

Acer Inc.

Agenda of 2019 General Shareholders' Meeting (Translation)



acer

www.acer-group.com

Held on June 14, 2019 Place: Fu-Li Conference Hall, FUSHIN Hotel-Taipei
(2F, No.128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City)

Disclaimer

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

ACER INCORPORATED (THE "COMPANY")

Regulations for the Conduct of Shareholders' Meeting

1. These Regulations shall govern the conduct of Shareholders' Meetings of the Company.
2. Each shareholders or his/her/its proxy attending the Shareholders' Meeting shall sign the attendance card for their attendance. The number of shares in attendance of the Shareholders' Meeting shall be calculated based upon the number of shares signed in according to the attendance cards so submitted.
3. The attendance and votes at the Shareholders' Meeting shall be based upon the number of shares in attendance. The shares in attendance shall be calculated in accordance with the attendance book or the attendance cards submitted, plus the shares exercising voting right by the way of electronic transmission.
4. The Shareholders' Meeting shall be held at the location of the Company, or a place which is convenient for the shareholders to attend and proper for holding such meeting. The Shareholders' Meeting shall be held no earlier than 9 a.m. and no later than 3 p.m. on the designated meeting date.
5. The Shareholders' Meeting shall be called by the Board of Directors. The chairman of the Board of Directors shall preside over the meeting. If the chairman of the Board of Directors takes a leave or is not available for the meeting then the vice-chairman of the Board of Directors shall act on his/her behalf to preside over the meeting. If neither the chairman nor the vice-chairman of the Board of Directors is available for the meeting, or no vice-chairman is elected, the chairman shall designate a director of the Board of Directors to act on his/her behalf to preside over the meeting. The Board of Directors shall elect a director to act on the chairman's behalf if the chairman does not appoint a designee. In the event that a Shareholders' Meeting is called by a person other than the Board of Directors who is entitled by law to call a Shareholders' Meeting, that person shall preside over the meeting.
6. The Company may designate attorneys, certified-public-accountants, or relevant personnel to attend the Shareholders' Meeting.
7. The Shareholders' Meeting shall be recorded in their entirety by video or audio recording equipment, and such records shall be kept on file for one year following each such meeting.
8. The person who presides over the Shareholders' Meeting shall call the meeting in session at the designated time of the meeting. However, such person may announce a postponement of the meeting if at the designated time shares in attendance fail to exceed half of the total issued and outstanding shares of the Company. Such a postponement of meeting shall not be made more than two times, with postponement(s) limiting to one hour in aggregate. If, after second such postponement, shares in attendance are less than a quorum but more than one-thirds of the total issued and outstanding shares, the shareholders may proceed with such meeting pursuant to Article 175 of the Company Act to adopt provisional resolutions. Before the meeting is adjourned, if shares in attendance have reached a required quorum, the person presiding over the meeting may, pursuant to Article 174 of the Company Act, submit those provisional resolutions so adopted for a final resolution at the meeting.
9. If Shareholders' Meeting is called by the Board of Directors, the Board of Directors shall set the agenda of the meeting. The meeting shall proceed in accordance with the agenda so set by the Board of Directors unless otherwise changed by a resolution adopted at the meeting. During the meeting, the person presiding over the meeting may allocate an appropriate amount of time for recess. Unless otherwise adopted by a resolution, the person presiding over the meeting may not adjourn the meeting prior to the end of the agenda of the meeting. If the person presiding over the meeting declares the adjournment of the meeting in a manner in violation of the applicable rules governing the proceedings of meetings, a new chairman of the meeting may be elected by a resolution adopted by a majority of the voting rights represented by the shareholders attending said meeting to continue the proceeding of the meeting.

10. A shareholder in attendance who wishes to make an oral statement at the Shareholders' Meeting shall first submit an oral statement form, stating the gist of his/her statement, his/her name and shareholder's account number. The person presiding over the meeting shall determine the order to make such oral statements. Shareholder in attendance who submits an oral statement form but fail to make an oral statement shall be deemed to have not made any statement. In the event of any conflict between the contents of the oral statement form and the actual oral statement, the actual oral statement shall prevail. No shareholders shall interfere with the shareholder who is making oral statement in any way unless the chairman of the meeting or the speaking shareholder gives his/her consent. The person presiding over the meeting shall stop any such interference.
11. Unless otherwise approved by the person presiding over the meeting, each shareholder may make oral statements only twice for a same proposal or addressing matter under deliberation; and the length each oral statement shall not exceed 5 minutes. Otherwise, the person presiding over the meeting may stop the shareholder from making further statements.
12. A legal entity acting as a proxy for a shareholder to attend the meeting may appoint only one representative to attend the meeting. If more than one representatives are appointed by such legal entity to attend the meeting, only one person elected among them may make oral statements on the same proposal.
13. The person presiding over the meeting may reply to the oral statements, or may designate appropriate person to reply to the oral statements made by shareholders in attendance.
14. The person presiding over the meeting may declare the suspension of discussing of a proposal as he/she may deem appropriate and may submit the proposal for adopting a resolution.
15. The person presiding over the meeting shall appoint persons among the shareholders in attendance to supervise the voting process. The person presiding over the meeting shall also appoint persons to count the votes. The result of the voting shall be announced immediately, and a record of the same shall be made accordingly.
16. Unless otherwise provided for in the Company Act or the Company's Articles of Incorporation, a proposal may be adopted as a resolution by a majority of the shares in attendance voting in favor thereof. A resolution shall be deemed adopted if no opposition is raised when the person presiding over the meeting makes an oral inquiry to the shareholders concerning the acceptance of the same, and such resolution shall have the same effect as a voting by ballot.
17. The person presiding over the meeting shall determine the order of voting on amendment proposals or substituted proposals accompanying with their original proposals. As soon as one of those proposals is adopted as a resolution, other proposals in conflict regarding the same matter shall be deemed denied and shall require no further voting.
18. The person presiding over the meeting may direct monitors (or security guards) to maintain order at the meeting. Monitors (or security guards) shall wear a badge marked "SECURITY" or "MONITOR" when performing their duties at the meetings.
19. In the event of force majeure during the meeting, the person presiding over the meeting may suspend a meeting and may announce at a later time when the meeting shall be resumed as he/she deems appropriate; or the shareholders shall make a resolution at the meeting to resume the meeting within 5 days without the need to make any further written notices or published announcements to shareholders.
20. The applicable provisions of the Company Act and the Company's Articles of Incorporation shall govern any matter not provided herein.
21. These Regulations and any amendments thereto, shall become effective upon approval by the shareholders.
22. Approved by the General Shareholders' Meeting held on May 15, 1990.
 First Amendment approved by the General Shareholders' Meeting held on April 26, 1996.
 Second Amendment approved by the General Shareholders' Meeting held on May 29, 1998.
 Third Amendment approved by the General Shareholders' Meeting held on June 11, 2003.
 Fourth Amendment approved by the General Shareholders' Meeting held on June 15, 2012.

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A. Meeting Procedure

- Call the Meeting to Order
- Report Items
- Proposed Items for Ratification and Discussion
- Extemporaneous Motion
- Meeting Adjourned

B. Meeting Agenda

Time: 9:00 a.m., Friday, June 14, 2019

Place: Fu-Li Conference Hall, FUSHIN Hotel-Taipei

(2F, No.128, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City)

1. Report Items

- (1) Business Report for the Year 2018
- (2) Audit Committee's Review Report
- (3) Report on Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2018

2. Proposed Items for Ratification and Discussion

- (1) Ratification Proposal of the Financial Statements and Business Report for the Year 2018
- (2) Discussion Proposal for Profit & Loss Appropriation for the Year 2018
- (3) Discussion Proposal of the Amendments to Acer's Articles of Incorporation
- (4) Discussion Proposal of the Amendments to Acer's Internal Rules
 - A. Procedures for Acquiring or Disposing of Assets
 - B. Procedures Governing Lending of Capital to Others
 - C. Procedures Governing Endorsement and Guarantee

3. Extemporaneous Motion

4. Meeting Adjourned

1. Report Items

- (1) To Report the Business for the Year 2018
Explanatory Notes: Please refer to Attachment 1, pages 13 to 14.
- (2) Audit Committee's Review Report
Explanatory Notes: Please refer to Attachment 2, page 15.
- (3) To Report the Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2018
Explanatory Notes:
 - i. The Board of Directors approved the proposal of employees' 2018 profit sharing bonus and Board Directors' compensation on March 20, 2019. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.
 - ii. The total amount of employees' 2018 profit sharing bonus is NT\$163,312,536.
 - iii. The total amount of Board Directors' 2018 compensation is NT\$6,910,504.

2. Proposed Items for Ratification and Discussion

Item 1

Proposal: Ratification Proposal of the Financial Statements and Business Report for the Year 2018.

(Proposed by the Board of Directors)

Explanatory Notes:

- (1) Acer's Financial Statements for the Year 2018, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow have been audited by CPA Huei-Chen Chang and CPA Tzu-Chieh Tang of KPMG.
- (2) The Business Report for the Year 2018 and the aforementioned financial statements are attached hereto as Attachment 1, pages 13 to 14 and Attachment 3, pages 16 to 37, which have been approved by the Audit Committee and by the Board of Directors via resolution and are hereby submitted for ratification.
- (3) Please discuss.

Resolution:

Item 2

Proposal: Discussion Proposal for Profit & Loss Appropriation for the Year 2018. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The beginning balance of the un-appropriated retained earnings of the Company is NT\$0 in 2018. After plus the net income after tax of 2018 and the impact caused by the new accounting standards applied and the disposal of fair value through other comprehensive income financial assets, set aside legal reserve and special reserve in accordance with applicable laws and regulations, the total accumulative retained earnings available for appropriation is NT\$2,373,276,341. It is proposed to distribute NT\$2,367,699,047 as the dividends to the shareholders, the ending balance of the unappropriated retained earnings is NT\$5,577,294, which is reserved for distribution in the future.
- (2) It is proposed to distribute the cash dividend of NT\$2,367,699,047 to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a ratio of NT\$0.77 per share. (Rounded down to NT\$1.0 and the residue will be calculated and booked as the Company's other income)
- (3) Should the cash distribution be adjusted due to the amendment of laws or regulations, a request by competent authorities, or any change of the numbers of outstanding share, subject to the approved distribution, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust the distribution ratio.
- (4) The record date for ex-dividend is temporarily set on July 11, 2019, and the distribution date is set on August 7, 2019. Should the dates above be adjusted due to the amendment of laws or regulations, a request by competent authorities, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust accordingly.
- (5) The Statements of Profit & Loss Appropriation hereby are shown as follows.
- (6) Please discuss.

Acer Incorporated 2018 Statement of Profit & Loss Appropriation

Unit : NT\$

Beginning Balance of Un-appropriated Retained Earnings	0
Plus: 2018 Net Income after Tax	3,060,428,635
Plus : the impact caused by the new accounting standards applied and the disposal of fair value through other comprehensive income financial assets	25,434,169
Deduct: Legal Reserve	(306,042,864)
Deduct: Special Reserve	(406,543,599)
Accumulative earnings available for appropriation	2,373,276,341
 Appropriation Items:	
Cash dividends to shareholders	(2,367,699,047)
Ending Balance of Un-appropriated Retained Earnings	5,577,294

Jason Chen
Chairman of Board

Jason Chen
Meggy Chen
Corporate Officers

Sophia Chen
Accounting Officer

Resolution:

Item 3

Proposal: Discussion Proposal of the Amendments to Acer's Articles of Incorporation. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) Subject to newly amended Taiwan Company Act come into force on November 1, 2018, it is proposed to amend the Article of Incorporation. The before and after revision chart for the Articles of Incorporation is attached hereto as Attachment 4, pages 38 to 39.
- (2) Please discuss.

Resolution:

Item 4

Proposal: Discussion Proposal of the Amendments to Acer's Internal Rules. (Proposed by the Board of Directors)

- A. Procedures for Acquiring or Disposing of Assets
- B. Procedures Governing Lending of Capital to Others
- C. Procedures Governing Endorsement and Guarantee

Explanatory Notes:

- (1) To comply with the amendments of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by R.O.C. Financial Supervisory Commission, the Company's following internal rules shall be revised accordingly:
 - A. Procedures for Acquiring or Disposing of Assets
 - B. Procedures Governing Lending of Capital to Others
 - C. Procedures Governing Endorsement and Guarantee
- (2) The before and after revision chart for the aforementioned internal rules are attached hereto as Attachments 5, 6 and 7, pages 40 to 63.
- (3) Please discuss.

