3C products in Switzerland
ASUS NORDIC AB	July 10, 2004	Sweden	1,026	Providing support for 3C products in North Europe
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	December 30, 2018	Turkey	11,915	Providing support and repair for 3C products in Turkey

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI	July 23, 2018	Turkey	437	Repairing of 3C products in Turkey
ASUS POLSKA SP.Z O.O.	July 31, 2005	Polska	409	Providing support for 3C products in Poland
ASUSTEK ITALY S. R. L.	July 21, 2000	Italy	1,690	Providing support for 3C products in Italy
ASUS COMPUTER CZECH REPUBLIC S. R. O.	October 31, 2005	Czech Republic	273	Providing support for 3C products in Czech Republic
ASUS CZECH SERVICE S. R. O.	February 15, 2010	Czech Republic	7,340	Repairing of 3C products in Europe
ASUSTEK COMPUTER (SHANGHAI) CO., LTD.	June 9, 2000	China	1,477,392	Selling of 3C products in China
ASUS COMPUTER (SHANGHAI) CO., LTD.	June 30, 2000	China	61,430	Repairing of 3C products
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	March 12, 2008	China	1,505,035	Researching and developing of 3C products
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	May 9, 2011	China	2,119,335	Selling of 3C products in China
ASUS INVESTMENTS (SUZHOU) CO., LTD.	December 6, 2013	China	504,184	Leasing real estate

Note 1: ASUSTeK had International United Co., Ltd. setup in SAMOA WESTERN in 2002. As of the end of the financial reporting period ASUSTeK had not transferred out any fund up to December 31, 2009.

Note 2: The paid-in capital involved foreign currency was exchanged under foreign exchange rate at the end of the financial reporting period.

(5) Directors, Supervisors and Presidents of Affiliated Enterprises

As of Dec 31, 2018

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASUS TECHNOLOGY INC.	Chairman & President	ASUSTEK COMPUTER INC.（Representative: Kevin Lin）	19,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Samson Hu）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Sandy Wei）	—	—
ASKEY COMPUTER CORP	Chairman & President	ASUSTEK COMPUTER INC.（Representative: Lin, Cheng-kuei*）	480,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Samson Hu）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Steve Kuo）	—	—
HUA-CHENG VENTURE CAPITAL CORP.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	114,500,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: S.Y. Hsu）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Nick Wu）	—	—
HUA-MIN INVESTMENT CO., LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	68,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Samson Hu）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Nick Wu）	—	—
ASUS CLOUD CORPORATION	Chairman	ASUSTEK COMPUTER INC.（Representative: Joe Hsieh）	23,645,558	94.58%
	Director	ASUSTEK COMPUTER INC.（Representative: Eric Chen）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Samson Hu）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jimmy Chan）	—	—
	Director	(Vacancy)	—	—
	Director & President	Wu, Han-Chang*	102,828	0.41%
	Supervisor	Alan Hsieh	0	0.00%
ASMEDIA TECHNOLOGY INC.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	24,457,660	40.74%
	Director	ASUSTEK COMPUTER INC.（Representative: Ted Hsu）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Chewei Lin）	—	—
	Director	Hsu, Chin-Chuan*	—	—
	Independent director	Chan, Hung-Chih*	—	—
	Independent director	Hsieh, Chieh- Ping*	—	—
	Independent director	Wu, Ching-Chi*	—	—
AAEON TECHNOLOGY INC.	Chairman	RUI HAI INVESTMENT CO., LTD.（Representative: Chuang, Yung-Shun）	4,515,000	3.04%
	Director	RUI HAI INVESTMENT CO., LTD.（Representative: Lee Ing-Jen）	—	—
		RUI HAI INVESTMENT CO., LTD.（Representative: David Yen）	—	
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	43,756,000	40.97%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: S.Y. Hsu）	—	—
	Independent Director	Sheu, Chun-An	—	—
	Independent Director	(Vacancy)	—	—
	Independent Director	Chris Kao	—	—
	General Manager	Howard Lin	200,000	0.19%
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	11,401,092	56.72%
	Director & President	ASUSTEK COMPUTER INC.（Representative: Daniel Lan）	—	—
	Director	HUA ENG WIRE & CABLE CO.,LTD. （Representative: MS Lin）	1,917,194	9.54%
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP.（Representative: Charlene Hsu）	1,000	0.01%
SHINEWAVE INTERNATIONAL INC.	Chairman	ASUSTEK COMPUTER INC.（Representative: H.C. Hung）	5,468,750	50.99%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Yu, Chun-Hua*）	—	—
	Supervisor	Hua-Cheng Venture Capital Corp. （Representative: Chin Wu）	1,000	0.01%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASUS COMPUTER INTERNATIONAL	Director Director Director President	ASUSTEK COMPUTER INC.（Representative: S.Y. Hsu） ASUSTEK COMPUTER INC.（Representative: Samson Hu） ASUSTEK COMPUTER INC.（Representative: Joe Hsieh） Steve Chang	50,000 — — —	100.00% — — —
ASUS HOLLAND B.V.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	3,000,000	100.00%
ASUS INTERNATIONAL LIMITED	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	89,730,042	100.00%
ASUSTEK HOLDINGS LIMITED	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	20,452,104	100.00%
ASUS GLOBAL PTE. LTD.	Chairman Director Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang） ASUSTEK COMPUTER INC.（Representative: Benson Lin） ASUSTEK COMPUTER INC.（Representative: Song, Lai-Chi）	28,000,000 — —	100.00% — —
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Wu, Chih-Peng）	830,001	100.00%
PT.ASUS TECHOLOGY INDONESIA JAKARTA	Director Supervisor	ASUSTEK COMPUTER INC.（Representative: Weiting Lin） ASUSTEK COMPUTER INC.（Representative: Karl Chu）	7,920 —	99.00% —
PT.ASUS TECHOLOGY INDONESIA BATAM	Director Supervisor	ASUSTEK COMPUTER INC.（Representative: Weiting Lin） ASUSTEK COMPUTER INC.（Representative: Karl Chu）	1,089,000 —	99.00% —
JINSHUO CULTURAL DIFFUSION CO., LTD.	Executive Director Supervisor	ASUSTEK COMPUTER INC.（Representative: Rangoon Chang） ASUSTEK COMPUTER INC.（Representative: Bruce Jen）	— —	100.00% —
DEEP DELIGHT LIMITED	Chairman	ASUS INTERNATIONAL LIMITED（Representative: Jonney Shih）	11,422,000	100.00%
CHANNEL PILOT LIMITED	Chairman	ASUS INTERNATIONAL LIMITED（Representative: Jonney Shih）	30,033,000	100.00%
ASUS TECHNOLOGY PTE. LIMITED	Chairman Director Director	CHANNEL PILOT LIMITED （Representative: Jonathan Tsang） CHANNEL PILOT LIMITED （Representative: Benson Lin） CHANNEL PILOT LIMITED （Representative: Song, Lai-Chi）	44,419,424 — —	100.00% — —
ASUS EGYPT L.L.C.	Director Director	CHANNEL PILOT LIMITED（Representative: Chiu, Yu-Sheng） ASUS TECHNOLOGY PTE. LIMITED（Representative: Chiu, Yu-Sheng）	— —	0.07% 99.93%
ASUS MIDDLE EAST FZCO	Chairman Director	ASUS TECHNOLOGY PTE LIMITED（Representative: Chiu, Yu-Sheng） CHANNEL PILOT LIMITED(Representative: Chiu, Yu-Sheng）	4 1	80.00% 20.00%
ASUS COMPUTER (SHANGHAI) CO., LTD.	Chairman Supervisor	ASUS TECHNOLOGY PTE LIMITED（Representative: Chen, Hsin-Yi） ASUS TECHNOLOGY PTE LIMITED（Representative: Wang, Hsiang-Huei）	— —	100.00% —
ASUS TECHNOLOGY (HONG KONG) LIMITED	Chairman	ASUS TECHNOLOGY PTE LIMITED（Representative: Chung, Wei -Kang*）	500,000	100.00%
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	Executive Director Director Director Supervisor	ASUS TECHNOLOGY PTE LIMITED（Representative: Andrew Ke） ASUS TECHNOLOGY PTE LIMITED（Representative: Shih,Wen-Hung） ASUS TECHNOLOGY PTE LIMITED（Representative: Joe Hsieh） ASUS TECHNOLOGY PTE LIMITED（Representative: Wang, Hsiang-Huei）	— — — —	100.00% — — —
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	Executive Director Supervisor	ASUS TECHNOLOGY PTE LIMITED（Representative: Shih, Wen-Hung） ASUS TECHNOLOGY PTE LIMITED（Representative: Wang, Hsiang-Huei）	— —	100.00% —
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	Executive Director Supervisor	ASUS TECHNOLOGY PTE LIMITED（Representative: Andrew Ke） ASUS TECHNOLOGY PTE LIMITED（Representative: Wang, Hsiang-Huei）	— —	100.00% —
ASUS INVESTMENTS (SUZHOU) CO., LTD.	Director	ASUS Technology (Suzhou) Co. Ltd.（Representative：Andrew Ke）	—	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
	Supervisor	ASUS Technology (Suzhou) Co. Ltd. (Representative: Wang, Hsiang-Huei)	—	—
ASUS COMPUTER GMBH	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Sean Chen)	—	100.00%
ASUS FRANCE SARL	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Li, Yu-Lin)	5,300	100.00%
ASUSTEK (UK) LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chu, Chien-Hao)	50,000	100.00%
ASUS KOREA CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Fu, Szu-Wei)	158,433	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Shiang-Huei)	—	—
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lin, Yin-Chun)	—	—
ASUSTEK COMPUTER (S) PTE. LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lin, Chung-Liang)	20,002	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Song, Lai-Chi)	—	—
ASUS POLSKA SP. Z O. O.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Slawomir Stanik)	1,000	100.00%
ASUS TECHNOLOGY PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hwang, Sy-Ru)	20,134,400	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chang, Chi-Chu)	—	—
ASUS EUROPE B. V.	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Jonathan Tsang)	375,000	100.00%
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lee, Tse-Tai)	—	100.00%
ASUSTEK ITALY S. R. L.	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	—	100.00%
ASUS SPAIN MARKETING SUPPORT SL	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: German Guerra)	3,000	100.00%
ASUS JAPAN INCORPORATION	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Emily Lu)	20,500	100.00%
ASUS COMPUTER CZECH REPUBLIC S. R. O.	Director	ASUS EUROPE B.V. (Representative: Yuriy Sandratskiy)	—	100.00%
ASUS CZECH SERVICE S. R. O.	Director	ASUS EUROPE B.V. (Representative: Chou, Chih-Kuang)	—	99.59%
	Director	ASUS EUROPE B.V. (Representative: Tseng, Wei-Jen)	—	0.41%
ASUS SERVICE AUSTRALIA PTY LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chen,, Hsin-Yi)	950,000	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Tsai, Hsiao-Ming)	—	—
ASUS AUSTRALIA PTY LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Jackie Hsu)	350,000	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Tsai, Hsiao-Ming)	—	—
ASUS INDIA PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Yu, Chien-Liang)	33,500,000	100.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hwang, Sy-Ru)	—	—
ASUS ISRAEL (TECHNOLOGY) LTD	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Shawn Chang)	50,000	100.00%
PT. ASUS SERVICE INDONESIA	Chairman	ASUS TECHNOLOGY PTE LIMITED (Representative: Chen, Hsin-Yi)	1,485,000	99.00%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Hung, Tsung-Fu)	—	—

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Zhao, DongLiang)	—	—
	Supervisor	ASUS TECHNOLOGY PTE LIMITED (Representative: Hsu, Tse-Ming)	—	—
ACBZ IMPORTACAO E COMERCIO LTDA.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wu, Ming-Tau)	549,442,769	100.00%
	Director	ASUS EUROPE B.V. (Representative: Wu, Ming-Tau)	26,231	0.00%
ASUS PERU S. A. C.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Edwin Gutierrez)	990	99.00%
	Director	ASUS EUROPE B.V. (Representative: Edwin Gutierrez)	10	1.00%
ASUS HOLDINGS MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Steve Chang)	50,608	99.00%
	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	512	1.00%
ASUS MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Steve Chang)	130	99.00%
	Director	ASUS HOLDINGS MEXICO, S. A. DE C. V. (Representative: Steve Chang)	2	1.00%
ASUS COMPUTER COLOMBIA S. A. S.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Jeremin Hsieh)	74,489	100.00%
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	Director	ASUS EUROPE B.V. (Representative: Zoltan Gyongyosi)	—	100.00%
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA	Director	ASUS EUROPE B.V. (Representative: Helder Basto)	30,000	100.00%
ASUS SWITZERLAND GMBH	Director	ASUS EUROPE B.V. (Representative: Hung, Wen-Chi)	3,400	100.00%
ASUS NORDIC AB	Director	ASUS EUROPE B.V. (Representative: Chu,Chien-Hao)	3,000	100.00%
	Director	ASUS EUROPE B.V. (Representative: Steve Chang)	—	—
ASUS MARKETING (THAILAND) COMPANY LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Cheng-Tu)	20,000	100.00%
ASUSTEK COMPUTERS (PTY) LIMITED	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Liang, Ming-Lun)	1,000	100.00%
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Lie,Yee-Sann)	500,000	100.00%
ASUS SERVICE (THAILAND) CO., LTD.	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Wang, Cheng-Tu)	29,984	99.94%
ASUS CHILE SPA	Director	ASUS TECHNOLOGY PTE LIMITED (Representative: Chang, Cha-Ming)	1,000	100.00%
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI	Director	ASUS EUROPE B.V. (Representative: Ufuk Ozgur)	3,000	100.00%
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	Director	ASUS EUROPE B.V. (Representative: Li, Yu-Lin)	2,046	100.00%
eMES (SHUZHOU) CO., LTD.	Chairman	SHINEWAVE INTERNATIONAL INC. (Representative: Yu, Jiunn-Hwa*)	—	100.00%
	Director	SHINEWAVE INTERNATIONAL INC. (Representative: Cheng Shu-Fen*)	—	—
	Director	SHINEWAVE INTERNATIONAL INC. (Representative: Chang Chih-Liang*)	—	—
	Supervisor	SHINEWAVE INTERNATIONAL INC. (Representative: Chin Wu)	—	—
UNIMAX HOLDINGS LIMITED	Director	ASUS INTERNATIONAL LIMITED (Representative: Jonney Shih)	6,500,000	100.00%
UNIMAX ELECTRONICS INC.	Chairman & President	UNIMAX HOLDINGS LIMITED (Representative: Kent Chien)	21,300,000	100.00%
	Director	UNIMAX HOLDINGS LIMITED (Representative: Wu, Chih-Peng)	—	—

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
	Director	UNIMAX HOLDINGS LIMITED （Representative: Jonathan Tsang）	－	－
	Supervisor	UNIMAX HOLDINGS LIMITED （Representative: Charlene Hsu）	－	－
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Director	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (Representative：Jerry Shen)	－	100.00%
ASUS CLOUD SINGAPORE PTE. LTD.	Chairman	ASUS CLOUD CORPORATION. （Representative: Wu, Han-Chang）	1	100.00%
	Director	ASUS CLOUD CORPORATION （Representative: Sung, Lai-Chi*）	－	－
ASUS CLOUD (LUXEMBOURG) S. A R. L.	Director	ASUS CLOUD CORPORATION. （Representative: Wu, Han-Chang）	－	100.00%
ASUS LIFE CORPORATION	Chairman	Shangri-La Information Limited*(Representative: Janet Huang）	250,000	25.00%
	Director	OmniHealth Group, Inc.（Representative: Mingho Huang）	250,000	25.00%
	Director	ASUS CLOUD CORPORATION（Representative: Eric Chen）	250,000	50.00%
	Director	ASUS CLOUD CORPORATION（Representative: Joe Hsieh）	－	－
	Director	ASUS CLOUD CORPORATION（Representative: Wjh Chen）	－	－
	Supervisor	Steve Kuo	－	－
	Supervisor	Xin-chen Ji	－	－
AAEON ELECTRONICS, INC	The Chairman of BOD	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	490,000	100.00%
	President	Paul Yang	－	－
AAEON DELELOPMENT INCORPORATED	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	50,000	100.00%
AAEON TECHNOLOGY CO., LTD.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	8,807,097	100.00%
AAEON TECHNOLOGY (EUROPE) B. V.	Chairman	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	1,000	100.00%
AAEON TECHNOLOGY GMBH	Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Chuang, Yung-Shun)	300	100.00%
	Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Fabrizio del Maffeo)	－	－
AAEON INVESTMENT CO., LTD.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	15,000,000	100.00%
	Director	AAEON TECHNOLOGY INC. (Representative: I.J. Lee)	－	－
	Director	AAEON TECHNOLOGY INC. (Representative: Howard Lin)	－	－
	Supervisor	AAEON TECHNOLOGY INC. (Representative: Steve Hsu)	－	－
ONYX HEALTHCARE INC.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	9,816,678	49.07%
	Director	AAEON TECHNOLOGY INC. (Representative: Chinlong Hsu)	－	－
	Director & President	AAEON TECHNOLOGY INC. (Representative: Bob Wang)	－	－
	Director	Lee, Tsu-Der	－	－
	Independent Director	Lee, San-Liang	－	－
	Independent Director	James Chiang	－	－
	Independent Director	Tai, Yi-Hui	－	－
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Director	AAEON DELELOPMENT INC. (Representative: Chuang, Yung-Shun)	465,840	100.00 %
	Director	AAEON DELELOPMENT INC. (Representative: KS Seng)	－	－
AAEON TECHNOLOGY (SUZHOU) INC.	Chairman	AAEON TECHNOLOGY CO., LTD. ((Representative: Chuang, Yung-Shun)	－	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ONYX HEALTHCARE USA, INC.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	200,000	100.00%
ONYX HEALTHCARE EUROPE B. V.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	100,000	100.00%
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	–	100.00%
	Director	ONYX HEALTHCARE INC. (Representative: Chinlong Hsu)	–	–
	Director & President	ONYX HEALTHCARE INC. (Representative: Bob Wang)	–	–
	Supervisor	ONYX HEALTHCARE INC. (Representative: Juno Tu)	–	–
IHELPER INC.	Chairman	KINPO ELECTRONICS, INC. (Representative: Shen, Shih-Jung)*	1,584,000	44.00%
	Director	KINPO ELECTRONICS, INC. (Representative: Yu, Chieh-Hui)*	–	–
	Director	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	1,656,000	46.00%
	Director & President	ONYX HEALTHCARE INC. (Representative: Bob Wang)	–	–
	Director	Li, Tsu-Te*	–	–
	Supervisor	Chueh, Chih-Yun	–	–
ASKEY INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	10,000,000	100.00%
DYNALINK INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	8,160,172	100.00%
MAGIC INTERNATIONAL CO., LTD.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	118,019,831	100.00%
ASKEY (VIETNAM) COMPANY LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei*)	2,883,359	100.00%
WISE ACCESS (HK) LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lei, Han-Wen*)	1,600,000	100.00%
SILIGENCE SAS	Director	ASKEY COMPUTER CORP (Representative: OU, TA-CHOU *)	3,843,090	79.76%
	Director	WISE ACCESS (HK) LIMITED (Representative: OU, TA-CHOU *)	780,000	16.19%
MAGICOM INTERNATIONAL CORP.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	91,030,000	100.00%
LEADING PROFIT CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,050,000	100.00%
UNI LEADER INTERNATIONAL LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,000	100.00%
OPENBASE LIMITED	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,000	100.00%
ASKEY COMMUNICATION GMBH	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Ou, Ta-Chou*)	100,000	100.00%
ASKEY DO BRASIL TECNOLOGIA LTDA.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	3,199,680	99.99%
	Director	OPENBASE LIMITED (Representative: Kao, Chung- Ming)	320	0.01%
ASKEY CORPORATION (THAILAND) CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	20,000	100.00%
ASKEY JAPAN CO.,LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	500,000	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE (Note)	SHAREHOLDING	
			SHARES	%
ASKEY TECHNOLOGY (SHANGHAI) LTD.	Chairman	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	—	100.00%
	Supervisor	MAGIC INTERNATIONAL CO., LTD. (Representative: Tina Chu)	—	—
	President	Lei, Han-Wen*	—	—
ASKEY TECHNOLOGY (JIANGSU) LTD.	Chairman & President	MAGICOM INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei*)	—	100.00%
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Winnie Liu	—	—
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Chin Wu)	—	—
	Supervisor	MAGICOM INTERNATIONAL CORP. (Representative: Charlene Hsu)	—	—
ASKEY MAGICXPRESS (WUJIANG) CORP.	Chairman & President	MAGICOM INTERNATIONAL CORP. (Representative: Lin Cheng-Kuei*)	—	100.00%
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Kao, Chung- Ming)	—	—
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Chang, Chi-Hsish*)	—	—
	Supervisor	MAGICOM INTERNATIONAL CORP. (Representative: Charlene Hsu)	—	—

Note 1: The list of directors and general managers of this form is as of March 31, 2008.
Note 2: (*) Standards for the English transliteration of company’s name or individual’s name.

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2. Summarized Operation Results of Affiliated Enterprises

In thousand NTD / As of Dec 31, 2018

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS COMPUTER INTERNATIONAL	15,358	27,815,224	27,398,730	416,494	58,118,203	420,730	299,030	-
ASUS TECHNOLOGY INC.	190,000	7,049,013	6,757,190	291,823	22,722,411	(333,904)	(155,953)	(8.21)
ASUS HOLLAND B. V.	47,918	389,415	187,911	201,504	429,505	12,510	9,631	-
ASUS INTERNATIONAL LIMITED	2,756,058	39,039,789	1,154	39,038,635	-	(1,517)	1,521,666	-
ASUSTEK HOLDINGS LIMITED	691,278	626,710	1,464	625,246	-	(186)	23,307	-
HUA-CHENG VENTURE CAPITAL CORP.	1,145,000	1,961,477	4,079	1,957,398	-	(182)	518,568	4.53
HUA-MIN INVESTMENT CO., LTD.	680,000	1,298,895	16,318	1,282,577	-	(171)	295,114	4.34
ASMEDIA TECHNOLOGY INC.	600,379	3,218,246	889,929	2,328,317	3,722,351	1,100,294	955,847	15.93
ASUS GLOBAL PTE. LTD.	860,020	149,225,856	117,879,895	31,345,961	300,096,328	1,669,374	840,047	-
QUANTUM CLOUD INTERNATIONAL PTE. LTD.	25,493	6,461	324	6,137	59	(221)	(196)	-
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	225,446	249,864	17,229	232,635	54,899	423	1,009	-
PT. ASUS TECHNOLOGY INDONESIA BATAM	282,587	3,975,791	4,065,579	(89,788)	3,180,039	(499,089)	(372,796)	-
JINSHUO CULTURAL DIFFUSION CO., LTD.	473,542	904,476	494,612	409,864	62,034	(106,415)	(64,951)	Note 1
ASKEY COMPUTER CORP.	4,800,000	16,828,914	13,671,269	3,157,645	29,053,417	(1,884,337)	(2,214,573)	(4.61)
ASKEY INTERNATIONAL CORP.	307,150	988,500	918,094	70,406	2,627,046	(137,723)	(140,033)	-
DYNALINK INTERNATIONAL CORP.	250,640	81,530	-	81,530	-	(78)	947	-

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
MAGIC INTERNATIONAL CO., LTD.	3,624,979	3,458,159	-	3,458,159	-	(146)	(296,744)	-
ASKEY (VIETNAM) COMPANY LIMITED	176,136	132,715	54,343	78,372	-	-	1	-
WISE ACCESS (HK) LIMITED	41,511	9,924	-	9,924	-	(50)	621	Note 1
MAGICOM INTERNATIONAL CORP.	2,795,986	3,552,783	-	3,552,783	-	(210)	(274,117)	-
OPENBASE LIMITED	1,536	39,733	5,874	33,859	422,432	(273)	-	-
LEADING PROFIT CO., LTD.	1,537,286	1,102,300	1,142,753	(40,453)	12,141,790	(15,417)	(15,364)	-
UNI LEADER INTERNATIONAL LTD.	1,536	4,298,885	4,278,957	19,928	20,772,919	142	-	-
ASKEY COMMUNICATION GMBH	3,520	3,519	141	3,378	250	12	12	-
ASKEY CORPORATION (THAILAND) CO., LTD.	1,904	8,350	7,131	1,219	-	(557)	(372)	-
ASKEY JAPAN CO,. LTD.	1,398	4,760	4,608	152	1,685	(1,243)	(1,209)	-
ASKEY DO BRASIL TECNOLOGIA LTDA.	25,329	10,807	279	10,528	-	(7,265)	(7,165)	-
SILIGENCE SAS	169,594	287,764	226,820	60,944	665,930	3,712	4,142	-
YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD.	111,043	10,832	3,236	7,596	21,386	(265)	1,530	Note 1
ASKEY TECHNOLOGY (JIANGSU) LTD.	3,097,055	10,600,451	7,178,571	3,421,880	25,602,940	38,704	(276,288)	Note 1
ASKEY MAGICXPRESS (WUJIANG) CORP.	84,831	93,180	57	93,123	-	(10)	1,647	Note 1
ASUS CLOUD CORPORATION	250,000	341,034	216,787	124,247	192,376	(78,517)	(80,673)	(3.23)

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS CLOUD SINGAPORE PTE. LTD.	17,308	100	51	49	-	(119)	244	-
ASUS CLOUD (LUXEMBOURG) S. A R. L	14,080	3,787	684	3,103	1,515	380	380	-
ASUS LIFE CORPORATION	10,000	8,924	2,419	6,505	15,384	25	27	0.03
SHINEWAVE INTERNATIONAL INC.	107,250	188,663	27,695	160,968	120,271	(5,665)	(3,578)	(0.33)
EMES (SHUZHOU) CO., LTD.	10,455	11,650	1,366	10,284	21,672	198	221	Note 1
INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN)	201,000	161,387	55,215	106,172	174,027	(650)	4,788	0.24
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	-	-	-	-	-	-	-	-
AAEON TECHNOLOGY INC.	1,484,985	8,850,184	960,199	7,889,985	4,092,105	314,159	732,861	6.86
AAEON ELECTRONICS, INC.	150,504	364,845	184,775	180,070	949,204	(37,890)	2,995	-
AAEON DEVELOPMENT INCOPORATED	20,266	43,241	-	43,241	-	(30)	(21)	-
AAEON TECHNOLOGY CO., LTD.	270,510	240,634	10	240,624	-	(60)	(33,414)	-
AAEON TECHNOLOGY (EUROPE) B. V.	3,520	107,666	71,102	36,564	488,595	(12,477)	(10,757)	-
AAEON INVESTMENT CO., LTD.	150,000	110,712	42	110,670	-	(86)	(9,104)	(0.61)
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	10,472	62,318	19,500	42,818	122,299	529	1	-
AAEON TECHNOLOGY GMBH	1,056	20,272	3,809	16,463	37,888	1,232	651	-
AAEON TECHNOLOGY (SUZHOU) INC.	266,922	316,178	78,492	237,686	520,905	(23,824)	(33,455)	Note 1
ONYX HEALTHCARE INC.	200,075	1,154,600	246,608	907,992	1,074,717	181,043	194,906	9.74

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ONYX HEALTHCARE USA, INC.	61,430	177,074	98,009	79,065	566,494	7,859	4,289	-
ONYX HEALTHCARE EUROPE B. V.	3,520	15,163	3,480	11,683	39,355	2,273	1,959	-
IHELPER INC.	36,000	32,096	2,598	29,498	995	(6,521)	(6,502)	(1.81)
ONYX HEALTHCARE (SHANGHAI) LTD.	44,166	22,729	14,596	8,133	11,982	(3,279)	(3,886)	註一
DEEP DELIGHT LIMITED	350,827	342,336	-	342,336	-	-	(356)	-
CHANNEL PILOT LIMITED	922,464	40,570,719	3,315,117	37,255,602	-	(248)	1,504,454	-
UNIMAX HOLDINGS LIMITED	199,648	65,841	-	65,841	-	(17)	(11,133)	-
UNIMAX ELECTRONICS INC.	213,279	80,724	14,908	65,816	62,202	(12,974)	(11,116)	(0.52)
ASUS TECHNOLOGY PTE. LIMITED	1,364,343	41,528,219	59,565	41,468,654	134,917	130,067	613,409	-
ASUS MIDDLE EAST FZCO	4,182	48,803	35,840	12,963	105,419	585	293	-
ASUS EGYPT L. L. C.	1	2,427	664	1,763	1,638	48	12	-
PT. ASUS SERVICE INDONESIA	30,770	45,550	7,976	37,574	45,262	899	688	-
ASUS MARKETING (THAILAND) CO., LTD.	15,235	28,035	10,479	17,556	87,580	1,244	287	-
ASUS SERVICE (THAILAND) CO., LTD.	2,856	2,848	18	2,830	-	(26)	(26)	-
ASUS COMPUTER GMBH	8,999	234,511	87,944	146,567	703,195	7,028	10,096	-
ASUS FRANCE SARL	3,731	125,336	73,111	52,225	357,093	10,105	10,405	-
ASUSTEK (UK) LIMITED	1,944	64,193	23,352	40,841	218,161	6,404	5,115	-
ASUS TECHNOLOGY (HONG KONG) LIMITED	1,961	53,388	43,054	10,334	172,200	2,214	1,890	Note 1
ASUS KOREA CO., LTD.	21,801	50,014	7,096	42,918	106,476	(4,170)	(4,503)	-

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUSTEK COMPUTER (S) PTE. LTD.	450	1,961	230	1,731	4,351	2,321	2,155	-
ASUS TECHNOLOGY PRIVATE LIMITED	89,054	564,889	256,729	308,160	282,874	45,151	33,103	-
ASUS EUROPE B. V.	308,875	6,506,830	5,189,710	1,317,120	17,322,011	141,784	146,372	-
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	1,704	32,666	16,697	15,969	134,198	6,559	2,876	-
ASUS SPAIN MARKETING SUPPORT SL	1,056	48,376	11,769	36,607	163,149	3,024	2,196	-
ASUS JAPAN INCORPORATION	57,299	1,981,750	1,724,535	257,215	7,026,544	94,431	71,559	-
ASUS SERVICE AUSTRALIA PTY LIMITED	20,583	88,745	59,314	29,431	123,259	(1,118)	(1,602)	-
ASUS AUSTRALIA PTY LIMITED	7,583	69,095	21,644	47,451	136,162	6,870	4,119	-
ASUS ISRAEL (TECHNOLOGY) LTD.	400	8,959	6,147	2,812	47,404	1,381	359	-
ASUS COMPUTER COLOMBIA S. A. S	705	7,641	6,288	1,353	53,087	3,542	1,293	-
ASUSTEK COMPUTERS (PTY) LIMITED	2	15,893	12,197	3,696	30,852	931	413	-
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	3,698	32,849	13,404	19,445	100,549	4,412	2,501	-
ASUS CHILE SPA	44	4,943	4,683	260	(7,773)	274	226	
ASUS PERU S. A. C.	9	18,415	16,616	1,799	36,438	(272)	(230)	-
ASUS HOLDINGS MEXICO, S. A. DE C. V.	79,921	1,331,680	1,394,008	(62,328)	1,672,074	10,987	5,445	-
ACBZ IMPORTACAO E COMERCIO LTDA.	4,349,188	8,344,586	3,825,937	4,518,649	8,759,095	263,245	258,210	-

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS INDIA PRIVATE LIMITED	148,169	3,003,298	2,953,757	49,541	3,653,522	151,619	110,840	-
ASUS MEXICO, S. A. DE C. V.	206	14,080	7,329	6,751	57,583	1,971	2,506	-
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	1,367	11,900	3,303	8,597	42,958	1,251	850	-
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.	1,056	18,762	8,211	10,551	52,238	1,728	825	-
ASUS SWITZERLAND GMBH	10,603	30,363	6,563	23,800	60,505	1,762	1,451	-
ASUS NORDIC AB	1,026	105,402	48,725	56,677	275,739	9,417	5,045	-
ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI	11,915	65,279	17,838	47,441	172,508	14,363	16,515	-
ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI	437	241	20	221	-	(266)	(266)	-
ASUS POLSKA SP. Z O. O.	409	62,759	9,351	53,408	109,031	3,176	4,405	-
ASUSTEK ITALY S. R. L.	1,690	126,199	121,694	4,505	310,686	9,139	(695,502)	-
ASUS COMPUTER CZECH REPUBLIC S. R. O.	273	25,239	9,631	15,608	77,774	2,280	1,621	-
ASUS CZECH SERVICE S. R. O.	7,340	119,925	28,992	90,933	412,618	11,697	9,547	-
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	1,477,392	29,855,819	33,078,436	(3,222,617)	63,732,011	(21,050)	36,932	Note 1
ASUS COMPUTER (SHANGHAI) CO., LTD.	61,430	92,575	23,856	68,719	169,428	3,817	3,628	Note 1
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	1,505,035	3,355,727	414,289	2,941,438	1,830,370	118,312	172,469	Note 1
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	2,119,335	6,926,762	1,719,250	5,207,512	7,976,131	39,727	389,601	Note 1

NAME OF CORPORATION	CAPITAL	TOTAL A SSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS INVESTMENTS (SUZHOU) CO., LTD.	504,184	459,728	8,861	450,867	-	(8,592)	(3,631)	Note 1

Note 1: It's not applied to company limited.

ASUSTeK Computer Inc.
Declaration of Internal Control

Date: March 20, 2019

The internal control system in 2018 conforms to the following declarations made in accordance with the self-inspection conducted:

1. We understand it is the responsibility of the Company's management to have internal control system established, enforced, and maintained. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.

2. Internal control system is designed with limitations; therefore, no matter how perfectly it is designed, an effective internal control system is to ensure the realization of the aforementioned three objectives. Due to the change of environment and condition, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanism; therefore, we are able to have corrective actions initiated upon identifying any nonconformity.

3. We have based on the internal control criteria of "Governing Rules for handling internal control system by public offering companies" (referred to as "the Governing Rules" hereinafter) to determine the effectiveness of internal control design and enforcement. The internal control criteria of the "Governing Rules" is the management control process and with the internal control divided into five elements: 1. Environment control, 2. Risk analysis, 3. Control process, 4. Information and communication, and 5. Supervision. Each element is subdivided into several items. Please refer to the "Governing Rules" for the details of the said items.

4. We have based on the aforementioned internal control criteria to inspect the effectiveness of internal control design and enforcement.

5. We believe that our audits provide a reasonable basis for our opinion. On December 31, 2018, those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control system (including the supervision and management over the subsidiaries) including the fulfillment of business performance and efficiency, the reliability of financial statements and the obedience of governing regulations, and the design and enforcement of internal control system is free of material misstatement and is able to ensure the realization of the aforementioned objectives.

6. The Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Securities Transaction Regulation No. 20, No. 32, No. 171, and NO. 174.

7. We hereby declared that the Declaration of Internal Control was approved by the Board of Directors on March 20, 2019 unanimously by the directors at the meeting.

ASUSTeK Computer Inc.

Chairman: Jonney Shih

Chairman: Jonney Shih

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

General Manager & Co-CEO: Samson Hu

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Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.:

Opinion

We have audited the accompanying consolidated balance sheets of ASUSTEK COMPUTER INC. and its subsidiaries (the "Group") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethi cs for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Evaluation of inventories

Description

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

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

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

How our audit addressed the matter

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

1. Assessed the policy on allowance for inventory valuation loss, based on our understanding of the Group's operations and industry.

2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents.
3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Refund liabilities - sales returns and discounts

Description

Refer to Note 4(33) for the accounting policies on estimations for sales returns and discounts, Note 5 for the uncertainty of accounting estimations and assumptions for refund liabilities - sales returns and discounts, and Note 6(18) for the details of refund liabilities - sales returns and discounts. As of December 31, 2018, refund liabilities - sales returns and discounts amounted to $19,861,807 thousand.

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

How our audit addressed the matter

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

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

Classification and presentation of discontinued operations

Description

Refer to Note 6(12) for details of discontinued operations.

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

How our audit addressed the matter

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

1. Obtained the Board minutes of the parent company of the Group about business transformation plan pertaining to the resolution and management's detailed listings of valuation effects of assets and liabilities and checked relevant supporting documentation.
2. Confirmed the financial statements are reasonably presented by reviewing and assessing how the management disclosed the discontinued operations.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets of $17,650,677 thousand and $7,260,183 thousand (including investments accounted for under the equity method amounting to $3,755,296 thousand and $119,517 thousand), constituting 5.16% and 2.11% of consolidated total assets as of December 31, 2018 and 2017, respectively, total operating revenues of $18,583,584 thousand and $24,086,172 thousand, constituting 5.25% and 6.23% of consolidated operating revenues for the years ended December 31, 2018 and 2017, respectively, and the share of profit and other comprehensive income of associates and joint ventures accounted for under the equity method of $43,667 thousand and $22,777 thousand, constituting (1.87%) and 0.36% of consolidated comprehensive income for the years ended December 31, 2018 and 2017, respectively. The financial statements of these investee companies were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these consolidated subsidiaries and investments accounted for under the equity method, is based solely on the reports of other independent auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion with an Other Matters section on the parent company only financial statements of ASUSTEK COMPUTER INC. as of and for the years ended December 31, 2018 and 2017.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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solely responsible for our audit opinion.