Resolution:

3. Extemporaneous Motion

4. Meeting Adjourned

Attachment 1

Business Report

Dear Shareholders,

It has been another fruitful year filled with opportunities and challenges as Acer engages in dual transformation with our core business and new initiatives. I am pleased to share that our efforts and achievements in 2018 concluded with growth in both revenue and profitability. Acer's 2018 consolidated revenues reached NT\$242.27 billion with 2.1 percent growth year-over-year; Net income reached NT\$3.06 billion, up 8.7 percent year-over-year; and earnings per share (EPS) were NT\$1.01, the highest in eight years.

While Acer's gaming business achieved substantial revenue growth, in the latter part of the year, our operations were impacted by global CPU supply shortages for PCs. Meanwhile, we are excited to see other products and businesses showing growth, such as AOPEN, Weblink International, Acer Cyber Security, digital displays and gadgets. We will continue the pursuit of technological innovation and leading-edge design, broaden our business boundaries from PCs to new markets, and create multiple growth engines.

Underscoring the importance we place on research and development, in 2018 Acer ranked among the top three in the number of Taiwan patent applications with 476 filings, up 25 percent from the previous year. Among these patents, we have innovative and breakthrough technologies such as our advanced thermal solutions that enable Acer products to run at peak performance without overheating; these include our AeroBlade 3D metal fans applied in gaming notebooks, and IceTunnel cooling system for gaming desktops. Acer's thin-and-light notebooks, gaming and education lines all captured attention with multiple industry and media awards. Furthermore, we are innovating in other aspects of designs that complete the total user experience, such as software and packaging, which were recognized and awarded by the iF Design Awards of Germany.

In the Chrome OS segment, Acer ranked No. 1 for Chromebooks worldwide in Q4 2018 with 31 percent market share. We offer the most complete selection of screen sizes and form factors for a variety of usage needs. Acer is also strengthening its presence in the Chrome for Enterprise space with our merger of AOPEN that has created great synergy. We now offer commercial grade Chrome OS products which are more ruggedized in design and built very differently from consumer devices.

Acer's participation in esports games has been action-packed. We were the official monitor provider of the 2018 League of Legends World Championships. In the third quarter, we kicked off our second Asia Pacific Predator league tournament where 3,530 teams competed over five months and battled for the league championship. Through such events, Acer will engage new audiences while continuing to bring technologies, innovations and game-changing designs first to market.

For AI-based technology, servers by our subsidiary, Altos Computing, which integrate other software and services to provide a variety of solutions have won a dozen major high-performance computing (HPC) tenders globally in 2018. In the realm of smart cities, Acer ITS successfully initiated Taiwan's first roadside Smart Parking Meter BOT project in collaboration with the Tainan city government, with parking meters implemented along a total of 2,000 spaces across the city.

Venturing into technology for the future, Acer's Value Lab has collaborated with one of Taiwan's top automakers, Luxgen, to showcase the vision of artificial intelligence (AI) and autonomous driving technology with a level 4-ready self-driving concept car. Acer is stepping up the development further by cooperating with the National Yang-Ming University School of Medicine to improve the passenger experience, where the physiological state of passengers during the technology development stage is monitored to improve comfortability of the ride even during unexpected situations. On top of these, there are many other exciting initiatives being developed.

For long-term business sustainability, Acer's pursuit to make a positive impact to our society and environment has made significant headway in 2018. In addition to the on-going engagement with our partners and suppliers to act responsibly, 50 percent of electricity consumption from Acer's global operations comes from green energy. We also initiated several programs to encourage global employees to take part in caring for our environment. With sustainable development embedded in the company culture, and the determination to innovate in all aspects of our technology, management and operations, we persist in giving back to our communities and exceling in our corporate social responsibilities (CSR). Moreover, to put into clearer perspective of Acer's impact on the environment and society, we continued to adopt the True Value methodology that quantifies in financial terms the costs and benefits. This serves as a guidance on taking the relevant risk control measures and weighing business opportunities.

We have made significant strides in the past year, and we are already moving full-steam ahead to explore and conquer new challenges. On behalf of all Acer employees, allow me to express our deepest appreciation to our shareholders for your support. I look forward to planting the seeds for new opportunities in another fruitful year together!

Sincerely,

Jason Chen

Chairman and CEO

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and the Proposal for profit & loss appropriation. The CPA Huei-Chen Chang and Tzu-Chieh Tang from KPMG were retained to audit Acer's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit & loss appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of Acer Incorporated in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Acer Incorporated

Convener of the Audit Committee: Ching-Hsiang, Hsu

March 20th, 2019

Attachment 3

Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the consolidated financial statements of Acer Incorporated and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a) to the consolidated financial statements which describes that the Group initially adopted the IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” on January 1, 2018, with no restatement of comparative period financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of goodwill

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

Acer Incorporated has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued unmodified audit opinion with the paragraph on emphasis of matter and unmodified audit opinion, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2019

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017	
Assets		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 27,283,038	18	33,970,331	22
1110	Financial assets measured at fair value through profit or loss – current (note 6(b))	435,574	-	170,803	-
1120	Financial assets measured at fair value through other comprehensive income – current (note 6(c))	88,989	-	-	-
1125	Available-for-sale financial assets – current (note 6(d))	-	-	118,329	-
1140	Contract assets – current (note 6(z))	396,235	-	-	-
1147	Investments in debt instrument without an active market – current (note 6(e))	-	-	232,466	-
1170	Notes and accounts receivable, net (notes 6(f) & (z))	47,491,595	31	46,761,383	30
1180	Accounts receivable from related parties (notes 6(f) & (z) and 7)	34,623	-	126,903	-
1200	Other receivables (notes 6(g) and 7)	1,097,802	1	1,024,005	1
1220	Current income tax assets	460,334	-	570,537	-
130X	Inventories (note 6(h))	42,076,409	27	40,079,221	25
1460	Non-current assets held for sale, net (note 6(i))	-	-	161,990	-
1470	Other current assets (note 6(o))	3,756,396	3	3,078,330	2
	Total current assets	123,120,995	80	126,294,298	80
Non-current assets:					
1510	Financial assets measured at fair value through profit or loss – non-current (note 6(b))	44,894	-	-	-
1517	Financial assets measured at fair value through other comprehensive income – non-current (note 6(c))	4,340,457	3	-	-
1523	Available-for-sale financial assets – non-current (note 6(d))	-	-	5,252,341	3
1546	Investments in debt instrument without an active market – non-current (note 6(e))	-	-	308,444	-
1550	Investments accounted for using equity method (note 6(j))	875,861	-	569,405	-
1600	Property, plant and equipment (notes 6(l) and 8)	3,846,752	2	4,106,559	3
1760	Investment property (note 6(m))	1,122,385	1	1,141,199	1
1780	Intangible assets (note 6(n))	17,311,344	11	17,184,151	11
1840	Deferred income tax assets (note 6(v))	890,458	1	656,478	-
1900	Other non-current assets (notes 6(o) & (u))	1,432,482	1	1,101,079	1
1980	Other financial assets – non-current (note 8)	1,003,782	1	998,817	1
	Total non-current assets	30,868,415	20	31,318,473	20
	Total assets	\$ 153,989,410	100	157,612,771	100

See accompanying notes to consolidated financial statements.

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

ACER INCORPORATED AND SUBSIDIARIES**Consolidated Balance Sheets (Continued)****December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2018		December 31, 2017		
	Amount	%	Amount	%	
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (notes 6(p) and 8)	\$ 657,040	-	482,894	-
2120	Financial liabilities measured at fair value through profit or loss – current (note 6(b))	272,085	-	621,947	-
2130	Contract liabilities – current (note 6(z))	821,374	1	-	-
2170	Notes and accounts payable (note 7)	40,079,353	26	42,750,982	27
2200	Other payables (note 6(ab))	24,420,154	16	37,219,141	24
2250	Provisions – current (notes 6(s) and 9)	5,239,352	4	6,656,001	4
2322	Current portion of long-term debt (notes 6(r) and 8)	4,112	-	2,701,958	2
2365	Refund liabilities – current	12,703,866	8	-	-
2399	Other current liabilities (note 6(q))	<u>2,619,592</u>	<u>2</u>	<u>2,807,010</u>	<u>2</u>
	Total current liabilities	<u>86,816,928</u>	<u>57</u>	<u>93,239,933</u>	<u>59</u>
Non-current liabilities:					
2527	Contract liabilities – non-current (note 6(z))	1,405,350	1	-	-
2540	Long-term debt (notes 6(r) and 8)	3,315,976	2	3,300,499	2
2550	Provisions – non-current (notes 6(s) and 9)	36,241	-	45,692	-
2570	Deferred income tax liabilities (note 6(v))	1,749,191	1	1,040,696	1
2600	Other non-current liabilities (notes 6(q) & (u))	<u>1,679,438</u>	<u>1</u>	<u>2,010,545</u>	<u>1</u>
	Total non-current liabilities	<u>8,186,196</u>	<u>5</u>	<u>6,397,432</u>	<u>4</u>
	Total liabilities	<u>95,003,124</u>	<u>62</u>	<u>99,637,365</u>	<u>63</u>
Equity (notes 6(c), (w) & (x)):					
3110	Common stock	30,749,338	20	30,765,028	19
3200	Capital surplus	27,913,351	18	29,852,184	19
	Retained earnings:				
3310	Legal reserve	281,559	-	-	-
3320	Special reserve	2,534,028	2	-	-
3351	Unappropriated earnings	3,085,863	2	2,815,587	2
3400	Other equity	(3,381,189)	(2)	(3,198,500)	(2)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>
	Equity attributable to shareholders of the Company	<u>58,268,094</u>	<u>38</u>	<u>57,319,443</u>	<u>36</u>
36XX	Non-controlling interests	<u>718,192</u>	<u>-</u>	<u>655,963</u>	<u>1</u>
	Total equity	<u>58,986,286</u>	<u>38</u>	<u>57,975,406</u>	<u>37</u>
	Total liabilities and equity	<u>\$ 153,989,410</u>	<u>100</u>	<u>157,612,771</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017
 (Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

		<u>2018</u>		<u>2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Net revenue (notes 6(s), (z) & (aa), 7 and 14)	\$ 242,270,406	100	237,274,883	100
5000	Cost of revenue (notes 6(h), (l), (n), (s), (t) & (u), 7 and 12)	<u>(216,442,207)</u>	<u>(89)</u>	<u>(211,913,649)</u>	<u>(89)</u>
	Gross profit	<u>25,828,199</u>	<u>11</u>	<u>25,361,234</u>	<u>11</u>
	Operating expenses (notes 6(f), (l), (m), (n), (s), (t), (u), (x) & (ab), 7 and 12):				
6100	Selling expenses	(15,234,252)	(6)	(14,855,347)	(6)
6200	General and administrative expenses	(4,462,573)	(2)	(4,547,263)	(2)
6300	Research and development expenses	<u>(2,559,920)</u>	<u>(1)</u>	<u>(2,497,868)</u>	<u>(1)</u>
	Total operating expenses	<u>(22,256,745)</u>	<u>(9)</u>	<u>(21,900,478)</u>	<u>(9)</u>
6500	Other operating income and expenses, net (notes 6(t) & (ac), and 7)	<u>167,035</u>	<u>-</u>	<u>208,978</u>	<u>-</u>
	Operating income	<u>3,738,489</u>	<u>2</u>	<u>3,669,734</u>	<u>2</u>
	Non-operating income and loss:				
7010	Other income (note 6(ad))	606,843	-	525,760	-
7020	Other gains and losses — net (notes 6(b), (e), (k), (t) & (ad), and 7)	216,232	-	(574,381)	(1)
7050	Finance costs (note 6(ad))	(175,288)	-	(225,832)	-
7060	Share of profits (losses) of associates and joint ventures (note 6(j))	(133,896)	-	(38,629)	-
7673	Reversal of impairment loss on property, plant and equipment (note 6(l))	<u>-</u>	<u>-</u>	<u>82,480</u>	<u>-</u>
	Total non-operating income and loss	<u>513,891</u>	<u>-</u>	<u>(230,602)</u>	<u>(1)</u>
7900	Income before taxes	4,252,380	2	3,439,132	1
7950	Income tax expense (note 6(v))	<u>(1,350,420)</u>	<u>(1)</u>	<u>(642,399)</u>	<u>-</u>
	Net income	<u>2,901,960</u>	<u>1</u>	<u>2,796,733</u>	<u>1</u>
	Other comprehensive income (loss) (notes 6(j), (u), (v) & (w)):				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	682	-	(35,445)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(593,723)	-	-	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	<u>22,695</u>	<u>-</u>	<u>11,050</u>	<u>-</u>
		<u>(570,346)</u>	<u>-</u>	<u>(24,395)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign operations	385,004	-	(2,132,038)	(1)
8362	Change in fair value of available-for-sale financial assets	-	-	457,886	-
8370	Share of other comprehensive income (loss) of associates	(3,940)	-	741	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	<u>(3,596)</u>	<u>-</u>	<u>18</u>	<u>-</u>
	Other comprehensive loss, net of taxes	<u>(192,878)</u>	<u>-</u>	<u>(1,697,788)</u>	<u>(1)</u>
	Total comprehensive income for the year	<u>\$ 2,709,082</u>	<u>1</u>	<u>1,098,945</u>	<u>-</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 3,060,429	1	2,815,587	1
8620	Non-controlling interests	<u>(158,469)</u>	<u>-</u>	<u>(18,854)</u>	<u>-</u>
		<u>\$ 2,901,960</u>	<u>1</u>	<u>2,796,733</u>	<u>1</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the Company	\$ 2,876,293	1	1,115,222	-
8720	Non-controlling interests	<u>(167,211)</u>	<u>-</u>	<u>(16,277)</u>	<u>-</u>
		<u>\$ 2,709,082</u>	<u>1</u>	<u>1,098,945</u>	<u>-</u>
	Earnings per share (in New Taiwan dollars) (note 6(y)):				
9750	Basic earnings per share	<u>\$ 1.01</u>		<u>0.93</u>	
9850	Diluted earnings per share	<u>\$ 1.01</u>		<u>0.93</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company													
	Retained earnings					Other equity								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Foreign currency translation differences	Unrealized gain (loss) from available-for-sale financial assets	Unearned compensation cost arising from restricted shares of stock issued to employees	Revaluations of defined benefit plans	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	30,807,428	34,743,105	145,190	1,306,709	(4,901,296)	(3,448,397)	(1,061,015)	(347,770)	(26,743)	(77,257)	(2,914,856)	57,674,955	4,083	57,679,038
Net income for the year	-	-	-	-	2,815,587	2,815,587	-	-	-	-	-	2,815,587	(18,854)	2,796,733
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(2,141,146)	459,805	(19,024)	(19,024)	-	(1,700,365)	2,577	(1,697,788)
Total comprehensive income (loss) for the year	-	-	-	-	2,815,587	2,815,587	(2,141,146)	459,805	(19,024)	(19,024)	-	1,115,222	(16,277)	1,098,945
Appropriation approved by the board of directors:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in legal reserve to offset accumulated deficit	-	-	(145,190)	-	145,190	-	-	-	-	-	-	-	-	-
Decrease in special reserve to offset accumulated deficit	-	-	-	(1,306,709)	1,306,709	-	-	-	-	-	-	-	-	-
Decrease in retained earnings to offset accumulated deficit	-	(3,448,397)	-	-	3,448,397	-	-	-	-	-	-	(1,515,071)	-	(1,515,071)
Cash distributed from capital surplus	-	(1,515,071)	-	-	-	-	-	-	-	-	-	28,571	19	28,590
Change in equity of investments in associates	-	28,571	-	-	-	-	-	-	-	-	-	649,886	19,893	649,886
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,653	-	1,653
Changes in ownership interests in subsidiaries	-	-	1,653	-	-	-	-	-	-	-	-	14,650	-	14,650
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	14,650	-	-	-	-	-
Redemption of restricted shares of stock issued to employees	(42,300)	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock option compensation cost of parent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	119,035	(12,095)	(96,281)	(2,914,856)	57,309,406	658,928	57,978,334
Balance at January 1, 2018	30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	(112,035)	(12,095)	(96,281)	(2,914,856)	57,312,311	659,984	57,972,295
Adjusted balance at January 1, 2018	30,765,028	29,852,184	-	-	3,060,429	3,060,429	-	-	(12,095)	(96,281)	(2,914,856)	3,060,429	(188,409)	2,901,960
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	-	-	26,464	-	(184,136)	(8,742)	(192,878)
Total comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	-	-	26,464	-	2,876,293	(167,211)	2,709,082
Appropriation approved by the stockholders:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	281,559	-	(281,559)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(2,120,798)	-	-	-	-	-	-	-	-	-	(2,120,798)	-	(2,120,798)
Change in ownership interests in associates	-	44,225	-	-	-	-	-	-	-	-	-	44,225	(19)	44,206
Changes in ownership interests in subsidiaries	-	32,647	-	-	-	-	-	-	-	-	-	32,647	9,734	42,381
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	105,682	105,682
Issuance of stock from exercise of employee stock options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	61,987	61,987
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement of restricted shares of stock issued to employees	100,600	-	-	-	-	-	-	-	-	-	-	100,600	52,050	152,650
Compensation cost arising from restricted shares of stock issued to employees	(15,690)	-	-	-	-	-	-	-	13,798	-	-	-	-	-
Stock option compensation cost of subsidiaries	-	-	-	-	-	-	-	-	(1,705)	-	-	(1,705)	-	(1,705)
Stock option compensation cost of parent	-	-	-	-	-	-	-	-	-	-	-	-	97	97
Dividends accounted for using equity method	-	1,857	-	-	-	-	-	-	-	-	-	1,857	-	1,954
Cash dividends paid to non-controlling interests by subsidiaries	-	744	-	-	-	-	22,019	-	-	-	-	22,763	-	22,763
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	(2,112)	(2,112)
Balance at December 31, 2018	30,749,238	27,913,351	281,559	2,534,028	3,065,563	5,901,450	(2,789,146)	(32,665)	(9,817)	(69,817)	(2,914,856)	58,268,094	718,192	58,986,286

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Income before income tax	\$ 4,252,380	3,439,132
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	423,898	508,866
Amortization	415,818	563,486
Net loss on financial assets measured at fair value through profit or loss	496,558	-
Effects of exchange rate changes in investments in debt instrument without an active market	-	(7,000)
Interest expense	175,288	225,832
Interest income	(358,954)	(304,605)
Dividend income	(247,889)	(221,155)
Share-based compensation cost	249	14,685
Share of losses of associates and joint ventures	133,896	38,629
Loss on disposal of property, plant and equipment and non-current assets held for sale	3,475	5,817
Property, plant and equipment and intangible assets reclassified to expenses	453	602
Gain on disposal of intangible assets	-	(32)
Loss (gain) on disposal of investments accounted for using equity method	33,158	(690)
Impairment loss on financial assets	-	3,061
Gain on bargain purchase	(6,385)	(1,130)
Reversal of impairment loss on property, plant and equipment	-	(82,480)
Other investment loss	3,696	36,183
Total adjustments for profit and loss	1,073,261	780,069
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(606,239)	1,986,320
Contract assets	(383,613)	-
Notes and accounts receivable	(523,043)	(2,264,268)
Receivables from related parties	92,280	(44,928)
Inventories	(2,434,278)	(817,920)
Other receivables and other current assets	(147,231)	(54,430)
Non-current accounts receivable	-	33,429
Other non-current assets	4,968	(157,297)
Changes in operating assets	(3,997,156)	(1,319,094)
Changes in operating liabilities:		
Notes and accounts payable	(2,897,116)	(10,344,889)
Refund liabilities	(784,304)	-
Other payables and other current liabilities	338,917	(202,344)
Provisions	(144,977)	125,554
Contract liabilities	498,459	-
Other non-current liabilities	52,880	127,706
Changes in operating liabilities	(2,936,141)	(10,293,973)
Total changes in operating assets and liabilities	(6,933,297)	(11,613,067)
Total adjustments	(5,860,036)	(10,832,998)
Cash used in operations	(1,607,656)	(7,393,866)
Interest received	359,771	247,245
Income taxes paid	(884,258)	(366,162)
Net cash used in operating activities	(2,132,143)	(7,512,783)

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(86,605)	-
Proceeds from disposal of financial assets measured at fair value through other comprehensive income	62,576	-
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	31,883	-
Proceeds from repayments of financial assets measured at fair value through profit or loss	16,580	-
Proceeds from disposal of financial assets measured at fair value through profit or loss	8,458	-
Purchase of available-for-sale financial assets	-	(314,312)
Proceeds from capital return of available-for-sale financial assets	-	15,691
Purchase of investments in debt instrument without an active market	-	(12,698)
Proceeds from repayments of investments in debt instrument without an active market	-	10,229
Acquisition of investments accounted for using equity method	(151,500)	(295,714)
Proceeds from disposal of investments accounted for using equity method	557	899
Proceeds from disposal of non-current assets held for sale	163,974	-
Additions to property, plant and equipment	(230,598)	(282,394)
Proceeds from disposal of property, plant and equipment	9,787	24,121
Additions to intangible assets	(218,040)	(38,846)
Proceeds from disposal of intangible assets	-	1,749
Net cash received from (paid for) acquisition of subsidiaries	(1,071)	496,674
Increase in other non-current financial assets	(4,965)	(38,174)
Dividends received	256,813	242,727
Net cash flows used in investing activities	(142,151)	(190,048)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	98,492	(50,828)
Increase in long-term debt	22,669	3,300,000
Repayment of long-term debt	(2,704,109)	(3,300,334)
Cash distributed from capital surplus	(2,120,798)	(1,515,071)
Cash dividends paid to non-controlling interests by subsidiaries	(2,112)	-
Capital injection from non-controlling interest	-	19,893
Issuance of common stock from exercise of employee stock options by subsidiaries	61,987	-
Increase in non-controlling interests	183,931	-
Interest paid	(161,420)	(257,938)
Net cash flows used in financing activities	(4,621,360)	(1,804,278)
Effect of foreign exchange rate changes	208,361	(812,233)
Net decrease in cash and cash equivalents	(6,687,293)	(10,319,342)
Cash and cash equivalents at beginning of period	33,970,331	44,289,673
Cash and cash equivalents at end of period	\$ 27,283,038	33,970,331

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2018 and 2017, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2018 and 2017, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a) to the parent-company-only financial statements which describes that the Company initially adopted the IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on January 1, 2018, with no restatement of comparative period financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of goodwill from investment in subsidiaries

Refer to Note 4(n) for the accounting policies on goodwill impairment, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(i) for the evaluation of goodwill impairment.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2019