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

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

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

Chou, Chien Hung

Chou, Chien-Hung

Chang, Shu-Chiang

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2019

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	NOTES	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 63,972,548	19	$ 72,192,962	21
Financial assets at fair value through profit or loss - current	6(2)	4,995,219	1	8,057,062	3
Financial assets at fair value through other comprehensive income - current	6(3)	636,827	-	-	-
Available-for-sale financial assets - current	12(4)	-	-	803,394	-
Derivative financial assets for hedging - current	6(5)	334,333	-	11,392	-
Financial assets at amortized cost - current	6(4)	1,665,377	-	-	-
Notes receivable	6(6)	4,397,115	1	8,369,528	3
Trade receivables	6(6)(7) and 7	77,717,433	23	76,509,775	22
Other receivables	7	736,104	-	629,230	-
Inventories	6(8)	94,259,039	28	83,055,957	24
Prepayments		6,096,345	2	7,753,577	2
Other current assets	8	113,906	-	205,503	-
Total current assets		254,924,246	74	257,588,380	75
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	145,704	-	-	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	45,359,962	13	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	54,233,390	16
Financial assets carried at cost - non-current	12(4)	-	-	181,313	-
Investments accounted for under equity method	6(9)	5,666,800	2	364,542	-
Property, plant and equipment	6(10) and 8	16,733,866	5	15,250,476	4
Investment property		4,024,499	1	4,003,398	1
Intangible assets	6(11)	2,071,736	1	1,953,183	1
Deferred income tax assets	6(28)	9,726,356	3	8,202,158	2
Other non-current assets	6(13) and 8	3,512,707	1	3,114,329	1
Total non-current assets		87,241,630	26	87,302,789	25
TOTAL ASSETS		$ 342,165,876	100	$ 344,891,169	100

(Continued)

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	NOTES	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
Current liabilities					
Short-term borrowings	6(14)	$ 7,124,984	2	$ 5,750,078	2
Financial liabilities at fair value through profit or loss - current	6(2)	240,293	-	429,979	-
Derivative financial liabilities for hedging - current	6(5)	53,437	-	682,446	-
Contract liabilities - current	6(23)	954,548	-	-	-
Notes and trade payables	6(7) and 7	65,138,253	19	56,494,911	17
Other payables - accrued expenses	7	37,620,949	11	39,704,639	12
Current income tax liabilities		5,066,425	2	4,604,939	1
Provisions for liabilities - current	6(17) and 9	22,429,049	7	41,179,190	12
Receipts in advance		6,710	-	781,602	-
Current portion of long-term borrowings	6(15)	-	-	2,750	-
Refund liabilities - current	6(18)	19,861,807	6	-	-
Other current liabilities	7	4,193,170	1	4,255,639	1
Total current liabilities		162,689,625	48	153,886,173	45
Non-current liabilities					
Long-term borrowings	6(15)	-	-	1,011,177	-
Deferred income tax liabilities	6(28)	11,117,996	3	10,673,666	3
Other non-current liabilities	6(16)	666,331	-	645,850	-
Total non-current liabilities		11,784,327	3	12,330,693	3
Total liabilities		174,473,952	51	166,216,866	48
Equity attributable to shareholders of the parent					
Share capital - common shares	6(19)	7,427,603	2	7,427,603	2
Capital surplus	6(20)	6,299,430	2	5,554,197	1
Retained earnings	6(21)				
Legal reserve		34,983,546	10	33,429,055	10
Special reserve		693,941	-	693,941	-
Unappropriated retained earnings		94,556,481	28	102,790,860	30
Other equity	6(3)(5)(22)	17,404,000	5	25,248,529	8
Total equity attributable to shareholders of the parent		161,365,001	47	175,144,185	51
Non-controlling interest		6,326,923	2	3,530,118	1
Total equity		167,691,924	49	178,674,303	52
TOTAL LIABILITIES AND EQUITY		$ 342,165,876	100	$ 344,891,169	100

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

ITEMS	NOTES	FOR THE YEARS ENDED DECEMBER 31, 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
Operating revenue	6(23) and 7	$ 354,187,665	100	$ 386,418,859	100
Operating costs	6(8)(16)(26)(27)(31) and 7	(302,173,389)	(85)	(331,516,609)	(86)
Gross profit		52,014,276	15	54,902,250	14
Operating expenses	6(13)(16)(26)(27)(31), 7 and 9				
Selling expenses		(17,051,012)	(5)	(19,583,522)	(5)
General and administrative expenses		(6,950,193)	(2)	(6,259,571)	(2)
Research and development expenses		(11,037,437)	(3)	(11,774,265)	(3)
Total operating expenses		(35,038,642)	(10)	(37,617,358)	(10)
Operating profit		16,975,634	5	17,284,892	4
Non-operating income and expenses					
Other income	6(4)(24)	4,158,750	1	3,910,366	1
Other gains (losses)	6(2)(10)(25) and 9	33,581	-	2,676,800	1
Finance costs		(257,339)	-	(175,235)	-
Share of profit of associates and joint ventures accounted for under equity method	6(9)	75,091	-	23,971	-
Total non-operating income and expenses		4,010,083	1	6,435,902	2
Profit before income tax		20,985,717	6	23,720,794	6
Income tax expenses	6(28)	(3,643,418)	(1)	(4,164,510)	(1)
Profit from continuing operations for the year		17,342,299	5	19,556,284	5
Loss from discontinued operations for the year	6(12)	(12,069,803)	(4)	(3,516,290)	(1)
Profit for the year		$ 5,272,496	1	$ 16,039,994	4
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	6(16)(22)	($ 15,162)	-	($ 22,282)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)	(9,469,103)	(2)	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(22)	(1,606)	-	-	-
Income tax relating to components of other comprehensive income	6(22)(28)	47,830	-	1,222	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(22)	1,008,147	-	(4,856,680)	(2)
Unrealized gains (losses) on valuation of available-for-sale financial assets	6(22) and 12(4)	-	-	(3,721,315)	(1)
Losses on effective portion of cash flow hedges	6(22)	-	-	(1,953,888)	-
Gains (losses) on hedging instrument	6(5)(22)	951,950	-	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(22)	(9,091)	-	(111)	-
Income tax relating to the components of other comprehensive income	6(22)(28)	(126,125)	-	803,136	-
Other comprehensive income (loss) for the year		($ 7,613,160)	(2)	($ 9,749,918)	(3)
Total comprehensive income (loss) for the year		($ 2,340,664)	(1)	$ 6,290,076	1
Profit attributable to:					
Shareholders of the parent		$ 4,235,036	1	$ 15,544,905	4
Non-controlling interest		1,037,460	-	495,089	-
		$ 5,272,496	1	$ 16,039,994	4
Total comprehensive income (loss) attributable to:					
Shareholders of the parent		($ 3,346,590)	(1)	$ 5,811,152	1
Non-controlling interest		1,005,926	-	478,924	-
		($ 2,340,664)	(1)	$ 6,290,076	1
Basic Earnings per share (in dollars)	6(29)				
Profit from continuing operations		$ 21.95		$ 25.66	
Loss from discontinued operations		(16.25)		(4.73)	
Basic earnings per share		$ 5.70		$ 20.93	
Diluted earnings per share (in dollars)	6(29)				
Profit from continuing operations		$ 21.90		$ 25.49	
Loss from discontinued operations		(16.21)		(4.70)	
Diluted earnings per share		$ 5.69		$ 20.79	

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to shareholders of the parent													
			Retained Earnings			Other Equity Interest								
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain on available-for-sale financial assets	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Remeasurements of defined benefit plan	Total	Non-controlling interest	Total equity
For the year ended December 31, 2017														
Balance at January 1, 2017	$7,427,603	$5,079,722	$31,508,782	$ 693,941	$ 101,793,153	$2,149,750	$ -	$31,628,691	$1,282,834	$ -	($ 78,993)	$ 181,485,483	$2,731,731	$ 184,217,214
Appropriations of 2016 earnings (Note 6(21))														
Legal reserve	-	-	1,920,273	-	(1,920,273)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,626,925)	-	-	-	-	-	-	(12,626,925)	-	(12,626,925)
Profit for the year	-	-	-	-	15,544,905	-	-	-	-	-	-	15,544,905	495,089	16,039,994
Other comprehensive income (loss) for the year	-	-	-	-	-	(4,025,708)	-	(3,734,883)	(1,953,888)	-	(19,274)	(9,733,753)	(16,165)	(9,749,918)
Change in associates and joint ventures accounted for under equity method	-	476	-	-	-	-	-	-	-	-	-	476	-	476
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	51,471	-	-	-	-	-	-	-	-	-	51,471	-	51,471
Recognition of changes in ownership interest in subsidiaries	-	422,528	-	-	-	-	-	-	-	-	-	422,528	-	422,528
Non-controlling interest (Note 6(30))	-	-	-	-	-	-	-	-	-	-	-	-	319,463	319,463
Balance at December 31, 2017	$7,427,603	$5,554,197	$33,429,055	$ 693,941	$ 102,790,860	($1,875,958)	$ -	$27,893,808	($ 671,054)	$ -	($ 98,267)	$ 175,144,185	$3,530,118	$ 178,674,303
For the year ended December 31, 2018														
Balance at January 1, 2018	$7,427,603	$5,554,197	$33,429,055	$ 693,941	$ 102,790,860	($1,875,958)	$ -	$27,893,808	($ 671,054)	$ -	($ 98,267)	$ 175,144,185	$3,530,118	$ 178,674,303
Effect of retrospective application and restatement	-	-	-	-	289,921	-	27,630,905	(27,893,808)	671,054	(671,054)	-	27,018	-	27,018
Balance at January 1, after adjustments	7,427,603	5,554,197	33,429,055	693,941	103,080,781	(1,875,958)	27,630,905	-	-	(671,054)	(98,267)	175,171,203	3,530,118	178,701,321
Appropriations of 2017 earnings (Note 6(21))														
Legal reserve	-	-	1,554,491	-	(1,554,491)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	(11,141,404)	-	(11,141,404)
Profit for the year	-	-	-	-	4,235,036	-	-	-	-	-	-	4,235,036	1,037,460	5,272,496
Other comprehensive income (loss) for the year	-	-	-	-	-	871,929	(9,396,876)	-	-	951,950	(8,629)	(7,581,626)	(31,534)	(7,613,160)
Change in associates and joint ventures accounted for under equity method	-	40,891	-	-	(2,532)	-	-	-	-	-	-	38,359	-	38,359
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,780)	-	-	-	-	-	-	-	-	-	(4,780)	-	(4,780)
Recognition of changes in ownership interest in subsidiaries	-	709,122	-	-	-	-	-	-	-	-	-	709,122	-	709,122
Non-controlling interest (Note 6(30))	-	-	-	-	-	-	-	-	-	-	-	-	1,790,879	1,790,879
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(60,909)	-	-	-	-	-	-	(60,909)	-	(60,909)
Balance at December 31, 2018	$7,427,603	$6,299,430	$34,983,546	$ 693,941	$ 94,556,481	($1,004,029)	$ 18,234,029	$ -	$ -	$ 280,896	($ 106,896)	$ 161,365,001	$6,326,923	$ 167,691,924

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2018	2017
Cash flows from operating activities		
Profit before income tax from continuing operations for the year	$ 20,985,717	$ 23,720,794
Loss before income tax from discontinued operations for the year	(14,004,727)	(3,757,060)
Profit before tax from continuing and discontinued operations for the year	6,980,990	19,963,734
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities		
Income and expenses that result in non-cash flows		
Depreciation (including investment property)	1,243,625	1,250,126
Amortization	433,740	403,056
Reversal of allowance for doubtful accounts	-	(379,220)
Expected credit impairment losses	674,708	-
Net loss (gain) on financial assets or liability at fair value through profit or loss	(979,105)	2,335,591
Share of profit of associates and joint ventures accounted for under equity method	(75,091)	(23,971)
Interest income	(1,491,312)	(1,081,957)
Dividend income	(2,552,907)	(2,828,411)
Interest expense	257,339	175,235
Impairment loss (reversal of impairment loss) on non-financial assets	163,998	(4,065)
Gain on disposal of investments	(1,683,748)	(54,156)
Others	83,393	57,207
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	5,675,577	(1,020,392)
Notes receivable	3,972,413	(3,479,231)
Trade receivables	(2,570,773)	3,917,500
Other receivables	(80,887)	236
Inventories	(11,725,783)	4,038,739
Prepayments	3,315	(1,511,178)
Other current assets	95,423	(98,224)
Financial liabilities at fair value through profit or loss	(1,837,676)	(2,961,612)
Contract liabilities	318,137	-
Notes and trade payables	9,130,869	(17,057,959)
Other payables - accrued expenses	(607,017)	366,320
Provisions for liabilities	1,600,806	(2,117,489)
Receipts in advance	(142,089)	186,309
Refund liabilities	(475,899)	-
Other current liabilities	(68,164)	328,356
Other operating liabilities	61,269	23,412
Receipt of interest	1,445,135	1,072,580
Payment of interest	(243,792)	(204,271)
Payment of income tax	(2,436,572)	(2,677,119)
Net cash flows provided by (used in) operating activities	5,169,922	(1,380,854)
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(425,492)	-
Acquisition of property, plant and equipment	(3,288,695)	(2,100,196)
Proceeds from disposal of property, plant and equipment	132,278	68,421
Acquisition of intangible assets	(292,196)	(337,823)
Acquisition of financial assets at amortized cost	(1,637,075)	-
Acquisition of investments accounted for under equity method	(180,000)	-
Increase in refundable deposits	(323,361)	(102,684)
Changes in other non-current assets	(311,181)	(264,042)
Receipt of dividends	2,581,742	2,842,531
Proceeds from disposal of subsidiaries	118,836	-
Others	37,501	(29,446)
Net cash flows provided by (used in) investing activities	(3,587,643)	76,761
Cash flows from financing activities		
Increase in short-term borrowings	1,339,457	2,771,552
Proceeds from long-term borrowings	2,580,000	2,328,800
Redemption of long-term borrowings	(3,594,893)	(2,572,824)
Payment of cash dividends	(11,141,404)	(12,626,925)
Change in non-controlling interest	(407,887)	707,901
Others	(45,035)	84,469
Net cash flows provided by (used in) financing activities	(11,269,762)	(9,307,027)
Effects due to changes in exchange rate	1,467,069	(4,888,587)
Decrease in cash and cash equivalents	(8,220,414)	(15,499,707)
Cash and cash equivalents at beginning of year	72,192,962	87,692,669
Cash and cash equivalents at end of year	$ 63,972,548	$ 72,192,962

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

(1) ASUSTEK COMPUTER INC. (ASUS or the Company) was established in the Republic of China (R.O.C.). The Company is primarily engaged in the design, R&D and sales of 3C products (including PCs, main boards, other boards and cards, tablet PCs, smart phones and other handheld devices, etc.).

(2) The Company resolved to spin-off its OEM businesses on January 1, 2008. Pursuant to the Company's resolution, the Company transferred its computer OEM, design and manufacture of computer cases and molds and non-computer OEM businesses to its spun-off subsidiaries, PEGATRON CORPORATION (PEGA) and UNIHAN CORPORATION, respectively. On June 1, 2010, however, the Company transferred further its OEM assets and business (the Company's investments accounted for under equity method in PEGA) to the Company's another investee, PEGATRON INTERNATIONAL INVESTMENT CO. LTD. (PII). PII issued new shares to the Company and its shareholders as consideration. On April 29, 2013, the Company disposed the partial shares of PEGA and reduced the ownership percentage to less than 20%.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 20, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments to IFRSs as endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, "Classification and measurement of share-based payment transactions"	January 1, 2018
Amendments to IFRS 4, "Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts"	January 1, 2018
IFRS 9, "Financial instruments"	January 1, 2018
IFRS 15, "Revenue from contracts with customers"	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 15, "Clarifications to IFRS 15, Revenue from contracts with customers"	January 1, 2018
Amendments to IAS 7, "Disclosure initiative"	January 1, 2017
Amendments to IAS 12, "Recognition of deferred tax assets for unrealized losses"	January 1, 2017
Amendments to IAS 40, "Transfers of investment property"	January 1, 2018
IFRIC 22, "Foreign currency transactions and advance consideration"	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, "First-time adoption of International Financial Reporting Standards"	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, "Disclosure of interests in other entities"	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, "Investments in associates and joint ventures"	January 1, 2018

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

A. IFRS 9, "Financial instruments"

(A) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to recognize the equity instrument not held for trading at fair value in other comprehensive income.

(B) The impairment losses of debt instruments are assessed using an "expected credit loss" approach. An entity assesses at the end of each financial reporting period whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of loss allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(C) The amended general hedge accounting makes the accounting practices consistent with an entity's risk management strategy. The components and the grouping of non-financial items can be loosened as hedged items. The 80%~125% threshold of highly efficient hedge is removed, and that the hedged items and the hedged percentages that the hedge instruments can rebalance under the unchanged business objectives of risk management is increased.

(D) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of effect as at January 1, 2018, please refer to Note 12(4) B.

B. IFRS 15, "Revenue from contracts with customers" and amendments

(A) The core principle of IFRS 15, "Revenue from contracts with customers" is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of revenue; information related to performance obligations; changes in contract asset and liability account balances between different periods and significant judgements and assumptions.

(B) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 15. The details of effect as at January 1, 2018 are summarized below:

Presentation of assets and liabilities in relation to contracts with customers

In accordance with IFRS 15, the Group adjusted the presentation of certain accounts in the balance sheet as follows:

a. Under IFRS 15, estimated sales returns and discounts are recognized as refund liabilities, different from provisions for liabilities - current as previously presented in the balance sheet. As of January 1, 2018, the balance amounted to $20,350,947.

b. Under IFRS 15, liabilities relating to sales contracts are recognized as contract liabilities, different from receipts in advance as previously presented in the balance sheet. As of January 1, 2018, the balance amounted to $781,602.

C. Please refer to Notes 12(4) and (5) for disclosure in relation to the initial application of IFRS 9 and IFRS 15.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, "Prepayment features with negative compensation"	January 1, 2019
IFRS 16, "Leases"	January 1, 2019
Amendments to IAS 19, "Plan amendment, curtailment or settlement"	January 1, 2019
Amendments to IAS 28, "Long-term interests in associates and joint ventures"	January 1, 2019
IFRIC 23, "Uncertainty over income tax treatments"	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, "Leases"

IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and Standing Interpretations Committee (SICs). The standard requires lessees to recognize a "right-of-use asset" and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating lease and finance lease, and only increases the related disclosures.

The Group expects to recognize the lease contract of lessees in line with IFRS 16 using the modified retrospective approach. The effects will be adjusted on January 1, 2019, it is expected that 'right-of-use asset', lease liability will be increased and other non-current assets - long-term prepaid rents, prepayment will be decreased by $3,392,189, $1,384,624, $2,002,288 and $5,277, respectively.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, "Disclosure Initiative - Definition of Material"	January 1, 2020
Amendments to IFRS 3, "Definition of a business"	January 1, 2020

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

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

4. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(1) Compliance statement

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

(2) Basis of preparation

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

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

C. The Group used modified retrospective method to recognize the transition differences of initially applying IFRS 9 and IFRS 15 in retained earnings or in other components of equity at the date of initial application (January 1, 2018) and did not restate the consolidated financial statements for the year ended December 31, 2017. The Group's consolidated financial statements for the year ended December 31, 2017 were prepared in accordance with International Accounting Standard 39 (IAS 39), International Accounting Standard 11 (IAS 11), International Accounting Standard 18 (IAS 18) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Investor	Subsidiary	Main business activities	2018/12/31	2017/12/31	Remark
ASUS	ASUS COMPUTER INTERNATIONAL (ACI)	Selling of 3C products in North America	100.00	100.00	
ASUS	ASUS TECHNOLOGY INCORPORATION (ASUTC)	Selling of 3C products in Taiwan	100.00	100.00	
ASUS	ASUS HOLLAND B. V. (ACH)	Repairing of 3C products	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
ASUS	ASUS INTERNATIONAL LIMITED (AIL)	Investing in 3C and computer peripheral business	100.00	100.00	
ASUS	ASUSTEK HOLDINGS LIMITED (AHL)	Investing in computer peripheral business	100.00	100.00	
ASUS	ASUS GLOBAL PTE. LTD. (ASGL)	Selling of 3C products	100.00	100.00	
ASUS	ASUS CLOUD CORPORATION (ASUSCLOUD)	Selling and consulting of internet service	94.58	90.06	
ASUS	ASKEY COMPUTER CORP. (ASKEY)	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts	100.00	100.00	
ASUS	HUA-CHENG VENTURE CAPITAL CORP. (HCVC)	Investing in computer peripheral business	100.00	100.00	
ASUS	HUA-MIN INVESTMENT CO., LTD. (HMI)	Investing in computer peripheral business	100.00	100.00	
ASUS	AGAIT TECHNOLOGY CORPORATION (AGA)	Designing and selling of computer peripheral and smart vacuums	-	100.00	
ASUS	QUANTUM CLOUD INTERNATIONAL PTE. LTD. (QCI)	Servicing of information technology	100.00	100.00	Note 1
ASUS	JINSHUO CULTURAL DIFFUSION CO., LTD. (JSCD)	Professional eSports	100.00	-	
ASUS and HCVC	SHINEWAVE INTERNATIONAL INC. (SWI)	Researching, developing, selling and consulting of information system software	51.00	51.00	
ASUS and HCVC	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN) (IUT)	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	56.73	56.73	
ASUS and HCVC	PT. ASUS TECHNOLOGY INDONESIA BATAM (ACBT)	Selling of 3C products in Indonesia	100.00	100.00	
ASUS and HCVC	PT. ASUS TECHNOLOGY INDONESIA JAKARTA (ACJK)	Selling of 3C products in Indonesia	100.00	100.00	
ASUS, HCVC and HMI	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, researching, developing and manufacturing of high-speed analog circuit	52.93	53.11	
ASUS, HCVC and HMI	UPI SEMICONDUCTOR CORP. (UPI)	Designing, researching, developing and selling of integrated circuits	-	52.03	Note 2

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
ASUS, HCVC and HMI	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling of industrial computers and computer peripherals	40.73	56.63	
ASUS, HMI and AAEON	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling of medical computers	55.86	55.86	Note 3
SWI GROUP	EMES (SUZHOU) CO., LTD. (EMES)	Selling and consulting of information system software	100.00	100.00	
ASKEY GROUP	ASKEY INTERNATIONAL CORP. (ASKEYI)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	DYNALINK INTERNATIONAL CORP. (DIC)	Investing in communication business	100.00	100.00	
ASKEY GROUP	MAGIC INTERNATIONAL CO., LTD. (MIC)	Investing in computer peripheral business	100.00	100.00	
ASKEY GROUP	ASKEY (VIETNAM) COMPANY LIMITED (ASKEYVN)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	MAGICOM INTERNATIONAL CORP. (MAGICOM)	Investing in communication business	100.00	100.00	
ASKEY GROUP	YANG XU ELECTRONIC TECHNOLOGY (SHANGHAI) LTD. (ASKEYSH)	Researching, developing and selling of communication products	100.00	100.00	
ASKEY GROUP	OPENBASE LIMITED (OB)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	LEADING PROFIT CO., LTD. (LP)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	UNI LEADER INTERNATIONAL LTD. (UNI)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	ASKEY TECHNOLOGY (JIANGSU) LTD. (ASKEYJS)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	WISE ACCESS (HK) LIMITED (WISE)	Investing in communication and computer peripheral business	100.00	100.00	
ASKEY GROUP	SILIGENCE SAS (SILIGENCE)	Selling and servicing of communication products	95.95	95.95	
ASKEY GROUP	ASKEY MAGICXPRESS (WUJIANG) CORP. (ASKEYMWJ)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	ASKEY COMMUNICATION GMBH (ASKEYCG)	Selling and servicing of communication products	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
ASKEY GROUP	ASKEY DO BRASIL TECNOLOGIA LTDA. (ASKEYBR)	Servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY CORPORATION (THAILAND) CO., LTD. (ASKEYTH)	Intelligent energy-savings service	100.00	100.00	
ASKEY GROUP	ASKEY JAPAN CO,. LTD. (ASKEYJP)	Selling and servicing of communication products	100.00	-	
IUT	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (IUTS)	Investing in ink-jet print heads and ink-jet digital image output technology business	100.00	100.00	
AGA GROUP	AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED (AGAHK)	Investing in computer peripheral business	-	100.00	
AAEON GROUP	AAEON ELECTRONICS, INC. (AAEONEI)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON DEVELOPMENT INCORPORATED (AAEONDI)	Investing in industrial computers and computer peripheral business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY CO., LTD. (AAEONTCL)	Investing in industrial computers and interface cards business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY (EUROPE) B. V. (AAEONEU)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY GMBH (AAEONG)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON INVESTMENT CO., LTD. (AAEONI)	Investing in industrial computers and computer peripherals business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY SINGAPORE PTE. LTD. (AAEONSG)	Selling of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY (SUZHOU) INC. (AAEONSZ)	Manufacturing and selling of industrial computers and interface cards	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE USA, INC. (ONYXHU)	Selling of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE EUROPE B. V. (ONYXHE)	Marketing support and repairing of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE (SHANGHAI) LTD. (ONYXSH)	Selling of medical computers and peripherals	100.00	100.00	
ONYX GROUP	IHELPER INC. (IHELPER)	Researching, developing and selling of medical robots	46.00	-	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
UPI GROUP	UBIQ SEMICONDUCTOR CORP. (UBIQ)	Designing, researching, developing and selling of integrated circuits	-	100.00	Note 2
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (HK) LIMITED (UPIHK)	Investing in business of electronic products	-	100.00	Note 2
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LIMITED (UPISZ)	Technical support for electronic products	-	100.00	Note 2
UPI GROUP	JPD LABO CO., LTD. (JPDJP)	Designing, researching and developing of electronic products	-	100.00	Notes 1 and 2
ASUSCLOUD GROUP	ASUS CLOUD SINGAPORE PTE. LTD. (ASUSCLOUDSG)	Investing in internet service business	100.00	100.00	
ASUSCLOUD GROUP	ASUS LIFE CORPORATION (ASUSLC)	Selling of internet information service	50.00	50.00	
ASUSCLOUD GROUP	ASUS CLOUD (LUXEMBOURG) S. A R. L. (ASUSCLOUDLB)	Providing maintenance and operating service for information hardware	100.00	100.00	
AIL GROUP	DEEP DELIGHT LIMITED (DDL)	Investing in computer peripheral business	100.00	100.00	
AIL GROUP	CHANNEL PILOT LIMITED (CHANNEL)	Investing in 3C business	100.00	100.00	
AIL GROUP	UNIMAX HOLDINGS LIMITED (UHL)	Investing in automotive electronics and computer peripheral business	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PTE. LIMITED (ASTP)	Investing in 3C business	100.00	100.00	
AIL GROUP	ASUS MIDDLE EAST FZCO (ACAE)	Providing support and repair for 3C products in Middle East	100.00	100.00	
AIL GROUP	ASUS EGYPT L. L. C. (ACEG)	Providing support for 3C products in Egypt	100.00	100.00	
AIL GROUP	ASUS COMPUTER GMBH (ACG)	Selling and providing support for 3C products in Germany	100.00	100.00	
AIL GROUP	ASUS FRANCE SARL (ACF)	Providing support for 3C products in France	100.00	100.00	
AIL GROUP	ASUSTEK (UK) LIMITED (ACUK)	Providing support for 3C products in United Kingdom	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (HONG KONG) LIMITED (ACHK)	Providing support and repair for 3C products in Hong Kong	100.00	100.00	
AIL GROUP	ASUS KOREA CO., LTD. (ACKR)	Providing support and repair for 3C products in South Korea	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
AIL GROUP	ASUSTEK COMPUTER (S) PTE. LTD. (ACSG)	Repairing of 3C products in Singapore	100.00	100.00	
AIL GROUP	ASUS POLSKA SP. Z O. O. (ACPL)	Providing support for 3C products in Poland	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PRIVATE LIMITED (ACIN)	Providing support and repair for 3C products in India	100.00	100.00	
AIL GROUP	ASUS EUROPE B.V. (ACNL)	Selling of 3C products	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (VIETNAM) CO., LTD. (ACVN)	Repairing of 3C products in Vietnam	100.00	100.00	
AIL GROUP	ASUSTEK ITALY S. R. L. (ACIT)	Providing support for 3C products in Italy	100.00	100.00	
AIL GROUP	ASUS SPAIN MARKETING SUPPORT SL (ACIB)	Providing support for 3C products in Spain	100.00	100.00	Note 1
AIL GROUP	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (ACSZ)	Researching and developing of 3C products	100.00	100.00	
AIL GROUP	ASUS JAPAN INCORPORATION (ACJP)	Selling of 3C products in Japan	100.00	100.00	
AIL GROUP	ASUS COMPUTER CZECH REPUBLIC S. R. O. (ACCZ)	Providing support for 3C products in Czech Republic	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS SERVICE AUSTRALIA PTY LIMITED (ASAU)	Repairing of 3C products in Australia	100.00	100.00	
AIL GROUP	ASUS AUSTRALIA PTY LIMITED (ACAU)	Providing support for 3C products in Australia	100.00	100.00	
AIL GROUP	ACBZ IMPORTACAO E COMERCIO LTDA. (ACBZ)	Selling of 3C products in Brazil	100.00	100.00	
AIL GROUP	ASUS INDIA PRIVATE LIMITED (ASIN)	Selling of 3C products in India	100.00	100.00	
AIL GROUP	ASUS ISRAEL (TECHNOLOGY) LTD. (ACIL)	Providing support for 3C products in Israel	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS PERU S. A. C. (ACPE)	Providing support for 3C products in Peru	100.00	100.00	
AIL GROUP	PT. ASUS SERVICE INDONESIA (ASID)	Repairing of 3C products in Asia-pacific and America	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
AIL GROUP	ASUS HOLDINGS MEXICO, S. A. DE C. V. (ACMH)	Selling of 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS MEXICO, S. A. DE C. V. (ACMX)	Providing support for 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA. (ACPT)	Providing support for 3C products in Portugal	100.00	100.00	
AIL GROUP	ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY (ACHU)	Providing support and repair for 3C products in Hungary	100.00	100.00	
AIL GROUP	ASUS SWITZERLAND GMBH (ACCH)	Providing support for 3C products in Switzerland	100.00	100.00	
AIL GROUP	ASUS NORDIC AB (ACN)	Providing support for 3C products in North Europe	100.00	100.00	
AIL GROUP	ASUS COMPUTER COLOMBIA S. A. S. (ACCO)	Providing support for 3C products in Colombia	100.00	100.00	
AIL GROUP	ASUS MARKETING (THAILAND) CO., LTD. (ACTH)	Providing support for 3C products in Thailand	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTERS (PTY) LIMITED (ACZA)	Providing support and repair for 3C products in Africa	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER MALAYSIA SDN. BHD. (ACMY)	Providing support and repair for 3C products in Malaysia	100.00	100.00	
AIL GROUP	ASUS BILGISAYAR SISTEMLERI TICARET LIMITED SIRKETI (ACTR)	Providing support and repair for 3C products in Turkey	100.00	-	
AIL GROUP	ASUS CHILE SPA (ACCL)	Providing support for 3C products in Chile	100.00	-	
AIL GROUP	ASUS TEKNOLOJI SERVISLERI TICARET LIMITED SIRKETI (ASTR)	Repairing of 3C products in Turkey	100.00	-	
AIL GROUP	ASUS SERVICE (THAILAND) CO., LTD. (ASTH)	Repairing of 3C products in Thailand	100.00	-	
AIL GROUP	UNIMAX ELECTRONICS INCORPORATION (UEI)	Manufacturing and selling of automotive electronics and computer peripherals	100.00	100.00	
AIL GROUP	ASUS COMPUTER (SHANGHAI) CO., LTD. (ACS)	Repairing of 3C products	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2018/12/31	Ownership (%) 2017/12/31	Remark
AIL GROUP	ASUS INVESTMENTS (SUZHOU) CO., LTD. (ACISZ)	Leasing real estate	100.00	100.00	
AIL GROUP and ACH	ASUS CZECH SERVICE S. R. O. (ACCZS)	Repairing of 3C products in Europe	100.00	100.00	

Note 1: JPDJP was named UPI SOLUTIONS CO., LTD. before it was renamed in June 2017; QCI was named ASUS DIGITAL INTERNATIONAL PTE. LTD. before it was renamed in June 2018; ACIB was named ASUS IBERICA S. L. before it was renamed in November 2018.

Note 2: The Group has no control or has lost control during the period.

Note 3: Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different end of the financial reporting period: None.

E. Significant restrictions on its ability to transfer the assets and liabilities to other entities within the Group: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

Non-controlling interests in each subsidiary is immaterial to the Group.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.

(B) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation are recognized in profit or loss.

(C) Non-monetary assets and liabilities denominated in foreign currencies at fair value through profit or loss are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains (losses)".

B. Translation of foreign operations

(A) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognized in other comprehensive income.

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

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

(5) Classification of current and non-current items

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

(A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realized within 12 months from the end of the financial reporting period;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.

Otherwise they are classified as non-current assets.

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

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within 12 months from the end of the financial reporting period;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

A. At initial recognition, the Group makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:

(A) The objective of the Group's business model is achieved by both collecting contractual cash flows and selling financial assets; and

(B) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(A) The changes in fair value of equity investments that are recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the Group's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

(9) <u>Financial assets measured at amortized costs</u>

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

(10) <u>Accounts and notes receivable</u>

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) <u>Impairment of financial assets</u>

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

(12) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset has expired.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially almost all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of financial asset.

(13) Operating leases (lessor)

An operating lease is a lease that all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessees. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

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

(15) Investments accounted for under equity method

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in “capital surplus” in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares or buys treasury stocks (including the Group does not acquire or dispose shares proportionately), which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of buildings are 10~60 years, machinery and equipment are 1~10 years and miscellaneous equipment are 1~20 years.

(17) Operating leases (lessee)

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

(18) Investment property

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

(19) Intangible assets

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

B. Other intangible assets, mainly computer software, are amortized on a straight-line basis over their estimated useful lives of 1~6 years.

(20) Impairment of non-financial assets

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

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

(21) Borrowings

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

(22) Notes and trade payables

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(24) Derecognition of financial liabilities

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

(25) Offsetting financial assets and financial liabilities

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

(26) Non-hedging derivatives

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

(27) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group’s risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship as cash flow hedge which is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(A) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

a. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
b. The cumulative change in fair value of the hedged item from inception of the hedge.

(B) The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognized in profit or loss.

(C) The amount that has been accumulated in the cash flow hedge reserve in accordance with (A) is accounted for as follows:

a. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
b. For cash flow hedges other than those covered by a. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
c. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(D) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(28) Provisions for liabilities

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

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

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

(B) Defined benefit plans

a. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash follow using interest rates of government bonds or interest rates of return of high-quality investments that have terms to maturity approximating to the terms of the related pension liability.

b. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

c. Prior service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after financial reporting date shall be discounted to their present value.

D. Employees’ compensation and directors’ remuneration

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

(30) Employee share-based payment

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

B. Restricted stocks:

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

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

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

(D) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the issued subsidiaries and the issued subsidiaries must refund their payments on the stocks, the issued subsidiary recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in "capital surplus - others".

(31) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(32) <u>Dividends</u>

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

(33) Revenue recognition

Sales of goods

(A) The Group is engaged in the selling of 3C products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(B) Revenue from the sale of 3C products is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts. Historical experience is usually used to estimate for the discounts and returns. A refund liability is recognized for expected sales discounts payable to customers in relation to sales made until the end of the reporting period. The sales are made mainly with a credit term of open account 30 to 180 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(C) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(34) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

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

(35) Operating segments

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

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

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

Critical accounting estimates and assumptions:

A. Revenue recognition

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

As of December 31, 2018, the Group recognized $19,861,807 of refund liabilities for sales returns and discounts.

B. Evaluation of inventories

Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be a difference against actual result.

As of December 31, 2018, the carrying amount of inventories was $94,259,039.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	2018/12/31	2017/12/31
Cash on hand and petty cash	$ 7,117	$ 7,252
Checking accounts and demand deposits	25,676,338	33,103,905
Time deposits	36,911,805	37,419,354
Others	1,377,288	1,662,451
	$ 63,972,548	$ 72,192,962

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

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

	2018/12/31
Financial assets mandatorily measured at fair value through profit or loss - current:	
Listed and OTC stocks	$ 1,027,950
Unlisted and non-OTC stocks	5,937
Beneficiary certificates	3,832,002
Derivatives	129,330
	$ 4,995,219
Financial assets mandatorily measured at fair value through profit or loss - non-current:	
Listed and OTC stocks	$ 33,307
Unlisted and non-OTC stocks	38,312
Beneficiary certificates	74,085
	$ 145,704
Financial liabilities held for trading - current:	
Derivatives	$ 240,293

A. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the year ended December 31, 2018
Equity instruments	$ 343,958
Beneficiary certificates	28,956
Derivatives	604,065
Debt instruments	2,126
	$ 979,105

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	2018/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial assets:			
Forward exchange contracts			
-RUB/USD	RUB	464,714	2019/01
-CAD/USD	CAD	39,700	2019/01-2019/02
-THB/USD	THB	64,820	2019/01
-NOK/USD	NOK	32,487	2019/01
-USD/NTD	USD	400	2019/01
-PLN/USD	PLN	56,255	2019/03
-EUR/USD	EUR	78,000	2019/04
-JPY/USD	JPY	548,050	2019/03
-GBP/USD	GBP	6,000	2019/01
-SEK/USD	SEK	26,839	2019/01
-CNH/USD	CNH	243,061	2019/01
-IDR/USD	IDR	301,025,000	2019/01
-INR/USD	INR	174,744	2019/01
-AUD/USD	AUD	5,000	2019/01
-NTD/USD	USD	50,000	2019/06
Currency option contracts			
-EUR/USD	EUR	16,000	2019/03
-CNH/USD	CNH	765,457	2019/05
-RUB/USD	RUB	1,001,640	2019/01
Currency swap contracts			
-USD/NTD	USD	500	2019/01
-NTD/USD	USD	2,000	2019/06
Derivative financial liabilities:			
Forward exchange contracts			
-NTD/USD	USD	20,000	2019/05
-SEK/USD	SEK	30,940	2019/02
-PLN/USD	PLN	3,700	2019/01
-USD/NTD	USD	200	2019/01
-INR/USD	INR	3,633,412	2019/03
-CHF/USD	CHF	2,800	2019/01
-EUR/USD	EUR	198,700	2019/04
-CNH/USD	CNH	695,975	2018/03
-IDR/USD	IDR	1,517,622,000	2019/03
-JPY/USD	JPY	998,610	2019/02

	2018/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial liabilities:			
Currency option contracts			
-CNH/USD	CNH	2,499,061	2019/05
-JPY/USD	JPY	8,491,160	2019/03
-INR/USD	INR	2,750,228	2019/02
Currency swap contracts			
-NTD/USD	USD	3,000	2019/06

(A) Forward exchange contracts

The Group entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

(B) Currency option contracts

The Group entered into currency option contracts to buy or sell various foreign currencies rights at an agreed price in the future to hedge exchange rate risk of import and export proceeds. However, these currency option contracts are not accounted for under hedge accounting.

(C) Currency swap contracts

The Group entered into currency swap contracts to hedge cash flow risk of the floating-rate liability positions. However, these currency swap contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information about financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

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

		2018/12/31
Equity instruments - current:		
Listed and OTC stocks	$	310,939
Valuation adiustment		325,888
	$	636,827
Equity instruments - non-current:		
Listed and OTC stocks	$	26,880,445
Unlisted and non-OTC stocks		586,560
		27,467,005
Valuation adjustment		17,892,957
	$	45,359,962

A. The Group has elected to classify above investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $45,996,789 as of December 31, 2018.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2018
Change of fair value recognized in other comprehensive income	($ 9,521,521)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	($ 60,909)
Dividend income recognized in profit or loss	
Held at end of the year	$ 2,507,538
Derecognized during the year	-
	$ 2,507,538

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

D. Information about available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Financial assets at amortized cost

Items	2018/12/31
Current items:	
Time deposits with original maturity period more than three months	$ 1,665,377

A. The Group has no financial assets at amortized cost pledged to others.

B. As of December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $1,665,377.

C. Information about credit risk of financial assets at amortized cost is provided in Note 12(2).

(5) Hedging financial assets and liabilities

	2018/12/31
	Assets (Liabilities)
Forward exchange contracts - cash flow hedges - current	$ 334,333
Forward exchange contracts - cash flow hedges - current	(53,437)
	$ 280,896

A. Hedge accounting is applied to reduce the effect of accounting inconsistency between the hedging instrument and the hedged item. The Group entered into forward exchange contracts to manage its foreign currency exposure in respect of forecasted sales transactions. When forecasted sales transactions occur, the carrying amount of the non-financial hedged items should be adjusted the basis of recognition.