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only Balance Sheets****December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 3,625,154	3	13,708,705	12
1110	Financial assets measured at fair value through profit or loss— current (note 6(b))	266,951	-	58,407	-
1120	Financial assets measured at fair value through other comprehensive income—current (note 6(c))	39,908	-	-	-
1125	Available-for-sale financial assets—current (note 6(d))	-	-	67,077	-
1140	Contract assets—current (note 6(u))	84,450	-	-	-
1147	Investments in debt instrument without an active market—current (note 6(e))	-	-	227,243	-
1170	Notes and accounts receivable, net (notes 6(f) & (u))	3,352,271	3	4,246,340	4
1180	Accounts receivable from related parties (notes 6(f) & (u) and 7)	23,075,104	20	14,186,704	12
1200	Other receivables (note 6(g))	574,460	-	341,721	-
1210	Other receivables from related parties (notes 6(g) and 7)	87,697	-	260,738	-
130X	Inventories (note 6(h))	13,591,184	12	13,344,712	11
1470	Other current assets	157,176	-	196,659	-
	Total current assets	44,854,355	38	46,638,306	39
Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income—non-current (note 6(c))	2,882,001	3	-	-
1523	Available-for-sale financial assets—non-current (note 6(d))	-	-	3,244,501	3
1550	Investments accounted for using equity method (note 6(i))	67,463,925	57	66,001,978	56
1600	Property, plant and equipment (note 6(j))	1,355,056	1	1,358,581	1
1760	Investment property (note 6(k))	1,269,699	1	1,288,312	1
1780	Intangible assets (note 6(l))	229,136	-	261,992	-
1840	Deferred income tax assets (note 6(q))	327,949	-	47,725	-
1900	Other non-current assets	69,880	-	109,598	-
1980	Other financial assets—non-current (note 8)	108,484	-	149,704	-
	Total non-current assets	73,706,130	62	72,462,391	61
	Total assets	\$ 118,560,485	100	119,100,697	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED
Parent-Company-Only Balance Sheets (Continued)
December 31, 2018 and 2017
 (Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2018</u>		<u>December 31, 2017</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2120	Financial liabilities measured at fair value through profit or loss— current (note 6(b))	183,413	-	326,006	-
2130	Contract liabilities—current (note 6(u))	122,994	-	-	-
2170	Notes and accounts payable	33,237,981	28	34,216,562	29
2180	Accounts payable to related parties (note 7)	131,574	-	94,524	-
2200	Other payables (note 6(w))	15,108,645	13	17,226,533	15
2220	Other payables to related parties (note 7)	1,368,927	1	1,146,233	1
2250	Provisions—current (note 6(n))	758,541	1	728,546	-
2230	Current tax liabilities	359,576	1	128,512	-
2322	Current portion of long-term debt (note 6(m))	-	-	2,700,000	3
2365	Refund liabilities—current	2,611,223	2	-	-
2399	Other current liabilities	<u>196,752</u>	<u>-</u>	<u>142,911</u>	<u>-</u>
	Total current liabilities	<u>54,079,626</u>	<u>46</u>	<u>56,709,827</u>	<u>48</u>
Non-current liabilities:					
2527	Contract liabilities—non-current (note 6(u))	491,976	-	-	-
2540	Long-term debt (note 6(m))	3,300,000	3	3,300,000	3
2570	Deferred income tax liabilities (note 6(q))	1,450,536	1	788,259	-
2600	Other non-current liabilities (note 6(p))	869,655	1	813,161	1
2622	Long-term payables to related parties (note 7)	<u>100,598</u>	<u>-</u>	<u>170,007</u>	<u>-</u>
	Total non-current liabilities	<u>6,212,765</u>	<u>5</u>	<u>5,071,427</u>	<u>4</u>
	Total liabilities	<u>60,292,391</u>	<u>51</u>	<u>61,781,254</u>	<u>52</u>
Equity (note 6(r)):					
3110	Common stock	30,749,338	26	30,765,028	26
3200	Capital surplus	27,913,351	24	29,852,184	25
	Retained earnings:				
3310	Legal reserve	281,559	-	-	-
3320	Special reserve	2,534,028	2	-	-
3351	Unappropriated earnings	3,085,863	3	2,815,587	2
3400	Other equity	(3,381,189)	(3)	(3,198,500)	(3)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(3)</u>	<u>(2,914,856)</u>	<u>(2)</u>
	Total equity	<u>58,268,094</u>	<u>49</u>	<u>57,319,443</u>	<u>48</u>
	Total liabilities and equity	<u>\$ 118,560,485</u>	<u>100</u>	<u>119,100,697</u>	<u>100</u>

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only Statements of Comprehensive Income****For the years ended December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)**

	2018		2017	
	Amount	%	Amount	%
4000	\$ 177,953,077	100	174,273,511	100
5000	(169,518,256)	(95)	(165,762,193)	(95)
	8,434,821	5	8,511,318	5
5920	35,372	-	(37,114)	-
	8,470,193	5	8,474,204	5
	Operating expenses (notes 6(f), (j), (k), (l), (n), (o), (p), (s) & (w), 7 and 12):			
6100	(3,166,653)	(2)	(2,746,507)	(1)
6200	(1,017,665)	-	(1,262,074)	(1)
6300	(1,689,954)	(1)	(1,545,541)	(1)
	(5,874,272)	(3)	(5,554,122)	(3)
6500	130,946	-	107,859	-
	2,726,867	2	3,027,941	2
	Non-operating income and loss:			
7010	260,297	-	290,090	-
7020	375,077	-	260,352	-
7050	(123,094)	-	(217,933)	-
7060	673,443	-	(334,231)	-
	1,185,723	-	(1,722)	-
7900	3,912,590	2	3,026,219	2
7950	(852,161)	-	(210,632)	-
	3,060,429	2	2,815,587	2
	Other comprehensive income (loss) (note 6(r)):			
8310	Items that will not be reclassified subsequently to profit or loss			
8311	(54,185)	-	(48,457)	-
8316	(384,772)	-	-	-
8330	(154,199)	-	21,195	-
8349	18,024	-	8,238	-
	(575,132)	-	(19,024)	-
8360	Items that may be reclassified subsequently to profit or loss			
8361	396,272	-	(2,141,164)	(1)
8362	-	-	494,936	-
8380	(1,847)	-	(35,131)	-
8399	(3,429)	-	18	-
	390,996	-	(1,681,341)	(1)
	(184,136)	-	(1,700,365)	(1)
	\$ 2,876,293	2	1,115,222	1
	Earnings per share (in New Taiwan dollars) (note 6(t)):			
9750	\$ 1.01		0.93	
9850	\$ 1.01		0.93	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Other equity				Total equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income		Unrealized gain (loss) from available-for-sale financial assets	Unearned compensation cost arising from restricted shares of stock issued to employees	Treasury stock
Balance at January 1, 2017												
Net income for the year	\$ 30,807,328	34,743,105	145,190	1,306,709	2,815,587	(3,448,397)	(1,061,015)	-	(347,770)	-	-	2,815,587
Other comprehensive income (loss) for the year	-	-	(145,190)	(1,306,709)	2,815,587	2,815,587	(2,141,146)	-	459,805	-	-	(1,700,365)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	1,115,222
Appropriation approved by the stockholders:												
Decrease in legal reserve to offset accumulated deficit	-	-	(145,190)	(1,306,709)	145,190	-	-	-	-	-	-	-
Decrease in special reserve to offset accumulated deficit	-	-	-	(1,306,709)	1,306,709	-	-	-	-	-	-	-
Decrease in capital surplus to offset accumulated deficit	-	(3,448,397)	-	-	3,448,397	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(1,515,071)	-	-	-	-	-	-	-	-	-	(1,515,071)
Changes in equity of investments in subsidiaries and associates	-	30,247	-	-	-	-	-	-	-	-	-	30,247
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	14,650	-	14,650
Retirement of restricted shares of stock issued to employees	(42,300)	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	-	112,035	(12,093)	(2,914,856)	57,319,443
Effects of retrospective application	-	-	-	-	(7,231)	(7,231)	-	-	(112,035)	-	-	(7,231)
Adjusted balance at January 1, 2018	30,765,028	29,852,184	-	-	2,808,356	2,808,356	(3,202,161)	112,035	(112,035)	(12,093)	(2,914,856)	57,312,212
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	-	-	3,060,429
Other comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	(601,596)	-	-	-	(184,136)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	(601,596)	-	-	-	2,876,293
Appropriation approved by the stockholders:												
Legal reserve	-	-	281,559	-	(281,559)	-	-	-	-	-	-	-
Special reserve	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(2,120,798)	-	-	-	-	-	-	-	-	-	(2,120,798)
Changes in equity of investments in associates	-	44,225	-	-	-	-	-	-	-	-	-	44,225
Changes in ownership interests in subsidiaries	-	34,504	-	-	-	-	-	-	-	-	-	34,504
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	100,600	-	-	-	-	-	-	-	-	-	100,600
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	(1,705)	-	(1,705)
Retirement of restricted shares of stock issued to employees	(15,690)	-	-	-	-	-	-	-	-	13,798	-	-
Disposal of investments accounted for using equity method	-	744	-	-	-	22,019	-	-	-	-	-	22,763
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	32,665	(32,665)	-	-	-	-	-	-
Balance at December 31, 2018	\$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,220)	(69,817)	(3,381,189)	(2,914,856)	58,268,091

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED**Parent-Company-Only Statements of Cash Flows****For the years ended December 31, 2018 and 2017****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Income before income tax	\$ 3,912,590	3,026,219
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	72,016	82,761
Amortization	41,838	67,589
Effects of exchange rate changes in investments in debt instrument without an active market	-	(7,000)
Interest expense	123,094	217,933
Interest income	(75,548)	(107,821)
Dividend income	(184,749)	(182,269)
Share-based compensation cost	(1,705)	14,650
Share of (profits) losses of subsidiaries, associates and joint ventures	(673,443)	334,231
Gain on disposal of property, plant and equipment	(236)	(1,893)
Gain on disposal of intangible assets	-	(32)
Loss on disposal of investments accounted for using equity method	29,531	209
Gain on bargain purchase	(4,358)	(1,130)
Intangible assets and equipment reclassified to expenses	351	519
Change in unrealized profit on sales to subsidiaries, associates and joint ventures	(35,372)	37,114
Other investment loss	3,696	-
Total profit and loss	<u>(704,885)</u>	<u>454,861</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(87,397)	1,374,447
Contract assets	(84,450)	-
Notes and accounts receivable	891,332	269,953
Receivables from related parties	(8,928,039)	8,400,358
Inventories	(269,224)	(965,874)
Other receivables and other current assets	(192,449)	165,383
Changes in operating assets	<u>(8,670,227)</u>	<u>9,244,267</u>
Changes in operating liabilities:		
Notes and accounts payable	(937,549)	(9,998,776)
Payables to related parties	179,759	(18,909)
Refund liabilities	(258,067)	-
Other payables and other current liabilities	1,559,970	(2,200,743)
Provisions	29,995	33,052
Contract liabilities	(139,182)	-
Other non-current liabilities and long-term payables to related parties	(43,529)	131
Changes in operating liabilities	<u>391,397</u>	<u>(12,185,245)</u>
Total changes in operating assets and liabilities	<u>(8,278,830)</u>	<u>(2,940,978)</u>
Total adjustments	<u>(8,983,715)</u>	<u>(2,486,117)</u>
Cash provided by (used in) operations	(5,071,125)	540,102
Interest received	75,785	82,054
Income taxes (paid) refunded	(226,341)	71,384
Net cash provided by (used in) operating activities	<u>(5,221,681)</u>	<u>693,540</u>

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from investing activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	4,898	-
Proceeds from repayments of financial assets measured at fair value through profit or loss	14,418	-
Proceeds from capital return of available-for-sale financial assets	-	455
Additions to investments accounted for using equity method	(592,056)	(1,279,994)
Proceeds from disposal of investments accounted for using equity method	159,755	-
Additions to property, plant and equipment	(39,371)	(16,004)
Proceeds from disposal of property, plant and equipment	2,825	4,377
Decrease in receivables from related parties	153,289	560,867
Additions to intangible assets	(200)	(2,137)
Proceeds from disposal of intangible assets	524	2,298
Decrease in other non-current financial assets and other non-current assets	80,940	89,598
Cash outflows from business demerger	(65,640)	-
Dividends received	308,272	241,831
Net cash flows from (used in) investing activities	<u>27,654</u>	<u>(398,709)</u>
Cash flows from financing activities:		
Increase in long-term debt	-	3,300,000
Repayment of long-term debt	(2,700,000)	(3,300,000)
Increase in loans from related parties	89,000	999,000
Cash distributed from capital surplus	(2,153,552)	(1,538,379)
Interest paid	(124,972)	(223,157)
Net cash flows used in financing activities	<u>(4,889,524)</u>	<u>(762,536)</u>
Net decrease in cash and cash equivalents	(10,083,551)	(467,705)
Cash and cash equivalents at beginning of period	<u>13,708,705</u>	<u>14,176,410</u>
Cash and cash equivalents at end of period	<u>\$ 3,625,154</u>	<u>13,708,705</u>

See accompanying notes to parent-company-only financial statements.

Attachment 4

Acer Incorporated
Articles of Incorporation
 (Before and After Revision Chart)

After Revision	Before Revision	Reason for Revision
<p>Article 1</p> <p>1. This Company shall be incorporated in accordance with the Company Law, and <u>its name shall be 宏碁股份有限公司 in the Chinese language, and Acer Incorporated in the English language.</u></p>	<p>Article 1</p> <p>This Company shall be incorporated in accordance with the Company Law, and shall be called Acer Incorporated.</p>	<p>To Amend it in accordance with Article 392-1 of Company Act.</p>
<p>Article 6-1</p> <p><u>When this Company issues employee stock options, transfers treasury stock to employees, issues new shares reserved for subscription by employees, and issues restricted stock for employees, the employees of subsidiaries of this Company may be included. Qualification requirements of the employees who are entitled to receive it may be set and specified by the Board of Director.</u></p> <p>To issue employee stock options that the exercise price may be lower than the closing price of this Company stocks as of the issue date, this Company must have obtained the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.</p> <p>To transfer shares to employees at less than the average actual repurchase price, this Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.</p>	<p>Article 6-1</p> <p>To issue employee stock options that the exercise price may be lower than the closing price of this Company stocks as of the issue date, this Company must have obtained the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.</p> <p>To transfer shares to employees at less than the average actual repurchase price, this Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.</p>	<p>To add the section in accordance with Article 167-1, 167-2, and 267 of Company Act.</p>

After Revision	Before Revision	Reason for Revision
<p>Article 13</p> <p>The Board of Directors shall consist of directors of the company, and the chairman of the Board of Directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the Board of Directors. The chairman of the Board of Directors shall represent this Company in external matters. The Board of Directors shall place any kinds of committee includes and so on.</p> <p>The meeting of the Board of Directors shall be convened in accordance with Article 204 of the Company Law and <u>relevant regulations of competent authority</u>; the notice of the meeting may be made by electronic mail or facsimile transmission.</p>	<p>Article 13</p> <p>The Board of Directors shall consist of directors of the company, and the chairman of the Board of Directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the Board of Directors. The chairman of the Board of Directors shall represent this Company in external matters. The Board of Directors shall place any kinds of committee includes and so on.</p> <p>The meeting of the Board of Directors shall be convened in accordance with Article 204 of the Company Law; the notice of the meeting may be made by electronic mail or facsimile transmission.</p>	<p>To Amend it in accordance with Article 204 of Company Act.</p>
<p>Article 21</p> <p>Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous year, this Company shall first set aside ten percent (10%) of said earnings as legal reserve, except that such legal reserve amounts to the total authorized capital. Thereafter, this Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. The remainder together with previous year amount, after an amount is reserved for operation needs, shall be allocated to shareholders as bonuses. Except distribution of reserve in accordance with competent laws and regulations, the company shall not pay dividends or bonuses when there is no profit.</p> <p><u>The distributable dividends and bonuses in whole or in part will be paid in cash by this Company after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p>	<p>Article 21</p> <p>Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous year, this Company shall first set aside ten percent (10%) of said earnings as legal reserve, except that such legal reserve amounts to the total authorized capital. Thereafter, this Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. The remainder together with previous year amount, after an amount is reserved for operation needs, shall be allocated to shareholders as bonuses. Except distribution of reserve in accordance with competent laws and regulations, the company shall not pay dividends or bonuses when there is no profit.</p>	<p>To add the section in accordance with Article 240 of Company Act.</p>
<p>Article 23</p> <p>(omitted)</p> <p>The forty-fourth amendment was approved on June 14 , 2019 (Upon being amended)</p>	<p>Article 23</p> <p>(omitted)</p>	<p>To Add the date of approval of shareholder's meeting.</p>

Attachment 5

Acer Incorporated
Procedures Governing the Acquiring or Disposing of Assets
 (Before and Revision Chart)

After Revision	Before Revision	Reason for Revision
<p>Article 2 Scope of “assets” as used in these Procedures is as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc. 2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 3. Membership certificates. 4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc. <u>5. Right-of-use assets.</u> <u>6. Derivative products.</u> <u>7. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws.</u> <u>8. Other major assets.</u> 	<p>Article 2 Scope of “assets” as used in these Procedures is as follows:</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc. 2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment. 3. Membership certificates. 4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc. 5. Derivative products. 6. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws. 7. Other major assets. 	<p>Amended and issued, per 26th Nov, 2018 Order No. 1070341072 Financial-Supervisory-Securities-Corporate-- of the Financial Supervisory Commission.</p>
<p>Article 3 Definition</p> <p>Terms used in these Procedures are defined as follows; <u>any term is not defined herein, it shall be had the same definition in accordance with Securities and Exchange Act, Regulations Governing the Acquisition and Disposal of Assets by Public Companies and related rules:</u></p> <ol style="list-style-type: none"> 1. “Derivative Products”: means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <u>hybrid contracts combining the above contracts, or hybrid contracts or structured products containing embedded derivatives., and compound contracts combining the above products,</u> whose value is derived from a specified interest rate, financial instrument price, commodity price assets, interest rates, foreign exchange rates, 	<p>Article 3 Definition</p> <p>Terms used in these Procedures are defined as follows:</p> <ol style="list-style-type: none"> 1. “Derivative Products”: means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term “forward contracts” does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sale) contracts. 	<p>As above.</p>

After Revision	Before Revision	Reason for Revision
<p><u>index of prices or rates, indexes, credit rating or credit index, or other variable or other interests.</u> The term "forward contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sale) contracts.</p> <p>2. "Assets Acquired or Disposed Through Mergers, Splits, Acquisitions or Share transfer Pursuant to Laws": means assets acquired or disposed through mergers, splits, acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts or, or to share transfer from another company through issuance of the Company's new shares as the consideration therefor (hereinafter "share transfer") under Paragraph 8 of Article 156-3 of the Company Act.</p> <p>3. "Related Party" and "Subsidiary": <u>As defined in the means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>4. "Professional appraiser": refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets <u>equipment.</u></p> <p>5. "Date of occurrence of the event": means the date of contract signing, date of payment, date of consignment trading, date of transfer, date of resolution of Board of Directors, or other date which can confirm the counterparty and trading amount, 4, whichever date is earlier); provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. "Mainland area investment": refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>2. "Assets Acquired or Disposed Through Mergers, Splits, Acquisitions or Share transfer Pursuant to Laws": means assets acquired or disposed through mergers, splits, acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts or, or to share transfer from another company through issuance of the Company's new shares as the consideration therefor (hereinafter "share transfer") under Paragraph 8 of Article 156 of the Company Act.</p> <p>3. "Related Party" and "Subsidiary": means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. "Date of occurrence of the event": means the date of contract signing, date of payment, date of consignment trading, date of transfer, date of resolution of Board of Directors, or other date which can confirm the counterparty and trading amount (whichever date is earlier); provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>5. "Professional appraiser": refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. "Mainland area investment": refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	

After Revision	Before Revision	Reason for Revision
<p>Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets</p> <p>1. Acquisition or Disposal of Securities</p> <p>(1) For securities acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, and price reference, etc. to the in-charge department for the decision.</p> <p>(2) For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.</p> <p>2. For acquisition or disposal of real estates, <u>equipment, right-of-use assets of real estate, right-of-use assets of equipment, other fixed assets</u>, membership certificates, intangible assets, and assets acquired or disposed of by mergers, splits, acquisition or share transfer in accordance with laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.</p> <p>3. For evaluation of derivative products, the finance manager shall hold periodic meetings with relevant persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief treasury officer weekly, reported to the chief financial officer monthly and reported to the general manager quarterly.</p> <p>4. <u>The appraisal reports to Company or any subsidiaries which shall comply with these Procedures, opinions provided by certified public accountant, attorney, or securities underwriter, the requirements to professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters, and the process when issuing an appraisal report or opinion, shall comply with “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and related regulations.”</u></p>	<p>Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets</p> <p>1. Acquisition or Disposal of Securities</p> <p>(1) For securities acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, and price reference, etc. to the in-charge department for the decision.</p> <p>(2) For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.</p> <p>2. For acquisition or disposal of real estates, other fixed assets, membership certificates, intangible assets, and assets acquired or disposed of by mergers, splits, acquisition or share transfer in accordance with laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.</p> <p>3. For evaluation of derivative products, the finance manager shall hold periodic meetings with relevant persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief treasury officer weekly, reported to the chief financial officer monthly and reported to the general manager quarterly.</p> <p>4. Relevant operations for acquisition or disposal of assets shall be handled in accordance with the Company’s regulations relating to the internal control system.</p>	<p>As above.</p>

After Revision	Before Revision	Reason for Revision
<p>5. Relevant operations for acquisition or disposal of assets shall be handled in accordance with the Company's regulations relating to the internal control system.</p>		
<p>Article 5 Procedures for Approval of Acquisition or Disposal of Assets</p> <p>1. Methods and the Reference Basis for the Decision on Price</p> <p>(1) For securities purchased and sold in the centralized exchange market or OTC exchange, the price shall be determined according to market price at the time of transaction. For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the price shall be determined by reference to net worth per share, profitability, potential for future development, and then transaction price.</p> <p>(2) The acquisition or disposal of real estate, <u>equipment, right-of-use assets of real estate, or right-of-use assets of equipment, other fixed assets</u> shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the publicly announced current value, appraised current value, and actual transaction price in the vicinity.</p> <p>(3) For acquisition or disposal of membership certificate, the price shall be comprehensively evaluated by reference to future anticipated added-value and produced benefit.</p> <p>(4) For acquisition or disposal of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legal protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition thereto, the relevant elements of right owners and licensees shall also be overall considered.</p>	<p>Article 5 Procedures for Approval of Acquisition or Disposal of Assets</p> <p>1. Methods and the Reference Basis for the Decision on Price</p> <p>(1) For securities purchased and sold in the centralized exchange market or OTC exchange, the price shall be determined according to market price at the time of transaction. For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the price shall be determined by reference to net worth per share, profitability, potential for future development, and then transaction price.</p> <p>(2) The acquisition or disposal of real estate and other fixed assets shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the publicly announced current value, appraised current value, and actual transaction price in the vicinity.</p> <p>(3) For acquisition or disposal of membership certificate, the price shall be comprehensively evaluated by reference to future anticipated added-value and produced benefit.</p> <p>(4) For acquisition or disposal of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legal protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition thereto, the relevant elements of right owners and licensees shall also be overall considered.</p>	As above.

After Revision	Before Revision	Reason for Revision
<p>2. Amount and Level of Authorization</p> <p>In-charge department of the Company shall decide within its authority on the acquisition and disposal of assets in the following situations; provided, however, that matters governed by Article 185 of the Company Act shall be approved by the shareholders' meeting in advance:</p> <p>(1) Unless otherwise provided below, the acquisition or disposal of securities shall be approved by the Board of Directors before its execution:</p> <p>(a) the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$100 million, and said matter is brought up to and ratified by the Board of Directors later.</p> <p>(b) for acquisition or disposal of securities purchased and sold in the centralized exchange market or OTC exchange, the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$300 million, and said matter is brought up to and ratified by the Board of Directors later.</p> <p>(c) the finance manager is authorized to execute short-term idle fund to invest in short-term securities such as government bond, domestic bond fund, financial debentures, monetary fund, and US Treasury Bond with each single transaction or the daily total amount not exceeding NT\$300 million; the approval of the head of treasury department is required for amount between NT300 million to 600 million; the approval of the chief financial officer is required for amount between NT\$600 million and NT1.2 billion; the approval of the chief executive officer is required for amount between NT 1.2 billion and NT 1.5 billion; and the approval of the Company's Chairman is required for amount exceeding NT\$1.5 billion.</p> <p>(2) The acquisition or disposal of real estate or right-of-use assets of real estate shall be approved by the Board of Directors before its execution, except that the Company's Chairman is authorized by the Board of Directors to execute project of which the amount is less than NT\$50 million and be brought up to and ratified by the Board of Directors later.</p>	<p>2. Amount and Level of Authorization</p> <p>In-charge department of the Company shall decide within its authority on the acquisition and disposal of assets in the following situations; provided, however, that matters governed by Article 185 of the Company Act shall be approved by the shareholders' meeting in advance:</p> <p>(1) Unless otherwise provided below, the acquisition or disposal of securities shall be approved by the Board of Directors before its execution:</p> <p>(a) the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$100 million, and said matter is brought up to and ratified by the Board of Directors later.</p> <p>(b) for acquisition or disposal of securities purchased and sold in the centralized exchange market or OTC exchange, the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$300 million, and said matter is brought up to and ratified by the Board of Directors later.</p> <p>(c) the finance manager is authorized to execute short-term idle fund to invest in short-term securities such as government bond, domestic bond fund, financial debentures, monetary fund, and US Treasury Bond with each single transaction or the daily total amount not exceeding NT\$300 million; the approval of the head of treasury department is required for amount between NT300 million to 600 million; the approval of the chief financial officer is required for amount between NT\$600 million and NT1.2 billion; and the approval of the Company's Chairman is required for amount exceeding NT\$1.5 billion.</p>	