B. Transaction information associated with the Group adopting hedge accounting is as follows:

	2018/12/31		
Hedging instruments	Contract amount (in thousands)		Maturity period
Cash flow hedges:			
Derivative financial assets			
Forward exchange contracts			
-AUD/USD	AUD	14,000	2019/03
-EUR/USD	EUR	353,000	2019/06
-GBP/USD	GBP	46,000	2019/06
-SEK/USD	SEK	87,000	2019/06
-NOK/USD	NOK	79,000	2019/06
-RUB/USD	RUB	1,787,000	2019/03
-PLN/USD	PLN	48,000	2019/06
Derivative financial liabilities			
Forward exchange contracts			
-EUR/USD	EUR	155,000	2019/06
-GBP/USD	GBP	6,000	2019/06
-SEK/USD	SEK	29,000	2019/06
-NOK/USD	NOK	56,000	2019/06
-PLN/USD	PLN	46,000	2019/06
-AUD/USD	AUD	2,000	2019/03
-JPY/USD	JPY	2,800,000	2019/03

The average exchange rate of hedging instruments used by the Group is based on the consideration of future exchange rate fluctuation of the hedged items.

C. Cash flow hedges:

	2018
Other equity - gain (loss) on hedging instrument	
January 1	($ 671,054)
Add: Gains (losses) on hedge effectiveness - amount recognized in other comprehensive income	955,546
Net exchange differences	(3,596)
December 31	$ 280,896
Hedge ineffectiveness - amount recognized in other gains (losses)	($ 13,238)

D. As the hedging instrument expires, the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

E. The information as of December 31, 2017 is provided in Note 12(4).

(6) Notes and trade receivables

	2018/12/31	2017/12/31
Notes receivable	$ 4,397,115	$ 8,369,528
Trade receivables	80,832,557	78,970,208
	85,229,672	87,339,736
Less: Loss allowance	(3,115,124)	(2,460,433)
	$ 82,114,548	$ 84,879,303

A. The ageing analysis of notes and accounts receivable is as follows:

	2018/12/31	2017/12/31
Not past due	$ 69,382,775	$ 74,843,835
Less than 90 days past due	13,041,760	9,912,330
Between 91 and 180 days past due	398,241	334,541
More than 181 days past due	2,406,896	2,249,030
	$ 85,229,672	$ 87,339,736

B. The Group does not hold financial assets as security for trade receivables.

C. As of December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $4,397,115 and $8,369,528, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $77,717,433 and $76,509,775, respectively.

D. Information about credit risk of notes and accounts receivable is provided in Note 12(2).

(7) Offsetting financial assets and financial liabilities

A. The Group has assets (fair value of $30,836,695 and $ 32,856,423 as of December 31, 2018 and 2017, respectively) and liabilities (fair value of $36,514,971 and $40,618,937 as of December 31, 2018 and 2017, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables and notes and trade payables.

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

Offsetting trade receivables, notes and trade payables

	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)	Not set off in the balance sheet: collateral (received) /provided
2018/12/31	$ 30,836,695	($ 36,514,971)	($ 30,631,626)	$ 205,069	($ 5,883,345)	$ -
2017/12/31	32,856,423	(40,618,937)	(32,856,423)	-	(7,762,514)	-

(8) Inventories

	2018/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 47,894,476	($ 9,037,318)	$ 38,857,158
Work in process	4,173,692	(308,140)	3,865,552
Finished goods	4,734,534	(302,070)	4,432,464
Merchandise inventories	53,053,827	(7,050,130)	46,003,697
Inventories in transit	1,100,168	-	1,100,168
	$ 110,956,697	($ 16,697,658)	$ 94,259,039

	2017/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 36,986,735	($ 5,112,502)	$ 31,874,233
Work in process	2,241,052	(216,099)	2,024,953
Finished goods	2,501,394	(323,269)	2,178,125
Merchandise inventories	54,650,769	(8,782,364)	45,868,405
Inventories in transit	1,110,241	-	1,110,241
	$ 97,490,191	($ 14,434,234)	$ 83,055,957

Except for costs of goods sold, the inventories recognized as operating costs from continued and discontinued operations amounted to $2,868,464 and ($775,539), of which $2,472,048 and ($1,271,658) pertain to the decline (recovery) in value of inventories for the years ended December 31, 2018 and 2017, respectively. The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss had been sold for the year ended December 31, 2017.

(9) Investments accounted for under equity method

	2018/12/31	2017/12/31
Associates	$ 5,666,800	$ 364,542

A. The Group's associates are all immaterial, and the summary on financial information of share attributable to the Group is as follows:

	For the years ended December 31, 2018	2017
Profit (loss) for the year	$ 75,091	$ 23,971
Other comprehensive income (loss) for the year - net of income tax	(12,359)	4,517
Total comprehensive income (loss) for the year	$ 62,732	$ 28,488

B. The fair value of the Group's associates which have quoted market price is as follows:

	2018/12/31	2017/12/31
Fair value of associates	$ 2,896,449	$ 190,823

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2018						
Cost	$ 6,430,351	$ 7,165,888	$ 5,586,398	$ 6,328,088	$ 1,411,302	$ 26,922,027
Accumulated depreciation and impairment	-	(2,812,818)	(3,758,221)	(5,100,512)	-	(11,671,551)
	$ 6,430,351	$ 4,353,070	$ 1,828,177	$ 1,227,576	$ 1,411,302	$ 15,250,476
January 1, 2018	$ 6,430,351	$ 4,353,070	$ 1,828,177	$ 1,227,576	$ 1,411,302	$ 15,250,476
Acquisitions	-	43,086	455,292	440,354	2,318,486	3,257,218
Disposals	-	-	(127,491)	(24,077)	-	(151,568)
Depreciation	-	(266,240)	(504,689)	(466,811)	-	(1,237,740)
Impairment	-	(44,351)	(100,787)	(18,577)	-	(163,715)
Reversal of impairment	-	-	13	-	-	13
Reclassifications	-	272,195	38,276	80,051	(475,315)	(84,793)
Effects due to changes in consolidated entities	-	-	(19,817)	(54,627)	-	(74,444)
Net exchange differences	16,713	(22,226)	(20,389)	(13,040)	(22,639)	(61,581)
December 31, 2018	$ 6,447,064	$ 4,335,534	$ 1,548,585	$ 1,170,849	$ 3,231,834	$ 16,733,866
December 31, 2018						
Cost	$ 6,447,064	$ 7,363,769	$ 5,432,501	$ 4,299,207	$ 3,231,834	$ 26,774,375
Accumulated depreciation and impairment	-	(3,028,235)	(3,883,916)	(3,128,358)	-	(10,040,509)
	$ 6,447,064	$ 4,335,534	$ 1,548,585	$ 1,170,849	$ 3,231,834	$ 16,733,866

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2017						
Cost	$ 6,474,545	$ 7,155,510	$ 5,280,117	$ 7,299,782	$ -	$ 26,209,954
Accumulated depreciation and impairment	-	(2,608,710)	(3,624,234)	(6,233,243)	-	(12,466,187)
	$ 6,474,545	$ 4,546,800	$ 1,655,883	$ 1,066,539	$ -	$ 13,743,767
January 1, 2017	$ 6,474,545	$ 4,546,800	$ 1,655,883	$ 1,066,539	$ -	$ 13,743,767
Acquisitions	-	85,864	721,404	522,835	845,837	2,175,940
Disposals	-	(12,839)	(30,793)	(13,794)	-	(57,426)
Depreciation	-	(260,331)	(543,881)	(440,174)	-	(1,244,386)
Impairment	-	-	(11,164)	(103)	-	(11,267)
Reversal of impairment	-	-	15,332	-	-	15,332
Reclassifications	-	52,577	32,250	89,944	557,241	732,012
Effects due to changes in consolidated entities	-	-	-	7,332	-	7,332
Net exchange differences	(44,194)	(59,001)	(10,854)	(5,003)	8,224	(110,828)
December 31, 2017	$ 6,430,351	$ 4,353,070	$ 1,828,177	$ 1,227,576	$ 1,411,302	$ 15,250,476
December 31, 2017						
Cost	$ 6,430,351	$ 7,165,888	$ 5,586,398	$ 6,328,088	$ 1,411,302	$ 26,922,027
Accumulated depreciation and impairment	-	(2,812,818)	(3,758,221)	(5,100,512)	-	(11,671,551)
	$ 6,430,351	$ 4,353,070	$ 1,828,177	$ 1,227,576	$ 1,411,302	$ 15,250,476

A. After evaluating and comparing the carrying amount of property, plant and equipment and its recoverable amounts, the Group recognized impairment loss amounting to $163,715 and $11,267 and impairment reversal gain amounting to $13 and $15,332 for the years ended December 31, 2018 and 2017, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(11) Intangible assets

	Trademark	Computer software	Goodwill	Others	Total
January 1, 2018					
Cost	$ 358,298	$ 2,033,671	$ 1,180,794	$ 651,650	$ 4,224,413
Accumulated amortization and impairment	(3,195)	(1,637,328)	(48,896)	(581,811)	(2,271,230)
	$ 355,103	$ 396,343	$ 1,131,898	$ 69,839	$ 1,953,183
January 1, 2018	$ 355,103	$ 396,343	$ 1,131,898	$ 69,839	$ 1,953,183
Acquisitions	174	236,334	-	108,634	345,142
Disposals	-	(8,679)	-	-	(8,679)
Amortization	(9)	(282,701)	-	(38,491)	(321,201)
Reclassifications	-	114,307	-	-	114,307
Effect due to changes in consolidated entities	(165)	(9,152)	-	(1,727)	(11,044)
Net exchange differences	-	29	-	(1)	28
December 31, 2018	$ 355,103	$ 446,481	$ 1,131,898	$ 138,254	$ 2,071,736
December 31, 2018					
Cost	$ 355,103	$ 1,862,492	$ 1,138,513	$ 685,072	$ 4,041,180
Accumulated amortization and impairment	-	(1,416,011)	(6,615)	(546,818)	(1,969,444)
	$ 355,103	$ 446,481	$ 1,131,898	$ 138,254	$ 2,071,736

	Trademark	Computer software	Goodwill	Others	Total
January 1, 2017					
Cost	$ 358,298	$ 1,670,272	$ 1,180,170	$ 710,478	$ 3,919,218
Accumulated amortization and impairment	(3,195)	(1,363,602)	(48,272)	(605,425)	(2,020,494)
	$ 355,103	$ 306,670	$ 1,131,898	$ 105,053	$ 1,898,724
January 1, 2017	$ 355,103	$ 306,670	$ 1,131,898	$ 105,053	$ 1,898,724
Acquisitions	-	324,057	-	-	324,057
Disposals	-	(17,247)	-	-	(17,247)
Amortization	-	(277,191)	-	(35,222)	(312,413)
Reclassifications	-	61,534	-	-	61,534
Net exchange differences	-	(1,480)	-	8	(1,472)
December 31, 2017	$ 355,103	$ 396,343	$ 1,131,898	$ 69,839	$ 1,953,183
December 31, 2017					
Cost	$ 358,298	$ 2,033,671	$ 1,180,794	$ 651,650	$ 4,224,413
Accumulated amortization and impairment	(3,195)	(1,637,328)	(48,896)	(581,811)	(2,271,230)
	$ 355,103	$ 396,343	$ 1,131,898	$ 69,839	$ 1,953,183

A. The impairment assessment of goodwill relies on the managements' subjective judgement, including identifying cash-generating units and determining the recoverable amounts of related cash-generating units. The recoverable amount is based on the value-in-use, the industry standard and the fair value (the fair value is referred to stock price in active market) of cash generating units less disposal costs.

B. The value-in-use calculations use cash flow projections based on financial budgets approved by the management covering a five-year period, and industry standard calculations are determined by reference to the business market value in consideration of the similar industries with the similar products, capital and operating revenues, etc. Management determined budgeted gross margin and growth rate based on past performance and the expectations of market development. The market valuation used are consistent with the similar industries. The discount rates used reflect specific risks relating to the relevant operating segments and the time value of currency in real market.

C. The Group has no intangible assets pledged to others.

(12) Discontinued operations

A. The Group is determined to reshape its smartphone business strategy to focus on perfecting solutions for gamers and power users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been underway and the Group recognized valuation effects of assets and liabilities accordingly.

B. The cash flow information of the discontinued operations is as follows:

	For the years ended December 31,	
	2018	2017
Operating cash flows	($ 5,168,913)	($ 7,753,763)
Investing cash flows	-	-
Financing cash flows (Note)	5,168,913	7,753,763
Total cash flows	$ -	$ -

Note: The continuing operations provide financing support to the discontinued operations.

C. Analysis of the operating result of discontinued operations, and the result recognized on the remeasurement of assets and restructuring constructive obligation, is as follows:

	For the years ended December 31, 2018	2017
Operating revenue	$ 38,403,475	$ 47,547,932
Operating costs	(39,622,165)	(43,045,697)
Operating expenses	(6,894,272)	(9,052,290)
Non-operating income and expenses	157,262	792,995
Pre-tax loss from discontinued operations	(7,955,700)	(3,757,060)
Income tax benefit	850,946	240,770
After-tax loss from discontinued operations	(7,104,754)	(3,516,290)
Pre-tax loss recognized on the remeasurement of assets and restructuring constructive obligation (Note)	(6,049,027)	-
Income tax benefit recognized on the remeasurement of assets and restructuring constructive obligation	1,083,978	-
After-tax loss recognized on the remeasurement of assets and restructuring constructive obligation	(4,965,049)	-
Total loss from discontinued operations	($ 12,069,803)	($ 3,516,290)

Note: It consists of inventory valuation loss, compensation loss for the vendors' preparation of materials in advance, sales discounts, reorganization personnel expenses, royalty loss and other losses from discontinued operations.

(13) Other non-current assets - long-term prepaid rents

	2018/12/31	2017/12/31
Land use right	$ 2,002,288	$ 1,196,841

In January, 2018, December, 2017, February, 2014, September, 2013, April, 2010, November, 2008, October, 2006, and July, 2002, the Group signed a land use right contract with Suzhiu City Government, Shanghai City Government, Chongqing City Government and Wujiang City Government, for the use of land for a period of 40~50 years. All rentals had been paid on the contract dates. The Group recognized rental expenses of $53,672 and $32,660 for the years ended December 31, 2018 and 2017, respectively.

(14) Short-term borrowings

Type of borrowings	2018/12/31	Interest rate range	Collateral
Bank borrowings			
Guaranteed borrowings	$ 67,573	5.65%~5.90%	Property, plant and equipment
Credit borrowings	7,057,411	0.98%~4.86%	-
	$ 7,124,984		

Type of borrowings	2017/12/31	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 5,750,078	0.80% ~2.90%	-

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	2017/12/31
Credit borrowings - installment-repayment				
Bank of Taiwan	2017/10~2019/09, payable at maturity date, commencing 2 years after the initial date of borrowing	1.11%	-	$ 440,000
Taishin International Bank	2017/03~2020/03, payable at maturity date, commencing 3 years after the signing date of contract	1.28%	-	500,000
Others	2017/05~2022/05	4.01%~ 4.48%	Land and buildings	73,927
				1,013,927
Less: Current portion of long-term borrowings				(2,750)
				$ 1,011,177

A. The Group’s long-term borrowings (including current portion of long-term borrowings) have been cancelled and redeemed in advance. As of December 31, 2018, the balance amounted to $0.

B. Under the borrowing contracts, the Company’s subsidiaries who signed the contracts are required to maintain certain covenants annually agreed by both sides, and the bank can inspect at any time when necessary. The borrowings were repaid in the second quarter of 2018 and as of December 31, 2017, the Company’s subsidiaries who signed the contracts did not violate any of the covenants specified in the contract.

(16) Pensions

A. Defined benefit pension plans

(A) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(B) The amounts recognized in the balance sheets are as follows:

	2018/12/31	2017/12/31
Present value of defined benefit obligation	($ 397,350)	($ 371,237)
Fair value of plan asset	218,861	218,427
Net defined benefit liability	($ 178,489)	($ 152,810)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2018	($ 371,237)	$ 218,427	($ 152,810)
Current service cost	(20,529)	-	(20,529)
Interest (expense) income	(5,269)	2,579	(2,690)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	5,704	5,704
Change in demographic assumptions	(11,071)	-	(11,071)
Change in financial assumptions	24,600	-	24,600
Experience adjustments	(34,395)	-	(34,395)
Pension fund contribution	-	5,616	5,616
Pension payment	18,338	(12,038)	6,300
Exchange difference	2,213	(1,427)	786
December 31, 2018	($ 397,350)	$ 218,861	($ 178,489)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2017	($ 330,219)	$ 209,595	($ 120,624)
Current service cost	(15,554)	-	(15,554)
Interest (expense) income	(4,761)	2,752	(2,009)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(681)	(681)
Change in demographic assumptions	(12,010)	-	(12,010)
Change in financial assumptions	(749)	-	(749)
Experience adjustments	(8,842)	-	(8,842)
Pension fund contribution	-	6,761	6,761
Pension payment	3,367	-	3,367
Exchange difference	(2,469)	-	(2,469)
December 31, 2017	($ 371,237)	$ 218,427	($ 152,810)

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company’s and its domestic subsidiaries’ defined benefit pension plan in accordance with the Fund’s annual investment and utilization plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” (Article 6: The scope of utilization for the

Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(E) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2018	2017
Discount rate	1.00%~8.75%	1.20%~7.50%
Future salary increases rate	2.00%~10.00%	2.00%~10.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 0.25%~1%	Decrease 0.25%~1%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 17,856)	$ 19,532	$ 14,205	($ 12,313)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 17,291)	$ 18,167	$ 13,278	($ 12,497)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(F) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 are $7,645.

(G) As of December 31, 2018, the weighted average duration of that retirement plan is 9.4~24.75 years.

B. Defined contribution pension plans

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(C) The pension costs under the defined contribution pension plans of the Group were $1,070,618 and $1,079,828 for the years ended December 31, 2018 and 2017, respectively.

(17) <u>Provisions for liabilities</u>

	Provisions for warranty	Provisions for legal claims and royalty	Provisions for sales returns and discounts	Total
January 1, 2018	$ 13,578,703	$ 7,249,540	$ 20,350,947	$ 41,179,190
Recognition (reversal)	10,394,122	(57,263)	-	10,336,859
Used	(9,096,843)	(102,523)	-	(9,199,366)
Reclassified to refund liabilities	-	-	(20,350,947)	(20,350,947)
Net exchange differences	245,156	218,157	-	463,313
December 31, 2018	$ 15,121,138	$ 7,307,911	$ -	$ 22,429,049

	Provisions for warranty	Provisions for legal claims and royalty	Provisions for sales returns and discounts	Total
January 1, 2017	$ 14,070,105	$ 7,650,131	$ 21,576,443	$ 43,296,679
Recognition (reversal)	11,563,922	447,914	38,247,846	50,259,682
Used	(11,252,149)	(245,485)	(38,134,158)	(49,631,792)
Net exchange differences	(803,175)	(603,020)	(1,339,184)	(2,745,379)
December 31, 2017	$ 13,578,703	$ 7,249,540	$ 20,350,947	$ 41,179,190

Analysis of total provisions:

	2018/12/31	2017/12/31
Current	$ 22,429,049	$ 41,179,190

A. Provisions for warranty

The Group provides warranties on 3C products sold. Provision for warranty is estimated based on these products' historical warranty data. A provision is recognized as current when it is expected to be used in one year.

B. Provisions for legal claims and royalty

The Group recognizes provision for legal claims or royalty fees made by the patentees against the Group. After taking appropriate legal advice, the management evaluates the probable claimable fees accrued as provision for liabilities. The provision charge is recognized in profit or loss within operating costs and expenses.

C. Provisions for sales returns and discounts

The Group allows sales returns and provides discounts on 3C products sold. Provision for sales returns and discounts is estimated based on these products' historical data and other known factors. A provision is recognized as current when it is expected to be used in one year.

D. Provisions for sales returns and discounts have been reclassified to refund liabilities in accordance with IFRS 15. Information is provided in Note 6 (18).

(18) Refund liabilities

	Refund liabilities
January 1, 2018	$ -
Adjustments under IFRS 15	20,350,947
Balance after adjustment as of January 1, 2018	20,350,947
Recognition (reversal)	38,202,179
Used	(38,998,561)
Effects due to changes in consolidated entities	(13,240)
Net exchange differences	320,482
December 31, 2018	$ 19,861,807

The Group recognizes refund liabilities on 3C products sold. Refund liabilities are estimated based on these products' historical data and other known factors. A provision is recognized as current when it is expected to be used in one year.

(19) Common shares

A. As of December 31, 2018, the Company's authorized capital was $47,500,000, consisting of 4,750,000,000 shares of common stock (including 50,000,000 shares which were reserved for employee stock options), and the paid-in capital was $7,427,603, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2018 and 2017 are both 742,760,280 shares.

B. As of December 31, 2018, the Company issued Global Depositary Receipts (GDRs), of which 4,933,000 units of the GDRs are now listed on the Luxembourg Stock Exchange. Per unit of GDR represents 5 shares of the Company's common stock and total GDRs represent 24,665,000 shares of the Company's common stock. The terms of GDR are as follows:

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(B) Dividends, stock warrants and other rights

GDR holders and common shareholders are all entitled to receive dividends. The Depositary may issue new GDRs in proportion to GDRs holding ratios or raise the number of shares of common stock represented by each unit of GDR or sell stock dividends on behalf of GDR holders and distribute proceeds to them in proportion to their GDRs holding ratios.

(20) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2018/12/31	2017/12/31
Share premium	$ 4,227,966	$ 4,227,966
Difference between consideration and carrying amount of subsidiaries acquired or disposed	893,024	897,804
Recognition of changes in ownership interest in subsidiaries	1,131,650	422,528
Changes in associates and joint ventures accounted for under equity method	46,790	5,899
	$ 6,299,430	$ 5,554,197

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior years' undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company is facing a rapidly changing industrial environment, with the life cycle of the industry in the growth phase. In line with the long-term financial plan of the Company and the demand for cash by the shareholders, the Company should distribute cash dividends of not less than 10% of the total dividends declared.

C. Except for covering accumulated deficit, increasing capital or payment of cash in proportion to ownership percentage, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall be limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

D. (A) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the end of the financial reporting period before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. As resolved by the shareholders on June 7, 2017, the Company distributed cash dividends to owners amounting to $12,626,925 ($17 (in dollars) per share) for the appropriation of 2016 earnings. On June 12, 2018, the Shareholders resolved to distribute cash dividends amounting to $11,141,404 ($15 (in dollars) per share) for the appropriation of 2017 earnings.

F. The appropriation of 2018 earnings had been proposed by the Board of Directors on March 20, 2019. Details are summarized as follows:

	For the year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Cash dividends	$ 11,141,404	$ 15.00

As of March 20, 2018, the appropriations of 2018 earnings stated above had not been resolved by the shareholders.

G. For the information about employees' compensation and directors' remuneration is provided in Note 6(27).

(22) Other equity

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instrumrnts	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2018	($ 671,054)	$ -	$ -	$ 27,893,808	($ 1,875,958)	($ 98,267)	$25,248,529
Effect on retrospective application and restatement	671,054	(671,054)	27,630,905	(27,893,808)	-	-	(262,903)
Balance after restatement on January 1, 2018	-	(671,054)	27,630,905	-	(1,875,958)	(98,267)	24,985,626
-The Company	-	-	(9,430,925)	-	2,021,932	-	(7,408,993)
-Subsidiaries	-	951,950	34,030	-	(1,146,251)	(7,959)	(168,230)
-Associates	-	-	19	-	(3,752)	(670)	(4,403)
December 31, 2018	$ -	$ 280,896	$ 18,234,029	$ -	($ 1,004,029)	($ 106,896)	$17,404,000

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instrumrnts	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2017	$ 1,282,834	$ -	$ -	$ 31,628,691	$ 2,149,750	($ 78,993)	$34,982,282
-The Company	-	-	-	(3,887,043)	(4,302,517)	-	(8,189,560)
-Subsidiaries	(1,953,888)	-	-	152,167	276,978	(19,274)	(1,544,017)
-Associates	-	-	-	(7)	(169)	-	(176)
December 31, 2017	($ 671,054)	$ -	$ -	$ 27,893,808	($ 1,875,958)	($ 98,267)	$25,248,529

(23) Operating revenue

	For the year ended December 31, 2018
Revenue from contracts with customers	$ 391,551,002
Less: Revenue from contracts with customers from discontinued operations	(37,363,337)
Total	$ 354,187,665

A. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the transfer of goods and services over time and at a point in time in the following major product lines:

For the year ended December 31, 2018	3C products	Others	Total
Revenue from contracts with customers	$ 345,053,474	$ 9,134,191	$ 354,187,665
Timing of revenue recognition			
At a point in time	$ 344,940,493	$ 9,064,365	$ 354,004,858
Over time	112,981	69,826	182,807
Total	$ 345,053,474	$ 9,134,191	$ 354,187,665

Revenue from contracts with customers from discontinued operations for the year ended December 31, 2018 amounting to $37,363,337 was attributed to a point in time.

B. Contract liabilities

(A) The Group recognized contract liabilities related to the contract revenue from sales and warranty amounting to $954,548 as of December 31, 2018.

(B) The revenue recognized from the beginning balance of contract liability amounted to $315,866.

C. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5) B.

(24) Other income

	For the years ended December 31,	
	2018	2017
Interest income	$ 1,491,312	$ 1,081,957
Rent income	116,221	-
Dividend income	2,552,907	2,828,411
	4,160,440	3,910,368
Less: Other income from discontinued operations	(1,690)	(2)
	$ 4,158,750	$ 3,910,366

(25) Other gains (losses)

	For the years ended December 31,	
	2018	2017
Net gains (losses) on non-derivative financial instruments	$ 375,040	$ 312,045
Net gains (losses) on derivative financial instruments	604,065	(2,647,636)
Net currency exchange gains (losses)	(560,635)	5,353,971
Gains (losses) on disposal of investments (Note 1)	1,683,748	54,156
Other net gains (losses) (Note 2)	(1,913,065)	397,257
	189,153	3,469,793
Less: Other gains from discontinued operations	(155,572)	(792,993)
	$ 33,581	$ 2,676,800

Note 1: In October 2018, the Group disposed 11,706 thousand shares of its ownership of subsidiary －UPI and the disposed proceeds are $760,890. After the Group disposed the shares, it lost control of UPI and its ownership was decreased to 34.20%. The remaining book value of equity investments was remeasured at the fair value and difference between the fair value less related transaction costs and carrying amount was recognized in profit or loss. Gain on disposal of investments was amounting to $1,681,498.

Note 2: The European Commission has started an investigation into whether the Group has restricted the retail prices of distributors in February, 2017. The Group has always followed the law seriously and worked with the European Union together to complete the investigation following the cooperation process. The European Commission has finished the investigation in July, 2018. The Group recognized the loss amounting to $2,296,320 for the case of the restricted retail prices as other gains (losses) in the year of 2018. The financial position of the Group is sound enough and cash and cash equivalents balance is assessed to be sufficient to cover the probable loss of the case. Therefore, the case has no significant impact to the operations of the Group. In addition, the Group will manage properly and respond to various types of operational and non-operational risk in the future.

(26) Costs and expenses by nature (including discontinued operations)

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 3,253,904	$ 20,001,255	$ 23,255,159	$ 3,632,899	$ 22,527,035	$ 26,159,934
Depreciation	596,347	641,393	1,237,740	566,918	677,468	1,244,386
Amortization	14,651	419,089	433,740	18,028	385,028	403,056

(27) Employee benefit expenses (including discontinued operations)

	For the years ended December 31,	
	2018	2017
Wages and salaries	$ 19,929,856	$ 22,848,803
Labor and health insurance	1,528,398	1,505,443
Pension (Note)	1,093,837	1,097,391
Other personnel expenses	703,068	708,297
	$ 23,255,159	$ 26,159,934

Note: Includes the pension expense under the defined contribution plan and defined benefit plan.

A. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $299,233 and $1,064,379, respectively; directors' remuneration was accrued at $15,749 and $56,020, respectively. The aforementioned amounts were recognized in salary expense.

The employees' compensation and directors' remuneration were estimated and accrued based on no less than 1% and no more than 1% of profit of current year distributable for the year ended December 31, 2018. The Board of Directors resolved to distribute employees' and directors compensation amounting to $299,233 and $15,749, respectively, and employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration for 2017 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2017 financial statements. The employees' compensation and directors' remuneration of the Company mentioned above are distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors during its meeting is available at the Market Observation Post System website.

(28) Income tax

A. Income tax expenses

(A) Components of income tax expense:

	For the years ended December 31,	
	2018	2017
Current income tax:		
Current income tax on profits for the year	$ 2,559,892	$ 1,962,126
Additional 10% tax on unappropriated earnings	296,752	468,961
Difference between prior year's income tax estimation and assessed results	82,596	69,096
Total current income tax	2,939,240	2,500,183
Deferred income tax:		
Origination and reversal of temporary differences	(2,602,122)	701,455
Impact of change in tax rate	1,371,376	722,102
Total deferred income tax	(1,230,746)	1,423,557
Income tax expense	1,708,494	3,923,740
Add: Income tax benefit from discontinued operations	1,934,924	240,770
Income tax expense from continuing operations	$ 3,643,418	$ 4,164,510

(B) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2018	2017
Changes in fair value of available-for-sale financial assets	$ -	$ 19,459
Changes in fair value of financial assets at fair value through other comprehensive income	(40,750)	-
Currency translation differences	126,125	(822,595)
Remeasurements of defined benefit plans	(7,080)	(1,222)
	$ 78,295	($ 804,358)

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31, 2018	2017
Income tax calculated based on profit before tax and statutory tax rate	$ 1,561,237	$ 3,772,803
Effect from items disallowed by tax regulations	(743,858)	(487,635)
Effect from tax exemption on investment income (loss)	(1,387,864)	(317,306)
Effect from investment tax credit	(58,338)	(47,235)
Effect from net operating loss carryforward	(134)	7,831
Difference between prior year's income tax estimation and assessed results	82,596	69,096
Additional 10% tax on unappropriated earnings	296,752	468,961
Change in assessment of realization of deferred tax assets	2,201	69,367
Impact of change in tax rates on unrealized profit from sales	98,741	111,081
Effect of exchange rates	(117,414)	(589,873)
Impact of change in tax rate	1,371,376	722,102
Taxable loss not recognized as deferred tax assets	370,230	104,544
Expenses disallowed by tax regulation	258,311	14,671
Others	(25,342)	25,333
Income tax expenses	1,708,494	3,923,740
Add: Income tax benefit from discontinued operations	1,934,924	240,770
Income tax expenses from continuing operations	$ 3,643,418	$ 4,164,510

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforwards are as follows:

	2018				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	$ 1,832,122	$ 956,841	$ -	$ 2,521	$ 2,791,484
Unrealized profit from sales	601,578	(171,319)	-	569	430,828
Unrealized purchase discounts	342,805	(219,474)	-	-	123,331
Unrealized sales discounts	1,618,844	215,202	-	(22,179)	1,811,867
Unrealized provisions for warranty	1,376,544	5,416	-	(10,544)	1,371,416
Other unrealized expenses	1,052,209	684,840	-	(6,664)	1,730,385
Loss carryforwards	396,118	37,314	-	(16,422)	417,010
Currency translation differences	380,070	-	(125,817)	-	254,253
Others	601,868	207,556	7,496	(21,138)	795,782
Subtotal	8,202,158	1,716,376	(118,321)	(73,857)	9,726,356
- Deferred income tax liabilities:					
Investment income from foreign investees	(10,480,128)	(476,049)	-	-	(10,956,177)
Currency translation differences	(1,328)	-	(308)	-	(1,636)
Unrealized gain on valuation of equity investments	(56,799)	8,713	40,750	-	(7,336)
Others	(135,411)	(18,294)	(416)	1,274	(152,847)
Subtotal	(10,673,666)	(485,630)	40,026	1,274	(11,117,996)
Total	($ 2,471,508)	$ 1,230,746	($ 78,295)	($ 72,583)	($ 1,391,640)

	2017				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	$ 2,104,161	($ 203,660)	$ -	($ 68,379)	$ 1,832,122
Unrealized profit from sales	736,285	(131,765)	-	(2,942)	601,578
Unrealized purchase discounts	353,949	(11,144)	-	-	342,805
Unrealized sales discounts	1,836,978	(148,633)	-	(69,501)	1,618,844
Unrealized provisions for warranty	1,625,067	(187,018)	-	(61,505)	1,376,544
Other unrealized expenses	1,163,364	(99,023)	-	(12,132)	1,052,209
Loss carryforwards	386,746	36,304	-	(26,932)	396,118
Currency translation differences	23,048	-	357,022	-	380,070
Others	566,259	54,540	4,029	(22,960)	601,868
Subtotal	8,795,857	(690,399)	361,051	(264,351)	8,202,158
- Deferred income tax liabilities:					
Investment income from foreign investees	(9,721,525)	(758,603)	-	-	(10,480,128)
Currency translation differences	(466,901)	-	465,573	-	(1,328)
Unrealized gain on valuation of available-for-sale financial assets	(37,340)	-	(19,459)	-	(56,799)
Others	(158,745)	25,445	(2,807)	696	(135,411)
Subtotal	(10,384,511)	(733,158)	443,307	696	(10,673,666)
Total	($ 1,588,654)	($ 1,423,557)	$ 804,358	($ 263,655)	($ 2,471,508)

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets are as follows:

2018/12/31				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration
2009	$ 118,867	$ 118,867	$ 76,019	2019
2010	42,565	42,565	42,565	2020
2011	93,103	93,103	93,103	2021
2012	31,309	31,309	31,309	2022
2013	71,673	71,673	71,673	2023
2014	81,868	81,868	81,868	2019-2024
2015	684,498	265,933	178,047	2025
2016	136,862	126,932	85,151	2021-2026
2017	1,808,450	1,808,450	651,706	2027
2018	2,305,376	2,305,376	1,810,096	2023-2028

2017/12/31				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration
2008	$ 38,907	$ 33,621	$ 33,621	2018
2009	118,867	118,867	76,019	2019
2010	42,565	42,565	42,565	2020
2011	110,065	109,286	109,286	2021
2012	302,312	298,847	298,847	2022
2013	160,166	159,750	159,750	2018-2023
2014	195,072	147,922	128,462	2019-2024
2015	823,064	641,106	380,212	2025
2016	127,932	127,906	85,270	2021-2026
2017	1,790,459	1,790,459	636,922	2022-2027

E. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	2018/12/31	2017/12/31
Deductible temporary differences	$ 153,696	$ 646,497

F. As of December 31, 2018 and 2017, all taxable temporary differences associated with investments in subsidiaries that were not recognized as deferred income tax liabilities are insignificant.

G. The Tax Authority has examined the Company’s income tax returns through 2016.

H. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. The Group has assessed and recognized the impact of the change in oncome tax rate.

(29) Earnings per share

	For the year ended December 31, 2018		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 16,304,839		$ 21.95
Loss from discontinued operations attributable to ordinary shareholders of the parent	(12,069,803)		(16.25)
Profit attributable to ordinary shareholders of the parent	$ 4,235,036	742,760	$ 5.70
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 16,304,839		$ 21.90
Loss from discontinued operations attributable to ordinary shareholders of the parent	(12,069,803)		(16.21)
Assumed conversion of all dilutive potential ordinary shares-employees' compensation	-	1,801	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 4,235,036	744,561	$ 5.69

	For the year ended December 31, 2017		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 19,061,195		$ 25.66
Loss from discontinued operations attributable to ordinary shareholders of the parent	(3,516,290)		(4.73)
Profit attributable to ordinary shareholders of the parent	$ 15,544,905	742,760	$ 20.93
Diluted earnings per share			
Profit from continuing operations attributable to ordinary shareholders of the parent	$ 19,061,195		$ 25.49
Loss from discontinued operations attributable to ordinary shareholders of the parent	(3,516,290)		(4.70)
Assumed conversion of all dilutive potential ordinary shares-employees' compensation	-	4,795	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 15,544,905	747,555	$ 20.79

(30) Transactions with non-controlling interests

A. Disposal of equity interest in subsidiaries (without losing control)

From June to August, 2017, the Group disposed 1.14% ownership of its subsidiary－ONYX and received cash consideration of $64,433. The effect of disposal of equity interest in subsidiaries to capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed is shown below:

	For the year ended December 31, 2017
Proceeds from disposal of subsidiaries	$ 64,433
Less: Disposed carrying amount of equity interest in subsidiaries	(12,767)
Disposed other equity of subsidiaries	(69)
Capital surplus - difference between consideration and carrying amountof subsidiaries acquired or disposed	$ 51,597

B. When subsidiary increased capital, the Group did not acquire new shares in proportion to its existing holdings

(A) In August 2017, the Group's subsidiary－AAEON increased capital by issuing new shares and received cash consideration of $1,085,660. Since the Group did not acquire new shares, the Group's ownership of the subsidiary decreased by 6.37%. The effect of the change in ownership interest in subsidiaries to capital surplus - recognition of changes in ownership interest in subsidiaries is as follows:

	For the year ended December 31, 2017
Proceeds from subsidiary's increase in capital by issuing new shares	$ 1,085,660
Less: Increased in carrying amount of non-controlling interest	(691,971)
Effect of employee share-based payment	9,299
Capital surplus - recognition of changes in ownership interest in subsidiaries	$ 402,988

(B) In September 2018, the Group's subsidiary－AAEON exchanged shares with IBASE TECHNOLOGY INC., and increased capital by issuing new shares consideration of $3,498,501. Since the Group did not acquire new shares, the Group's ownership of the subsidiary decreased by 15.90%. The effect of the change in ownership interest in subsidiaries to capital surplus - recognition of changes in ownership interest in subsidiaries is as follows:

	For the year ended December 31, 2018
Proceeds from subsidiary's increase in capital by issuing new shares	$ 3,498,501
Less: Increased in carrying amount of non-controlling interest	(2,785,769)
Capital surplus - recognition of changes in ownership interest in subsidiaries	$ 712,732

(31) Operating leases

The Group leases offices, warehouse and parking lots under operating lease agreements. The Group recognized rental expenses of $1,133,635 and $1,119,244 for the years ended December 31, 2018 and 2017, respectively. Information about the future aggregate minimum lease payments under non-cancellable operating leases is provided in Note 9.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
ASUSTOR INC.	Associate
LITEMAX ELECTRONIC INC.	Associate
POTIX CORPORATION (TAIWAN)	Associate
IBASE TECHNOLOGY INC.	Associate
IBASE GAMING INC.	Associate
Others (related parties with non-significant transactions)	Others

(3) Significant transactions and balances with related parties

A. Sales of goods:

	For the years ended December 31,			
	2018		2017	
Sales of goods				
-Associates	$	2,649	$	1,762
-Others		25,667		9,659
	$	28,316	$	11,421

The collection periods of the Group to related parties are open account 30 to 90 days and month-end 60 days or negotiated by both parties.