After Revision	Before Revision	Reason for Revision
<p>(3) The acquisition or disposal of other fixed assets <u>equipment or right-of-use assets of equipment</u> shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$100 million shall be approved by the Board of Directors.</p> <p>(4) Regulations are enacted, in accordance with the Company's development of turnover and variation of risk position, for the process of the license of acquisition or disposal of derivative products.</p> <p>(5) The acquisition or disposal of patent rights, copyrights, trademark rights, franchise rights, and other intangible assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors.</p> <p><u>(6) The following transactions between the Company, its Subsidiary, or its subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors:</u></p> <p><u>(a) acquisition or disposal of equipment or right-of-use assets of equipment for business use.</u></p> <p><u>(b) acquisition or disposal of right-of-use assets of real estate for business use.</u></p> <p>3. Operating Department</p> <p>Finance department is the operating department for securities and derivative product investments; the using department and relevant in-charge departments are the operating departments for investments in real estate, <u>equipment, right-of-use assets of real estate, right-of-use assets of equipment, other fixed assets</u>, intangible assets, membership certificate and assets acquired or disposed of through mergers, splits, acquisition or share transfer.</p>	<p>(2) The acquisition or disposal of real estate shall be approved by the Board of Directors before its execution, except that the Company's Chairman is authorized by the Board of Directors to execute project of which the amount is less than NT\$50 million and be brought up to and ratified by the Board of Directors later.</p> <p>(3) The acquisition or disposal of other fixed assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$100w96 million shall be approved by the Board of Directors.</p> <p>(4) Regulations are enacted, in accordance with the Company's development of turnover and variation of risk position, for the process of the license of acquisition or disposal of derivative products.</p> <p>(5) The acquisition or disposal of patent rights, copyrights, trademark rights, franchise rights, and other intangible assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors.</p> <p>3. Operating Department</p> <p>Finance department is the operating department for securities and derivative product investments; the using department and relevant in-charge departments are the operating departments for investments in real estate, other fixed assets, intangible assets, membership certificate and assets acquired or disposed of through mergers, splits, acquisition or share transfer.</p>	

After Revision	Before Revision	Reason for Revision
<p>Article 6 The Standards for Public Announcement</p> <p>1. For acquisition or disposal of the Company's assets as provided below, the Company shall announce the same at the website designated by the Competent Authority in a form stipulated by the Competent Authority based on its nature, within two days commencing immediately from the date of occurrence of said matter:</p> <p>(1) acquisition or disposal of real estate <u>or right-of-use assets of real estate</u> from related party; or the acquisition or disposal of other assets other than real estate <u>or right-of-use assets of real estate</u> from related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, however, that trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises shall not be applied.</p> <p>(2) proceeding mergers, splits, acquisition or share transfer.</p> <p>(3) Engaging <u>engaging</u> in derivative products transactions and the loss reaching the maximum loss limit amount of the total or individual contract as provided in relevant procedures.</p> <p>(4) acquisition or disposal of equipment <u>or right-of-use assets of equipment</u> for business use, the counterparty is not a related party, and the transaction amount reaches the follows:</p> <p>(a) the transaction amount is NT\$500 million or more in the event the paid-in capital of the Company is less than NT\$10 billion.</p> <p>(b) the transaction amount is NT\$1 billion or more in the event the paid-in capital of the Company is NT\$10 billion or more.</p> <p>(5) where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on a leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages <u>with an party which is not a related party</u>, an, or joint construction and separate sale, and the amount Company expects to invest in the transaction is NT\$500 million or more.</p>	<p>Article 6 The Standards for Public Announcement</p> <p>1. For acquisition or disposal of the Company's assets as provided below, the Company shall announce the same at the website designated by the Competent Authority in a form stipulated by the Competent Authority based on its nature, within two days commencing immediately from the date of occurrence of said matter:</p> <p>(1) acquisition or disposal of real estate from related party; or the acquisition or disposal of other assets other than real estate from related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, however, that trading of government bonds or bonds under repurchase and resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises shall not be applied.</p> <p>(2) proceeding mergers, splits, acquisition or share transfer.</p> <p>(3) engaging in derivative products transactions and the loss reaching the maximum loss limit amount of the total or individual contract as provided in relevant procedures.</p> <p>(4) acquisition or disposal of equipment for business use, the counterparty is not a related party, and the transaction amount reaches the follows:</p> <p>(a) the transaction amount is NT\$500 million or more in the event the paid-in capital of the Company is less than NT\$10 billion.</p> <p>(b) the transaction amount is NT\$1 billion or more in the event the paid-in capital of the Company is NT\$10 billion or more.</p> <p>(5) where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on a leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.</p>	<p>As above.</p>

After Revision	Before Revision	Reason for Revision
<p>(6) asset transactions other than those provided in the preceding items (1) to (5), or investment in Mainland China, the transaction amount reaches 20% of Company's paid-in capital or NT\$300 million or more; provided, however, that the following situations are not applied:</p> <p>(a) purchase and sale of <u>domestic</u> government bond.</p> <p>(b) trading of bonds under repurchase/ resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The transaction amount in the preceding paragraph is calculated in accordance with the methods provided below:</p> <p>(1) the amount of any individual transaction.</p> <p>(2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposal of the targeted assets of the same type.</p> <p>(3) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of <u>real estate or right-of-use assets of real estate</u> within the same development project.</p> <p>(4) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of the same securities.</p> <p>“Within one year” as used in this paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>3. The Company shall monthly report the transaction of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month by entering the information in the stipulated form to the website designated by the Competent Authority for filing of information before the 10th date of each month.</p> <p>4. Where there is an error or omission in an item required to be announced according to regulations at the time of announcement and correction is required, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.</p>	<p>(6) asset transactions other than those provided in the preceding items (1) to (5), or investment in Mainland China, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided, however, that the following situations are not applied:</p> <p>(a) purchase and sale of government bond.</p> <p>(b) trading of bonds under repurchase/resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>2. The transaction amount in the preceding paragraph is calculated in accordance with the methods provided below:</p> <p>(1) the amount of any individual transaction.</p> <p>(2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposal of the targeted assets of the same type.</p> <p>(3) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of real estate within the same development project.</p> <p>(4) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of the same securities.</p> <p>“Within one year” as used in this paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.</p> <p>3. The Company shall monthly report the transaction of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month by entering the information in the stipulated form to the website designated by the Competent Authority for filing of information before the 10th date of each month.</p>	

After Revision	Before Revision	Reason for Revision
<p>5. Unless otherwise provided by other laws, the Company acquiring or disposing assets shall retain all relevant contracts, meeting minutes, registry, appraisal reports, and opinions of accountants, attorneys and security underwriters for at least 5 years.</p> <p>6. After announcing and filing the transaction in accordance with these Procedures, the Company shall make a public announcement of relevant information in the website designated by the Competent Authority within two days commencing immediately from the date of occurrence of said matter:</p> <p>(1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.</p> <p>(2) Mergers, splits, acquisition or share transfer have not been completed in the anticipated timeframe as provided in the contracts.</p> <p>(3) Any change in the content of the original announcement and filing.</p>	<p>4. Where there is an error or omission in an item required to be announced according to regulations at the time of announcement and correction is required, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.</p> <p>5. Unless otherwise provided by other laws, the Company acquiring or disposing assets shall retain all relevant contracts, meeting minutes, registry, appraisal reports, and opinions of accountants, attorneys and security underwriters for at least 5 years.</p> <p>6. After announcing and filing the transaction in accordance with these Procedures, the Company shall make a public announcement of relevant information in the website designated by the Competent Authority within two days commencing immediately from the date of occurrence of said matter:</p> <p>(1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.</p> <p>(2) Mergers, splits, acquisition or share transfer have not been completed in the anticipated timeframe as provided in the contracts.</p> <p>(3) Any change in the content of the original announcement and filing.</p>	
<p>Article 7 Scope and Amount of Acquisition or Disposal of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate, <u>equipment, right-of-use assets of real estate, right-of-use assets of equipment</u>, and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total investment in real estate, <u>equipment, right-of-use assets of real estate, and right-of-use assets of equipment</u> for non-business use shall not exceed 40% of the summation of shareholder's equity and long-term liabilities of the Company as certified by the accountant.</p> <p>(2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.</p> <p>(3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.</p>	<p>Article 7 Scope and Amount of Acquisition or Disposal of Assets</p> <p>1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:</p> <p>(1) Total investment in real estate for non-business use shall not exceed 40% of the summation of shareholder's equity and long-term liabilities of the Company as certified by the accountant.</p> <p>(2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.</p> <p>(3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.</p>	<p>1. As above.</p> <p>2. Added the ceiling to the total investment of the subsidiaries in equipment and right-of-use assets, for non-business use.</p>

After Revision	Before Revision	Reason for Revision
<p>2. As to the Company and subsidiaries which the Company integrally holds more than (including) 50% shares, the <u>The limitations to the Company's subsidiaries</u> on amounts of acquisition or disposal of assets shall not violate rules provided herein below:</p> <p>(1) shall not purchase real estate <u>or right-of-use assets of real estate</u> for non-business use.</p> <p>(2) <u>total investment in equipment and right-of-use assets of equipment, for non-business use, shall not exceed 15% of the shareholder's equity of the Company as certified by the accountant.</u></p> <p>(3) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.</p> <p>(4) investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.</p>	<p>2. As to the Company and subsidiaries which the Company integrally holds more than (including) 50% shares, the limitations on amounts of acquisition or disposal of assets shall not violate rules provided herein below:</p> <p>(1) shall not purchase real estate for non-business use.</p> <p>(2) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.</p> <p>(3) investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.</p>	
<p>Article 8 Control Procedures for Acquisition or Disposal of Assets of the Company's Subsidiaries</p> <p>1. For the acquisition or disposal of assets by the <u>Company's subsidiaries invested by the Company thereof that is not a public company in Taiwan</u>, either one of the following shall be processed in advance:</p> <p>(1) The acquisition or disposal shall be approved and executed by the Company's Board of Director and relevant departments of the Company in accordance with these Procedures, and the Company's subsidiaries shall cooperate to handle relevant matters; or</p> <p>(2) the subsidiaries' "Procedures Governing Acquiring or Disposing of Assets" shall be enacted and executed in accordance with regulations; and filed with the Company's Board of Director for approval. Any amendment thereto shall be subject to the same procedures.</p> <p>2. Where subsidiaries of the Company not categorized as domestic public companies whose acquisition or disposal of assets reach the thresholds of public announcement under these Procedures, the Company shall also make a public announcement with copies to relevant competent authorities in accordance with these Procedures.</p>	<p>Article 8 Control Procedures for Acquisition or Disposal of Assets of the Company's Subsidiaries</p> <p>1. For the acquisition or disposal of assets by subsidiaries invested by the Company, either one of the following shall be processed in advance:</p> <p>(1) The acquisition or disposal shall be approved and executed by the Company's Board of Director and relevant departments of the Company in accordance with these Procedures, and the Company's subsidiaries shall cooperate to handle relevant matters; or</p> <p>(2) the subsidiaries' "Procedures Governing Acquiring or Disposing of Assets" shall be enacted and executed in accordance with regulations; and filed with the Company's Board of Director for approval. Any amendment thereto shall be subject to the same procedures.</p> <p>2. Where subsidiaries of the Company not categorized as domestic public companies whose acquisition or disposal of assets reach the thresholds of public announcement under these Procedures, the Company shall also make a public announcement with copies to relevant competent authorities in accordance with these Procedures.</p>	<p>The subsidiaries thereof that is a public company in Taiwan shall enact its own "Procedures Governing the Acquiring or Disposing of Assets."</p>

After Revision	Before Revision	Reason for Revision
<p>3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to Paragraph 1 of Article 6 (in the event the type of transaction reaches 20% of paid-in capital or 10% of total assets).</p> <p>4. <u>For the acquisition or disposal of assets by the Company's subsidiaries thereof that is a public company in Taiwan, the subsidiaries shall comply with "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and related regulations.</u></p>	<p>3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to Paragraph 1 of Article 6 (in the event the type of transaction reaches 20% of paid-in capital or 10% of total assets).</p>	
<p>Article 9 Punishment of Violation of the Procedure</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 <u>the related rules</u> of the Company's "Personnel Administration Regulations".</p>	<p>Article 9 Punishment of Violation of the Procedure</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".</p>	<p>Amended and issued, per the Company's "Personnel Administration Regulations" which is verified by the authority</p>
<p>Article 10 Appraisal Report of Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates, or equipment, right-of-use assets of real estate, or right-of-use assets of equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless otherwise transacted with a <u>domestic</u> government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment <u>or right-of-use assets of equipment</u> for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraisal institution and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance., <u>as well as</u> The same procedure shall be followed for any future changes to the terms and conditions of the transaction <u>thereto</u>.</p> <p>(Omitted)</p>	<p>Article 10 Appraisal Report of Professional Appraisal Institutions</p> <p>In acquiring or disposing of real estates or equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless otherwise transacted with a government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraisal institution and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance. The same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(Omitted)</p>	<p>Amended and issued, per 26TH Nov, 2018 Order No. 1070341072 Financial-Supervisory-Securities-Corporate-- of the Financial Supervisory Commission.</p>

After Revision	Before Revision	Reason for Revision
<p>Article 11 Certified Public Accountant's Opinions</p> <ol style="list-style-type: none"> 1. (Omitted) 2. In acquiring or disposing membership certificate or intangible assets, <u>right-of-use of intangible assets, or membership certificate</u> and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacted with a <u>domestic government institution</u>, shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. 3. (Omitted) 	<p>Article 11 Certified Public Accountant's Opinions</p> <ol style="list-style-type: none"> 1. (Omitted) 2. In acquiring or disposing membership certificate or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacted with a government institution, shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. 3. (Omitted) 	As above.
<p>Article 12</p> <p>The acquisition or disposal of real estate <u>or right-of-use assets of real estate</u>, from related parties, or the acquisition or disposal of other assets other than real estate <u>or right-of-use assets of real estate</u> from related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, unless trading of <u>domestic government bonds or bonds under repurchase and resale agreements or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises</u>, the Company shall submit information provided below to the audit committee for approval of more than half of all audit committee members and then submit the same to the Board of Directors for further approval before signing the contracts and payments:</p> <ol style="list-style-type: none"> 1. the purpose, necessity and the anticipated benefit of the acquisition or disposal of assets. 2. reasons for choosing the related party as a trading counterparty. 3. with respect to the acquisition of real property <u>or right-of-use assets of real property</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 13 and 14. 4. the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 	<p>Article 12</p> <p>The acquisition or disposal of real estate from related parties, or the acquisition or disposal of other assets other than real estate from related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, unless trading of government bonds or bonds under repurchase and resale agreements or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall submit information provided below to the audit committee for approval of more than half of all audit committee members and then submit the same to the Board of Directors for further approval before signing the contracts and payments:</p> <ol style="list-style-type: none"> 1. the purpose, necessity and the anticipated benefit of the acquisition or disposal of assets. 2. reasons for choosing the related party as a trading counterparty. 3. with respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 13 and 14. 4. the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 	As above.

After Revision	Before Revision	Reason for Revision
<p>5. monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with these Procedures.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The transaction amount in the preceding paragraph is calculated in accordance with Paragraph 2 of Article 6; "within one year" as used in these Procedures refers to the year preceding the date of occurrence of the current transaction. Items duly approved by more than half of all audit committee members and submit to the Board of Directors for further approval in accordance with these Procedures need not be counted toward the transaction amount.</p>	<p>5. monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with these Procedures.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The transaction amount in the preceding paragraph is calculated in accordance with Paragraph 2 of Article 6; "within one year" as used in these Procedures refers to the year preceding the date of occurrence of the current transaction. Items duly approved by more than half of all audit committee members and submit to the Board of Directors for further approval in accordance with these Procedures need not be counted toward the transaction amount.</p>	
<p>Article 13</p> <p>The Company purchases real estate <u>or right-of-use assets of real estate</u> from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>1. Based on the transaction price of the related party plus necessary interest on funding and the cost to be borne by the buyer according to law. "Necessary interest on funding" shall be imputed based on the weighted average interest rate of the funding borrowed by the Company in the year of purchase of the asset; <u>however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</u></p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, however, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p>	<p>Article 13</p> <p>The Company purchases real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:</p> <p>1. Based on the transaction price of the related party plus necessary interest on funding and the cost to be borne by the buyer according to law. "Necessary interest on funding" shall be imputed based on the weighted average interest rate of the funding borrowed by the Company in the year of purchase of the asset.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, however, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p>	As above.

After Revision	Before Revision	Reason for Revision
<p>3. Where both the land and building on the property in question are purchased <u>or leased</u> in one transaction, the cost of the transaction may be reached by respectively evaluating such land and building based on either of the methods described above.</p> <p>4. The Company acquires real property <u>or right-of-use assets of real property</u> from a related party and appraises the cost of the real property in accordance with the preceding Paragraphs 1, 2 and 3 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>5. Where the Company acquires real property or right-of-use assets of real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 5 and 12, and the preceding four paragraphs do not apply:</p> <p>(1) the related party acquires real estate <u>or right-of-use assets of real estate</u> through inheritance or as a gift.</p> <p>(2) more than five (5) years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets of real property</u> to the signing date for the current transaction.</p> <p>(3) the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land.</p> <p><u>(4) the acquisition or disposal of real estate's right-of-use assets, which is for business use, between the Company, its Subsidiary, or its subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital.</u></p>	<p>3. Where both the land and building on the property in question are purchased in one transaction, the cost of the transaction may be reached by respectively evaluating such land and building based on either of the methods described above.</p> <p>4. The Company acquires real property from a related party and appraises the cost of the real property in accordance with the preceding Paragraphs 1, 2 and 3 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>5. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 12 and the preceding four paragraphs do not apply:</p> <p>(1) the related party acquires real estate through inheritance or as a gift.</p> <p>(2) more than five (5) years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>(3) the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land.</p>	
<p>Article 14</p> <p>When the results evaluated by the Company in accordance with paragraphs 1, 2 and 3 of the preceding Article are all lower than the transaction price, the matter shall be handled in accordance with Article 15; provided, however, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for development,</p>	<p>Article 14</p> <p>When the results evaluated by the Company in accordance with paragraphs 1, 2 and 3 of the preceding Article are all lower than the transaction price, the matter shall be handled in accordance with Article 15; provided, however, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1. Where the related party acquired undeveloped land or leased land for</p>	As above.

After Revision	Before Revision	Reason for Revision
<p>it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property <u>or leasing</u> market practices.</p> <p>(3) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquiring real property <u>by purchasing or acquiring right-of-use assets of real estate by lease</u> from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or right-of-use assets of real property</u>.</p>	<p>development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</p> <p>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p>	

After Revision	Before Revision	Reason for Revision
<p>Article 15</p> <p>Where the Company acquires real property <u>or right-of-use assets of real property</u> from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are all lower than the transaction price or there are evidences showing that the aforesaid transaction is a non-arm's length transaction, the following steps shall be done:</p> <ol style="list-style-type: none"> 1. a special reserve shall be set aside <u>in accordance with the Securities and Exchange Act and related regulations</u> against the difference between the real property <u>or right-of-use assets of real property</u> transaction price and the appraised cost, <u>and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under the Securities and Exchange Act and related regulations shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</u> 2. the audit committee handling the matter pursuant to Article 218 of the Company Act. 3. actions taken pursuant to the preceding subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus. <p>After setting aside a special reserve pursuant to the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or the assets have been disposed of, <u>terminated the lease agreement</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Competent Authority has given its consent.</p>	<p>Article 15</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are all lower than the transaction price or there are evidences showing that the aforesaid transaction is a non-arm's length transaction, the following steps shall be done:</p> <ol style="list-style-type: none"> 1. a special reserve shall be set aside against the difference between the real property transaction price and the appraised cost. 2. the audit committee handling the matter pursuant to Article 218 of the Company Act. 3. actions taken pursuant to the preceding subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus. <p>After setting aside a special reserve pursuant to the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Competent Authority has given its consent.</p>	<p>As above.</p>
<p>Article 18</p> <p>Principles of Supervision and Management of the Board of Directors:</p> <ol style="list-style-type: none"> 1. Assign high-level managers to pay continuous attention to monitoring and controlling derivatives trading risk. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance. 	<p>Article 18</p> <p>Principles of Supervision and Management of the Board of Directors:</p> <ol style="list-style-type: none"> 1. Assign high-level managers to pay continuous attention to monitoring and controlling derivatives trading risk. 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance.. 	<p>As above.</p>

After Revision	Before Revision	Reason for Revision
<p>The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the “Rules to Engage in the Transaction of Derivative Products” stipulated by the Company. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion. <p>The Company shall report to the next meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with its <u>enacting</u> Procedures for Engaging in Derivatives Trading.</p>	<p>The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:</p> <ol style="list-style-type: none"> 1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the “Rules to Engage in the Transaction of Derivative Products” stipulated by the Company. 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion. <p>The Company shall report to the next meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	As above.
<p>Article 19</p> <p>The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 18 shall be recorded in detail.</p> <p>The Company’s internal auditors shall periodically check the suitability of internal controls on derivative transactions and conduct a monthly audit of compliance of the trading departments with the Procedures to Engage in the Transaction of Derivative Products, and prepare an audit report. If any material violation is discovered, the audit committee <u>and its members</u> shall be notified in writing.</p>	<p>Article 19</p> <p>The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 18 shall be recorded in detail.</p> <p>The Company’s internal auditors shall periodically check the suitability of internal controls on derivative transactions and conduct a monthly audit of compliance of the trading departments with the Procedures to Engage in the Transaction of Derivative Products, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.</p>	As above.

After Revision	Before Revision	Reason for Revision
<p>Article 28 Others (Omitted)</p> <p>9. Where the Company's share is no-par stock or its par value per share is not the NT\$10, the transaction amount calculation related to 20% of the paid-in capital under <u>these Procedures Articles 6, 8 and Article 10 to Article 12</u> shall be calculated based on 10% of equity attributable to owners of the parent company; <u>for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p> <p>(Omitted)</p>	<p>Article 28 Others (Omitted)</p> <p>9. Where the Company's share is no-par stock or its par value per share is not the NT\$10, the transaction amount calculation related to 20% of the paid-in capital under Articles 6, 8 and Article 10 to Article 12 shall be calculated based on 10% of equity attributable to owners of the parent company.</p> <p>(Omitted)</p>	As above.
<p>Article 29 (Omitted)</p> <p><u>The ninth amendment was enacted on June 14, 2019.</u></p>	<p>Article 29 (Omitted)</p>	Added the date of approval of shareholder's meeting.