B. Purchases of goods and services:

	For the years ended December 31,	
	2018	2017
Purchases of goods		
-Associates	$ 32,109	$ 40,707
-Others	528,872	813,310
Purchases of services		
-Associates	2,489	48
-Others	22,878	21,489
	$ 586,348	$ 875,554

The payment term of related parties to the Group are month-end 30 to 120 days, open account 45 to 90 days or 1 to 6 months.

C. Trade receivables and other receivables:

	2018/12/31	2017/12/31
Trade receivables		
-Associates	$ 299	$ 499
-Others	12,296	2,342
	12,595	2,841
Other receivables		
-Associates	454	252
-Others	-	128
	454	380
	$ 13,049	$ 3,221

The trade receivables are mainly share capital receivables and arise from sales transactions, unsecured in nature and bear no interest.

D. Trade payables and other items of current liabilities:

	2018/12/31	2017/12/31
Trade payables		
-Associates	$ 13,768	$ 13,751
-Others	15,686	189,661
	29,454	203,412
Other items of current liabilities		
-Associates	7	994
-Others	2,341	775
	2,348	1,769
	$ 31,802	$ 205,181

The trade payables arise mainly from purchase transactions and bear no interest.

(4) Key management compensation

	For the years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 906,818	$ 698,249
Post-employment benefits	6,708	6,628
	$ 913,526	$ 704,877

8. PLEDGED ASSETS

		Book Value		
Pledged assets	Items	2018/12/31	2017/12/31	Purpose
Other current assets and other non-current assets	Pledged restricted deposits, time deposits and refundable deposits	$ 516,238	$ 222,181	Note
Property, plant and equipment	Land and buildings	218,480	217,086	Bank loans, customs guarantee and credit limits
		$ 734,718	$ 439,267	

Note: Pledged for customs duties, performance bond, lodgment for security decided by court, letter of credit, foreign exchange forward transactions, social security and salary account, etc.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

Lawsuits for infringement of intellectual property rights

A. Several patentees filed lawsuits or investigations for patent infringement including the User Interface, audio signal encoding and decoding system, Audio stream, cellphone and tablet supporting OK Google function, products with Google Play Movies and TV function, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering function in Camera app for saving information and static imaging processing technique in low power, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control, Tablet, products with UMTS, remote upgrade code function and Nvidia image processor tablet products against the Group. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a German court, in a French court, in a Netherlands court and in an England court. The Group cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

B. Several patentees filed lawsuits or investigations for patent infringement including AP and router products supporting MU-MIMO, products with SK hynix Solid State Drive, processors and memories of Samsung, product with Nvidia GPU, MP3 function for desktop computer and notebook, SDRAM function, ZenFone trademarks, cellphone and tablet for Qualcomm chips with DCVS or DVFS capabilities, Omnivision CMOS Image Detector Products, LED for cellphone products, smartphones with front cameras, Multimedia player, notebook, personal computer and server, Qualcomm Snapdragon 835 and 845 chips, products supporting HDCP 2.0 or higher version, equipped with some cellphone and router products, thumbnail with fingerprint recognition and motion picture recording/ playback, optimize power consumption management, products with static image processing (pixel capture), audio decoding and related functions, microprocessor with Intel's 14nm process Tri-Gate technology, cellphone products using Dual arrier HspA+ communication technology, cellphone and tablet and the source code in the firmware of the ASUS router product against the Group. These lawsuits or investigations are currently under investigation, in a Texas court, in a California court, in a Delaware court, in an Alabama court, in a Missouri court, at the United States International Trade Commission, in a German court, in a Japan court, in an India court and in a China court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

(2) Commitments

A. The Group has signed a contract amounting to $1,772,932 for the construction of a new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2018.

B. The Group leases offices, warehouse and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2018/12/31	2017/12/31
Less than 1 year	$ 711,234	$ 702,091
Between 1 and 2 years	362,707	487,377
Between 2 and 3 years	228,876	206,828
Between 3 and 4 years	134,059	132,364
More than 4 years	193,800	211,673

10. **SIGNIFICANT DISASTER LOSS:** None.

11. **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL REPORTING PERIOD**

None.

12. **OTHERS**

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the liability ratio. This ratio is calculated as total liabilities by total assets. Total liabilities is calculated as "current liabilities plus non-current liabilities" as shown in the consolidated balance sheets.

During 2018, the Group's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2017. The liability ratios are as follows:

	2018/12/31	2017/12/31
Total liabilities	$ 174,473,952	$ 166,216,866
Total equity	167,691,924	178,674,303
Total assets	$ 342,165,876	$ 344,891,169
Liability ratio	50.99%	48.19%

(2) Financial instruments

A. Financial instruments by category

	2018/12/31	2017/12/31
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 5,140,923	$ -
Financial assets held for trading	-	8,057,062
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	45,996,789	-
Available-for-sale financial assets	-	55,036,784
Financial assets carried at cost	-	181,313
Financial assets at amortized cost		
Cash and cash equivalents	63,972,548	72,192,962
Financial assets at amortized cost	1,665,377	-
Notes receivable	4,397,115	8,369,528
Trade receivables	77,717,433	76,509,775
Other receivables	736,104	629,230
Refundable deposits	878,123	564,611
Derivative financial assets for hedging	334,333	11,392
	$ 200,838,745	$ 221,552,657

	2018/12/31	2017/12/31
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ 240,293	$ 429,979
Financial liabilities at amortized cost		
Short-term borrowings	7,124,984	5,750,078
Notes and trade payables	65,138,253	56,494,911
Other payables - accrued expenses	37,620,949	39,704,639
Long-term borrowings (including current portion of long-term borrowings)	-	1,013,927
Deposits received	306,691	345,884
Derivative financial liabilities for hedging	53,437	682,446
	$ 110,484,607	$ 104,421,864

B. Financial risk management policies

(A) The Group's operating activities expose the Group to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts, currency option contracts and currency swap contracts are used to hedge certain exchange rate risk, and derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(B) The Group's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Group's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.

(C) Information about derivative financial instruments that are used to hedge financial risk are provided in Notes 6(2) and (5).

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

a. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

b. The management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group's treasury. Exchange rate risk is measured through a forecast of highly probably USD, EUR and CNY expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of revenue of forecast sale.

c. The Group hedges foreign exchange rate by using forward exchange contracts, currency option contracts and currency swap contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 12(4).

d. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

e. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency is NTD; other certain subsidiaries' functional currency is USD, EUR, CNY, etc.). Non-monetary items are assessed to have no significant impact on the Group. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	2018/12/31					
				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 2,486,686,873	30.715	$ 76,378,587	1%	$ 763,786	$ -
EUR:USD	313,067,460	35.199	11,019,784	1%	110,198	-
CNH:USD	3,883,364,323	4.472	17,366,809	1%	173,668	-
Financial liabilities						
Monetary items						
USD:NTD	3,897,864,280	30.715	119,722,901	1%	1,197,229	-
EUR:USD	47,316,167	35.199	1,665,500	1%	16,655	-
CNH:USD	2,110,342,384	4.472	9,437,671	1%	94,377	-

2017/12/31						
				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 2,991,872,022	29.760	$ 89,038,111	1%	$ 890,381	$ -
EUR:USD	462,594,040	35.569	16,454,078	1%	164,541	-
CNH:USD	2,250,184,341	4.565	10,272,506	1%	102,725	-
Financial liabilities						
Monetary items						
USD:NTD	3,750,761,060	29.760	111,622,649	1%	1,116,226	-
EUR:USD	59,877,814	35.569	2,129,803	1%	21,298	-
CNH:USD	2,186,888,918	4.565	9,983,550	1%	99,836	-

f. Net currency exchange (losses) gains (including realized and unrealized) arising from significant foreign exchange variation on the monetary items from continuing and discontinued operations held by the Group for the years ended December 31, 2018 and 2017, amounted to ($560,635) and $5,353,971, respectively.

Price risk

a. The Group's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

b. The Group mainly invests in equity instruments comprised of shares and open-end funds issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Group's non-operating revenue for the years ended December 31, 2018 and 2017 by $11,055 and $4,891, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income and available-for-sale financial instruments could increase the Group's other comprehensive income for the years ended December 31, 2018 and 2017 by $459,968 and $550,292, respectively.

Cash flow and fair value interest rate risk

a. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates which expose the Group to cash flow interest rate risk but is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rates were denominated in USD and NTD.

b. At December 31, 2018 and 2017, if interest rates on borrowings had been 1 basis point (0.01%) higher with all other variables held constant, non-operating expenses for the years ended December 31, 2018 and 2017, would have been $1,725 and $1,229 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

b. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" class above as evaluated by an independent party are accepted as counterparties. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.

c. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

d. The Group adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over 90 days. For some subsidiaries, based on the local trading conditions and historical experience, the default occurs when the contract payments are past due over 180 days.

e. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate method to estimate expected credit loss.

f. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(b) The disappearance of an active market for that financial asset because of financial difficulties;

(c) Default or delinquency in interest or principal repayments;

(d) Adverse changes in national or regional economic conditions that are expected to cause a default.

g. The Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Group has no written-off financial assets that are still under recourse procedures.

h. (a) The expected loss rate for the excellent credit quality clients is 0.03% ~ 0.2%, and the total carrying amount of notes and trade receivables and loss allowance amounted to $14,061,945 and $61,823 as of December 31, 2018, respectively.

(b) The Group refers to the forecastability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of contract assets, accounts receivable and other receivables. The provision matrix as of December 31, 2018 is as follows:

2018/12/31	Not past due	Less than 30 days past due	Between 31 and 60 days past due	Between 61 and 90 days past due	Between 91 and 180 days past due	More than 181 days past due	Total
Expected loss rate	0.01%~26.14%	0.13%~20.37%	0.12%~46.48%	0.49%~63.16%	10%~100%	10%~100%	
Total book value	$ 56,364,381	$ 9,228,795	$ 2,714,317	$ 93,844	$ 398,026	$ 2,368,364	$ 71,167,727
Loss allowance	$ 117,638	$ 9,164	$ 370,755	$ 30,452	$ 184,264	$ 2,341,028	$ 3,053,301

i. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and trade receivable are as follows:

	2018
	Notes and trade receivables
January 1_IAS 39	$ 2,460,433
Adjustments under new standards	-
January 1_IFRS 9	2,460,433
Provision for impairment	677,468
Write-offs	(88,551)
Effects due to changes in consolidated entities	(753)
Net exchange differences	66,527
December 31	$ 3,115,124

For provisioned loss for the year ended December 31, 2018, the net impairment loss arising from customer's contract is $677,468.

j. For investments in debt instruments at amortized cost, the credit rating levels are as follow:

	2018/12/31			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 1,665,377	$ -	$ -	$ 1,665,377

The Group's financial assets at amortized cost are all time deposits with an original due date of more than three months, and there is no significant abnormality in credit risk assessment.

k. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's cash flow plans and compliance with internal balance sheet ratio targets.

b. The Group treasury invests surplus cash in demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. At December 31, 2018 and 2017, the Group held financial assets at fair value through profit or loss of $4,865,889 and $8,036,538, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

c. The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2018/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 7,124,984	$ -	$ -	$ -	$ 7,124,984
Notes and trade payables	65,138,253	-	-	-	65,138,253
Other payables - accrued expenses	37,620,949	-	-	-	37,620,949
Other financial liabilities	1,182,829	-	-	-	1,182,829
Derivative financial liabilities:					
Forward exchange contracts	190,815	-	-	-	190,815
Currency option contracts	102,853	-	-	-	102,853
Currency swap contracts	62	-	-	-	62

	2017/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 5,750,078	$ -	$ -	$ -	$ 5,750,078
Notes and trade payables	56,494,911	-	-	-	56,494,911
Other payables - accrued expenses	39,704,639	-	-	-	39,704,639
Long-term borrowings (including current portion)	2,750	442,750	502,750	65,677	1,013,927
Other financial liabilities	1,199,921	36	-	8,297	1,208,254
Derivative financial liabilities:					
Forward exchange contracts	897,265	-	-	-	897,265
Currency option contracts	209,548	-	-	-	209,548
Currency swap contracts	5,612	-	-	-	5,612

d. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes and trade receivables, other receivables, refundable deposits, short-term borrowings, notes and trade payables, other payables - accrued expenses, other current liabilities, guarantee deposits received, current portion of long-term borrowings and long-term borrowings are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

	2018/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,061,257	$ 4,848	$ 39,401	$ 1,105,506
Beneficiary certificates	3,832,002	74,085	-	3,906,087
Forward exchange contracts	-	107,385	-	107,385
Currency option contracts	-	21,900	-	21,900
Currency swap contracts	-	45	-	45
Derivative financial assets for hedging	-	334,333	-	334,333
Financial assets at fair value through other comprehensive income				
Equity securities	45,665,381	233,718	97,690	45,996,789
	$ 50,558,640	$ 776,314	$ 137,091	$ 51,472,045
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 137,378	$ -	$ 137,378
Currency option contracts	-	102,853	-	102,853
Currency swap contracts	-	62	-	62
Derivative financial liabilities for hedging	-	53,437	-	53,437
	$ -	$ 293,730	$ -	$ 293,730

	2017/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-end funds	$ 7,547,488	$ -	$ -	$ 7,547,488
Listed and OTC stocks	489,050	-	-	489,050
Forward exchange contracts	-	19,126	-	19,126
Currency option contracts	-	1,333	-	1,333
Currency swap contracts	-	65	-	65
Derivative financial assets for hedging	-	11,392	-	11,392
Available-for-sale financial assets				
Listed and OTC stocks	54,856,137	-	-	54,856,137
Unlisted and non-OTC stocks	-	170,843	2,229	173,072
Convertible bonds	-	-	7,575	7,575
	$ 62,892,675	$ 202,759	$ 9,804	$ 63,105,238
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 214,819	$ -	$ 214,819
Currency option contracts	-	209,548	-	209,548
Currency swap contracts	-	5,612	-	5,612
Derivative financial liabilities for hedging	-	682,446	-	682,446
	$ -	$ 1,112,425	$ -	$ 1,112,425

(B) The methods and assumptions the Group used to measure fair value are as follows:

a. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and OTC stocks	Open-end fund
Market quoted price	Closing price	Net asset value

b. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

c. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

d. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

e. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial truments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.

D. JMC ELECTRONICS CO., LTD. has been listed on the TWSE from January, 2017, which has been transferred from Level 2 to Level 1 according to the fair value at the end of January 2017, when the event occurred. For the year ended December 31, 2018, there was no transfer between Level 1 and Level 2.

E. The movement of Level 3 is as follows:

	2018		
	Equity instruments	Debt instruments	Total
January 1	$ 2,229	$ 7,575	$ 9,804
Recognized in profit (loss) (Note 1)	(1,140)	2,126	986
Recognized in net other comprehensive income (loss) (Note 3)	(40,644)	-	(40,644)
Acquired in the year	137,312	-	137,312
Sold in the year	-	(9,701)	(9,701)
Effect on retrospective application	39,334	-	39,334
December 31	$ 137,091	$ -	$ 137,091
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as of December 31, 2018	($ 1,140)	$ -	($ 1,140)

	2017		
	Equity instruments	Debt instruments	Total
January 1	$ 13,611	$ 7,575	$ 21,186
Recognized in profit (loss) (Note 1)	(3,409)	-	(3,409)
Recognized in net other comprehensive income (loss) (Note 2)	(7,973)	-	(7,973)
December 31	$ 2,229	$ 7,575	$ 9,804
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as of December 31, 2017	($ 3,409)	$ -	($ 3,409)

Note 1 : Recorded as other gains (losses).

Note 2 : Recorded as unrealized gain (loss) on valuation of available-for-sale financial assets.

Note 3 : Recorded as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income.

F. There was no transfer into or out from Level 3 for the years ended December 31, 2018 and 2017.

G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted and non-OTC stocks	$ 1,089	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
Unlisted and non-OTC stocks	$ 136,002	Discounted cash flow method	Note 1	Not applicable	Note 2

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted and non-OTC stocks	$ 2,229	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value
Debt instruments:					
Convertible bonds	$ 7,575	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

Note 1: Long-term revenue growth rate, weighted average cost of capital, long-term operating profit before income tax, discount for lack of marketability and discounts for lack of control.

Note 2: The higher discount for lack of marketability is, the lower fair value is; the higher weighted average cost of capital and discounts for lack of control are, the lower fair value is; the higher long-term revenue growth rate and long-term operating profit before income tax are, the higher fair value is.

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in a different outcome.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted for the year ended December 31, 2017:

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

a. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if held principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

b. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized using trade date accounting.

c. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(B) Available for sale financial assets

a. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

b. On a regular way purchase or sale basis, available-for-sale financial assets are recognized using trade date accounting.

c. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in “financial assets measured at cost”.

(C) Loans and receivables

Loans and receivables are created originally by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Due to the insignificant discount effect on the non-interest bearing short-term receivables, they are measured at the original invoice amount.

(D) Impairment of financial assets

a. The Group assesses at the end of the financial reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group granted the borrower a concession that a lender would not otherwise consider for economic or legal reasons relating to the borrower’s financial difficulty;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local unfavorable economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

c. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss can be reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed in profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

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

a. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if held principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

b. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(F) Derivative financial instruments and hedging activities

a. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

b. The Group designates certain derivatives as:
Hedges of the variability in cash flow associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

c. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

d. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

e. Cash flow hedge

(a) The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within “other gains (losses)”.

(b) When the forecast transaction that is hedged results in the recognition of a non-financial asset or financial liability, the gains and losses previously deferred in other comprehensive income are reclassified into profit or loss in the periods when the asset acquired or the liability assumed affects profit or loss. The deferred amounts are ultimately recognized in sales revenue.

(c) When a hedging instrument expires or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was recognized in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income - equity (Note)	Measured at cost	Unappropriated retained earnings	Other equity
IAS 39	$ 8,057,062	$ 55,036,784	$ 181,313	$ 102,790,860	$25,248,529
Transferred into and measured at fair value through profit or loss	147,631	(87,860)	(59,771)	(7,420)	7,420
Transferred into and measured at fair value through other comprehensive income-equity	-	121,542	(121,542)	311,614	(311,614)
Fair value adjustment	(14,273)	41,291	-	(14,273)	41,291
IFRS 9	$ 8,190,420	$ 55,111,757	$ -	$ 103,080,781	$24,985,626

Note: Classified as Available-for-sale Financial Assets under IAS 39.

(A) As equity investments that were previously classified as available-for-sale financial assets and financial assets carried at cost amounting to $54,948,924 and $121,542 under IAS 39 are not held for trading, the Group elected to designate all of these investments as financial assets at fair value through other comprehensive income (equity instruments) on initial application of IFRS 9. This resulted to an increase in unappropriated retained earnings of $311,614 and a decrease in other equity of $270,323.

(B) For equity investments that were previously classified as available-for-sale financial assets and financial assets carried at cost amounting to $87,860 and $59,771 under IAS 39, the Group elected to designate all of these investments as financial assets at fair value through profit or loss (equity instruments) on initial application of IFRS 9. This resulted to a decrease in unappropriated retained earnings of $21,693 and an increase in other equity of $7,420.

C. The significant accounts for the year ended December 31, 2017 is as follows:

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

		2017/12/31
Financial assets held for trading - current:		
Open-end funds	$	7,547,488
Listed and OTC stocks		489,050
Non-hedging derivatives		20,524
	$	8,057,062
Financial liabilities held for trading - current:		
Non-hedging derivatives	$	429,979

a. The Group recognized net loss on derivative financial instruments held for trading amounting to $2,647,636 and net gain on non-derivative financial instruments held for trading amounting to $312,045 for the year ended December 31, 2017.

b. The unexpired contracts are as follows:

	2017/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial assets:			
Forward exchange contracts			
-EUR/USD	EUR	40,000	2018/01
-NOK/USD	NOK	124,202	2018/03
-USD/NTD	USD	600	2018/01
Currency option contracts			
-EUR/USD	EUR	10,000	2018/02
-JPY/USD	JPY	3,963,600	2018/03
-RUB/USD	RUB	449,160	2018/01
Currency swap contracts			
-USD/NTD	USD	500	2018/03

	2017/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial liabilities:			
Forward exchange contracts			
-EUR/USD	EUR	313,000	2018/01-2018/04
-CHF/USD	CHF	4,967	2018/01
-SEK/USD	SEK	174,020	2018/03
-GBP/USD	GBP	22,600	2018/04
-AUD/USD	AUD	14,000	2018/02
-PLN/USD	PLN	48,686	2018/02
-CAD/USD	CAD	36,800	2018/03
-NTD/USD	USD	145,000	2018/01
Currency option contracts			
-EUR/USD	EUR	208,000	2018/03
-JPY/USD	JPY	7,642,950	2018/03
-RUB/USD	RUB	4,447,730	2018/03
-GBP/USD	GBP	29,000	2018/02
-CNH/USD	CNH	1,919,033	2018/04
-INR/USD	INR	10,125,760	2018/04
Currency swap contracts			
-USD/NTD	USD	20,000	2018/01-2018/06

(a) Forward exchange contracts

The Group entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

(b) Currency option contracts

The Group entered into currency option contracts to buy or sell various foreign currencies rights at agreed price in the future to hedge exchange rate risk of import and export proceeds. However, these currency option contracts are not accounted for under hedge accounting.

(c) Currency swap contracts

The Group entered into currency swap contracts to hedge cash flow risk of the floating-rate liability positions. However, these currency swap contracts are not accounted for under hedge accounting.

c. The Group has no financial assets at fair value through profit or loss pledged to others.

(B) Available-for-sale financial assets

		2017/12/31
Available-for-sale financial assets - current:		
Listed and OTC stocks	$	310,939
Valuation adjustment		556,915
Accumulated impairment	(	64,460)
	$	803,394
Available-for-sale financial assets - non-current:		
Listed and OTC stocks	$	26,591,875
Unlisted and non-OTC stocks		355,066
Convertible bonds		7,575
		26,954,516
Valuation adjustment		27,419,567
Accumulated impairment	(	140,693)
	$	54,233,390

a. The Group recognized $3,734,883 in other comprehensive loss for fair value change and reclassified $52,397 from equity to profit for the year ended December 31, 2017.

b. After evaluating and comparing the carrying amount of available-for-sale financial assets and its recoverable amounts, the Group recognized impairment loss amounting to $3,454 for the year ended December 31, 2017.

c. The Group has no available-for-sale financial assets pledged to others.

(C) Financial assets measured at cost

		2017/12/31
Financial assets measured at cost - non-current:		
Unlisted and non-OTC stocks	$	315,641
Private fund		59,771
		375,412
Accumulated impairment	(	194,099)
	$	181,313

a. In accordance with the Group's intention, its investment in unlisted and non-OTC stocks and the private fund should be classified as "available-for-sale financial assets". However, as the investments are not traded in active market, and no sufficient industry, financial information and investment portfolio of the private fund can be obtained, the fair value of the investments cannot be measured reliably. Thus, the Group classified those funds as "financial assets measured at cost".

b. The Group has no financial assets measured at cost pledged to others.

(D) Hedge accounting

	2017/12/31
	Assets (Liabilities)
Forward exchange contracts - cash flow hedges - current	$ 11,392
Forward exchange contracts - cash flow hedges - current	(682,446)
	($ 671,054)

Cash flow hedges:

	Hedged item	Derivative instruments designated as hedges	Fair value of derivative instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognized
2017/12/31	Expected transactions	Forward exchange contracts	($ 671,054)	2018/01-2018/07	2018/01-2018/07

a. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in "other comprehensive income" as of December 31, 2017 is recycled into profit or loss in the periods when the hedged asset acquired or the hedged liability assumed affects profit or loss. The Group has assessed that the effect of profit or loss arising from ineffective cash flow hedge is insignificant as the Group was effective mostly in executing the hedge transactions for the year ended December 31, 2017.

b. Information on gain or loss arising from cash flow hedges recognized in profit (loss) and other comprehensive income (loss):

	For the year ended December 31, 2017
Amount adjusted in other comprehensive loss	$ 1,953,888
Amount transferred from other comprehensive income to loss	$ 2,137,129

c. The unexpired contracts are as follows:

	2017/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial assets for hedging:			
Forward exchange contracts			
-EUR/USD	EUR	130,000	2018/03
-JPY/USD	JPY	1,500,000	2018/03
-AUD/USD	AUD	5,000	2018/03
-NOK/USD	NOK	20,000	2018/03
Derivative financial liabilities for hedging:			
Forward exchange contracts			
-EUR/USD	EUR	620,000	2018/07
-INR/USD	INR	750,000	2018/03
-SEK/USD	SEK	50,000	2018/03
-RUB/USD	RUB	1,800,000	2018/03
-GBP/USD	GBP	30,000	2018/03
-AUD/USD	AUD	15,000	2018/03
-PLN/USD	PLN	60,000	2018/03
-NOK/USD	NOK	20,000	2018/03

(E) Notes and trade receivables

a. The aging analysis of trade receivables that were past due but not impaired is as follows:

	2017/12/31
Less than 90 days	$ 9,774,462
Between 91 and 180 days	200,925
More than 181 days	60,096
	$ 10,035,483

There was no significant change for the credit quality of the above receivables after the assessment. They were still considered collectible, and had no impairment concern.

b. Individual assessment of impaired trade receivables:

(a) Impaired but not past due

	2017/12/31
Gross trade receivables	$ 15

(b) Impaired and past due

	2017/12/31
Gross trade receivables	$ 2,460,418

(c) Movements for allowance for doubtful accounts (accumulated impairment) of trade receivables are as follows:

	2017		
	Individual provision	Group provision	Total
January 1	$ 1,928,328	$ 1,149,426	$ 3,077,754
Recognition (reversal)	(42,603)	(351,985)	(394,588)
Write-offs	(400)	(17,639)	(18,039)
Net exchange differences	(147,870)	(56,824)	(204,694)
December 31	$ 1,737,455	$ 722,978	$ 2,460,433

c. The credit quality of trade receivables that are neither past due nor impaired based on the Group's Credit Quality Control Policy is as follows:

	2017/12/31
Group 1	$ 38,905,037
Group 2	27,569,255
	$ 66,474,292

Group 1: Insured, or guaranteed by the third party, or the trading object is the associate.

Group 2: Neither insured and guaranteed by the third party, nor the trading object is the associate.

d. There were no notes receivable that are pledged to others as collateral as of December 31, 2017.

D. Credit risk information for the year ended December 31, 2017 is as follows:

(A) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The maximum exposure to credit risk is the carrying amount of all financial instruments. According to the Group's credit policy, each operating entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings. The utilization of credit limits is regularly monitored. Credit risk arises mainly from cash and cash equivalents, derivative financial instruments, deposits and short-term financial products guaranteed income with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only those with a rating of "A" class above as evaluated by an independent party are accepted as counterparties.

(B) No credit limits were exceeded during the year ended December 31, 2017, and the management does not expect any significant losses from non-performance by these counterparties.

(C) The credit quality information of financial assets that are neither past due nor impaired, the aging analysis of financial assets that were past due but not impaired and the individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets as described in Note 12(4).

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. Summary of significant accounting policies for the year ended December 31, 2017:

Sales of goods

(A) The Group is primarily engaged in the selling of 3C products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(B) The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. The volume discounts are estimated based on the anticipated annual sales quantities.

B. The revenue recognized by using above accounting policies for the year ended December 31, 2017 are as follows:

	For the year ended December 31, 2017
Sales revenue	$ 433,966,791
Less: Sales revenue from discontinued operations	(47,547,932)
	$ 386,418,859

C. The effects and description of current balance sheet and comprehensive income statement if the Group continues adopting the above accounting policies for the year ended December 31, 2018 are as follows:

	2018/12/31		
	Amount under IFRS 15	Amounts under previous accounting policies	Effects of changing accounting policy
Receipts in advance	$ 6,710	$ 961,258	($ 954,548)
Contract liabilities	954,548	-	954,548
Provisions for liabilities - current	22,429,049	42,290,856	(19,861,807)
Refund liabilities - current	19,861,807	-	19,861,807

In accordance with IFRS 15, the Group recognizes contract liabilities related to selling products and refund liabilities for sales returns and discounts, but were recognized as receipts in advance and provisions for liabilities in the balance sheet prior to the application of IFRS 15. The accounting treatment under IFRS 15 has no effect in the comprehensive income statement for the Group in the current period.

13. **SUPPLEMENTARY DISCLOSURES**

(1) Significant transactions information

A. Financing provided: Please refer to table 1.

B. Endorsements and guarantees provided: Please refer to table 2.

C. Marketable securities held at the end of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Please refer to table 4.

E. Acquisition of real estate properties at costs of at least $300 million or 20% of the paid-in capital: None.

F. Disposal of real estate properties at prices of at least $300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Please refer to table 5.

H. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting period: Please refer to 6(2), (5) and 12(2).

J. Intercompany relationships and significant intercompany transactions (only transactions amounting to at least $100 million are disclosed): Please refer to table 7.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to table 8.

(3) Information on investments in China

A. Information on investment in mainland China: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to table 7.

14. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement basis

The Group uses the revenue and operating profit as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2018		
	3C Brand	Others	Total
Revenues from external customers (Note 1)	$ 347,218,522	$ 44,332,480	$ 391,551,002
Revenues from other segments (Note 1)	$ 7,884,615	$ 7,368,155	- (Note 2)
Segment income from continuing operations	$ 17,441,442	($ 451,929)	$ 16,989,513
Total assets held by continuing operations (Note 3)	$ -	$ -	$ -

	For the year ended December 31, 2017		
	3C Brand	Others	Total
Revenues from external customers (Note 1)	$ 391,888,303	$ 42,078,488	$ 433,966,791
Revenues from other segments (Note 1)	$ 1,010,445	$ 7,126,116	- (Note 2)
Segment income from continuing operations	$ 17,067,909	$ 224,357	$ 17,292,266
Total assets held by continuing operations (Note 3)	$ -	$ -	$ -

Note 1: Including discontinued operations.

Note 2: The intra-segment revenues have been eliminated to $0.

Note 3: Because the Group's segment assets are not provided to the chief operating decision-maker, such items are not required to be disclosed.

(4) Reconciliation for segment income

A. The intra-segment transactions are based on fair value. The revenues from external customers reported to the chief operating decision-maker are measured in a manner consistent with the consolidated statements of comprehensive income.

B. The reconciliation of the reportable continuing operation's profit (others are the same as consolidated statements of comprehensive income) is as follows:

	For the years ended December 31,	
	2018	2017
Reportable continuing operation's profit before adjustment	$ 16,989,513	$ 17,292,266
Unallocated profit (loss)	(13,879)	(7,374)
Reportable continuing operation's profit	$ 16,975,634	$ 17,284,892

(5) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	For the years ended December 31,			
	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 62,916,500	$ 17,310,880	$ 69,893,799	$ 15,730,854
China	71,940,368	6,351,510	71,942,390	6,597,867
Singapore	151,016,124	8,673	174,007,620	2,392
USA	62,222,970	1,359,275	64,473,223	1,015,953
Europe	18,575,777	121,760	28,929,614	55,030
Others	24,879,263	312,266	24,720,145	354,240
	391,551,002	$ 25,464,364	433,966,791	$ 23,756,336
Less: Revenue from contracts with customers from discontinued operations	(37,363,337)		(47,547,932)	
Total	$ 354,187,665		$ 386,418,859	

The above non-current assets exclude financing instruments, deferred income tax assets and certain other non-current assets.

(6) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2018 and 2017.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 1

(Amounts in thousands of new Taiwan dollars and foreign currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing （Note 1）	Transaction Amounts	Reason for Financing	Loss allowance	Collateral		Financing Limits for Each Borrowing Company （Note 2）	Financing Company's Total Financing Amount Limits （Note 2）	Note
													Item	Value			
1	ASTP	ASGL	Other receivable and non-current assets	Yes	27,643,500 (USD 900,000)	27,643,500 (USD 900,000)	27,643,500 (USD 900,000)	0.99706 ~ 1.61331	2	-	Need for operating	-	-	-	41,468,654 (USD 1,350,111)	41,468,654 (USD 1,350,111)	

Note 1：Nature for Financing：a. Business transaction calls for a loan arrangement.

b. The need for short-term financing.

Note 2：Limit of total financing amount：According to Procedures for Lending of ASTP, limit of total financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, shall not exceed 100% of the net worth of ASTP as of the period.

Limit financing amount for individual counterparty：According to Procedures for Lending of ASTP, limit of financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, for individual counterparty shall not exceed 100% of the net worth of ASTP as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

ENDORSEMENTS AND GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 2

(Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement / Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
1	ASKEY	ASKEYJS	Subsidiary	947,294	1,228,600 (USD 40,000)	614,300 (USD 20,000)	614,300 (USD 20,000)	-	19.45	1,263,058	Y	N	Y	

Note： Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.
Limit of the total amount of guarantee for individual counter-party：According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counter-party shall not exceed 30% of the net worth of ASKEY as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2018

Table 3

(Amounts in thousands of New Taiwan dollars)

Held Company Name	Marketable Securities		Relationship with the Company (Note 1)	Financial Statement Account (Note 2)	DECEMBER 31, 2018				Note
	Type	Name			Shares/Units	Carrying Value	(%)	Fair Value	
ASUS	Fund	SINOPAC TWD MONEY MARKET	-	a	24,915,857	346,412	-	346,412	
ASUS	Fund	YUANTA DE LI MONEY MARKET	-	a	72,633,103	1,182,525	-	1,182,525	
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	3,537,572	50,179	-	50,179	
ASUS	Fund	UNION MONEY MARKET	-	a	68,708,454	905,818	-	905,818	
ASUS	Stock	SPORTON	-	a	336,394	47,600	0.36	47,600	
ASUS	Stock	GLOBALWAFERS	-	c	1,626,626	456,269	0.37	456,269	
ASUS	Stock	JMC	-	c	1,000,000	109,000	1.00	109,000	
ASUS	Stock	ENE	a	c	917,247	9,264	1.22	9,264	
ASUS	Stock	ALCOR MICRO	-	c	905,879	15,762	1.20	15,762	
ASUS	Stock	AZUREWAVE	-	c	934,745	19,256	0.62	19,256	
ASUS	Stock	LEDLINK	-	c	718,607	18,576	1.38	18,576	
ASUS	Fund	TNP	-	b	96	22,381	2.06	22,381	
ASUS	Fund	TNP LIGHT	-	b	124	31,157	6.06	31,157	
ASUS	Stock	EMPASS	-	d	587,050	18,052	19.90	18,052	
ASUS	Stock	ADVANTECH	-	d	100,628,870	21,182,377	14.41	21,182,377	
ASUS	Stock	PEGA	-	d	448,506,484	23,053,233	17.17	23,053,233	
ASUS	Stock	NANOLUX	-	d	536	33,901	11.43	33,901	
ASUS	Stock	APTOS	-	d	625,200	-	1.10	-	
ASUS	Stock	94BOT	-	d	100,000	2,105	5.13	2,105	
ASUS	Stock	A-WEI TECH	-	d	301,876	785	1.83	785	
ASUS	Stock	EOSTEK	-	d	1,600,000	12,409	14.94	12,409	
ASUS	Stock	AMTRUST	a	d	10,000,000	100,115	7.81	100,115	
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	-	a	60,031,084	978,080	-	978,080	
ASMEDIA	Fund	FUH HWA RMB MONEY MARKET	-	a	531,862	27,881	-	27,881	
ASMEDIA	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,396,683	30,011	-	30,011	
ASMEDIA	Fund	CAPITAL MONEY MARKET	-	a	1,862,833	30,012	-	30,012	
ASMEDIA	Stock	ICATCH TECHNOLOGY	-	d	5,500,000	87,340	7.80	87,340	
ASKEY	Stock	NETCOMM	-	b	1,980,000	32,604	1.35	32,604	
ASKEY	Stock	CIPHERMAX	-	b	9,234	-	-	-	
ASKEY	Stock	RETI	-	b	80,700	-	3.32	-	
MIC	Stock	BROADCOM(AVGO)	-	b	90	703	-	703	
MIC	Stock	ZARLINK SEMI-CONDUCTOR	-	b	44,775	-	0.04	-	
HCVC	Fund	YUANTA WAN TAI MONEY MARKET	-	a	558,765	8,452	-	8,452	
HCVC	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	757,861	10,750	-	10,750	
HCVC	Fund	YUANTA DE BAO MONEY MARKET	-	a	348,419	4,181	-	4,181	
HCVC	Fund	CAPITAL MONEY MARKET	-	a	917,513	14,782	-	14,782	
HCVC	Fund	TAISHIN 1699 MONEY MARKET	-	a	569,947	7,699	-	7,699	
HCVC	Stock	PRIMESENSOR TECHNOLOGY	-	d	233,286	3,659	0.38	3,659	
HCVC	Stock	APAQ TECHNOLOGY	a	d	10,668,012	327,508	12.63	327,508	
HCVC	Stock	A-WEI TECH	-	d	301,876	785	1.83	785	
HCVC	Stock	LEDLINK	-	c	336,546	8,700	0.65	8,700	
HMI	Fund	TAISHIN 1699 MONEY MARKET	-	a	2,435,055	32,892	-	32,892	
HMI	Stock	APAQ TECHNOLOGY	-	d	3,210,015	98,547	3.80	98,547	
HMI	Stock	A-WEI TECH	-	d	174,417	453	1.06	453	
AAEON	Stock	ADVANTECH	-	a	730	154	-	154	
AAEON	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,091,070	26,184	-	26,184	
AAEON	Stock	MACHVISION TECHNOLOGY	b	a	1,219,020	448,599	2.86	448,599	
AAEON	Stock	ATECH OEM TECHNOLOGY	b	a	234	2	-	2	
AAEON	Stock	INSYNERGER TECHNOLOGY	-	b	1,710,000	28,013	19.29	28,013	
AAEON	Stock	UNITECH ELECTRONICS	-	a	549,600	8,904	1.17	8,904	
AAEON	Stock	LILEE SYSTEMS	-	a	468,750	-	-	-	
AAEON	Stock	YAN CHUNG TECHNOLOGY	-	a	266,600	-	7.27	-	
AAEON	Stock	ALLIED BIOTECH	b	a	300,000	4,848	0.32	4,848	
AAEON	Stock	TELEION WIRELESS	-	a	149,700	-	-	-	
AAEON	Stock	V-NET AAEON	-	b	29	10,299	14.50	10,299	
AAEONI	Fund	HSBC GLOBAL INCOME BOND	-	a	555,078	6,577	-	6,577	
AAEONI	Stock	ATECH OEM TECHNOLOGY	b	a	3,456,000	35,078	6.02	35,078	
AAEONI	Stock	MUTTO OPTRONICS	-	a	310,000	4,542	0.68	4,542	
AAEONI	Stock	SUNENGINE	b	a	550,537	1,089	2.75	1,089	
ONYX	Stock	MELTEN CONNECTED HEALTHCARE	-	d	4,193,548	10,350	7.31	10,350	
ONYX	Stock	MACHVISION TECHNOLOGY	b	a	27,000	9,936	0.06	9,936	
ONYX	Stock	WINMATE	-	a	9,259,000	473,135	12.83	473,135	
ASGL	Fund	JIH SUN MONEY MARKET	-	a	1,392,747	20,604	-	20,604	
AHL	Stock	9SKY	-	d	1,000,000	-	5.71	-	
AIL	Fund	PRODIGY STRATEGY INVESTMENT	-	a	3,530	141,936	-	141,936	
AIL	Stock	EONEX	-	d	31,733	-	2.70	-	
AIL	Stock	SPLASHTOP	-	d	5,728,003	-	3.41	-	
AIL	Stock	ISTAGING	-	d	988,889	61,454	2.15	61,454	
AIL	Stock	PTSN	-	d	86,992,600	366,889	4.91	366,889	
DDL	Fund	ASIA PACIFIC GENESIS C	-	b	-	20,547	9.00	20,547	
UEI	Fund	CAPITAL MONEY MARKET	-	a	435,636	7,027	-	7,027	

Note 1： a. Other related parties - Held company is the legal entity as director of investee company. b. Other related parties - Director of held company is the director of investee company.

Note 2： a. Financial assets at fair value through profit or loss - current；b. Financial assets at fair value through profit or loss - non-current；c. Financial assets at fair value through other comprehensive income - current；
d. Financial assets at fair value through other comprehensive income - non-current

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION
OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 4 (Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal					Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	28,456,899	394,000	111,663,146 -	1,548,000 328	a b	115,204,188	1,597,731	1,595,916	a	1,815	24,915,857	346,412
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	41,404,159	671,683	143,381,784	2,330,000	a	184,785,943 -	3,002,636 -	3,001,512 171	a b	1,124	-	-
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	25,104,603	300,000	218,445,629	2,615,000	a	243,550,232	2,915,549	2,915,000	a	549	-	-
ASUS	Fund	UNION MONEY MARKET	a	-	-	95,139,167	1,249,063	448,264,580 -	5,900,000 260	a b	474,695,293	6,247,000	6,243,505	a	3,495	68,708,454	905,818
ASUS	Fund	FSITC MONEY MARKET	a	-	-	2,453,541	435,194	-	-	-	2,453,541 -	435,354 -	435,025 169	a b	329	-	-
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	33,199,429	500,037	-	-	-	33,199,429 -	500,222 -	500,000 37	a b	222	-	-
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	99,905,228	1,471,354	104,043,620	1,535,000	a	203,948,848 -	3,010,345 -	3,005,000 1,354	a b	5,345	-	-
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	42,760,000	693,050	138,986,830 -	2,255,000 3,389	a b	109,113,727	1,770,395	1,768,914	a	1,481	72,633,103	1,182,525
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	42,501,948	600,238	7,062,546	100,000	a	46,026,922 -	650,463 -	649,911 148	a b	552	3,537,572	50,179
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	60,047,798	1,000,000	a	60,047,798	1,000,048	1,000,000	a	48	-	-
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	-	-	59,954,395	915,000	a	59,954,395	915,072	915,000	a	72	-	-
ASUS	Fund	TAISHIN 1699 MONEY MARKET	a	-	-	-	-	68,488,586	925,000	a	68,488,586	925,096	925,000	a	96	-	-
ASUS	Capital	JSCD	e	-	-	-	-	-	487,360	a	- -	- -	64,951 12,545	c d	-	-	409,864
ASUS、HCVC and HMI	Stock	UPI	e	-	-	35,561,053	408,652	- -	243,818 1,550,579	c i	11,706,000 -	758,607 -	627,688 28	a e	1,681,498	23,855,053	1,575,333
ONYX	Stock	WINMATE	a	-	-	-	-	9,259,000 -	463,555 9,580	a b	-	-	-		-	9,259,000	473,135
AAEON	Stock	IBASE	e	-	-	-	-	52,921,856	3,498,501	a	- - - - -	- - - - -	3,293 130 8,478 1,634 6,692	c d e g h	-	52,921,856	3,478,274
ASTP	Capital	ACSH	e	-	-	-	-	- - - -	1,228,600 36,932 17,891 3,222,617	a c d f	-	-	4,506,040	f	-	-	-
AAEON	Stock	MACHVISION TECHNOLOGY	a	-	-	1,860,020	383,164	-	197,481	b	641,000	302,042	132,046	a	169,996	1,219,020	448,599
ACNL	Capital	ACIT	e	-	-	-	-	- -	678,222 21,785	a d	-	-	695,502	c	-	-	4,505

Note 1： a. Financial assets at fair value through profit or loss - current

b. Financial assets at fair value through profit or loss - non-current

c. Financial assets at fair value through other comprehensive income - current

d. Financial assets at fair value through other comprehensive income - non-current

e. Investments accounted for under equity method

Note 2： a. Acquired or capital increase/ disposed or capital reduction/liquidation in this period

b. Current-revaluation

c. Recognized investment gain or loss under equity investment

d. Recognized effect of exchange rate changes and recognized cumulative translation adjustment under equity investment

e. Recognized equity adjustment under equity investment

f. Re-classification credit of equity investment

g. Recognized pension adjustment under equity investment

h. Recognized equity adjustment due to investee company purchasing treasury stocks

i. Reclassified to investments accounted for under equity method - losing control,derecognized the remaing carrying amount and recalculated carrying value based on fair value of the disposition date.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 5

(Amounts in thousands of new Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Transaction Details: Purchases/ (Sales)	Transaction Details: Amount	Transaction Details: % to Total Purchases/ (Sales) amount	Transaction Details: Payment Terms (Note 2)	Abnormal Transaction: Unit Price	Abnormal Transaction: Payment Terms	Notes/Trade Receivables or Payables (Note 3): Ending Balance	Notes/Trade Receivables or Payables (Note 3): % to Total Notes/Trade Receivables or Payables (Note 3)	Note
ASUS	ASUTC	b	(Sales)	(21,480,089)	(6.86)	OA 90	-	-	3,730,870	6.00	
ASUS	ASGL	b	(Sales)	(279,023,384)	(89.14)	OA 180	-	-	48,265,302	77.67	
ASUS	AAEON	b	(Sales)	(1,214,496)	(0.39)	Month-end 30 days	-	-	196,441	0.32	
ASUS	OB	b	Purchases	413,471	0.14	Month-end 60 days	-	-	-	-	
ASUS	ASMEDIA	b	Purchases	246,727	0.09	Month-end 30 days	-	-	-	-	
ASUS	ASKEY	b	Purchases	569,530	0.20	Month-end 60 days	-	-	(372,503)	(0.71)	
ASGL	ACCQ	b	(Sales)	(5,901,689)	(1.97)	OA 180	-	-	895,215	0.95	
ASGL	ACI	b	(Sales)	(53,684,728)	(17.89)	OA 180	-	-	20,780,202	22.02	
ASGL	ACSH	b	(Sales)	(55,981,221)	(18.65)	OA 180	-	-	25,396,348	26.91	
ASGL	ACJP	b	(Sales)	(6,767,870)	(2.26)	OA 120	-	-	1,661,619	1.76	
ASGL	ASIN	b	(Sales)	(3,294,191)	(1.10)	OA 180	-	-	2,597,268	2.75	
ASGL	ACG	b	(Sales)	(227,103)	(0.08)	OA 90	-	-	4,787	0.01	
ASGL	ACMH	b	(Sales)	(1,423,970)	(0.47)	OA 180	-	-	961,825	1.02	
ASGL	ACNL	b	(Sales)	(16,011,411)	(5.34)	OA 180	-	-	4,174,345	4.42	
ASGL	ACBT	b	(Sales)	(5,831,602)	(1.94)	OA 180	-	-	3,708,885	3.93	
ASGL	ACH	b	(Sales)	(120,758)	(0.04)	OA 90	-	-	34,432	0.04	
ASKEY	LP	b	(Sales)	(7,838,806)	NA (Note 4)	Month-end 90 days	-	Payment terms is one to two months longer than third parties	932,240	12.02	
ASKEY	LP	b	Purchases	4,255,573	11.97	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASKEY	UNI	b	Purchases	20,738,516	58.33	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,219,501)	(70.69)	
ASKEY	ASKEYI	b	(Sales)	(3,107,381)	(10.70)	Month-end 90 days	Same as third parties	Payment terms is one to two months longer than third parties	875,472	11.29	
ASKEY	SILIGENCE	b	(Sales)	(543,786)	(1.87)	Month-end 90 days	Same as third parties	Payment terms is one to two months longer than third parties	168,377	2.17	
LP	ASKEYJS	b	(Sales)	(7,845,144)	(64.61)	Month-end 90 days	-	Payment terms is one to two months longer than third parties	1,100,333	100.00	
LP	ASKEYJS	b	Purchases	4,326,675	35.59	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(209,868)	(18.38)	
UNI	ASKEYJS	b	Purchases	20,846,268	100.00	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,278,181)	(100.00)	
OB	ASKEYJS	b	Purchases	416,884	98.64	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASUTC	ASUSCLOUD	b	(Sales)	(178,017)	(0.78)	OA 150	-	-	185,653	8.45	
AAEON	AAEONEU	b	(Sales)	(288,196)	(7.04)	Month-end 60 days	-	-	42,628	7.33	
AAEON	AAEONSZ	b	(Sales)	(294,878)	(7.21)	Month-end 60 days	-	-	48,841	8.40	
AAEON	AAEONEI	b	(Sales)	(807,479)	(19.73)	Month-end 60 days	-	-	87,438	15.04	
AAEON	ONYXHU	b	(Sales)	(175,718)	(4.29)	Month-end 60 days	-	-	8,346	1.44	
ONYX	ONYXHU	b	(Sales)	(223,089)	(20.76)	Month-end 90 days	-	-	74,393	33.28	
UPI	MAXCHIP	d	Purchases	204,970	37.35	Month-end 30 days	-	-	-	-	
UBIQ	MAXCHIP	d	Purchases	266,594	37.57	Month-end 30 days	-	-	-	-	

Note 1 : a. Parent company；b. Subsidiary；c. Associate；d. Other。

Note 2 : In addition to the original transaction terms, accounts receivable hold between each subsidies which 100% owned by ASUS could be extended payment terms and transferred to long-term receivables depend on actual demands of capital, when the transactions continuous.

Note 3 : Including transferred to long-term receivables amount as meeting transaction terms.

Note 4：Purchasing raw material is for subsidiary and the related sales revenue are eliminated in the financial reports.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2018

Table 6 (Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Ending Balance	Turnover		Overdue		Amounts Received in Subsequent Period	Loss allowance
						Amount	Action Taken		
ASUS	ASUTC	b	3,730,870	6.13	times	-	-	2,968,093	-
ASUS	ASGL	b	48,265,302	5.01	times	-	-	47,206,784	-
ASUS	AAEON	b	196,441	7.09	times	-	-	179,818	-
ASUTC	ASUSCLOUD	b	185,653	1.26	times	-	-	-	-
ASGL	ACCQ	b	895,215	3.75	times	-	-	1,077,550	-
ASGL	ACI	b	20,780,202	2.43	times	-	-	6,919,994	-
ASGL	ACSH	b	25,396,348	2.23	times	-	-	6,842,340	-
ASGL	ACJP	b	1,661,619	3.88	times	-	-	1,661,619	-
ASGL	ASIN	b	2,597,268	1.32	times	-	-	735,388	-
ASGL	ACMH	b	961,825	1.30	times	425,744	Keep in reconciliation and dunning monthly	324,045	-
ASGL	ACNL	b	4,174,345	3.54	times	-	-	3,309,540	-
ASGL	ACBT	b	3,708,885	3.16	times	47,960	Keep in reconciliation and dunning monthly	646,972	-
ASGL	ACIN	b	129,400	0.25	times	-	-	18,524	-
ASKEY	ASUS	a	372,503	2.95	times	-	-	361,560	-
ASKEY	LP	b	932,240	10.65	times	-	-	844,815	-
ASKEY	ASKEYI	b	875,472	6.19	times	-	-	345,660	-
ASKEY	SILIGENCE	b	168,377	4.36	times	-	-	142,604	-
UNI	ASKEY	b	4,219,501	4.96	times	-	-	3,963,156	-
LP	ASKEYJS	b	1,100,333	5.04	times	-	-	844,698	-
ASKEYJS	LP	b	209,868	4.99	times	-	-	209,868	-
ASKEYJS	UNI	b	4,278,181	4.95	times	-	-	3,962,235	-

Note 1：a. Parent company；b. Subsidiary；c. Associate；d. Other。

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT$100 MILLION ARE DISCLOSED)

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 7-1 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Sales	21,480,089	OA 90	6.06%
0	ASUS	ASGL	a	Sales	279,023,384	OA 180	78.78%
0	ASUS	AAEON	a	Sales	1,214,496	Month-end 30 days	0.34%
1	OB	ASUS	b	Sales	413,471	Month-end 60 days	0.12%
2	ASMEDIA	ASUS	b	Sales	246,727	Month-end 30 days	0.07%
3	ASUTC	ASUSCLOUD	c	Sales	178,017	OA 150	0.05%
4	ASGL	ACCQ	c	Sales	5,901,689	OA 180	1.67%
4	ASGL	ACI	c	Sales	53,684,728	OA 180	15.16%
4	ASGL	ACSH	c	Sales	55,981,221	OA 180	15.81%
4	ASGL	ACJP	c	Sales	6,767,870	OA 120	1.91%
4	ASGL	ASIN	c	Sales	3,294,191	OA 180	0.93%
4	ASGL	ACG	c	Sales	227,103	OA 90	0.06%
4	ASGL	ACMH	c	Sales	1,423,970	OA 180	0.40%
4	ASGL	ACNL	c	Sales	16,011,411	OA 180	4.52%
4	ASGL	ACH	c	Sales	120,758	OA 90	0.03%
4	ASGL	ACBT	c	Sales	5,831,602	OA 180	1.65%
5	ASKEY	ASUS	b	Sales	569,530	Month-end 60 days	0.16%
5	ASKEY	LP	c	Sales	7,838,806	Month-end 90 days	2.21%
5	ASKEY	SILIGENCE	c	Sales	543,786	Month-end 90 days	0.15%
5	ASKEY	ASKEYI	c	Sales	3,107,381	Month-end 90 days	0.88%
6	UNI	ASKEY	c	Sales	20,738,516	Month-end 90 days	5.86%
7	LP	ASKEY	c	Sales	4,255,573	Month-end 90 days	1.20%
7	LP	ASKEYJS	c	Sales	7,845,144	Month-end 90 days	2.21%
8	ASKEYJS	UNI	c	Sales	20,846,268	Month-end 90 days	5.89%
8	ASKEYJS	LP	c	Sales	4,326,675	Month-end 90 days	1.22%
8	ASKEYJS	OB	c	Sales	416,884	Month-end 90 days	0.12%
9	AAEON	AAEONEI	c	Sales	807,479	Month-end 60 days	0.23%
9	AAEON	AAEONSZ	c	Sales	294,878	Month-end 60 days	0.08%
9	AAEON	AAEONEU	c	Sales	288,196	Month-end 60 days	0.08%
9	AAEON	ONYXHU	c	Sales	175,718	Month-end 60 days	0.05%
10	ONYX	ONYXHU	c	Sales	223,089	Month-end 90 days	0.06%
11	ACSH	ACCQ	c	Service revenue	203,542	Paid within 30 days after receipt of invoice	0.06%
12	ACH	ASGL	c	Service revenue	510,888	Pay on delivery	0.14%
13	ACAE	ASGL	c	Service revenue	112,212	Pay on delivery	0.03%
14	ACI	ASGL	c	Service revenue	373,000	Pay on delivery	0.11%
15	ACCZS	ASGL	c	Service revenue	506,881	Pay on delivery	0.14%
16	ACF	ASGL	c	Service revenue	341,096	Pay on delivery	0.10%
17	ACG	ASGL	c	Service revenue	512,093	Pay on delivery	0.14%
18	ACHK	ASGL	c	Service revenue	143,712	Pay on delivery	0.04%
19	ACTR	ASGL	c	Service revenue	125,903	Pay on delivery	0.04%
20	ACUK	ASGL	c	Service revenue	217,500	Pay on delivery	0.06%
21	ACVN	ASGL	c	Service revenue	113,201	Pay on delivery	0.03%
22	ACSZ	ASGL	c	Service revenue	1,817,150	Pay on delivery	0.51%
23	ACAU	ASGL	c	Service revenue	125,960	Pay on delivery	0.04%
24	ACN	ASGL	c	Service revenue	276,604	Pay on delivery	0.08%
25	ACIT	ACNL	c	Service revenue	308,360	Pay on delivery	0.09%
26	ACIB	ACNL	c	Service revenue	165,002	Pay on delivery	0.05%
27	ACS	ASGL	c	Service revenue	184,278	Pay on delivery	0.05%
28	AAEONEI	AAEON	c	Service revenue	118,423	Month-end 30 days	0.03%

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT$100 MILLION ARE DISCLOSED)

DECEMBER 31, 2018

Table 7-2

(Amounts in thousands of new Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Trade receivables	3,730,870	OA 90	1.09%
0	ASUS	ASGL	a	Trade receivables	48,265,302	OA 180	14.11%
0	ASUS	AAEON	a	Trade receivables	196,441	Month-end 30 days	0.06%
3	ASUTC	ASUSCLOUD	c	Trade receivables	185,653	OA 150	0.05%
4	ASGL	ACCQ	c	Trade receivables	895,215	OA 180	0.26%
4	ASGL	ACI	c	Trade receivables	20,780,202	OA 180	6.07%
4	ASGL	ACSH	c	Trade receivables	25,396,348	OA 180	7.42%
4	ASGL	ACJP	c	Trade receivables	1,661,619	OA 120	0.49%
4	ASGL	ASIN	c	Trade receivables	2,597,268	OA 180	0.76%
4	ASGL	ACMH	c	Trade receivables	961,825	OA 180	0.28%
4	ASGL	ACNL	c	Trade receivables	4,174,345	OA 180	1.22%
4	ASGL	ACBT	c	Trade receivables	3,708,885	OA 180	1.08%
4	ASGL	ACIN	c	Trade receivables	129,400	OA 150	0.04%
5	ASKEY	ASUS	b	Trade receivables	372,503	Month-end 60 days	0.11%
5	ASKEY	LP	c	Trade receivables	932,240	Month-end 90 days	0.27%
5	ASKEY	SILIGENCE	c	Trade receivables	168,377	Month-end 90 days	0.05%
5	ASKEY	ASKEYI	c	Trade receivables	875,472	Month-end 90 days	0.26%
6	UNI	ASKEY	c	Trade receivables	4,219,501	Month-end 90 days	1.23%
7	LP	ASKEYJS	c	Trade receivables	1,100,333	Month-end 90 days	0.32%
8	ASKEYJS	UNI	c	Trade receivables	4,278,181	Month-end 90 days	1.25%
8	ASKEYJS	LP	c	Trade receivables	209,868	Month-end 90 days	0.06%
17	ACG	ASGL	c	Trade receivables	144,317	Pay on delivery	0.04%
14	ACI	ASGL	c	Other receivables	129,955	Pay on delivery	0.04%
22	ACSZ	ASGL	c	Trade receivables	364,476	Pay on delivery	0.11%
11	ACSH	JSCD	c	Other receivables	292,535	Pay on delivery	0.09%

Note 1： ASUS and its subsidiaries are coded as follows:

a. ASUS is coded 0.

b. The subsidiaries are coded consecutively beginning from 1 in the order presented in the table above.

Note 2： Transactions are categorized as follows:

a. The parent company to subsidiary.

b. Subsidiary to parent company.

c. Subsidiary to subsidiary.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 8 (Amounts in thousands of New Taiwan dollars)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
				December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
ASUS	ACI	U.S.A	Selling of 3C products in North America	13,320	13,320	50,000	100.00	-	299,030	299,030	Note 2 and 3
ASUS	ASUTC	Taiwan	Selling of 3C products in Taiwan	204,244	204,244	19,000,000	100.00	-	(155,953)	(155,953)	Note 1、2 and 3
ASUS	ACH	Netherlands	Repairing of 3C products	37,821	37,821	3,000,000	100.00	201,504	9,631	9,631	Note 2
ASUS	AIL	Cayman Islands	Investing in 3C and computer peripheral business	3,281,057	3,281,057	89,730,042	100.00	38,757,749	1,521,666	1,521,666	Note 1 and 2
ASUS	AHL	Cayman Islands	Investing in computer peripherals business	662,434	662,434	20,452,104	100.00	625,246	23,307	23,307	Note 2
ASUS	ASKEY	Taiwan	Designing, manufacturing, repairing and selling of communication products and computer peripherals	5,021,108	5,021,108	480,000,000	100.00	3,157,795	(2,214,573)	(2,214,442)	Note 2
ASUS	HCVC	Taiwan	Investing in computer peripherals business	1,100,000	1,100,000	114,500,000	100.00	1,957,398	518,568	518,568	Note 2
ASUS	HMI	Taiwan	Investing in computer peripherals business	680,000	680,000	68,000,000	100.00	1,282,577	295,114	295,114	Note 2
ASUS	ASGL	Singapore	Selling of 3C products	838,070	838,070	28,000,000	100.00	27,679,883	840,047	(782,769)	Note 2
ASUS	QCI	Singapore	Servicing of information technology	25,290	25,290	830,001	100.00	6,137	(196)	(196)	Note 2
ASUS	ASUSCLOUD	Taiwan	Selling and consulting of internet service	596,678	450,278	23,645,558	94.58	117,516	(80,673)	(73,580)	Note 2
ASUS and HCVC	ACJK	Indonesia	Selling of 3C products in Indonesia	244,480	60,840	8,000	100.00	232,635	1,009	1,009	Note 2
ASUS and HCVC	IMOTION	Taiwan	AIOT business	180,000	-	18,000,000	30.00	179,895	(347)	(89)	Note 2
ASUS and HCVC	ACBT	Indonesia	Selling of 3C products in Indonesia	301,321	273,775	1,099,000	100.00	-	(372,796)	(372,796)	Note 2 and 3
ASUS and HCVC	ASINT	Taiwan	Selling, designing and manufacturing of memory module which apply to low-end, mid-end and high-end segmentation	87,500	87,500	7,875,000	24.83	-	-	-	Note 2
ASUS and HCVC	SWI	Taiwan	Researching, developing, selling and consulting of information system software	72,146	72,146	5,469,750	51.00	82,094	(3,578)	(1,825)	Note 2
ASUS and HCVC	IUT	Taiwan	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	123,227	123,227	11,402,092	56.73	60,232	4,788	2,717	Note 2
ASUS、HCVC and HMI	ASMEDIA	Taiwan	Designing, researching, developing and manufacturing of high-speed analog circuit	342,673	342,673	31,775,315	52.93	1,232,273	955,847	389,442	Note 2
ASUS、HCVC and HMI	EMC	Taiwan	Designing, manufacturing and selling of computer peripheral spare parts	81,060	82,297	6,359,548	18.05	175,589	257,309	16,418	Note 2
ASUS、HCVC and HMI	AAEON	Taiwan	Manufacturing and selling of industrial computers and computer peripherals	3,357,568	3,357,568	60,474,000	40.73	5,067,159	732,861	297,810	Note 2
ASUS、HCVC and HMI	JPX	Taiwan	Designing and selling of computer peripheral spare parts	20,000	20,000	2,000,000	22.22	5,858	(12,260)	(1,417)	Note 2
ASUS、HCVC and HMI	UPI	Taiwan	Designing, researching, developing and selling of integrated circuits	425,702	637,128	23,855,053	34.20	1,575,333	494,167	177,801	Note 2
ASUS、HMI and AAEON	ONYX	Taiwan	Designing, manufacturing and selling of medical computers	117,680	117,680	11,176,168	55.86	502,856	194,906	10,911	Note 2 and 4
ASKEY	ASKEYI	U.S.A	Selling and servicing of communication products	307,607	307,607	10,000,000	100.00	70,406	(140,033)	-	Note 2
ASKEY	DIC	British Virgin Islands	Investing in communication business	271,695	271,695	8,160,172	100.00	81,530	947	-	Note 2
ASKEY	MIC	British Virgin Islands	Investing in computer peripherals business	3,847,164	3,832,534	118,019,831	100.00	3,421,665	(296,744)	-	Note 2
ASKEY	ECOLAND	Taiwan	Green energy industry	21,840	21,840	780,000	33.91	8,257	(8,845)	-	Note 2
DIC	ASKEYVN	Vietnam	Manufacturing and selling of communication products	176,136	170,660	2,883,359	100.00	78,372	1	-	Note 2
DIC	WISE	Hong Kong	Investing in communication and computer peripherals business	41,511	40,221	1,600,000	100.00	9,924	621	-	Note 2
MIC	MAGICOM	Cayman Islands	Investing in communication business	2,795,986	2,709,053	91,030,000	100.00	3,552,783	(274,117)	-	Note 2
MIC	OB	British Virgin Islands	Selling of communication products and computer peripherals	1,536	1,488	50,000	100.00	33,859	-	-	Note 2
MIC	LP	Mauritius	Selling of communication products and computer peripherals	1,537,286	1,489,488	50,050,000	100.00	-	(15,364)	-	Note 2 and 3
MIC	UNI	Mauritius	Selling of communication products and computer peripherals	1,536	1,488	50,000	100.00	19,928	-	-	Note 2
MIC	ASKEYCG	Germany	Selling and servicing of communication products	4,019	3,894	100,000	100.00	3,378	12	-	Note 2
MIC	ASKEYTH	Thailand	Intelligent energy-savings service	1,926	1,866	20,000	100.00	1,219	(372)	-	Note 2
MIC	ASKEYJP	Japan	Selling and servicing of communication products	1,444	-	500,000	100.00	152	(1,209)	-	Note 2
MIC and OB	ASKEYBR	Brazil	Selling and servicing of communication products	28,993	13,385	3,200,000	100.00	10,528	(7,165)	-	Note 2
ASKEY and WISE	SILIGENCE	France	Selling and servicing of communication products	178,160	176,873	4,623,090	95.95	58,477	4,142	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount: December 31, 2018	Original Investment Amount: December 31, 2017	Balance as of December 31, 2018: Shares	Balance as of December 31, 2018: Percentage of Ownership	Balance as of December 31, 2018: Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
IUT	IUTS	Samoa Islands	Investing in ink-jet print heads and ink-jet digital image output technology business	-	-	-	100.00	-	-	-	Note 2
AAEON	AAEONEI	U.S.A	Selling of industrial computers and computer peripherals	150,504	145,824	490,000	100.00	162,435	2,995	-	Note 2
AAEON	AAEONDI	British Virgin Islands	Investing in industrial computers and computer peripherals business	20,266	19,636	50,000	100.00	43,054	(21)	-	Note 2
AAEON	AAEONTCL	British Virgin Islands	Investing in industrial computers and interface cards business	270,510	262,099	8,807,097	100.00	235,364	(33,414)	-	Note 2
AAEON	AAEONEU	Netherlands	Selling of industrial computers and computer peripherals	3,520	3,557	-	100.00	35,314	(10,757)	-	Note 2
AAEON	AAEONI	Taiwan	Investing in industrial computers and computer peripherals business	150,000	150,000	15,000,000	100.00	110,670	(9,104)	-	Note 2
AAEON	LITEMAX	Taiwan	Selling of computer peripherals	70,218	70,218	5,015,050	13.54	95,575	100,844	-	Note 2
AAEON	IBASE	Taiwan	Manufacturing and selling of industrial motherboard	3,498,501	-	52,921,856	30.35	3,478,274	307,134	-	Note 2
AAEONDI	AAEONSG	Singapore	Selling of industrial computers and computer peripherals	13,114	12,986	465,840	100.00	42,818	1	-	Note 2
AAEONEU	AAEONG	Germany	Selling of industrial computers and computer peripherals	10,560	10,671	-	100.00	16,463	651	-	Note 2
ONYX	ONYXHU	U.S.A	Selling of medical computers and peripherals	61,430	59,520	200,000	100.00	69,492	4,289	-	Note 2
ONYX	ONYXHE	Netherlands	Marketing support and repairing of medical computers and peripherals	3,520	3,557	100,000	100.00	11,009	1,959	-	Note 2
ONYX	IHELPER	Taiwan	Researching, developing and Selling of medical robot	16,560	-	1,656,000	46.00	13,569	(6,502)	-	Note 2
ASUSCLOUD	ASUSCLOUDSG	Singapore	Investing in internet service business	19,935	19,935	-	100.00	49	244	-	Note 2
ASUSCLOUD	ASUSCLOUDLB	Luxembourg	Providing maintaence and operating service of information hardware	18,065	18,065	-	100.00	3,103	380	-	Note 2
ASUSCLOUD	ASUSLC	Taiwan	Selling of internet information service	5,000	5,000	500,000	50.00	3,252	27	-	Note 2
AIL	DDL	British Virgin Islands	Investing in computer peripherals business	350,827	339,919	11,422,000	100.00	342,336	(356)	-	Note 2
AIL	CHANNEL	British Virgin Islands	Investing in 3C business	922,464	893,782	30,033,000	100.00	37,255,602	1,504,454	-	Note 2
AIL	UHL	Cayman Islands	Investing in automotive electronics and computer peripherals business	199,648	193,440	6,500,000	100.00	65,841	(11,133)	-	Note 2
AIL	POTIXC	Cayman Islands	Designing and training of WEB application software	30,715	29,760	5,000,000	22.22	27,845	11,949	-	Note 2
CHANNEL	ASTP	Singapore	Investing in 3C business	921,527	892,874	44,419,424	100.00	41,468,654	613,409	-	Note 2
CHANNEL and ASTP	ACAE	United Arab Emirates	Providing support and repairing of 3C products in Middle East	4,236	4,104	5	100.00	12,963	293	-	Note 2
CHANNEL and ASTP	ACEG	Egypt	Providing support for 3C products in Egypt	768	744	-	100.00	1,763	12	-	Note 2
CHANNEL and ASTP	ASID	Indonesia	Repairing of 3C products in Asia-pacific and America	46,073	44,640	1,500,000	100.00	37,574	688	-	Note 2
CHANNEL、ASTP and ACNL	ACTH	Thailand	Providing support for 3C products in Thailand	14,510	14,059	20,000	100.00	17,556	287	-	Note 2
CHANNEL、ASTP and ACNL	ASTH	Thailand	Repairing of 3C products in Thailand	2,856	-	30,000	100.00	2,830	(26)	-	Note 2
ASTP	ACG	Germany	Selling and Providing support for 3C products in Germany	2,909	2,819	-	100.00	146,567	10,096	-	Note 2
ASTP	ACF	France	Providing support for 3C products in France	1,531	1,484	5,300	100.00	52,225	10,405	-	Note 2
ASTP	ACUK	U.K.	Providing support for 3C products in United Kingdom	2,772	2,685	50,000	100.00	40,841	5,115	-	Note 2
ASTP	ACHK	Hong Kong	Providing support and repair for 3C products in Hong Kong	1,976	1,915	500,000	100.00	10,334	1,890	-	Note 2
ASTP	ACKR	South Korea	Providing support and repair for 3C products in South Korea	10,626	10,295	158,433	100.00	42,918	(4,503)	-	Note 2
ASTP	ACSG	Singapore	Repairing of 3C products in Singapore	389	377	20,002	100.00	1,731	2,155	-	Note 2
ASTP	ACIN	India	Providing support and repair for 3C products in India	253,935	246,040	20,134,400	100.00	308,160	33,103	-	Note 2
ASTP	ACNL	Netherlands	Selling of 3C products	17,881	17,325	375,000	100.00	1,317,120	146,372	-	Note 2
ASTP	ACVN	Vietnam	Repairing of 3C products in Vietnam	2,457	2,381	-	100.00	15,969	2,876	-	Note 2
ASTP	ACIB	Spain	Providing support for 3C products in Spain	18	18	3,000	100.00	36,607	2,196	-	Note 2
ASTP	ACJP	Japan	Selling of 3C products in Japan	75,179	72,841	20,500	100.00	257,215	71,559	-	Note 2
ASTP	ASAU	Australia	Repairing of 3C products in Australia	29,649	28,727	950,000	100.00	29,431	(1,602)	-	Note 2
ASTP	ACAU	Australia	Providing support for 3C products in Australia	11,082	10,738	350,000	100.00	47,451	4,119	-	Note 2
ASTP	ACIL	Israel	Providing support for 3C products in Israel	399	387	50,000	100.00	2,812	359	-	Note 2
ASTP	ACCO	Colombia	Providing support for 3C products in Colombia	921	893	74,489	100.00	1,353	1,293	-	Note 2
ASTP	ACZA	South Africa	Providing support and repair for 3C products in Africa	2	2	1,000	100.00	3,696	413	-	Note 2
ASTP	ACMY	Malaysia	Providing support and repair for 3C products in Malaysia	3,590	3,478	500,000	100.00	19,445	2,501	-	Note 2
ASTP	ACCL	Chile	Providing support for 3C products in Chile	53	-	1,000	100.00	260	226	-	Note 2
ASTP and ACNL	ACPE	Peru	Providing support for 3C products in Peru	12	12	1,000	100.00	1,799	(230)	-	Note 2

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount December 31, 2018	Original Investment Amount December 31, 2017	Balance as of December 31, 2018 Shares	Balance as of December 31, 2018 Percentage of Ownership	Balance as of December 31, 2018 Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
ASTP and ACNL	ACMH	Mexico	Selling of 3C products in Mexico	116,658	113,075	51,120	100.00	-	5,445	-	Note 2 and 3
ASTP and ACNL	ACBZ	Brazil	Selling of 3C products in Brazil	6,054,272	5,866,044	549,469,000	100.00	4,518,649	258,210	-	Note 2
ASTP and ACNL	ASIN	India	Selling of 3C products in India	208,171	201,698	33,500,000	100.00	49,541	110,840	-	Note 2
ASTP and ACMH	ACMX	Mexico	Providing support for 3C products in Mexico	312	302	132	100.00	6,751	2,506	-	Note 2
ACNL	ACHU	Hungary	Providing support and repair for 3C products in Hungary	1,760	1,778	-	100.00	8,597	850	-	Note 2
ACNL	ACPT	Portugal	Providing support for 3C products in Portugal	1,056	1,067	30,000	100.00	10,551	825	-	Note 2
ACNL	ACCH	Switzerland	Providing support for 3C products in Switzerland	8,044	8,128	3,400	100.00	23,800	1,451	-	Note 2
ACNL	ACN	Sweden	Providing support for 3C products in North Europe	1,122	1,133	3,000	100.00	56,677	5,045	-	Note 2
ACNL	ACTR	Turkey	Providing support and repair for 3C products in Turkey	15,490	-	2,046	100.00	47,441	16,515	-	Note 2
ACNL	ASTR	Turkey	Repairing of 3C products in Turkey	359	-	3,000	100.00	221	(266)	-	Note 2
ACNL and ASTP	ACPL	Poland	Providing support for 3C products in Poland	51,239	482	1,000	100.00	53,408	4,405	-	Note 2
ACNL and ASTP	ACIT	Italy	Providing support for 3C products in Italy	1,690	545,988	-	100.00	4,505	(695,502)	-	Note 2
ACNL and ASTP	ACCZ	Czech Republic	Providing support for 3C products in Czech Republic	275	2,466	-	100.00	15,608	1,621	-	Note 2
ACNL、ASTP and ACH	ACCZS	Czech Republic	Repairing of 3C products in Europe	7,372	8,532	-	100.00	90,933	9,547	-	Note 2
UHL	UEI	Taiwan	Manufacturing and selling of automotive electronics and computer peripherals	198,041	191,884	21,300,000	100.00	65,816	(11,116)	-	Note 2
AHL	NEXTS	Cayman Islands	Investing in cloud computing service business	87,886	87,886	8,560,974	43.48	73,504	(7,872)	-	Note 2

Note 1：Original investment amount excludes other interest oriented from shareholders' stock trust which distributes to employees.

Note 2：According to regulation, only disclose the share of profits/losses of investee recognized by ASUS.

Note 3：Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note 4：Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 9

(Amounts in thousands of New Taiwan dollars and foreign currencies)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Ending Balance Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee Company	Percentage of Ownership (%)	Investment Income (Loss) Recognized in Current Period (Note 2 b and c)	Carrying Amount as of December 31, 2018 (Note 2 b and c and Note 3)	Ending Balance of Accumulated Inward Remittance of Earnings	Note (Note 1 b)
					Outflow	Inflow							
ACSH	Selling of 3C products in China	1,477,392	b	248,792	1,228,600	-	1,477,392	36,932	100.00	36,932	-	-	ASTP Invested
ACS	Repairing of 3C products	61,430	b	61,430	-	-	61,430	3,628	100.00	3,628	68,719	-	ASTP Invested
ACSZ	Researching and developing of 3C products	1,505,035	b	1,505,035	-	-	1,505,035	172,469	100.00	172,469	2,941,438	-	ASTP Invested
ACCQ	Selling of 3C products in China	2,119,335	b	2,119,335	-	-	2,119,335	389,601	100.00	389,601	5,207,512	-	ASTP Invested
ACISZ	Leasing real estate	504,184	c	-	-	-	-	(3,631)	100.00	(3,631)	450,867	-	-
ASKEYSH	Researching, developing and selling of communication products	92,145	b	92,145	-	-	92,145	1,530	100.00	1,530	7,596	-	MIC Invested
ASKEYJS	Manufacturing and selling of communication products	2,764,350	b	2,764,350	-	-	2,764,350	(276,288)	100.00	(276,288)	3,421,880	-	MAGICOM Invested
ASKEYMWJ	Manufacturing and selling of communication products	92,145	b	92,145	-	-	92,145	1,647	100.00	1,647	93,123	-	MAGICOM Invested
AAEONSZ	Manufacturing and selling of industrial computers and interface cards	266,922	b	266,922	-	-	266,922	(33,455)	100.00	(33,455)	237,686	-	AAEONTCL Invested
ONYXSH	Selling of medical computers and peripherals	46,073	a	46,073	-	-	46,073	(3,886)	100.00	(3,886)	5,936	-	-
EMES	Selling and consulting of information system software	9,215	a	9,215	-	-	9,215	221	100.00	221	10,284	-	-
JSCD	Professional eSports	487,360	a	-	487,360	-	487,360	(64,951)	100.00	(64,951)	409,864	-	-
9SKY HANGZHOU	Manufacturing and serving of data storage media	92,145	c	5,265	-	-	-	-	5.71	-	-	-	-
9SKY SHANGHAI	Manufacturing and serving of data storage media	30,715	c	1,402	-	-	-	-	5.71	-	-	-	-
EOSTEK SHENZHEN	Smart TV and projector platform service	215,005	c	55,041	-	-	-	-	14.94	-	-	-	-

Company Name	Ending Balance of Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 4)
ASUS	6,287,435 USD 204,702	6,668,301 USD 217,102	96,819,001
ASKEY	3,347,935 USD 109,000	3,347,935 USD 109,000	1,894,587
AAEON	266,922 USD 8,690	266,922 USD 8,690	5,021,039
SWI	9,215 USD 300	10,443 USD 340	96,581
ONYX	46,073 USD 1,500	46,073 USD 1,500	554,353

Note 1：The methods for engaging in investment in Mainland China include the following:

a. Direct investment in Mainland China.

b. Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

c. Other methods.

Note 2：The investment income (loss) recognized in current period:

Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

The investment income (loss) were determined based on the following basis:

a. The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

b. The financial statements was audited and certificated by independent auditors of the parent company in Taiwan.

c. Others.

Note 3：Credit balance of investments accounted for under equity method of ACSH is transferred to other liabilities - non-current.

Note 4：Upper Limit on Investment of ASKEY amounting to $1,894,587 is calculated by net worth as of December 31, 2018, however amount authorized by Investment Commission in the latest application is $5,728,299.

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Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.

Opinion

We have audited the accompanying separate balance sheets of ASUSTEK COMPUTER INC. as of December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2018 and 2017, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of ASUSTEK COMPUTER INC. as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of ASUSTEK COMPUTER INC. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

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

Key audit matters for the separate financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(12) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(6) for the details of allowance for inventory valuation.

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

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

How our audit addressed the matter

Our audit procedures performed in ASUSTEK COMPUTER INC. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Assessed the policy on allowance for inventory valuation loss, based on our understanding of the operations and industry of ASUSTEK COMPUTER INC.
2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents.

3. Tested the basis of market value used in calculating the net realizable value of inventory and validated the accuracy of net realizable value calculation of selected samples.

Refund liabilities - sales returns and discounts

Description

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

How our audit addressed the matter

Our audit procedures performed in the subsidiaries of ASUSTEK COMPUTER INC. (recognized as investments accounted for under equity method) for refund liabilities - sales returns and discounts are as follows:

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

Classification and presentation of discontinued operations

Description

Refer to Note 6(9) for details of discontinued operations.

ASUSTEK COMPUTER INC. is determined to reshape its smartphone business strategy to focus on perfecting solustions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been underway and ASUSTEK COMPUTER INC. recognized valuation effects of assets and liabilities accordingly. Given the magnitude of the business strategy changes as well as significant impact of how the profit or loss of discontinued operations was classified and presented on the financial statements, we consider the classification and presentation of discontinued operations as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed in ASUSTEK COMPUTER INC. and its subsidiaries (recognized as investments accounted for under equity method) for the above matter are as follows:

1. Obtained the Board minutes of ASUSTEK COMPUTER INC. about business transformation plan pertaining to the resolution and management's detailed listings of valuation effects of assets and liabilities; and checked relevant supporting documentation.
2. Confirmed the financial statements are reasonably presented by reviewing and assessing how the management disclosed the discontinued operations.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to $9,937,243 thousand and $1,067,029 thousand, constituting 3.97% and 0.41% of total assets as of December 31, 2018 and 2017, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to ($405,740) thousand and $278,424 thousand, constituting 12.12% and 4.79% of total comprehensive income for the years ended December 31, 2018 and 2017, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of ASUSTEK COMPUTER INC.

Independent auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of ASUSTEK COMPUTER INC.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ASUSTEK COMPUTER INC. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ASUSTEK COMPUTER INC. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ASUSTEK COMPUTER INC. to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Chou, Chien-Hung

Chang, Shu-Chiung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2019

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

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 2,313,288	1	$ 335,235	-
Financial assets at fair value through profit or loss - current	6(2)	2,539,792	1	6,368,076	2
Financial assets at fair value through other comprehensive income - current	6(3)	628,127	-	-	-
Available-for-sale financial assets - current	12(4)	-	-	788,889	-
Notes and trade receivables	6(4)(5)	9,805,375	4	6,532,941	3
Trade receivables - related parties	6(4) and 7	52,338,066	21	66,488,284	26
Other receivables		127,190	-	25,626	-
Inventories	6(6)	38,520,218	15	29,902,995	12
Prepayments		1,988,892	1	3,790,303	1
Other current assets		2,913	-	26,684	-
Total current assets		108,263,861	43	114,259,033	44
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	53,538	-	-	-
Financial assets at fair value through other comprehensive income - non-current	6(3)	44,402,977	18	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	53,577,492	21
Financial assets carried at cost - non-current	12(4)	-	-	89,610	-
Investments accounted for under equity method	6(7)	80,718,891	32	76,242,389	29
Property, plant and equipment	6(8)	9,041,080	4	7,431,227	3
Investment property		4,007,791	2	4,009,177	2
Intangible assets		113,635	-	115,992	-
Deferred income tax assets	6(21)	3,547,717	1	2,674,959	1
Other non-current assets	8	435,041	-	898,628	-
Total non-current assets		142,320,670	57	145,039,474	56
TOTAL ASSETS		$ 250,584,531	100	$ 259,298,507	100

(Continued)

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	DECEMBER 31, 2018 AMOUNT	%	DECEMBER 31, 2017 AMOUNT	%
Current liabilities					
Financial liabilities at fair value through profit or loss - current	6(2)	$ 1,104	-	$ 34,226	-
Contract liabilities - current	6(16)	245,117	-	-	-
Notes and trade payables	6(5) and 7	52,799,533	21	46,449,308	18
Other payables - accrued expenses	7	18,943,662	8	20,494,142	8
Current income tax liabilities		1,517,260	1	1,287,704	1
Provisions for liabilities - current	6(11) and 9	3,539,925	1	3,851,382	1
Other current liabilities	7	472,447	-	393,885	-
Total current liabilities		77,519,048	31	72,510,647	28
Non-current liabilities					
Deferred income tax liabilities	6(21)	10,992,240	5	10,533,849	4
Other non-current liabilities		708,242	-	1,109,826	-
Total non-current liabilities		11,700,482	5	11,643,675	4
Total liabilities		89,219,530	36	84,154,322	32
Equity					
Share capital - common shares	6(12)	7,427,603	3	7,427,603	3
Capital surplus	6(13)	6,299,430	3	5,554,197	2
Retained earnings	6(14)				
Legal reserve		34,983,546	14	33,429,055	13
Special reserve		693,941	-	693,941	-
Unappropriated retained earnings		94,556,481	38	102,790,860	40
Other equity	6(3)(15)(21)	17,404,000	6	25,248,529	10
Total equity		161,365,001	64	175,144,185	68
TOTAL LIABILITIES AND EQUITY		$ 250,584,531	100	$ 259,298,507	100

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

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		FOR THE YEARS ENDED DECEMBER 31,			
		2018		2017	
ITEMS	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(16) and 7	$ 273,282,876	100	$ 300,429,666	100
Operating costs	6(6)(10)(19)(20) and 7	(256,913,446)	(94)	(281,661,236)	(94)
Gross profit		16,369,430	6	18,768,430	6
Unrealized loss from sales		1,785,274	1	1,160,247	1
Realized Gross profit		18,154,704	7	19,928,677	7
Operating expenses	6(10)(19)(20), 7 and 9				
Selling expenses		(2,021,694)	(1)	(2,453,099)	(1)
General and administrative expenses		(1,346,215)	(1)	(1,754,801)	(1)
Research and development expenses		(5,882,453)	(2)	(7,144,157)	(2)
Total operating expenses		(9,250,362)	(4)	(11,352,057)	(4)
Operating profit		8,904,342	3	8,576,620	3
Non-operating income and expenses					
Other income	6(17)	2,629,355	1	2,813,266	1
Other gains (losses)	6(2)(3)(18)	228,251	-	250,709	-
Finance costs		(2,547)	-	(230)	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		6,490,725	3	9,778,130	3
Total non-operating income and expenses		9,345,784	4	12,841,875	4
Profit before income tax		18,250,126	7	21,418,495	7
Income tax expenses	6(21)	(1,945,287)	(1)	(2,357,300)	(1)
Profit from continuing operations for the year		16,304,839	6	19,061,195	6
Loss from discontinued operations for the year	6(9)	(12,069,803)	(4)	(3,516,290)	(1)
Profit for the year		$ 4,235,036	2	$ 15,544,905	5
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	($ 9,430,925)	(4)	$ -	-
Share of other comprehensive income (losses) of associates and joint ventures accounted for under equity method	6(7)(15)	25,420	-	(19,274)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statement translation differences of foreign operations	6(15)	2,173,611	1	(5,109,986)	(2)
Unrealized loss on valuation of available-for-sale financial assets	6(15) and 12(4)	-	-	(3,887,043)	(1)
Share of other comprehensive loss of associates and joint ventures accounted for under equity method	6(7)(15)	(198,053)	-	(1,524,919)	-
Income tax relating to the components of other comprehensive income	6(15)(21)	(151,679)	-	807,469	-
Other comprehensive loss for the year		($ 7,581,626)	(3)	($ 9,733,753)	(3)
Total comprehensive loss for the year		($ 3,346,590)	(1)	($ 5,811,152)	2
Basic earnings per share (in dollars)	6(22)				
Profit from continuing operations		$ 21.95		$ 25.66	
Loss from discontinued operations		(16.25)		(4.73)	
Basic earnings per share		$ 5.70		$ 20.93	
Diluted earnings per share (in dollars)	6(22)				
Profit from continuing operations		$ 21.90		$ 25.49	
Loss from discontinued operations		(16.21)		(4.70)	
Diluted earnings per share		$ 5.69		$ 20.79	

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

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Retained Earnings			Other Equity Interest						
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instruments	Remeasurements of defined benefit plan	Total equity
For the year ended December 31, 2017												
Balance at January 1, 2017	$ 7,427,603	$ 5,079,722	$ 31,508,782	$ 693,941	$ 101,793,153	$ 2,149,750	$ -	$ 31,628,691	$ 1,282,834	$ -	($ 78,993)	$ 181,485,483
Appropriations of 2016 earninigs (Note 6(14))												
Legal reserve	-	-	1,920,273	-	(1,920,273)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,626,925)	-	-	-	-	-	-	(12,626,925)
Profit for the year	-	-	-	-	15,544,905	-	-	-	-	-	-	15,544,905
Other comprehensive loss for the year	-	-	-	-	-	(4,025,708)	-	(3,734,883)	(1,953,888)	-	(19,274)	(9,733,753)
Change in associates and joint ventures accounted for under equity method	-	476	-	-	-	-	-	-	-	-	-	476
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	51,471	-	-	-	-	-	-	-	-	-	51,471
Recognition of changes in ownership interest in subsidiaries	-	422,528	-	-	-	-	-	-	-	-	-	422,528
Balance at December 31, 2017	$ 7,427,603	$ 5,554,197	$ 33,429,055	$ 693,941	$ 102,790,860	($ 1,875,958)	$ -	$ 27,893,808	($ 671,054)	$ -	($ 98,267)	$ 175,144,185
For the year ended December 31, 2018												
Balance at January 1, 2018	$ 7,427,603	$ 5,554,197	$ 33,429,055	$ 693,941	$ 102,790,860	($ 1,875,958)	$ -	$ 27,893,808	($ 671,054)	$ -	($ 98,267)	$ 175,144,185
Effect of retrospective application and restatement	-	-	-	-	289,921	-	27,630,905	(27,893,808)	671,054	(671,054)	-	27,018
Balance at January 1, after adjustments	7,427,603	5,554,197	33,429,055	693,941	103,080,781	(1,875,958)	27,630,905	-	-	(671,054)	(98,267)	175,171,203
Appropriations of 2017 earninigs (Note 6(14))												
Legal reserve	-	-	1,554,491	-	(1,554,491)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,141,404)	-	-	-	-	-	-	(11,141,404)
Profit for the year	-	-	-	-	4,235,036	-	-	-	-	-	-	4,235,036
Other comprehensive income (loss) for the year	-	-	-	-	-	871,929	(9,396,876)	-	-	951,950	(8,629)	(7,581,626)
Change in associates and joint ventures accounted for under equity method	-	40,891	-	-	(2,532)	-	-	-	-	-	-	38,359
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,780)	-	-	-	-	-	-	-	-	-	(4,780)
Recognition of changes in ownership interest in subsidiaries	-	709,122	-	-	-	-	-	-	-	-	-	709,122
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	(60,909)	-	-	-	-	-	-	(60,909)
Balance at December 31, 2018	$ 7,427,603	$ 6,299,430	$ 34,983,546	$ 693,941	$ 94,556,481	($ 1,004,029)	$ 18,234,029	$ -	$ -	$ 280,896	($ 106,896)	$ 161,365,001

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

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2018	2017
Cash flows from operating activities		
Profit before income tax from continuing operations	$ 18,250,126	$ 21,418,495
Loss before income tax from discontinued operations	(13,315,402)	(3,865,575)
Profit before income tax from continuing and discontinued operations	4,934,724	17,552,920
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities		
Income and expenses that results in non-cash flows		
Depreciation (including investment property)	194,229	211,320
Amortization	131,432	219,428
Reversal of allowance for doubtful accounts	-	(16,962)
Expected credit impairment losses	170,153	-
Net loss on financial assets or liability at fair value through profit or loss	(11,195)	(82,870)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for under equity method	106,234	(8,478,943)
Gain on disposal of investments	(1,214,557)	(55,851)
Interest income	(35,345)	(14,026)
Dividend income	(2,483,233)	(2,799,240)
Unrealized loss from sales	(1,658,086)	(1,361,343)
Others	9,798	1,793
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	3,844,489	(1,636,110)
Notes and trade receivables	(3,442,587)	1,449,999
Trade receivables - related parties	14,150,218	22,242,529
Other receivables	(98,521)	(21,542)
Inventories	(8,617,223)	1,479,550
Prepayments	522,745	(152,768)
Other current assets	23,771	(11,341)
Financial liabilities at fair value through profit or loss	(60,187)	(87,161)
Contract liabilities - current	241,443	-
Notes and trade payables	6,350,225	(17,268,832)
Other payables - accrued expenses	(270,176)	(848,346)
Provisions for liabilities	(311,457)	(401,401)
Other current liabilities	36,240	(114,882)
Receipt of interest	34,667	14,189
Payment of interest	(2,547)	(230)
Payment of income tax	(1,085,238)	(1,222,949)
Net cash flows provided by (used in) operating activities	11,460,016	8,596,931
Cash flows from investing activities		
Acquisition of investments accounted for under equity method	(995,211)	(331,882)
Proceeds from disposal of investments accounted for under equity method	441,588	-
Acquisition of property, plant and equipment	(1,755,875)	(561,757)
Acquisition of intangible assets	(104,881)	(110,408)
Decrease (increase) in prepayment for investments	599,900	(599,900)
Changes in other non-current assets	(121,552)	1,313
Receipt of dividends	3,596,942	3,888,956
Others	(1,610)	65,190
Net cash flows provided by (used in) investing activities	1,659,301	2,351,512
Cash flows from financing activities		
Payment of cash dividends	(11,141,404)	(12,626,925)
Others	140	(3,145)
Net cash flows provided by (used in) financing activities	(11,141,264)	(12,630,070)
Increase (decrease) in cash and cash equivalents	1,978,053	(1,681,627)
Cash and cash equivalents at beginning of year	335,235	2,016,862
Cash and cash equivalents at end of year	$ 2,313,288	$ 335,235

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

ASUSTEK COMPUTER INC.
NOTES TO SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) ASUSTEK COMPUTER INC. (ASUS or the Company) was established in the Republic of China (R.O.C.). The Company is primarily engaged in the design, R&D and sales of 3C products (including PCs, main boards, other boards and cards, tablet PCs, smart phones and other handheld devices, etc.).

(2) The Company resolved to spin-off its OEM businesses on January 1, 2008. Pursuant to the Company's resolution, the Company transferred its computer OEM, design and manufacture of computer cases and molds and non-computer OEM businesses to its spun-off subsidiaries, PEGATRON CORPORATION (PEGA) and UNIHAN CORPORATION, respectively. On June 1, 2010, however, the Company transferred further its OEM assets and business (the Company's investments accounted for under equity method in PEGA) to the Company's another investee, PEGATRON INTERNATIONAL INVESTMENT CO, LTD. (PII). PII issued new shares to the Company and its shareholders as consideration. On April 29, 2013, the Company disposed the partial shares of PEGA and reduced the ownership percentage to less than 20%.

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

These separate financial statements were authorized for issuance by the Board of Directors on March 20, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments in the IFRSs as endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, "Classification and measurement of share -based payment transactions"	January 1, 2018
Amendments to IFRS 4, "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"	January 1, 2018
IFRS 9, "Financial instruments"	January 1, 2018
IFRS 15, "Revenue from contracts with customers"	January 1, 2018
Amendments to IFRS 15, "Clarifications to IFRS 15 Revenue from contracts with customers"	January 1, 2018
Amendments to IAS 7, "Disclosure initiative"	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 12, "Recognition of deferred tax assets for unrealised losses"	January 1, 2017
Amendments to IAS 40, "Transfers of investment property"	January 1, 2018
IFRIC 22, "Foreign currency transactions and advance consideration"	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, "First-time adoption of International Financial Reporting Standards"	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, "Disclosure of interests in other entities"	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, "Investments in associates and joint ventures"	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessments.

A. IFRS 9, "Financial instruments"

(A) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to recognize the equity instrument not held for trading at fair value in other comprehensive income.

(B) The impairment losses of debt instruments are assessed using an "expected credit loss" approach. An entity assesses at the end of each financial reporting period whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of loss allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(C) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the effect as at January 1, 2018, please refer to Note 12(4) B.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

(A) The core principle of IFRS 15, "Revenue from contracts with customers" is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of revenue; information related to performance obligations; changes in contract asset and liability account balances between different periods and significant judgements and assumptions.

(B) The Company has elected to use the modified retrospective approach under IFRS 15. The details of effect as at January 1, 2018 are summarized below:

Presentation of assets and liabilities in relation to contracts with customers

In accordance with IFRS 15, the Company adjusted the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities relating to sales contracts are recognized as contract liabilities, different from other current liabilities as previously presented in the balance sheet. As of January 1, 2018, the balance amounted to $3,674.

C. Please refer to Notes 12(4) and (5) for disclosure in relation to the initial application of IFRS 9 and IFRS 15.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, “Prepayment features with negative compensation”	January 1, 2019
IFRS 16, “Leases”	January 1, 2019
Amendments to IAS 19, “Plan amendment, curtailment or settlement”	January 1, 2019
Amendments to IAS 28, “Long-term interests in associates and joint ventures”	January 1, 2019
IFRIC 23, “Uncertainty over income tax treatments”	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, “Leases”

IFRS 16, “Leases”, replaces IAS 17, “Leases” and related interpretations and Standing Interpretations Committee (SICs). The standard requires lessees to recognize a “right-of-use asset” and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating lease and finance lease, and only increases the related disclosures.

The Company expects to recognize the lease contract of lessees in line with IFRS 16 using the modified retrospective approach. The effects will be adjusted on January 1, 2019, and it is expected that 'right-of-use asset' and lease liability will be increased by $186,907, respectively.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, "Disclosure Initiative - Definition of Material"	January 1, 2020
Amendments to IFRS 3, "Definition of a business"	January 1, 2020
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17, "Insurance contracts"	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These separate financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

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

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The critical accounting estimates and assumptions used in preparation of financial statements and the critical judgments in applying the Company's accounting policies are disclosed in Note 5.

C. The Company used modified retrospective method to recognize the transition differences of initially applying IFRS 9 and IFRS 15 in retained earnings or in other components of equity at the date of initial application (January 1, 2018) and did not restate the separate financial statements for the year ended December 31, 2017. The Company's separate financial statements for the year ended December 31, 2017 were prepared in accordance with International Accounting Standard 39 (IAS 39), International Accounting Standard 11 (IAS 11), International Accounting Standard 18 (IAS 18) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(B) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation are recognized in profit or loss.

(C) Non-monetary assets and liabilities denominated in foreign currencies at fair value through profit or loss are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains (losses)".

B. Translation of foreign operations

(A) The operating results and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;

b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

c. All resulting exchange differences are recognized in other comprehensive income.

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

(C) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

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

(A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realized within 12 months from the end of the financial reporting period;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than 12 months after the end of the financial reporting period.

Otherwise they are classified as non-current assets.

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

(A) Liabilities that are expected to be paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off within 12 months from the end of the financial reporting period;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

A. At initial recognition, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. The debt instruments are measured at fair value through other comprehensive income if both of the following conditions are met:

(A) The objective of the Company's business model is achieved by both collecting contractual cash flows and selling financial assets; and

(B) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(A) The changes in fair value of equity investments that are recognized in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognized the cumulative gain or loss previously recognized in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognized as revenue when the Company's right to receive payment is established, it is probable the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

A. The contractual rights to receive cash flows from the financial asset has expired.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially almost all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has not retained control of financial asset.

(11) Operating leases (lessor)

An operating lease is a lease that almost all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessees. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

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

(13) Investments accounted for under equity method

A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acqusition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.
F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's

ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

L. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.

M. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 10~50 years, machinery and equipment are 3~6 years and miscellaneous equipment are 1~15 years.

(15) Operating leases (lessee)

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

(16) Investment property

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

(17) Intangible assets

Computer software is amortised on a straight-line basis over its estimated useful life of 1~5 years.

(18) Impairment of non-financial assets

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

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

(19) Notes and trade payables

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial assets and financial liabilities

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

(23) Non-hedging derivatives

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

(24) Provisions for liabilities

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plan

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

(B) Defined benefit plan

a. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash follow using interest rates of government bonds or interest rates of return of high quality investments that have terms to maturity approximating to the terms of the related pension liability.

b. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

c. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring cost, whichever is earlier. Benefits that are expected to be due more than 12 months after financial reporting date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

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

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(27) Dividends

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

(28) Revenue recognition

Sales of goods

(A) The Company is engaged in the selling of 3C products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(B) Revenue from the sale of 3C products is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts. The sales are made mainly with a credit term of open account 30 to 180 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

(C) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

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

Critical accounting estimates and assumptions – Evaluation of inventories

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be a difference against actual result.

As of December 31, 2018, the carrying amount of inventories was $38,520,218.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	2018/12/31	2017/12/31
Cash on hand and petty cash	$ 245	$ 245
Checking accounts and demand deposits	6,932	253,448
Time deposits	2,306,111	81,542
	$ 2,313,288	$ 335,235

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

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

	2018/12/31
Financial assets mandatorily measured at fair value through profit or loss - current:	
Listed and OTC stocks	$ 47,600
Beneficiary certificates	2,484,934
Derivatives	7,258
	$ 2,539,792
Financial assets mandatorily measured at fair value through profit or loss - non-current:	
Beneficiary certificates	$ 53,538
Financial liabilities held for trading - current:	
Derivatives	$ 1,104

A. Amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	For the year ended December 31, 2018
Equity instruments	($ 5,857)
Debt instruments	2,126
Beneficiary certificates	11,673
Derivatives	3,253
	$ 11,195

B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	2018/12/31		
	Contract amount (in thousands)		Maturity period
Derivative financial assets:			
Forward exchange contracts -NTD/USD	USD	50,000	2019/06
Derivative financial liabilities:			
Forward exchange contracts -NTD/USD	USD	20,000	2019/05

Forward exchange contracts

The Company entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

D. Information about financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

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

	2018/12/31
Equity instruments - current:	
Listed and OTC stocks	$ 296,187
Valuation adjustment	331,940
	$ 628,127
Equity instruments - non-current:	
Listed and OTC stocks	$ 26,460,851
Unlisted and non-OTC stocks	219,730
	26,680,581
Valuation adjustment	17,722,396
	$ 44,402,977

A. The Company has elected to classify above investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $45,031,104 as of December 31, 2018.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2018
Change of fair value recognized in other comprehensive income	($ 9,430,925)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	$ -
Dividend income recognized in profit or loss	
Held at end of the year	$ 2,481,202
Derecognized during the year	-
	$ 2,481,202

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

D. Information about available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Notes and trade receivables

	2018/12/31	2017/12/31
Notes receivable	$ -	$ 35
Trade receivables (including related parties)	62,337,196	73,048,001
	62,337,196	73,048,036
Less: Loss allowance	(193,755)	(26,811)
	$ 62,143,441	$ 73,021,225

A. The ageing analysis of notes and accounts receivable is as follows:

	2018/12/31	2017/12/31
Not past due	$ 60,650,196	$ 72,820,273
Less than 90 days past due	1,662,843	200,316
Between 91 and 180 days past due	7,258	22,871
More than 181 days past due	16,899	4,576
	$ 62,337,196	$ 73,048,036

B. The Company does not hold financial assets as security for trade receivables.

C. As of December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $0 and $35, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $62,143,441 and $73,021,190, respectively.

D. Information about credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Offsetting financial assets and financial liabilities

A. The Company has assets (fair value of $30,836,695 and $32,856,423 as of December 31, 2018 and 2017, respectively) and liabilities (fair value of $36,514,971 and $40,618,937 as of December 31, 2018 and 2017, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables and notes and trade payables.

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

	Offsetting trade receivables, notes and trade payables				
	Gross amout of financial assets (before offset)	Gross amout of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)
2018/12/31	$ 30,836,695	($ 36,514,971)	($ 30,631,626)	$ 205,069	($ 5,883,345)
2017/12/31	32,856,423	(40,618,937)	(32,856,423)	-	(7,762,514)

(6) Inventories

	2018/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 40,355,447	($ 7,911,680)	$ 32,443,767
Work in process	2,446,104	(128,904)	2,317,200
Finished goods	1,146,934	(18,380)	1,128,554
Merchandise inventories	2,483,177	(442,901)	2,040,276
Inventories in transit	590,421	-	590,421
	$ 47,022,083	($ 8,501,865)	$ 38,520,218

	2017/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 30,193,166	($ 3,994,025)	$ 26,199,141
Work in process	940,705	(62,365)	878,340
Finished goods	563,399	(41,120)	522,279
Merchandise inventories	1,864,119	(356,587)	1,507,532
Inventories in transit	795,703	-	795,703
	$ 34,357,092	($ 4,454,097)	$ 29,902,995

Except for cost of goods sold, the inventories recognized as operating costs from continuing and discontinued operations amounted to $4,127,443 and $1,211,580, of which $4,047,768 and $1,077,061 pertain to the decline (recovery) in value of inventories for the years ended December 31, 2018 and 2017, respectively.

(7) Investments accounted for under equity method

	2018/12/31		2017/12/31	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
AIL	$ 38,757,749	100.00	$ 36,050,354	100.00
ASGL	27,679,883	100.00	26,421,777	100.00
AAEON	3,665,467	29.47	3,066,014	40.97
ASKEY	3,157,795	100.00	5,433,871	100.00
HCVC	1,957,398	100.00	1,687,469	100.00
HMI	1,282,577	100.00	1,032,224	100.00
ASMEDIA	948,488	40.74	699,814	40.88
AHL	625,246	100.00	601,961	100.00
Others	1,158,332		1,205,156	
	79,232,935		76,198,640	
Associates:				
Others (Note)	1,485,956		43,749	
	$ 80,718,891		$ 76,242,389	

Note: In October 2018, the Company disposed 6,430 thousand shares of its ownership of subsidiary — UPI and the disposed proceed is $417,950. After the Company disposed the shares, its ownership decreased to 27.53%. The remaining book value of equity investments was remeasured at fair value and difference between the fair value less related transaction costs and carrying amount was recognized in profit or loss. The gain on disposal of investments was amounting to $1,212,307.

A. Subsidiaries

Information about the Company's subsidiaries is provided in Note 4(3) of the 2018 consolidated financial statements.

B. Associates

The Company's associates are all immaterial, and the summary of financial information of share attributable to the Company is as follows:

	For the years ended December 31,	
	2018	2017
Profit (loss) for the year	$ 34,741	$ 7,915
Other comprehensive income (loss) for the year - net of income tax	11	(39)
Total comprehensive income (loss) for the year	$ 34,752	$ 7,876

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2018						
Cost	$ 4,891,103	$ 2,312,098	$ 925,937	$ 2,550,307	$ 487,270	$ 11,166,715
Accumulated depreciation and impairment	-	(670,080)	(728,027)	(2,337,381)	-	(3,735,488)
	$ 4,891,103	$ 1,642,018	$ 197,910	$ 212,926	$ 487,270	$ 7,431,227
January 1, 2018	$ 4,891,103	$ 1,642,018	$ 197,910	$ 212,926	$ 487,270	$ 7,431,227
Acquisitions	-	-	140,765	35,846	1,625,259	1,801,870
Disposals	-	-	-	(227)	-	(227)
Depreciation	-	(45,337)	(86,335)	(61,171)	-	(192,843)
Reclassifications	-	-	1,597	-	(544)	1,053
December 31, 2018	$ 4,891,103	$ 1,596,681	$ 253,937	$ 187,374	$ 2,111,985	$ 9,041,080
December 31, 2018						
Cost	$ 4,891,103	$ 2,312,098	$ 994,762	$ 616,036	$ 2,111,985	$ 10,925,984
Accumulated depreciation and impairment	-	(715,417)	(740,825)	(428,662)	-	(1,884,904)
	$ 4,891,103	$ 1,596,681	$ 253,937	$ 187,374	$ 2,111,985	$ 9,041,080

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	Total
January 1, 2017						
Cost	$ 4,891,103	$ 2,312,098	$ 838,580	$ 3,872,774	$ -	$ 11,914,555
Accumulated depreciation and impairment	-	(624,743)	(643,812)	(3,637,661)	-	(4,906,216)
	$ 4,891,103	$ 1,687,355	$ 194,768	$ 235,113	$ -	$ 7,008,339
January 1, 2017	$ 4,891,103	$ 1,687,355	$ 194,768	$ 235,113	$ -	$ 7,008,339
Acquisitions	-	-	90,245	54,626	440,532	585,403
Disposals	-	-	-	(5,152)	-	(5,152)
Depreciation	-	(45,337)	(87,103)	(77,494)	-	(209,934)
Reclassifications	-	-	-	5,833	46,738	52,571
December 31, 2017	$ 4,891,103	$ 1,642,018	$ 197,910	$ 212,926	$ 487,270	$ 7,431,227
December 31, 2017						
Cost	$ 4,891,103	$ 2,312,098	$ 925,937	$ 2,550,307	$ 487,270	$ 11,166,715
Accumulated depreciation and impairment	-	(670,080)	(728,027)	(2,337,381)	-	(3,735,488)
	$ 4,891,103	$ 1,642,018	$ 197,910	$ 212,926	$ 487,270	$ 7,431,227

The Company has no property, plant and equipment pledged to others.

(9) Discontinued operations

A. The Company is determined to reshape its smartphone business strategy to focus on perfecting solutions for gamers and expert users under the resolution by the Board of Directors on December 13, 2018. The transformation plan has been underway and the Company recognized valuation effects of assets and liabilities accordingly.

B. The cash flow information of the discontinued operations is as follows:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Operating cash flows	$ 3,002,483	($ 6,620,529)
Investing cash flows	-	-
Financing cash flows (Note)	(3,002,483)	6,620,529
Total cash flows	$ -	$ -

Note: The continuing operations provided (obtain) financing support to (from) discontinued operations.

C. Analysis of the result of discontinued operations, and the result recognized on the remeasurement of assets or restructuring constructive obligation, is as follows:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Operating revenue	$ 39,768,689	$ 35,445,897
Operating costs	(39,067,799)	(34,124,358)
Unrealized (profit) loss from sales	(127,188)	201,096
Operating expenses	(2,845,769)	(4,311,409)
Other gains (losses)	81,484	222,386
Share of loss of associates and joint ventures accounted for under equity method	(5,320,305)	(1,299,187)
Loss before tax from discontinued operations	(7,510,888)	(3,865,575)
Income tax benefit	406,134	349,285
Loss after tax from discontinued operations	(7,104,754)	(3,516,290)
Pre-tax loss recognized on the remeasurement of assets and restructuring constructive obligation (Notes 1 and 2)	(5,804,514)	-
Income tax benefit recognized on the remeasurement of assets and restructuring constructive obligation	839,465	-
After-tax loss recognized on the remeasurement of assets and restructuring constructive obligation (Notes 1 and 2)	(4,965,049)	-
Total loss from discontinued operations	($ 12,069,803)	($ 3,516,290)

Note 1: It consists of inventory valuation loss, compensation loss for the vendors' preparation of materials in advance, sales discounts, reorganisation personnel expenses, royalty loss

and other losses from discontinued operations.

Note 2: Including effects of share of profit of subsidiaries, associates and joint ventures accounted for under equity method.

(10) Pensions

A. (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. In addition, except for a few foreign employees, the Company had settled its financial obligations to its employees on December 31, 2007.

(B) The Company contributes 2% of the employees' monthly salaries and wages for a few foreign employees in accordance with R.O.C. Labor Standards Law to an independent retirement trust fund, with the Bank of Taiwan, the trustee. The pension costs under the above pension plan were $1,180 and $932 for the years ended December 31, 2018 and 2017, respectively.

(C) Expected contribution to the defined benefit pension plan of the Company for the year ending December 31, 2019 are $859.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan were $281,457 and $285,526 for the years ended December 31, 2018 and 2017, respectively.

(11) Provisions for liabilities

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2018	$ 204,294	$ 3,647,088	$ 3,851,382
Recognition (reversal)	149,824	(385,939)	(236,115)
Used	(208,871)	-	(208,871)
Net exchange differences	9,197	124,332	133,529
December 31, 2018	$ 154,444	$ 3,385,481	$ 3,539,925

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2017	$ 236,045	$ 4,016,738	$ 4,252,783
Recognition (reversal)	137,972	(52,275)	85,697
Used	(157,575)	-	(157,575)
Net exchange differences	(12,148)	(317,375)	(329,523)
December 31, 2017	$ 204,294	$ 3,647,088	$ 3,851,382

Analysis of total provisions for liabilities:

	2018/12/31	2017/12/31
Current	$ 3,539,925	$ 3,851,382

A. Provisions for warranty

The Company provides warranties on 3C products sold. Provision for warranty is estimated based on these products' historical warranty data. A provision is recognized as current when it is expected to be used in one year.

B. Provisions for legal claims and royalty

The Company recognizes provision for legal claims or royalty fees made by the patentees against the Company. After taking appropriate legal advice, the management evaluates the probable claimable fees accrued as provisions for liabilities. The provision charge is recognized in profit or loss within operating costs and expenses.

(12) Common shares

A. As of December 31, 2018, the Company's authorized capital was $47,500,000, consisting of 4,750,000,000 shares of common stock (including 50,000,000 shares which were reserved for employee stock options), and the paid-in capital was $7,427,603 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2018 and 2017 are 742,760,280 shares for both years.

B. As of December 31, 2018, the Company issued Global Depositary Receipts (GDRs), of which 4,933,000 units of the GDRs are now listed on the Luxembourg Stock Exchange. Per unit of GDR represents 5 shares of the Company's common stock and total GDRs represent 24,665,000 shares of the Company's common stock. The terms of GDR are as follows:

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(B) Dividends, stock warrants and other rights

GDR holders and common shareholders are all entitled to receive dividends. The Depositary may issue new GDRs in proportion to GDRs holding ratios or raise the number of shares of common stock represented by each unit of GDR or sell stock dividends on behalf of GDR holders and distribute proceeds to them in proportion to their GDRs holding ratios.

(13) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2018/12/31	2017/12/31
Share premium	$ 4,227,966	$ 4,227,966
Difference between consideration and carrying amount of subsidiaries acquired or disposed	893,024	897,804
Recognition of changes in ownership interest in subsidiaries	1,131,650	422,528
Changes in associates and joint ventures accounted for under equity method	46,790	5,899
	$ 6,299,430	$ 5,554,197

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.

B. The Company is facing a rapidly changing industrial environment, with the life cycle of the industry in the growth phase. In line with the long-term financial plan of the Company and the demand for cash by the shareholders, the Company should distribute cash dividends of not less than 10% of the total dividends declared.

C. Except for covering accumulated deficit, increasing capital or payment of cash in proportion to ownership percentage, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall be limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

D. (A) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the end of the financial reporting period before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. As resolved by the shareholders on June 7, 2017, the Company distributed cash dividends to owners amounting to $12,626,925 ($17 (in dollars) per share) for the appropriation of 2016 earnings. On June 12, 2018, the shareholders resolved to distribute cash dividends amounting to $11,141,404 ($15 (in dollars) per share) for the appropriation of 2017 earnings.

F. The appropriations of 2018 earnings had been proposed by the Board of Directors on March 20, 2019. Details are summarized as follows:

	For the year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Cash dividends	$ 11,141,404	$ 15.00

As of March 20, 2019, the appropriations of 2018 earnings stated above had not been resolved by the shareholders.

G. For the information about to employees' compensation and directors' remuneration is provided in Note 6(20).

(15) Other equity

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instrumrnts	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2018	($ 671,054)	$ -	$ -	$ 27,893,808	($ 1,875,958)	($ 98,267)	$ 25,248,529
Effect on retrospective application and restatement	671,054	(671,054)	27,630,905	(27,893,808)	-	-	(262,903)
Balance after restatement on January 1, 2018	-	(671,054)	27,630,905	-	(1,875,958)	(98,267)	24,985,626
-The Company	-	-	(9,430,925)	-	2,021,932	-	(7,408,993)
-Subsidiaries	-	951,950	34,030	-	(1,146,251)	(7,959)	(168,230)
-Associates	-	-	19	-	(3,752)	(670)	(4,403)
December 31, 2018	$ -	$ 280,896	$ 18,234,029	$ -	($ 1,004,029)	($ 106,896)	$ 17,404,000

	Gain (loss) on effective portion of cash flow hedges	Gain (loss) on hedging instrumrnts	Unrealized gain on valuation of financial assets at fair value through other comprehensive income	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2017	$ 1,282,834	$ -	$ -	$ 31,628,691	$ 2,149,750	($ 78,993)	$ 34,982,282
-The Company	-	-	-	(3,887,043)	(4,302,517)	-	(8,189,560)
-Subsidiaries	(1,953,888)	-	-	152,167	276,978	(19,274)	(1,544,017)
-Associates	-	-	-	(7)	(169)	-	(176)
December 31, 2017	($ 671,054)	$ -	$ -	$ 27,893,808	($ 1,875,958)	($ 98,267)	$ 25,248,529

(16) Operating revenue

	For the year ended December 31, 2018
Revenue from contracts with customers	$ 313,009,133
Less: Revenue from contracts with customers from discontinued operations	(39,726,257)
	$ 273,282,876

A. Disaggregation of revenue from contracts with customers

The Company's revenue is derived from the transfer of goods and services at a point in time in the following major product lines:

For the year ended December 31, 2018	3C products	Others	Total
Revenue from contracts with customers	$ 268,954,242	$ 4,328,634	$ 273,282,876
Timing of revenue recognition			
At a point in time	$ 268,954,242	$ 4,328,634	$ 273,282,876

Revenue from contracts with customers from discontinued operations for the year ended December 31, 2018 amounting to $39,726,257 was recognized at a point in time.

B. Contract liabilities

(A) The Company recognized contract liabilities related to the contract revenue from sales amounting to $245,117 as of December 31, 2018.

(B) The revenue recognized from the beginning balance of contact liability amounted to $2,686.

C. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5) B.

(17) Other income

	For the years ended December 31,	
	2018	2017
Interest income	$ 35,345	$ 14,026
Rent income	110,776	-
Dividend income	2,483,234	2,799,240
	$ 2,629,355	$ 2,813,266

(18) Other gains (losses)

	For the years ended December 31,	
	2018	2017
Net gains (losses) on non-derivative financial instruments	$ 7,942	$ 8,360
Net gains (losses) on derivative financial instruments	3,253	74,510
Net currency exchange gains (losses)	1,217,155	215,854
Gains (losses) on disposal of investments (Note 1)	1,214,557	55,851
Other net gains (losses) (Note 2)	(2,133,172)	118,520
	309,735	473,095
Less: Other gains from discontinued operations	(81,484)	(222,386)
	$ 228,251	$ 250,709

Note 1: Related disclosures are provide in Note 6(7).

Note 2: The European Commission has started an investigation into whether the Company has restricted the retail prices of distributors in February, 2017. The Company has always followed the law seriously and worked with the European Union together to complete the investigation following the cooperation process. The European Commission has finished the investigation in July, 2018. The Company recognized the loss amounting to $2,296,320 for the case of the restricted retail prices as other gains (losses) in the year of 2018. The financial position of the Company is sound enough and cash and cash equivalents balance is assessed to be sufficient to cover the probable loss of the case. Therefore, the case has no significant impact to the operations of the Company. In addition, the Company will manage properly and respond to various types of operational and non-operational risk in the future.

(19) Costs and expenses by nature (including discontinued operations)

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 323,068	$ 7,255,917	$ 7,578,985	$ 481,222	$ 10,237,915	$ 10,719,137
Depreciation	4,961	187,882	192,843	4,978	204,956	209,934
Amortisation	53	131,379	131,432	53	219,375	219,428

(20) Employee benefit expenses (including discontinued operations)

	For the years ended December 31,	
	2018	2017
Wages and salaries	$ 6,569,567	$ 9,640,983
Labor and health insurance	536,555	547,814
Pension (Note)	282,637	286,458
Director's emoluments	18,749	59,020
Other personnel expenses	171,477	184,862
	$ 7,578,985	$ 10,719,137

The Company's headcount totaled 6,096 and 6,295 employees as of December 31, 2018 and 2017, respectively. There were 7 non-employee directors as of December 31, 2018 and 2017.

Note: Includes the pension expense under the defined contribution plan and defined benefit plan.

A. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $299,233 and $1,064,379, respectively; directors' remuneration was accrued at $15,749 and $56,020, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on no less than 1% and no more than 1% of profit of current year distributable for the year ended December 31, 2018. The Board of Directors resolved to distribute employees' and directors' compensation amounting to $299,233 and $15,749, respectively, and employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration for 2017 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2017 financial statements. The employees' compensation mentioned above is distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors during its meeting is available at the Market Observation Post System website.

(21) Income tax

A. Income tax expenses

(A) Components of income tax expenses:

	For the years ended December 31, 2018	2017
Current income tax:		
Current income tax on profits for the year	$ 1,389,316	$ 1,082,242
Additional 10% tax on unappropriated earnings	284,901	465,554
Difference between prior year's income tax estimation and assessed results	(408,483)	(221,478)
Total current income tax	1,265,734	1,326,318
Deferred income tax:		
Origination and reversal of temporary differences	(2,220,119)	681,697
Impact of change in tax rate	1,654,073	-
Total deferred income tax	(566,046)	681,697
Income tax expenses	699,688	2,008,015
Add: Income tax benefit from discontinued operations	1,245,599	349,285
Income tax expenses from continued operations	$ 1,945,287	$ 2,357,300

(B) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2018	2017
Currency translation differences	$ 151,679	($ 807,469)

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Income tax calculated based on profit before tax and statutory tax rate	$ 986,945	$ 2,983,996
Tax exempt income by tax regulation	(743,009)	(486,968)
Effect from tax exemption on investment (income) loss	(1,257,437)	(260,473)
Additional 10% tax on unappropriated earnings	284,901	465,554
Difference between prior year's income tax estimation and assessed results	(408,483)	(221,478)
Impact of change in the tax rate on unrealized profit from sales	98,741	111,081
Impact of change in tax rate	1,654,073	-
Effect from exchange differences	(117,414)	(589,873)
Expense disallowed by tax regulation	229,632	-
Others	(28,261)	6,176
Income tax expenses	699,688	2,008,015
Add: Income tax benefit from discontinued operations	1,245,599	349,285
Income tax expenses from continuing operations	$ 1,945,287	$ 2,357,300

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	$ 550,369	($ 170,883)	$ -	$ 379,486
Unrealized purchase discounts	342,805	(219,474)	-	123,331
Decline in value of inventories	757,197	943,176	-	1,700,373
Unrealized expenses and provision for royalty	642,953	456,901	-	1,099,854
Currency translation differences	344,856	-	(151,679)	193,177
Others	36,779	14,717	-	51,496
Subtotal	2,674,959	1,024,437	(151,679)	3,547,717
- Deferred income tax liabilities:				
Investment income from foreign investees	(10,460,627)	(474,101)	-	(10,934,728)
Unrealized exchange gains	(73,222)	15,710	-	(57,512)
Subtotal	(10,533,849)	(458,391)	-	(10,992,240)
Total	($ 7,858,890)	$ 566,046	($ 151,679)	($ 7,444,523)

	2017			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	$ 661,684	($ 111,315)	$ -	$ 550,369
Unrealized purchase discounts	353,949	(11,144)	-	342,805
Decline in value of inventories	574,096	183,101	-	757,197
Unrealized provision for royalty	651,840	(8,887)	-	642,953
Currency translation differences	-	-	344,856	344,856
Others	37,104	(325)	-	36,779
Subtotal	2,278,673	51,430	344,856	2,674,959
- Deferred income tax liabilities:				
Investment income from foreign investees	(9,698,820)	(761,807)	-	(10,460,627)
Unrealized exchange gains	(101,902)	28,680	-	(73,222)
Currency translation differences	(462,613)	-	462,613	-
Subtotal	(10,263,335)	(733,127)	462,613	(10,533,849)
Total	($ 7,984,662)	($ 681,697)	$ 807,469	($ 7,858,890)

D. The Tax Authority has examined the Company's income tax returns through 2016.

E. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. The Company has assessed and recognized the impact of the change in income tax rate.

(22) Earnings per share

	For the year ended December 31, 2018		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations	$ 16,304,839		$ 21.95
Loss from discontinued operations	(12,069,803)		(16.25)
Profit for the year	$ 4,235,036	742,760	$ 5.70
Diluted earnings per share			
Profit from continuing operations	$ 16,304,839		$ 21.90
Loss from discontinued operations	(12,069,803)		(16.21)
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	1,801	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 4,235,036	744,561	$ 5.69

	For the year ended December 31, 2017		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit from continuing operations	$ 19,061,195		$ 25.66
Loss from discontinued operations	(3,516,290)		(4.73)
Profit for the year	$ 15,544,905	742,760	$ 20.93
Diluted earnings per share			
Profit from continuing operations	$ 19,061,195		$ 25.49
Loss from discontinued operations	(3,516,290)		(4.70)
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	4,795	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 15,544,905	747,555	$ 20.79

(23) Operating leases

The Company leases offices and parking lots under operating lease agreements. The Company recognized rental expenses of $229,594 and $243,111 for the years ended December 31, 2018 and

2017, respectively. Information about the future aggregate minimum lease payments under non-cancellable operating leases is provided in Note 9.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASGL	Subsidiary
ASUTC	Subsidiary
Others (related parties with non-significant transactions)	Subsidiary, associate and other related parties

(3) Significant transactions and balances with related parties

A. Sales of goods (including discontinued operations):

	For the years ended December 31,	
	2018	2017
Sales of goods		
-ASGL	$ 279,023,384	$ 305,167,421
-Subsidiaries	22,770,115	22,126,328
-Associates	484	-
-Others	259	-
	$ 301,794,242	$ 327,293,749

The sales prices of transactions with related parties were decided on the basis of the economic environment and market competition in each sales area. The terms of the transactions are due 30 to 180 days after the date of delivery or open account 30 to 60 days. The terms of the above transactions are similar to those for third parties.

B. Purchases of goods and services:

	For the years ended December 31,	
	2018	2017
Purchases of goods		
-Subsidiaries	$ 1,241,570	$ 1,267,284
-Associates	12,218	31,353
-Others	43,124	34,846
	1,296,912	1,333,483
Purchases of services		
-Subsidiaries	81,046	45,244
-Associates	57	10
-Others	15,000	20,623
	96,103	65,877
	$ 1,393,015	$ 1,399,360

Purchase terms are due 30 to 90 days after the date of acceptance or open account 30 to 60 days, which were similar to those for third parties.

C. Trade receivables:

		2018/12/31		2017/12/31
Trade receivables				
-ASGL	$	48,265,302	$	63,052,049
-ASUTC		3,730,870		3,276,581
-Subsidiaries		341,894		159,601
-Associates		-		53
	$	52,338,066	$	66,488,284

The trade receivables arise mainly from sales transactions, and are unsecured in nature and bear no interest.

D. Notes and trade payables and other items of current liabilities:

		2018/12/31		2017/12/31
Notes and trade payables				
-Subsidiaries	$	372,641	$	191,739
-Associates		5,283		10,622
-Others		13,690		8,812
		391,614		211,173
Other items of current liabilities				
-Subsidiaries		54,913		22,958
	$	446,527	$	234,131

The trade payables arise mainly from purchase transactions and bear no interest.

(4) Key management compensation

	For the years ended December 31,			
		2018		2017
Salaries and other short-term employee benefits	$	671,817	$	562,445
Post-employment benefits		5,628		5,548
	$	677,445	$	567,993

8. **PLEDGED ASSETS**

		Book Value				
Pledged assets	Item		2018/12/31		2017/12/31	Purpose
Other non-current assets	Time deposits	$	184,819	$	184,715	Pledged for lodgment for security decided by court, cutoms duties, etc.

9. **SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS**

(1) Contingencies

Lawsuits for infringement of intellectual property rights

A. Several patentees filed lawsuits or investigations for patent infringement including the User Interface, audio signal encoding and decoding system, Audio stream, products with UMTS, Tablet, cellphone and pad supporting OK Google function, products with Google Play Movies and TV function, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering function in Camera app for saving information and static imaging processing technique in low power, cellphone and tablet supporting touchscreen scrolling in accordance with user touch control and product with remote upgrade code function against the Company. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Germany court, in a French court, in a Netherlands court and in an England court. The Company cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

B. Several patentees filed lawsuits or investigations for patent infringement including AP and router products supporting MU-MIMO, products with SK hynix Solid State Drive, processors and memories of Samsung, product with Nvidia GPU, MP3 function for desktop and notebook, ZenFone trademarks, cellphone and pad for Qualcomm chips with DCVS or DVFS capabilities, Omnivision CMOS Image Detector Products, smartphones with front cameras, Multimedia player, notebook, personal computer and server, Qualcomm Snapdragon 835 and 845 chips, products supporting HDCP 2.0 or higher version, equipped with some cellphone and router products, thumbnail with motion picture recording/playback and fingerprint recognition, optimize power consumption management, products with static image processing (pixel capture), audio decoding and related functions, microprocessor with Intel’s 14mm process Tri-Gate technology, cellphone and tablet and the source code is the firmware of the ASUS router product against the Company. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Delaware court, in an Alabama court, in a Missouri court, United States International Trade Commission, in a Germany court, in a Japan court, in an India court and in a China court. The Company cannot presently determine the ultimate outcome and effect of these lawsuits.

(2) Commitments

A. The Company has signed a contract amounting to $1,772,932 for the construction of new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2018.

B. The Company leases offices and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2018/12/31	2017/12/31
Between 1 and 2 years	$ 201,634	$ 221,785
Between 2 and 3 years	20,872	187,167
Between 3 and 4 years	858	19,997

10. **SIGNIFICANT DISASTER LOSS:** None.

11. **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL REPORTING PERIOD:** None.

12. **OTHERS**

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the liability ratio. This ratio is calculated as total liabilities by total assets. Total liabilities is calculated as "current liabilities plus non-current liabilities" as shown in the separate balance sheets.

During 2018, the Company's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2017. The liability ratios are as follows:

	2018/12/31	2017/12/31
Total liabilities	$ 89,219,530	$ 84,154,322
Total equity	161,365,001	175,144,185
Total assets	$ 250,584,531	$ 259,298,507
Liability ratio	35.60%	32.45%

(2) Financial instruments

A. Financial instruments by category

	2018/12/31	2017/12/31
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 2,593,330	$ -
Financial assets held for trading	-	6,368,076
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	45,031,104	-
Available-for-sale financial assets	-	54,366,381
Financial assets carried at cost	-	89,610
Financial assets at amortised cost		
Cash and cash equivalents	2,313,288	335,235
Notes receivables	-	35
Trade receivables	62,143,441	73,021,190
Other receivables	127,190	25,626
Refundable deposits	352,830	254,966
	$ 112,561,183	$ 134,461,119

		2018/12/31		2017/12/31
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$	1,104	$	34,226
Financial liabilities at amortised cost				
Notes and trade payables		52,799,533		46,449,308
Other payables - accrued expenses		18,943,662		20,494,142
Deposits received		52,280		52,140
	$	71,796,579	$	67,029,816

B. Financial risk management policies

(A) The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk, and derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(B) The Company's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Company's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.

(C) Information about derivative financial instruments that are used to hedge financial risk are provided in Note 6(2).

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

a. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

b. The management has set up the policy to require the organisation to manage the foreign exchange risk against the functional currency. The organisation are required to hedge their entire foreign exchange risk exposure with the Company's treasury. Exchange rate risk is measured through a forecast of highly probably USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting recognition of revenue of forecast sale.

c. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 12(4).

d. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

e. The Company's businesses involve some non-functional currency operations (the Company's functional currency is NTD. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

2018/12/31

				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 1,923,470,967	30.715	$ 59,079,411	1%	$ 590,794	$ -
Non-Monetary items						
USD:NTD	2,265,208,202	30.715	69,575,870	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,205,736,566	30.715	67,749,199	1%	677,492	-

2017/12/31

				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 2,343,502,015	29.76	$ 69,742,620	1%	$ 697,426	$ -
Non-Monetary items						
USD:NTD	2,177,292,083	29.76	64,796,212	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,063,820,730	29.76	61,419,305	1%	614,193	-

f. Net currency exchange (losses) gains (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017 amounted to $1,217,155 and $215,854, respectively.

Price risk

a. The Company's equity instruments, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio.

Diversification of the portfolio is done in accordance with the limits set by the Company.

b. The Company mainly invests in equity instruments comprised of shares and open-end funds issued by the domestic companies. The value of equity instruments are susceptible to market price risk arising from uncertainties about future performance of equity markets. Assuming a hypothetical increase of 1% in the price of the aforementioned financial assets at fair value through profit or loss while the other conditions remain unchanged could increase the Company's non-operating revenue for the years ended December 31, 2018 and 2017 by $476 and $535, respectively. A change of 1% in the price of the aforementioned financial assets at fair value through other comprehensive income and available-for-sale financial instruments could increase the Company's other comprehensive income for the years ended December 31, 2018 and 2017 by $450,311 and $543,588, respectively.

Cash flow and fair value interest rate risk

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Company expects no significant interest rate risk.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.

b. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" class above as evaluated by an independent party are accepted as counterparties. According to the Company's credit policy, each operating entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors, and the utilization of credit limits is regularly monitored.

c. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

d. The Company adopts the assumption under IFRS 9, that is, for most operating entities, the default occurs when the contract payments are past due over 90 days.

e. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using provision matrix and loss rate method to estimate expected credit loss.

f. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

   (a) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

   (b) The disappearance of an active market for that financial asset because of financial difficulties;

   (c) Default or delinquency in interest or principal repayments;

   (d) Adverse changes in national or regional economic conditions that are expected to cause a default.

g. The Company writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2018, the Company has no written-off financial assets that are still under recourse procedures.

h. (a) The expected loss rate for the excellent credit quality clients is 0%, and the total carrying amount of notes and trade receivables and loss allowance amounted to $52,338,066 and $0 as of December 31, 2018, respectively.

   (b) The Company refers to the forecastability of global economic indicators to adjust the loss rate which is based on historical and current information when assessing the future default possibility of contract assets, accounts receivable and other receivables. The provision matrix as of December 31, 2018 is as follows:

2018/12/31	Not past due	Less than 90 days past due	More than 91 days	Total
Expected loss rate	0.19%	1.04%~22.72%	53.68%~100%	
Total book value	$ 8,322,060	$ 1,652,913	$ 24,157	$ 9,999,130
Loss allowance	$ 15,812	$ 157,893	$ 20,050	$ 193,755

i. Movement in relation to the company applying the simplified approach to provide loss allowance for notes and trade receivables is as follows:

	2018	
	Notes and trade receivables	
January 1_IAS 39	$	26,811
Adjustments under new standards		-
January 1_IFRS 9		26,811
Provision for impairment		170,153
Write-offs	(	3,209)
December 31	$	193,755

For provisioned loss for the year ended December 31, 2018, the net impairment loss arising from customer's contract is $170,153.

j. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(C) Liquidity risk

a. Cash flow forecasting is performed in the various departments of the Company and aggregated by the Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's cash flow plans and compliance with internal balance sheets ratio targets.

b. The Company treasury invests surplus cash in demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As of December 31, 2018 and 2017, the Company held financial assets at fair value through profit or loss of $2,532,534 and $6,368,076, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

c. The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2018/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Notes and trade payables	$ 52,799,533	$ -	$ -	$ -	$ 52,799,533
Other payables - accrued expenses	18,943,662	-	-	-	18,943,662
Derivative financial liabilities:					
Forward exchange contracts	1,104	-	-	-	1,104

	2017/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Notes and trade payables	$ 46,449,308	$ -	$ -	$ -	$ 46,449,308
Other payables - accrued expenses	20,494,142	-	-	-	20,494,142
Derivative financial liabilities:					
Forward exchange contracts	34,226	-	-	-	34,226

d. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes and trade receivables, other receivables, refundable deposits, notes and trade payables, other payables - accrued expenses, other current liabilities, guarantee deposits received are reasonably approximate to the fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

	2018/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 47,600	$ -	$ -	$ 47,600
Beneficiary certificates	2,484,934	53,538	-	2,538,472
Forward exchange contracts	-	7,258	-	7,258
Financial assets at fair value through other comprehensive income				
Equity securities	44,863,737	167,367	-	45,031,104
	$ 47,396,271	$ 228,163	$ -	$ 47,624,434
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,104	$ -	$ 1,104

	2017/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed and OTC stocks	$ 53,457	$ -	$ -	$ 53,457
Open-end funds	6,314,619	-	-	6,314,619
Available-for-sale financial assets				
Listed and OTC stocks	54,263,733	-	-	54,263,733
Unlisted and non-OTC stocks	-	95,073	-	95,073
Convertible bonds	-	-	7,575	7,575
	$ 60,631,809	$ 95,073	$ 7,575	$ 60,734,457
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 34,226	$ -	$ 34,226

(B) The methods and assumptions the Company used to measure fair value are as follows:

a. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed and OTC stocks	Open-end fund
Market quoted price	Closing price	Net asset value

b. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

c. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

d. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

e. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.

D. JMC ELECTRONICS CO., LTD. has been listed on the TWSE from January, 2017, which has been transferred from Level 2 to Level 1 according to the fair value at the end of January 2017, when the event occurred. For the year ended December 31, 2018, there was no transfer between Level 1 and Level 2.

E. The movement of Level 3 is as follows:

	2018		
	Equity instruments	Debt instruments	Total
January 1	$ -	$ 7,575	$ 7,575
Recognized in profit (loss) (Note)	-	2,126	2,126
Sold in the period	-	(9,701)	(9,701)
December 31	$ -	$ -	$ -
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as of December 31, 2018	$ -	$ -	$ -

Note: Recorded as other gains (losses).

There was no change in Level 3 for the year ended December 31, 2017.

F. There was no transfer into or out from Level 3 for the years ended December 31, 2018 and 2017.

G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Debt instruments:					
Convertible bonds	$ 7,575	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

There was no Level 3 financial instruments as of December 31, 2018.

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in a different outcome.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted for the year ended December 31, 2017:

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

a. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if held principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

b. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized using trade date accounting.

c. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(B) Available for sale financial assets

a. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

b. On a regular way purchase or sale basis, available-for-sale financial assets are recognized using trade date accounting.

c. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in "financial assets measured at cost".

(C) Loans and receivables

Loans and receivables are created originally by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Due to the insignificant discount effect on the non-interest bearing short-term receivables, they are measured at the original invoice amount.

(D) Impairment of financial assets

a. The Company assesses at the end of the financial reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

   (a) Significant financial difficulty of the issuer or debtor;

   (b) A breach of contract, such as a default or delinquency in interest or principal payments;

   (c) The Company granted the borrower a concession that a lender would not otherwise consider for economic or legal reasons relating to the borrower's financial difficulty;

   (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

   (e) The disappearance of an active market for that financial asset because of financial difficulties;

   (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local unfavorable economic conditions that correlate with defaults on the assets in the group;

   (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

   (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

c. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

   (a) Financial assets measured at amortised cost

   The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss can be reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed in profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

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

a. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if held principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

b. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(F) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income - equity (Note)	Measured at cost	Investments accounted for using equity method	Unappropriated retained earnings	Other equity
IAS 39	$ 6,368,076	$ 54,366,381	$ 89,610	$ 76,242,389	$ 102,790,860	$ 25,248,529
Transferred into and measured at fair value through profit or loss	34,326	(7,575)	(26,751)	-	-	-
Transferred into and measured at fair value through other comprehensive income-equity	-	62,859	(62,859)	-	101,601	(101,601)
Adjustment on investments accounted for using equity method	-	-	-	(8,504)	191,163	(199,667)
Fair value adjustment	(2,843)	38,365	-	-	(2,843)	38,365
IFRS 9	$ 6,399,559	$ 54,460,030	$ -	$ 76,233,885	$ 103,080,781	$ 24,985,626

Note: Classified as Available-for-sale Financial Assets under IAS 39.

(A) As equity investments that were previously classified as available-for-sale financial assets and financial assets carried at cost amounting to $7,575, and $26,751 under IAS 39 are not held for trading, the Company elected to designate all of these investments as financial assets at fair value through profit or loss (equity instruments) on initial application of IFRS 9. This resulted to a decrease in unappropriated retained earnings of $2,843. Making the corresponding election for associates accounted for using equity method resulted in a decrease in investments accounted for equity method of $11,430, a decrease in retained earnings of $18,849 and an increase in other equity interest of $7,419.

(B) For equity investments that were previously classified as available-for-sale financial assets and financial assets carried at cost amounting to $54,358,806 and $62,859 under IAS 39, respectively, the Company elected to designate all of these investments as financial assets at fair value through other comprehensive income (loss) (equity instruments) on initial application of IFRS 9. This resulted to an increase in unappropriated retained earnings of $101,601 and a decrease in other equity of $63,236. Making the corresponding election for associates accounted for using equity method resulted in an increase in investments accounted for using equity method of $2,926, an increase in retained earnings of $210,012, and a decrease in other equity interest of $207,086.

C. The significant accounts for the year ended December 31, 2017 is as follows:

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

	2017/12/31
Financial assets held for trading-current:	
Financial assets held for trading	
Open-end funds	$ 6,314,619
Listed and OTC stocks	53,457
	$ 6,368,076
Financial liabilities held for trading-current:	
Financial assets held for trading	
Forward exchange contracts	$ 34,226

a. The Company recognized net loss on derivative financial instruments held for trading amounting to $74,510 and net gain on non-derivative financial instruments held for trading amounting to $8,360 for the year ended December 31, 2017.

b. The unexpired contracts are as follows:

	2017/12/31	
	Contract amount (in thousands)	Maturity period
Derivative financial liabilities:		
Forward exchange contracts		
-NTD/USD	USD 145,000	2018/01

Forward exchange contracts

The Company entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

c. The Company has no financial assets at fair value through profit or loss pledged to others.

(B) Available-for-sale financial assets

	2017/12/31
Available-for-sale financial assets-current:	
Listed and OTC stocks	$ 296,187
Valuation adjustment	557,162
Accumulated impairment	(64,460)
	$ 788,889

	2017/12/31
Available-for-sale financial assets-non-current:	
Listed and OTC stocks	$ 26,460,851
Unlisted and non-OTC stocks	117,730
Convertible bonds	7,575
	26,586,156
Valuation adjustment	26,991,336
	$ 53,577,492

a. The Company recognized $3,887,043 in other comprehensive loss for fair value change and reclassified $55,805 from equity to profit for the year ended December 31, 2017, respectively.

b. After evaluating and comparing the carrying amount of available-for-sale financial assets and its recoverable amounts, the Company recognized impairment loss both amounting to $46 for the year ended December 31, 2017.

c. The Company has no available-for-sale financial assets pledged to others.

(C) Financial assets measured at cost

	2017/12/31
Financial assets measured at cost-non-current:	
Unlisted and non-OTC stocks	$ 100,000
Private fund	26,751
	126,751
Accumulated impairment	(37,141)
	$ 89,610

a. In accordance with the Company's intention, its investment in unlisted and non-OTC stocks and the private fund should be classified as "available-for-sale financial assets". However, as the investments are not traded in active market, and no sufficient industry, financial information and investment portfolio of the private fund can be obtained, the fair value of the investments cannot be measured reliably. Thus, the Company classified those funds as "financial assets measured at cost".

b. The Company has no financial assets measured at cost pledged to others.

(D) Notes and trade receivables (including related parties)

a. The aging analysis of trade receivables (including related parties) that were past due but not impaired is as follows:

	2017/12/31
Less than 90 days	$ 188,669
Between 91 and 180 days	11,548
More than 181 days	675
	$ 200,892

There was no significant change for the credit quality of the above receivables after the assessment. They were still considered collectible, and had no impairment concern.

b. Individual assessment of impaired trade receivables (including related parties):

(a) Impaired and past due (including related parties)

	2017/12/31
Gross amount (including related parties)	$ 26,811

(b) Movements for allowance for doubtful accounts (accumulated impairment) of trade receivables (including related parties) are as follows:

	2017		
	Individual provision	Group provision	Total
January 1	$ -	$ 43,773	$ 43,773
Recognition (reversal)	-	(16,962)	(16,962)
December 31	$ -	$ 26,811	$ 26,811

c. The credit quality of trade receivables that are neither past due nor impaired based on the Company's Credit Quality Control Policy is as follows:

	2017/12/31
Group 1	$ 66,487,946
Group 2	6,332,352
	$ 72,820,298

Group 1: Insured, or guaranteed by the third party, or the trading object is the associate.

Group 2: Neither insured and guaranteed by the third party, nor the trading object is the associate.

d. The Company does not holds any collateral as security.

D. Credit risk information for the year ended December 31, 2017 is as follows:

(A) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The maximum exposure to credit risk is the carrying amount of all financial instruments. According to the Company's credit policy, each operating entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings. The utilization of credit limits is regularly monitored. Credit risk arises mainly from cash and cash equivalents, derivative financial instruments, deposits and short-term financial products guaranteed income with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only those with a rating of "A" class above as evaluated by an independent party are accepted as counterparties.

(B) No credit limits were exceeded during the year ended December 31, 2017, and the management does not expect any significant losses from non-performance by these counterparties.

(C) The credit quality information of financial assets that are neither past due nor impaired, the aging analysis of financial assets that were past due but not impaired and the individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets as described in Note 12(4).

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. Summary of significant accounting policies for the year ended December 31, 2017:

Sales of goods

The Company is primarily engaged in the selling of 3C products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognized by using above accounting policies for the year ended December 31, 2017 are as follows:

	For the year ended December 31, 2017
Sales revenue	$ 335,875,563
Less: Sales revenue from discontinued operations	(35,445,897)
	$ 300,429,666

C. The effects and description of current balance sheet and comprehensive income statement if the Company continues adopting the above accounting policies for the year ended December 31, 2018 are as follows:

	2018/12/31		
	Amount under IFRS 15	Amounts under previous accounting policies	Effects of changing accounting policy
Other current liabilities	$ 472,447	$ 717,564	($ 245,117)
Contract liabilities	245,117	-	245,117

In accordance with IFRS 15, the Company recognized contract liabilities related to selling products, but recognized other current liabilities in the balance sheet prior to the application of IFRS 15. The accounting treatment under IFRS 15 has no effect in the comprehensive income statement for the Company in the current period.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Financings provided: Please refer to table 1

B. Endorsements and guarantees provided: Please refer to table 2.

C. Marketable securities held at the ended of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: Please refer to table 4.

E. Acquisition of real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Please refer to table 5.

H. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to 6(2) and 12(2).

J. Intercompany relationships and significant intercompany transactions (only transactions amounting to at least $100 million are disclosed): Please refer to table 7.

(2) Information on investees

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to table 8.

(3) Information on investments in mainland China

A. Information on ivestment in mainland China: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to table 7.

14. OPERATING SEGMENT INFORMATION

Not applicable.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 1

(Amounts in thousands of new Taiwan dollars and foreign currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Loss allowance	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	ASTP	ASGL	Other receivable and non-current assets	Yes	27,643,500 (USD 900,000)	27,643,500 (USD 900,000)	27,643,500 (USD 900,000)	0.99706 ~ 1.61331	2	-	Need for operating	-	-	-	41,468,654 (USD 1,350,111)	41,468,654 (USD 1,350,111)	

Note 1：Nature for Financing：a. Business transaction calls for a loan arrangement.

b. The need for short-term financing.

Note 2：Limit of total financing amount：According to Procedures for Lending of ASTP, limit of total financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, shall not exceed 100% of the net worth of ASTP as of the period.

Limit financing amount for individual counterparty：According to Procedures for Lending of ASTP, limit of financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company - ASUS, which are not located in Taiwan, for individual counterparty shall not exceed 100% of the net worth of ASTP as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

ENDORSEMENTS AND GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 2

(Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement / Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
1	ASKEY	ASKEYJS	Subsidiary	947,294	1,228,600 (USD 40,000)	614,300 (USD 20,000)	614,300 (USD 20,000)	-	19.45	1,263,058	Y	N	Y	

Note： Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.
Limit of the total amount of guarantee for individual counter-party：According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counter-party shall not exceed 30% of the net worth of ASKEY as of the period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2018

Table 3

(Amounts in thousands of New Taiwan dollars)

Held Company Name	Marketable Securities		Relationship with the Company (Note 1)	Financial Statement Account (Note 2)	DECEMBER 31, 2018				Note
	Type	Name			Shares/Units	Carrying Value	(%)	Fair Value	
ASUS	Fund	SINOPAC TWD MONEY MARKET	-	a	24,915,857	346,412	-	346,412	
ASUS	Fund	YUANTA DE LI MONEY MARKET	-	a	72,633,103	1,182,525	-	1,182,525	
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	3,537,572	50,179	-	50,179	
ASUS	Fund	UNION MONEY MARKET	-	a	68,708,454	905,818	-	905,818	
ASUS	Stock	SPORTON	-	a	336,394	47,600	0.36	47,600	
ASUS	Stock	GLOBALWAFERS	-	c	1,626,626	456,269	0.37	456,269	
ASUS	Stock	JMC	-	c	1,000,000	109,000	1.00	109,000	
ASUS	Stock	ENE	a	c	917,247	9,264	1.22	9,264	
ASUS	Stock	ALCOR MICRO	-	c	905,879	15,762	1.20	15,762	
ASUS	Stock	AZUREWAVE	-	c	934,745	19,256	0.62	19,256	
ASUS	Stock	LEDLINK	-	c	718,607	18,576	1.38	18,576	
ASUS	Fund	TNP	-	b	96	22,381	2.06	22,381	
ASUS	Fund	TNP LIGHT	-	b	124	31,157	6.06	31,157	
ASUS	Stock	EMPASS	-	d	587,050	18,052	19.90	18,052	
ASUS	Stock	ADVANTECH	-	d	100,628,870	21,182,377	14.41	21,182,377	
ASUS	Stock	PEGA	-	d	448,506,484	23,053,233	17.17	23,053,233	
ASUS	Stock	NANOLUX	-	d	536	33,901	11.43	33,901	
ASUS	Stock	APTOS	-	d	625,200	-	1.10	-	
ASUS	Stock	94BOT	-	d	100,000	2,105	5.13	2,105	
ASUS	Stock	A-WEI TECH	-	d	301,876	785	1.83	785	
ASUS	Stock	EOSTEK	-	d	1,600,000	12,409	14.94	12,409	
ASUS	Stock	AMTRUST	a	d	10,000,000	100,115	7.81	100,115	
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	-	a	60,031,084	978,080	-	978,080	
ASMEDIA	Fund	FUH HWA RMB MONEY MARKET	-	a	531,862	27,881	-	27,881	
ASMEDIA	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,396,683	30,011	-	30,011	
ASMEDIA	Fund	CAPITAL MONEY MARKET	-	a	1,862,833	30,012	-	30,012	
ASMEDIA	Stock	ICATCH TECHNOLOGY	-	d	5,500,000	87,340	7.80	87,340	
ASKEY	Stock	NETCOMM	-	b	1,980,000	32,604	1.35	32,604	
ASKEY	Stock	CIPHERMAX	-	b	9,234	-	-	-	
ASKEY	Stock	RETI	-	b	80,700	-	3.32	-	
MIC	Stock	BROADCOM(AVGO)	-	b	90	703	-	703	
MIC	Stock	ZARLINK SEMI-CONDUCTOR	-	b	44,775	-	0.04	-	
HCVC	Fund	YUANTA WAN TAI MONEY MARKET	-	a	558,765	8,452	-	8,452	
HCVC	Fund	TAISHIN TA CHONG MONEY MARKET	-	a	757,861	10,750	-	10,750	
HCVC	Fund	YUANTA DE BAO MONEY MARKET	-	a	348,419	4,181	-	4,181	
HCVC	Fund	CAPITAL MONEY MARKET	-	a	917,513	14,782	-	14,782	
HCVC	Fund	TAISHIN 1699 MONEY MARKET	-	a	569,947	7,699	-	7,699	
HCVC	Stock	PRIMESENSOR TECHNOLOGY	-	d	233,286	3,659	0.38	3,659	
HCVC	Stock	APAQ TECHNOLOGY	a	d	10,668,012	327,508	12.63	327,508	
HCVC	Stock	A-WEI TECH	-	d	301,876	785	1.83	785	
HCVC	Stock	LEDLINK	-	c	336,546	8,700	0.65	8,700	
HMI	Fund	TAISHIN 1699 MONEY MARKET	-	a	2,435,055	32,892	-	32,892	
HMI	Stock	APAQ TECHNOLOGY	-	d	3,210,015	98,547	3.80	98,547	
HMI	Stock	A-WEI TECH	-	d	174,417	453	1.06	453	
AAEON	Stock	ADVANTECH	-	a	730	154	-	154	
AAEON	Fund	MEGA DIAMOND MONEY MARKET	-	a	2,091,070	26,184	-	26,184	
AAEON	Stock	MACHVISION TECHNOLOGY	b	a	1,219,020	448,599	2.86	448,599	
AAEON	Stock	ATECH OEM TECHNOLOGY	b	a	234	2	-	2	
AAEON	Stock	INSYNERGER TECHNOLOGY	-	b	1,710,000	28,013	19.29	28,013	
AAEON	Stock	UNITECH ELECTRONICS	-	a	549,600	8,904	1.17	8,904	
AAEON	Stock	LILEE SYSTEMS	-	a	468,750	-	-	-	
AAEON	Stock	YAN CHUNG TECHNOLOGY	-	a	266,600	-	7.27	-	
AAEON	Stock	ALLIED BIOTECH	b	a	300,000	4,848	0.32	4,848	
AAEON	Stock	TELEION WIRELESS	-	a	149,700	-	-	-	
AAEON	Stock	V-NET AAEON	-	b	29	10,299	14.50	10,299	
AAEONI	Fund	HSBC GLOBAL INCOME BOND	-	a	555,078	6,577	-	6,577	
AAEONI	Stock	ATECH OEM TECHNOLOGY	b	a	3,456,000	35,078	6.02	35,078	
AAEONI	Stock	MUTTO OPTRONICS	-	a	310,000	4,542	0.68	4,542	
AAEONI	Stock	SUNENGINE	b	a	550,537	1,089	2.75	1,089	
ONYX	Stock	MELTEN CONNECTED HEALTHCARE	-	d	4,193,548	10,350	7.31	10,350	
ONYX	Stock	MACHVISION TECHNOLOGY	b	a	27,000	9,936	0.06	9,936	
ONYX	Stock	WINMATE	-	a	9,259,000	473,135	12.83	473,135	
ASGL	Fund	JIH SUN MONEY MARKET	-	a	1,392,747	20,604	-	20,604	
AHL	Stock	9SKY	-	d	1,000,000	-	5.71	-	
AIL	Fund	PRODIGY STRATEGY INVESTMENT	-	a	3,530	141,936	-	141,936	
AIL	Stock	EONEX	-	d	31,733	-	2.70	-	
AIL	Stock	SPLASHTOP	-	d	5,728,003	-	3.41	-	
AIL	Stock	ISTAGING	-	d	988,889	61,454	2.15	61,454	
AIL	Stock	PTSN	-	d	86,992,600	366,889	4.91	366,889	
DDL	Fund	ASIA PACIFIC GENESIS C	-	b	-	20,547	9.00	20,547	
UEI	Fund	CAPITAL MONEY MARKET	-	a	435,636	7,027	-	7,027	

Note 1： a. Other related parties - Held company is the legal entity as director of investee company. b. Other related parties - Director of held company is the director of investee company.

Note 2： a. Financial assets at fair value through profit or loss - current；b. Financial assets at fair value through profit or loss - non-current；c. Financial assets at fair value through other comprehensive income - current；d. Financial assets at fair value through other comprehensive income - non-current

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 4

(Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal					Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	28,456,899	394,000	111,663,146 -	1,548,000 328	a b	115,204,188	1,597,731	1,595,916	a	1,815	24,915,857	346,412
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	41,404,159	671,683	143,381,784	2,330,000	a	184,785,943 -	3,002,636 -	3,001,512 171	a b	1,124	-	-
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	25,104,603	300,000	218,445,629	2,615,000	a	243,550,232	2,915,549	2,915,000	a	549	-	-
ASUS	Fund	UNION MONEY MARKET	a	-	-	95,139,167	1,249,063	448,264,580 -	5,900,000 260	a b	474,695,293	6,247,000	6,243,505	a	3,495	68,708,454	905,818
ASUS	Fund	FSITC MONEY MARKET	a	-	-	2,453,541	435,194	-	-	-	2,453,541 -	435,354 -	435,025 169	a b	329	-	-
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	33,199,429	500,037	-	-	-	33,199,429 -	500,222 -	500,000 37	a b	222	-	-
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	99,905,228	1,471,354	104,043,620	1,535,000	a	203,948,848 -	3,010,345 -	3,005,000 1,354	a b	5,345	-	-
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	42,760,000	693,050	138,986,830 -	2,255,000 3,389	a b	109,113,727	1,770,395	1,768,914	a	1,481	72,633,103	1,182,525
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	42,501,948	600,238	7,062,546	100,000	a	46,026,922 -	650,463 -	649,911 148	a b	552	3,537,572	50,179
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	60,047,798	1,000,000	a	60,047,798	1,000,048	1,000,000	a	48	-	-
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	-	-	59,954,395	915,000	a	59,954,395	915,072	915,000	a	72	-	-
ASUS	Fund	TAISHIN 1699 MONEY MARKET	a	-	-	-	-	68,488,586	925,000	a	68,488,586	925,096	925,000	a	96	-	-
ASUS	Capital	JSCD	e	-	-	-	-	-	487,360	a	- -	- -	64,951 12,545	c d	-	-	409,864
ASUS、HCVC and HMI	Stock	UPI	e	-	-	35,561,053	408,652	- -	243,818 1,550,579	c i	11,706,000 -	758,607 -	627,688 28	a e	1,681,498	23,855,053	1,575,333
ONYX	Stock	WINMATE	a	-	-	-	-	9,259,000 -	463,555 9,580	a b	-	-	-		-	9,259,000	473,135
AAEON	Stock	IBASE	e	-	-	-	-	52,921,856	3,498,501	a	- - - - -	- - - - -	3,293 130 8,478 1,634 6,692	c d e g h	-	52,921,856	3,478,274
ASTP	Capital	ACSH	e	-	-	-	-	- - - -	1,228,600 36,932 17,891 3,222,617	a c d f	-	-	4,506,040	f	-	-	-
AAEON	Stock	MACHVISION TECHNOLOGY	a	-	-	1,860,020	383,164	-	197,481	b	641,000	302,042	132,046	a	169,996	1,219,020	448,599
ACNL	Capital	ACIT	e	-	-	-	-	- -	678,222 21,785	a d	-	-	695,502	c	-	-	4,505

Note 1： a. Financial assets at fair value through profit or loss - current

b. Financial assets at fair value through profit or loss - non-current

c. Financial assets at fair value through other comprehensive income - current

d. Financial assets at fair value through other comprehensive income - non-current

e. Investments accounted for under equity method

Note 2： a. Acquired or capital increase/ disposed or capital reduction/liquidation in this period

b. Current-revaluation

c. Recognized investment gain or loss under equity investment

d. Recognized effect of exchange rate changes and recognized cumulative translation adjustment under equity investment

e. Recognized equity adjustment under equity investment

f. Re-classification credit of equity investment

g. Recognized pension adjustment under equity investment

h. Recognized equity adjustment due to investee company purchasing treasury stocks

i. Reclassified to investments accounted for under equity method - losing control,derecognized the remaing carrying amount and recalculated carrying value based on fair value of the disposition date.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 5 (Amounts in thousands of new Taiwan dollars)

			Transaction Details				Abnormal Transaction		Notes/Trade Receivables or Payables (Note 3)		
Company Name	Related Party	Nature of Relationship (Note 1)	Purchases/ (Sales)	Amount	% to Total Purchases/ (Sales) amount	Payment Terms (Note 2)	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Trade Receivables or Payables (Note 3)	Note
ASUS	ASUTC	b	(Sales)	(21,480,089)	(6.86)	OA 90	-	-	3,730,870	6.00	
ASUS	ASGL	b	(Sales)	(279,023,384)	(89.14)	OA 180	-	-	48,265,302	77.67	
ASUS	AAEON	b	(Sales)	(1,214,496)	(0.39)	Month-end 30 days	-	-	196,441	0.32	
ASUS	OB	b	Purchases	413,471	0.14	Month-end 60 days	-	-	-	-	
ASUS	ASMEDIA	b	Purchases	246,727	0.09	Month-end 30 days	-	-	-	-	
ASUS	ASKEY	b	Purchases	569,530	0.20	Month-end 60 days	-	-	(372,503)	(0.71)	
ASGL	ACCQ	b	(Sales)	(5,901,689)	(1.97)	OA 180	-	-	895,215	0.95	
ASGL	ACI	b	(Sales)	(53,684,728)	(17.89)	OA 180	-	-	20,780,202	22.02	
ASGL	ACSH	b	(Sales)	(55,981,221)	(18.65)	OA 180	-	-	25,396,348	26.91	
ASGL	ACJP	b	(Sales)	(6,767,870)	(2.26)	OA 120	-	-	1,661,619	1.76	
ASGL	ASIN	b	(Sales)	(3,294,191)	(1.10)	OA 180	-	-	2,597,268	2.75	
ASGL	ACG	b	(Sales)	(227,103)	(0.08)	OA 90	-	-	4,787	0.01	
ASGL	ACMH	b	(Sales)	(1,423,970)	(0.47)	OA 180	-	-	961,825	1.02	
ASGL	ACNL	b	(Sales)	(16,011,411)	(5.34)	OA 180	-	-	4,174,345	4.42	
ASGL	ACBT	b	(Sales)	(5,831,602)	(1.94)	OA 180	-	-	3,708,885	3.93	
ASGL	ACH	b	(Sales)	(120,758)	(0.04)	OA 90	-	-	34,432	0.04	
ASKEY	LP	b	(Sales)	(7,838,806)	NA (Note 4)	Month-end 90 days	-	Payment terms is one to two months longer than third parties	932,240	12.02	
ASKEY	LP	b	Purchases	4,255,573	11.97	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASKEY	UNI	b	Purchases	20,738,516	58.33	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,219,501)	(70.69)	
ASKEY	ASKEYI	b	(Sales)	(3,107,381)	(10.70)	Month-end 90 days	Same as third parties	Payment terms is one to two months longer than third parties	875,472	11.29	
ASKEY	SILIGENCE	b	(Sales)	(543,786)	(1.87)	Month-end 90 days	Same as third parties	Payment terms is one to two months longer than third parties	168,377	2.17	
LP	ASKEYJS	b	(Sales)	(7,845,144)	(64.61)	Month-end 90 days	-	Payment terms is one to two months longer than third parties	1,100,333	100.00	
LP	ASKEYJS	b	Purchases	4,326,675	35.59	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(209,868)	(18.38)	
UNI	ASKEYJS	b	Purchases	20,846,268	100.00	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,278,181)	(100.00)	
OB	ASKEYJS	b	Purchases	416,884	98.64	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASUTC	ASUSCLOUD	b	(Sales)	(178,017)	(0.78)	OA 150	-	-	185,653	8.45	
AAEON	AAEONEU	b	(Sales)	(288,196)	(7.04)	Month-end 60 days	-	-	42,628	7.33	
AAEON	AAEONSZ	b	(Sales)	(294,878)	(7.21)	Month-end 60 days	-	-	48,841	8.40	
AAEON	AAEONEI	b	(Sales)	(807,479)	(19.73)	Month-end 60 days	-	-	87,438	15.04	
AAEON	ONYXHU	b	(Sales)	(175,718)	(4.29)	Month-end 60 days	-	-	8,346	1.44	
ONYX	ONYXHU	b	(Sales)	(223,089)	(20.76)	Month-end 90 days	-	-	74,393	33.28	
UPI	MAXCHIP	d	Purchases	204,970	37.35	Month-end 30 days	-	-	-	-	
UBIQ	MAXCHIP	d	Purchases	266,594	37.57	Month-end 30 days	-	-	-	-	

Note 1： a. Parent company；b. Subsidiary；c. Associate；d. Other。

Note 2： In addition to the original transaction terms, accounts receivable hold between each subsidies which 100% owned by ASUS could be extended payment terms and transferred to long-term receivables depend on actual demands of capital, when the transactions continuous.

Note 3： Including transferred to long-term receivables amount as meeting transaction terms.

Note 4：Purchasing raw material is for subsidiary and the related sales revenue are eliminated in the financial reports.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2018

Table 6 (Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Ending Balance	Turnover		Overdue		Amounts Received in Subsequent Period	Loss allowance
						Amount	Action Taken		
ASUS	ASUTC	b	3,730,870	6.13	times	-	-	2,968,093	-
ASUS	ASGL	b	48,265,302	5.01	times	-	-	47,206,784	-
ASUS	AAEON	b	196,441	7.09	times	-	-	179,818	-
ASUTC	ASUSCLOUD	b	185,653	1.26	times	-	-	-	-
ASGL	ACCQ	b	895,215	3.75	times	-	-	1,077,550	-
ASGL	ACI	b	20,780,202	2.43	times	-	-	6,919,994	-
ASGL	ACSH	b	25,396,348	2.23	times	-	-	6,842,340	-
ASGL	ACJP	b	1,661,619	3.88	times	-	-	1,661,619	-
ASGL	ASIN	b	2,597,268	1.32	times	-	-	735,388	-
ASGL	ACMH	b	961,825	1.30	times	425,744	Keep in reconciliation and dunning monthly	324,045	-
ASGL	ACNL	b	4,174,345	3.54	times	-	-	3,309,540	-
ASGL	ACBT	b	3,708,885	3.16	times	47,960	Keep in reconciliation and dunning monthly	646,972	-
ASGL	ACIN	b	129,400	0.25	times	-	-	18,524	-
ASKEY	ASUS	a	372,503	2.95	times	-	-	361,560	-
ASKEY	LP	b	932,240	10.65	times	-	-	844,815	-
ASKEY	ASKEYI	b	875,472	6.19	times	-	-	345,660	-
ASKEY	SILIGENCE	b	168,377	4.36	times	-	-	142,604	-
UNI	ASKEY	b	4,219,501	4.96	times	-	-	3,963,156	-
LP	ASKEYJS	b	1,100,333	5.04	times	-	-	844,698	-
ASKEYJS	LP	b	209,868	4.99	times	-	-	209,868	-
ASKEYJS	UNI	b	4,278,181	4.95	times	-	-	3,962,235	-

Note 1：a. Parent company；b. Subsidiary；c. Associate；d. Other。

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT$100 MILLION ARE DISCLOSED)

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 7-1

(Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Sales	21,480,089	OA 90	6.06%
0	ASUS	ASGL	a	Sales	279,023,384	OA 180	78.78%
0	ASUS	AAEON	a	Sales	1,214,496	Month-end 30 days	0.34%
1	OB	ASUS	b	Sales	413,471	Month-end 60 days	0.12%
2	ASMEDIA	ASUS	b	Sales	246,727	Month-end 30 days	0.07%
3	ASUTC	ASUSCLOUD	c	Sales	178,017	OA 150	0.05%
4	ASGL	ACCQ	c	Sales	5,901,689	OA 180	1.67%
4	ASGL	ACI	c	Sales	53,684,728	OA 180	15.16%
4	ASGL	ACSH	c	Sales	55,981,221	OA 180	15.81%
4	ASGL	ACJP	c	Sales	6,767,870	OA 120	1.91%
4	ASGL	ASIN	c	Sales	3,294,191	OA 180	0.93%
4	ASGL	ACG	c	Sales	227,103	OA 90	0.06%
4	ASGL	ACMH	c	Sales	1,423,970	OA 180	0.40%
4	ASGL	ACNL	c	Sales	16,011,411	OA 180	4.52%
4	ASGL	ACH	c	Sales	120,758	OA 90	0.03%
4	ASGL	ACBT	c	Sales	5,831,602	OA 180	1.65%
5	ASKEY	ASUS	b	Sales	569,530	Month-end 60 days	0.16%
5	ASKEY	LP	c	Sales	7,838,806	Month-end 90 days	2.21%
5	ASKEY	SILIGENCE	c	Sales	543,786	Month-end 90 days	0.15%
5	ASKEY	ASKEYI	c	Sales	3,107,381	Month-end 90 days	0.88%
6	UNI	ASKEY	c	Sales	20,738,516	Month-end 90 days	5.86%
7	LP	ASKEY	c	Sales	4,255,573	Month-end 90 days	1.20%
7	LP	ASKEYJS	c	Sales	7,845,144	Month-end 90 days	2.21%
8	ASKEYJS	UNI	c	Sales	20,846,268	Month-end 90 days	5.89%
8	ASKEYJS	LP	c	Sales	4,326,675	Month-end 90 days	1.22%
8	ASKEYJS	OB	c	Sales	416,884	Month-end 90 days	0.12%
9	AAEON	AAEONEI	c	Sales	807,479	Month-end 60 days	0.23%
9	AAEON	AAEONSZ	c	Sales	294,878	Month-end 60 days	0.08%
9	AAEON	AAEONEU	c	Sales	288,196	Month-end 60 days	0.08%
9	AAEON	ONYXHU	c	Sales	175,718	Month-end 60 days	0.05%
10	ONYX	ONYXHU	c	Sales	223,089	Month-end 90 days	0.06%
11	ACSH	ACCQ	c	Service revenue	203,542	Paid within 30 days after receipt of invoice	0.06%
12	ACH	ASGL	c	Service revenue	510,888	Pay on delivery	0.14%
13	ACAE	ASGL	c	Service revenue	112,212	Pay on delivery	0.03%
14	ACI	ASGL	c	Service revenue	373,000	Pay on delivery	0.11%
15	ACCZS	ASGL	c	Service revenue	506,881	Pay on delivery	0.14%
16	ACF	ASGL	c	Service revenue	341,096	Pay on delivery	0.10%
17	ACG	ASGL	c	Service revenue	512,093	Pay on delivery	0.14%
18	ACHK	ASGL	c	Service revenue	143,712	Pay on delivery	0.04%
19	ACTR	ASGL	c	Service revenue	125,903	Pay on delivery	0.04%
20	ACUK	ASGL	c	Service revenue	217,500	Pay on delivery	0.06%
21	ACVN	ASGL	c	Service revenue	113,201	Pay on delivery	0.03%
22	ACSZ	ASGL	c	Service revenue	1,817,150	Pay on delivery	0.51%
23	ACAU	ASGL	c	Service revenue	125,960	Pay on delivery	0.04%
24	ACN	ASGL	c	Service revenue	276,604	Pay on delivery	0.08%
25	ACIT	ACNL	c	Service revenue	308,360	Pay on delivery	0.09%
26	ACIB	ACNL	c	Service revenue	165,002	Pay on delivery	0.05%
27	ACS	ASGL	c	Service revenue	184,278	Pay on delivery	0.05%
28	AAEONEI	AAEON	c	Service revenue	118,423	Month-end 30 days	0.03%

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY TRANSACTIONS AMOUNTING TO AT LEAST NT$100 MILLION ARE DISCLOSED)

DECEMBER 31, 2018

Table 7-2

(Amounts in thousands of new Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	ASUS	ASUTC	a	Trade receivables	3,730,870	OA 90	1.09%
0	ASUS	ASGL	a	Trade receivables	48,265,302	OA 180	14.11%
0	ASUS	AAEON	a	Trade receivables	196,441	Month-end 30 days	0.06%
3	ASUTC	ASUSCLOUD	c	Trade receivables	185,653	OA 150	0.05%
4	ASGL	ACCQ	c	Trade receivables	895,215	OA 180	0.26%
4	ASGL	ACI	c	Trade receivables	20,780,202	OA 180	6.07%
4	ASGL	ACSH	c	Trade receivables	25,396,348	OA 180	7.42%
4	ASGL	ACJP	c	Trade receivables	1,661,619	OA 120	0.49%
4	ASGL	ASIN	c	Trade receivables	2,597,268	OA 180	0.76%
4	ASGL	ACMH	c	Trade receivables	961,825	OA 180	0.28%
4	ASGL	ACNL	c	Trade receivables	4,174,345	OA 180	1.22%
4	ASGL	ACBT	c	Trade receivables	3,708,885	OA 180	1.08%
4	ASGL	ACIN	c	Trade receivables	129,400	OA 150	0.04%
5	ASKEY	ASUS	b	Trade receivables	372,503	Month-end 60 days	0.11%
5	ASKEY	LP	c	Trade receivables	932,240	Month-end 90 days	0.27%
5	ASKEY	SILIGENCE	c	Trade receivables	168,377	Month-end 90 days	0.05%
5	ASKEY	ASKEYI	c	Trade receivables	875,472	Month-end 90 days	0.26%
6	UNI	ASKEY	c	Trade receivables	4,219,501	Month-end 90 days	1.23%
7	LP	ASKEYJS	c	Trade receivables	1,100,333	Month-end 90 days	0.32%
8	ASKEYJS	UNI	c	Trade receivables	4,278,181	Month-end 90 days	1.25%
8	ASKEYJS	LP	c	Trade receivables	209,868	Month-end 90 days	0.06%
17	ACG	ASGL	c	Trade receivables	144,317	Pay on delivery	0.04%
14	ACI	ASGL	c	Other receivables	129,955	Pay on delivery	0.04%
22	ACSZ	ASGL	c	Trade receivables	364,476	Pay on delivery	0.11%
11	ACSH	JSCD	c	Other receivables	292,535	Pay on delivery	0.09%

Note 1： ASUS and its subsidiaries are coded as follows:

a. ASUS is coded 0.

b. The subsidiaries are coded consecutively beginning from 1 in the order presented in the table above.

Note 2： Transactions are categorized as follows:

a. The parent company to subsidiary.

b. Subsidiary to parent company.

c. Subsidiary to subsidiary.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 8

(Amounts in thousands of New Taiwan dollars)

				Original Investment Amount		Balance as of December 31, 2018					
Investor Company	Investee Company	Location	Main Businesses	December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
ASUS	ACI	U.S.A	Selling of 3C products in North America	13,320	13,320	50,000	100.00	-	299,030	299,030	Note 2 and 3
ASUS	ASUTC	Taiwan	Selling of 3C products in Taiwan	204,244	204,244	19,000,000	100.00	-	(155,953)	(155,953)	Note 1、2 and 3
ASUS	ACH	Netherlands	Repairing of 3C products	37,821	37,821	3,000,000	100.00	201,504	9,631	9,631	Note 2
ASUS	AIL	Cayman Islands	Investing in 3C and computer peripheral business	3,281,057	3,281,057	89,730,042	100.00	38,757,749	1,521,666	1,521,666	Note 1 and 2
ASUS	AHL	Cayman Islands	Investing in computer peripherals business	662,434	662,434	20,452,104	100.00	625,246	23,307	23,307	Note 2
ASUS	ASKEY	Taiwan	Designing, manufacturing, repairing and selling of communication products and computer peripherals	5,021,108	5,021,108	480,000,000	100.00	3,157,795	(2,214,573)	(2,214,442)	Note 2
ASUS	HCVC	Taiwan	Investing in computer peripherals business	1,100,000	1,100,000	114,500,000	100.00	1,957,398	518,568	518,568	Note 2
ASUS	HMI	Taiwan	Investing in computer peripherals business	680,000	680,000	68,000,000	100.00	1,282,577	295,114	295,114	Note 2
ASUS	ASGL	Singapore	Selling of 3C products	838,070	838,070	28,000,000	100.00	27,679,883	840,047	(782,769)	Note 2
ASUS	QCI	Singapore	Servicing of information technology	25,290	25,290	830,001	100.00	6,137	(196)	(196)	Note 2
ASUS	ASUSCLOUD	Taiwan	Selling and consulting of internet service	596,678	450,278	23,645,558	94.58	117,516	(80,673)	(73,580)	Note 2
ASUS and HCVC	ACJK	Indonesia	Selling of 3C products in Indonesia	244,480	60,840	8,000	100.00	232,635	1,009	1,009	Note 2
ASUS and HCVC	IMOTION	Taiwan	AIOT business	180,000	-	18,000,000	30.00	179,895	(347)	(89)	Note 2
ASUS and HCVC	ACBT	Indonesia	Selling of 3C products in Indonesia	301,321	273,775	1,099,000	100.00	-	(372,796)	(372,796)	Note 2 and 3
ASUS and HCVC	ASINT	Taiwan	Selling, designing and manufacturing of memory module which apply to low-end, mid-end and high-end segmentation	87,500	87,500	7,875,000	24.83	-	-	-	Note 2
ASUS and HCVC	SWI	Taiwan	Researching, developing, selling and consulting of information system software	72,146	72,146	5,469,750	51.00	82,094	(3,578)	(1,825)	Note 2
ASUS and HCVC	IUT	Taiwan	Researching, developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	123,227	123,227	11,402,092	56.73	60,232	4,788	2,717	Note 2
ASUS、HCVC and HMI	ASMEDIA	Taiwan	Designing, researching, developing and manufacturing of high-speed analog circuit	342,673	342,673	31,775,315	52.93	1,232,273	955,847	389,442	Note 2
ASUS、HCVC and HMI	EMC	Taiwan	Designing, manufacturing and selling of computer peripheral spare parts	81,060	82,297	6,359,548	18.05	175,589	257,309	16,418	Note 2
ASUS、HCVC and HMI	AAEON	Taiwan	Manufacturing and selling of industrial computers and computer peripherals	3,357,568	3,357,568	60,474,000	40.73	5,067,159	732,861	297,810	Note 2
ASUS、HCVC and HMI	JPX	Taiwan	Designing and selling of computer peripheral spare parts	20,000	20,000	2,000,000	22.22	5,858	(12,260)	(1,417)	Note 2
ASUS、HCVC and HMI	UPI	Taiwan	Designing, researching, developing and selling of integrated circuits	425,702	637,128	23,855,053	34.20	1,575,333	494,167	177,801	Note 2
ASUS、HMI and AAEON	ONYX	Taiwan	Designing, manufacturing and selling of medical computers	117,680	117,680	11,176,168	55.86	502,856	194,906	10,911	Note 2 and 4
ASKEY	ASKEYI	U.S.A	Selling and servicing of communication products	307,607	307,607	10,000,000	100.00	70,406	(140,033)	-	Note 2
ASKEY	DIC	British Virgin Islands	Investing in communication business	271,695	271,695	8,160,172	100.00	81,530	947	-	Note 2
ASKEY	MIC	British Virgin Islands	Investing in computer peripherals business	3,847,164	3,832,534	118,019,831	100.00	3,421,665	(296,744)	-	Note 2
ASKEY	ECOLAND	Taiwan	Green energy industry	21,840	21,840	780,000	33.91	8,257	(8,845)	-	Note 2
DIC	ASKEYVN	Vietnam	Manufacturing and selling of communication products	176,136	170,660	2,883,359	100.00	78,372	1	-	Note 2
DIC	WISE	Hong Kong	Investing in communication and computer peripherals business	41,511	40,221	1,600,000	100.00	9,924	621	-	Note 2
MIC	MAGICOM	Cayman Islands	Investing in communication business	2,795,986	2,709,053	91,030,000	100.00	3,552,783	(274,117)	-	Note 2
MIC	OB	British Virgin Islands	Selling of communication products and computer peripherals	1,536	1,488	50,000	100.00	33,859	-	-	Note 2
MIC	LP	Mauritius	Selling of communication products and computer peripherals	1,537,286	1,489,488	50,050,000	100.00	-	(15,364)	-	Note 2 and 3
MIC	UNI	Mauritius	Selling of communication products and computer peripherals	1,536	1,488	50,000	100.00	19,928	-	-	Note 2
MIC	ASKEYCG	Germany	Selling and servicing of communication products	4,019	3,894	100,000	100.00	3,378	12	-	Note 2
MIC	ASKEYTH	Thailand	Intelligent energy-savings service	1,926	1,866	20,000	100.00	1,219	(372)	-	Note 2
MIC	ASKEYJP	Japan	Selling and servicing of communication products	1,444	-	500,000	100.00	152	(1,209)	-	Note 2
MIC and OB	ASKEYBR	Brazil	Selling and servicing of communication products	28,993	13,385	3,200,000	100.00	10,528	(7,165)	-	Note 2
ASKEY and WISE	SILIGENCE	France	Selling and servicing of communication products	178,160	176,873	4,623,090	95.95	58,477	4,142	-	Note 2

				Original Investment Amount		Balance as of December 31, 2018					
Investor Company	Investee Company	Location	Main Businesses	December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
IUT	IUTS	Samoa Islands	Investing in ink-jet print heads and ink-jet digital image output technology business	-	-	-	100.00	-	-	-	Note 2
AAEON	AAEONEI	U.S.A	Selling of industrial computers and computer peripherals	150,504	145,824	490,000	100.00	162,435	2,995	-	Note 2
AAEON	AAEONDI	British Virgin Islands	Investing in industrial computers and computer peripherals business	20,266	19,636	50,000	100.00	43,054	(21)	-	Note 2
AAEON	AAEONTCL	British Virgin Islands	Investing in industrial computers and interface cards business	270,510	262,099	8,807,097	100.00	235,364	(33,414)	-	Note 2
AAEON	AAEONEU	Netherlands	Selling of industrial computers and computer peripherals	3,520	3,557	-	100.00	35,314	(10,757)	-	Note 2
AAEON	AAEONI	Taiwan	Investing in industrial computers and computer peripherals business	150,000	150,000	15,000,000	100.00	110,670	(9,104)	-	Note 2
AAEON	LITEMAX	Taiwan	Selling of computer peripherals	70,218	70,218	5,015,050	13.54	95,575	100,844	-	Note 2
AAEON	IBASE	Taiwan	Manufacturing and selling of industrial motherboard	3,498,501	-	52,921,856	30.35	3,478,274	307,134	-	Note 2
AAEONDI	AAEONSG	Singapore	Selling of industrial computers and computer peripherals	13,114	12,986	465,840	100.00	42,818	1	-	Note 2
AAEONEU	AAEONG	Germany	Selling of industrial computers and computer peripherals	10,560	10,671	-	100.00	16,463	651	-	Note 2
ONYX	ONYXHU	U.S.A	Selling of medical computers and peripherals	61,430	59,520	200,000	100.00	69,492	4,289	-	Note 2
ONYX	ONYXHE	Netherlands	Marketing support and repairing of medical computers and peripherals	3,520	3,557	100,000	100.00	11,009	1,959	-	Note 2
ONYX	IHELPER	Taiwan	Researching, developing and Selling of medical robot	16,560	-	1,656,000	46.00	13,569	(6,502)	-	Note 2
ASUSCLOUD	ASUSCLOUDSG	Singapore	Investing in internet service business	19,935	19,935	-	100.00	49	244	-	Note 2
ASUSCLOUD	ASUSCLOUDLB	Luxembourg	Providing maintaence and operating service of information hardware	18,065	18,065	-	100.00	3,103	380	-	Note 2
ASUSCLOUD	ASUSLC	Taiwan	Selling of internet information service	5,000	5,000	500,000	50.00	3,252	27	-	Note 2
AIL	DDL	British Virgin Islands	Investing in computer peripherals business	350,827	339,919	11,422,000	100.00	342,336	(356)	-	Note 2
AIL	CHANNEL	British Virgin Islands	Investing in 3C business	922,464	893,782	30,033,000	100.00	37,255,602	1,504,454	-	Note 2
AIL	UHL	Cayman Islands	Investing in automotive electronics and computer peripherals business	199,648	193,440	6,500,000	100.00	65,841	(11,133)	-	Note 2
AIL	POTIXC	Cayman Islands	Designing and training of WEB application software	30,715	29,760	5,000,000	22.22	27,845	11,949	-	Note 2
CHANNEL	ASTP	Singapore	Investing in 3C business	921,527	892,874	44,419,424	100.00	41,468,654	613,409	-	Note 2
CHANNEL and ASTP	ACAE	United Arab Emirates	Providing support and repairing of 3C products in Middle East	4,236	4,104	5	100.00	12,963	293	-	Note 2
CHANNEL and ASTP	ACEG	Egypt	Providing support for 3C products in Egypt	768	744	-	100.00	1,763	12	-	Note 2
CHANNEL and ASTP	ASID	Indonesia	Repairing of 3C products in Asia-pacific and America	46,073	44,640	1,500,000	100.00	37,574	688	-	Note 2
CHANNEL、ASTP and ACNL	ACTH	Thailand	Providing support for 3C products in Thailand	14,510	14,059	20,000	100.00	17,556	287	-	Note 2
CHANNEL、ASTP and ACNL	ASTH	Thailand	Repairing of 3C products in Thailand	2,856	-	30,000	100.00	2,830	(26)	-	Note 2
ASTP	ACG	Germany	Selling and Providing support for 3C products in Germany	2,909	2,819	-	100.00	146,567	10,096	-	Note 2
ASTP	ACF	France	Providing support for 3C products in France	1,531	1,484	5,300	100.00	52,225	10,405	-	Note 2
ASTP	ACUK	U.K.	Providing support for 3C products in United Kingdom	2,772	2,685	50,000	100.00	40,841	5,115	-	Note 2
ASTP	ACHK	Hong Kong	Providing support and repair for 3C products in Hong Kong	1,976	1,915	500,000	100.00	10,334	1,890	-	Note 2
ASTP	ACKR	South Korea	Providing support and repair for 3C products in South Korea	10,626	10,295	158,433	100.00	42,918	(4,503)	-	Note 2
ASTP	ACSG	Singapore	Repairing of 3C products in Singapore	389	377	20,002	100.00	1,731	2,155	-	Note 2
ASTP	ACIN	India	Providing support and repair for 3C products in India	253,935	246,040	20,134,400	100.00	308,160	33,103	-	Note 2
ASTP	ACNL	Netherlands	Selling of 3C products	17,881	17,325	375,000	100.00	1,317,120	146,372	-	Note 2
ASTP	ACVN	Vietnam	Repairing of 3C products in Vietnam	2,457	2,381	-	100.00	15,969	2,876	-	Note 2
ASTP	ACIB	Spain	Providing support for 3C products in Spain	18	18	3,000	100.00	36,607	2,196	-	Note 2
ASTP	ACJP	Japan	Selling of 3C products in Japan	75,179	72,841	20,500	100.00	257,215	71,559	-	Note 2
ASTP	ASAU	Australia	Repairing of 3C products in Australia	29,649	28,727	950,000	100.00	29,431	(1,602)	-	Note 2
ASTP	ACAU	Australia	Providing support for 3C products in Australia	11,082	10,738	350,000	100.00	47,451	4,119	-	Note 2
ASTP	ACIL	Israel	Providing support for 3C products in Israel	399	387	50,000	100.00	2,812	359	-	Note 2
ASTP	ACCO	Colombia	Providing support for 3C products in Colombia	921	893	74,489	100.00	1,353	1,293	-	Note 2
ASTP	ACZA	South Africa	Providing support and repair for 3C products in Africa	2	2	1,000	100.00	3,696	413	-	Note 2
ASTP	ACMY	Malaysia	Providing support and repair for 3C products in Malaysia	3,590	3,478	500,000	100.00	19,445	2,501	-	Note 2
ASTP	ACCL	Chile	Providing support for 3C products in Chile	53	-	1,000	100.00	260	226	-	Note 2
ASTP and ACNL	ACPE	Peru	Providing support for 3C products in Peru	12	12	1,000	100.00	1,799	(230)	-	Note 2

				Original Investment Amount		Balance as of December 31, 2018					
Investor Company	Investee Company	Location	Main Businesses	December 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Share of Profit/Loss of Investee	Note
ASTP and ACNL	ACMH	Mexico	Selling of 3C products in Mexico	116,658	113,075	51,120	100.00	-	5,445	-	Note 2 and 3
ASTP and ACNL	ACBZ	Brazil	Selling of 3C products in Brazil	6,054,272	5,866,044	549,469,000	100.00	4,518,649	258,210	-	Note 2
ASTP and ACNL	ASIN	India	Selling of 3C products in India	208,171	201,698	33,500,000	100.00	49,541	110,840	-	Note 2
ASTP and ACMH	ACMX	Mexico	Providing support for 3C products in Mexico	312	302	132	100.00	6,751	2,506	-	Note 2
ACNL	ACHU	Hungary	Providing support and repair for 3C products in Hungary	1,760	1,778	-	100.00	8,597	850	-	Note 2
ACNL	ACPT	Portugal	Providing support for 3C products in Portugal	1,056	1,067	30,000	100.00	10,551	825	-	Note 2
ACNL	ACCH	Switzerland	Providing support for 3C products in Switzerland	8,044	8,128	3,400	100.00	23,800	1,451	-	Note 2
ACNL	ACN	Sweden	Providing support for 3C products in North Europe	1,122	1,133	3,000	100.00	56,677	5,045	-	Note 2
ACNL	ACTR	Turkey	Providing support and repair for 3C products in Turkey	15,490	-	2,046	100.00	47,441	16,515	-	Note 2
ACNL	ASTR	Turkey	Repairing of 3C products in Turkey	359	-	3,000	100.00	221	(266)	-	Note 2
ACNL and ASTP	ACPL	Poland	Providing support for 3C products in Poland	51,239	482	1,000	100.00	53,408	4,405	-	Note 2
ACNL and ASTP	ACIT	Italy	Providing support for 3C products in Italy	1,690	545,988	-	100.00	4,505	(695,502)	-	Note 2
ACNL and ASTP	ACCZ	Czech Republic	Providing support for 3C products in Czech Republic	275	2,466	-	100.00	15,608	1,621	-	Note 2
ACNL、ASTP and ACH	ACCZS	Czech Republic	Repairing of 3C products in Europe	7,372	8,532	-	100.00	90,933	9,547	-	Note 2
UHL	UEI	Taiwan	Manufacturing and selling of automotive electronics and computer peripherals	198,041	191,884	21,300,000	100.00	65,816	(11,116)	-	Note 2
AHL	NEXTS	Cayman Islands	Investing in cloud computing service business	87,886	87,886	8,560,974	43.48	73,504	(7,872)	-	Note 2

Note 1：Original investment amount excludes other interest oriented from shareholders' stock trust which distributes to employees.

Note 2：According to regulation, only disclose the share of profits/losses of investee recognized by ASUS.

Note 3：Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note 4：Percentage of ownership represents controlling ratio and not the consolidated shareholding percentage.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 9 (Amounts in thousands of New Taiwan dollars and foreign currencies)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Ending Balance Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee Company	Percentage of Ownership (%)	Investment Income (Loss) Recognized in Current Period (Note 2 b and c)	Carrying Amount as of December 31, 2018 (Note 2 b and c and Note 3)	Ending Balance of Accumulated Inward Remittance of Earnings	Note (Note 1 b)
					Outflow	Inflow							
ACSH	Selling of 3C products in China	1,477,392	b	248,792	1,228,600	-	1,477,392	36,932	100.00	36,932	-	-	ASTP Invested
ACS	Repairing of 3C products	61,430	b	61,430	-	-	61,430	3,628	100.00	3,628	68,719	-	ASTP Invested
ACSZ	Researching and developing of 3C products	1,505,035	b	1,505,035	-	-	1,505,035	172,469	100.00	172,469	2,941,438	-	ASTP Invested
ACCQ	Selling of 3C products in China	2,119,335	b	2,119,335	-	-	2,119,335	389,601	100.00	389,601	5,207,512	-	ASTP Invested
ACISZ	Leasing real estate	504,184	c	-	-	-	-	(3,631)	100.00	(3,631)	450,867	-	-
ASKEYSH	Researching, developing and selling of communication products	92,145	b	92,145	-	-	92,145	1,530	100.00	1,530	7,596	-	MIC Invested
ASKEYJS	Manufacturing and selling of communication products	2,764,350	b	2,764,350	-	-	2,764,350	(276,288)	100.00	(276,288)	3,421,880	-	MAGICOM Invested
ASKEYMWJ	Manufacturing and selling of communication products	92,145	b	92,145	-	-	92,145	1,647	100.00	1,647	93,123	-	MAGICOM Invested
AAEONSZ	Manufacturing and selling of industrial computers and interface cards	266,922	b	266,922	-	-	266,922	(33,455)	100.00	(33,455)	237,686	-	AAEONTCL Invested
ONYXSH	Selling of medical computers and peripherals	46,073	a	46,073	-	-	46,073	(3,886)	100.00	(3,886)	5,936	-	-
EMES	Selling and consulting of information system software	9,215	a	9,215	-	-	9,215	221	100.00	221	10,284	-	-
JSCD	Professional eSports	487,360	a	-	487,360	-	487,360	(64,951)	100.00	(64,951)	409,864	-	-
9SKY HANGZHOU	Manufacturing and serving of data storage media	92,145	c	5,265	-	-	-	-	5.71	-	-	-	-
9SKY SHANGHAI	Manufacturing and serving of data storage media	30,715	c	1,402	-	-	-	-	5.71	-	-	-	-
EOSTEK SHENZHEN	Smart TV and projector platform service	215,005	c	55,041	-	-	-	-	14.94	-	-	-	-

Company Name	Ending Balance of Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 4)
ASUS	6,287,435 USD 204,702	6,668,301 USD 217,102	96,819,001
ASKEY	3,347,935 USD 109,000	3,347,935 USD 109,000	1,894,587
AAEON	266,922 USD 8,690	266,922 USD 8,690	5,021,039
SWI	9,215 USD 300	10,443 USD 340	96,581
ONYX	46,073 USD 1,500	46,073 USD 1,500	554,353

Note 1：The methods for engaging in investment in Mainland China include the following:

a. Direct investment in Mainland China.

b. Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).

c. Other methods.

Note 2：The investment income (loss) recognized in current period:

Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

The investment income (loss) were determined based on the following basis:

a. The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

b. The financial statements was audited and certificated by independent auditors of the parent company in Taiwan.

c. Others.

Note 3：Credit balance of investments accounted for under equity method of ACSH is transferred to other liabilities - non-current.

Note 4：Upper Limit on Investment of ASKEY amounting to $1,894,587 is calculated by net worth as of December 31, 2018, however amount authorized by Investment Commission in the latest application is $5,728,299.

ASUSTek Computer Inc.

Chairman

IN SEARCH OF INCREDIBLE

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