Attachment 6

Acer Incorporated
Procedures Governing Lending of Capital to Others
 (Before and After Revision Chart)

After Revision	Before Revision	Reason for Revision
<p>Article 9 Punishment of Violation of These Procedures</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 <u>the related rules</u> of the Company's "Personnel Administration Regulations".</p>	<p>Article 9 Punishment of Violation of These Procedures</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".</p>	Amended and issued, per the Company's "Personnel Administration Regulations" which is verified by the authority.
<p>Article 10 Control Procedures for the Company's Subsidiaries</p> <p><u>1.</u> When the subsidiaries over which the Company has control <u>thereof that is not a public company in Taiwan</u> propose to provide loans to others, the subsidiaries shall enact the "Procedures Governing Lending of Capital" and file with the Company's Board of Directors for ratification. The said procedures of the subsidiaries shall be stipulated in accordance with these Procedures; provided, however, that the aggregate loan amount of the subsidiaries and the aggregate loan amount for each enterprise shall not exceed the following thresholds:</p> <p><u>(1)</u> For the subsidiaries in which the Company directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of such subsidiary and its Procedures; provided, however, that if Clause 3 of this Article applies, the aforementioned threshold shall be calculated based on the Company's net worth instead.</p> <p><u>(2)</u> For the subsidiaries in which the Company did not directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of the subsidiaries and its Procedures.</p>	<p>Article 10 Control Procedures for the Company's Subsidiaries</p> <p>When the subsidiaries over which the Company has control propose to provide loans to others, the subsidiaries shall enact the "Procedures Governing Lending of Capital" and file with the Company's Board of Directors for ratification. The said procedures of the subsidiaries shall be stipulated in accordance with these Procedures; provided, however, that the aggregate loan amount of the subsidiaries and the aggregate loan amount for each enterprise shall not exceed the following thresholds:</p> <p>1. For the subsidiaries in which the Company directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of such subsidiary and its Procedures; provided, however, that if Clause 3 of this Article applies, the aforementioned threshold shall be calculated based on the Company's net worth instead.</p> <p>2. For the subsidiaries in which the Company did not directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of the subsidiaries and its Procedures.</p>	<p>1. Amended and issued, per 7th March, 2019 Order No. 10803034826 Financial-Supervisory-Securities-Auditing- of the Financial Supervisory Commission.</p> <p>2. The subsidiaries thereof that is a public company in Taiwan shall enact its own "Procedures Governing Lending of Capital."</p>

After Revision	Before Revision	Reason for Revision
<p>(3) Where funds are loaned between the overseas companies in which the Company directly and indirectly holds 100% voting shares or capital, <u>or any overseas companies in which the Company directly and indirectly holds 100% voting shares or capital provides loans to the Company</u>, such funds may be loaned free of the limitation of the aggregate amount of short-term funding provided in Paragraph 1 of Article 3, the limits to each borrower provided in Paragraph 3 (1) of Article 3 and Article 4; provided, however, that the loan period shall not exceed three (3) years and the limit to lend to each borrower and the aggregate loan amount shall not exceed 50% of the Company's net worth.</p> <p>2. <u>When the subsidiaries thereof that is a public company in Taiwan propose to provide loans to others, the subsidiaries shall enact the "Procedures Governing Lending of Capital" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and related regulations, and comply with those procedures.</u></p>	<p>3. Where funds are loaned between the overseas companies in which the Company directly and indirectly holds 100% voting shares or capital, such funds may be loaned free of the limitation of the aggregate amount of short-term funding provided in Paragraph 1 of Article 3, the limits to each borrower provided in Paragraph 3 (1) of Article 3 and Article 4; provided, however, that the loan period shall not exceed three (3) years and the limit to lend to each borrower and the aggregate loan amount shall not exceed 50% of the Company's net worth.</p>	<p>1. Amended and issued, per 7th March, 2019 Order No. 10803034826 Financial-Supervisory-Securities-Auditing- of the Financial Supervisory Commission.</p> <p>2. The subsidiaries thereof that is a public company in Taiwan shall enact its own "Procedures Governing Lending of Capital."</p>
<p>Article 13</p> <p>The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses these Procedures and provision of loans. Opinions of each independent director for and against the said matter and reasons against said matters shall be clearly recorded in the minutes.</p>	<p>Article 13</p> <p>The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses these Procedures and provision of loans. Opinions of each independent director for and against the said matter and reasons against said matters shall be clearly recorded in the minutes.</p>	<p>Amended and issued, per 7th March, 2019 Order No. 10803034826 Financial-Supervisory-Securities-Auditing- of the Financial Supervisory Commission.</p>
<p>Article 15</p> <p>These Procedures, as well as any revision thereto, shall be <u>commenced after being approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions on Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee, and submitted to the shareholders meeting for discussion, as well as any revision thereto.</u></p>	<p>Article 15</p> <p>These Procedures, as well as any revision thereto, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions on Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee.</p>	<p>As above.</p>

After Revision	Before Revision	Reason for Revision
<p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms “all audit committee members” in the preceding two paragraphs and “all directors” in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.</p>	<p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms “all audit committee members” in the preceding two paragraphs and “all directors” in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.</p>	
<p>Article 18 (Omitted) <u>The Thirteenth amendment was made on June 14, 2019.</u></p>	<p>Article 18 (Omitted)</p>	<p>Added the date of approval of shareholder’s meeting.</p>

Attachment 7

Acer Incorporated Procedures Governing Endorsement and Guarantee (Before and After Revision Chart)

After Revision	Before Revision	Reason for Revision
<p>Article 7 Control Procedures for the Company's Subsidiaries</p> <ol style="list-style-type: none"> When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, the relevant finance department shall re-estimate the risk of the principal debt at least every six months. In case there is the real risk that the principal debt will default, the finance department shall submit an improvement plan to the Company's Chairman for approval and implement the same. When any subsidiaries in which the Company holds 50% or more of its total outstanding common shares thereof that is <u>not a public company in Taiwan</u> provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with these Procedures and the proposal shall be submitted to the Company's Chairman for approval and filed with the Board of Directors of the Company for recordation. The Company shall make a public announcement in accordance with these Procedures. <u>When any subsidiaries thereof that is a public company in Taiwan provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and related regulations, and comply with those procedures.</u> In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital in the calculation under paragraph 1 of this Article shall be calculated based on the sum of the share capital plus paid-in capital in excess of par. 	<p>Article 7 Control Procedures for the Company's Subsidiaries</p> <ol style="list-style-type: none"> When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, the relevant finance department shall re-estimate the risk of the principal debt at least every six months. In case there is the real risk that the principal debt will default, the finance department shall submit an improvement plan to the Company's Chairman for approval and implement the same. When any subsidiaries in which the Company holds 50% or more of its total outstanding common shares provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with these Procedures and the proposal shall be submitted to the Company's Chairman for approval and filed with the Board of Directors of the Company for recordation. The Company shall make a public announcement in accordance with these Procedures. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital in the calculation under paragraph 1 of this Article shall be calculated based on the sum of the share capital plus paid-in capital in excess of par. 	<p>The subsidiaries thereof that is a public company in Taiwan shall enact its own "Procedures Governing Endorsement and Guarantee."</p>

After Revision	Before Revision	Reason for Revision
<p>Article 10 The Standards for Public Announcement</p> <p>1. The Company shall make a public announcement on the amount of the Company and its subsidiaries endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount reaches any of the following thresholds, the Company shall make a separate public announcement:</p> <p>(1) The total amount of endorsements and/or guarantees reaches fifty percent (50%) or more of the Company's net worth as shown in its latest financial report.</p> <p>(2) The amount of endorsement and/or guarantee to any single enterprise reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report.</p> <p>(3) The amount of endorsement and/or guarantee for any single enterprise reaches NT\$10 million, and the aggregate amount of the endorsements and/or guarantees, long-term investment <u>accounted for under the equity method at its book value</u> of the Company's net worth as shown in its latest financial report.</p> <p>(4) The aggregate amount of new endorsement and/or guarantee made reaches NT\$30 million and five percent (5%) or more of the Company's net worth as shown in its latest financial report.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to this Paragraph.</p> <p>2. Time Limits for and Contents of the Public Announcement</p> <p>(Omitted)</p> <p>(3) "Date of occurrence of the event" in these Procedures means the date of contract <u>endorsements/guarantees</u> signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction <u>endorsements/guarantees</u>, whichever date is earlier.</p>	<p>Article 10 The Standards for Public Announcement</p> <p>1. The Company shall make a public announcement on the amount of the Company and its subsidiaries endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount reaches any of the following thresholds, the Company shall make a separate public announcement:</p> <p>(1) The total amount of endorsements and/or guarantees reaches fifty percent (50%) or more of the Company's net worth as shown in its latest financial report.</p> <p>(2) The amount of endorsement and/or guarantee to any single enterprise reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report.</p> <p>(3) The amount of endorsement and/or guarantee for any single enterprise reaches NT\$10 million, and the aggregate amount of the endorsements and/or guarantees, long-term investment of the Company's net worth as shown in its latest financial report.</p> <p>(4) The aggregate amount of new endorsement and/or guarantee made reaches NT\$30 million and five percent (5%) or more of the Company's net worth as shown in its latest financial report.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to this Paragraph.</p> <p>2. Time Limits for and Contents of the Public Announcement</p> <p>(Omitted)</p> <p>(3) "Date of occurrence of the event" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>Amended and issued, per 7th March, 2019 Order No. 10803034826 Financial-Supervisory-Securities-Auditing- of the Financial Supervisory Commission.</p>

After Revision	Before Revision	Reason for Revision
<p>Article 11 Punishment of Violation of These Procedures</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 <u>the related rules of the Company's "Personnel Administration Regulations"</u>.</p>	<p>Article 11 Punishment of Violation of These Procedures</p> <p>If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".</p>	Amended and issued, per the Company's "Personnel Administration Regulations" which is verified by the authority
<p>Article 14 (Omitted)</p> <p>3. When the Company submits the making of endorsements and/or guarantees for the Board of Directors' approval, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.</p>	<p>Article 14 (Omitted)</p> <p>3. When the Company submits the making of endorsements and/or guarantees for the Board of Directors' approval, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.</p>	Amended and issued, per 7th March, 2019 Order No. 10803034826 Financial-Supervisory-Securities-Auditing- of the Financial Supervisory Commission.
<p>Article 16</p> <p>These Procedures, as well as any revision thereto, shall be commenced after being approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to audit committee, and submitted to the shareholders meeting for approval, as well as any revision thereto.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in the preceding two paragraphs and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.</p>	<p>Article 16</p> <p>These Procedures, as well as any revision thereto, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to audit committee.</p> <p>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" in the preceding two paragraphs and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.</p>	As above.
<p>Article 19 (Omitted)</p> <p><u>The tenth amendment was made on June 14, 2019.</u></p>	<p>Article 19 (Omitted)</p>	Added the date of approval of shareholder's meeting.

Appendix 1

Acer Incorporated Articles of Incorporation (Upon Being Amended)

CHAPTER I – GENERAL PROVISIONS

- Article 1 This Company shall be incorporated in accordance with the Company Law, and shall be called Acer Incorporated.
- Article 2 The scope of business of this Company shall include the following:
- (1) F113050 Wholesale of Computing and Business Machinery Equipment;
 - (2) F213030 Retail Sale of Computing and Business Machinery Equipment;
 - (3) F118010 Wholesale of Computer Software;
 - (4) I301010 Software Design Services;
 - (5) I301020 Data Processing Services;
 - (6) G902011 Type II Telecommunications Enterprise;
 - (7) F401010 International Trade;
 - (8) JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
 - (9) JE01010 Rental and Leasing Business;
 - (10) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
 - (11) CC01070 Telecommunication Equipment and Apparatus Manufacturing;
 - (12) CC01110 Computers and Computing Peripheral Equipment Manufacturing
 - (13) CD01060 Aircraft and Parts Manufacturing;
 - (14) E701030 Restrained Telecom Radio Frequency Equipment and Materials Construction;
 - (15) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import;
 - (16) F113070 Wholesale of Telecom Instruments;
 - (17) IZ13010 Internet Identify Services;
 - (18) F108031 Wholesale of Drugs, Medical Goods;
 - (19) F208031 Retail Sale of Medical Equipments;
 - (20) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 This Company may, for its business operations or other investment matters, make endorsements or issue guarantees.

Article 4 The total amount of investment made by this Company shall be exempt from the restriction under Article 13 of the Company Law.

Article 5 The headquarters of this Company shall be located in Taipei City, Taiwan, R.O.C. If the Company considers it necessary, it may, by a resolution adopted at a meeting by the board of directors, set up branch offices in Taiwan or abroad.

CHAPTER II – CAPITAL STOCK

Article 6 The total amount of this Company capital stock is NT\$ forty (40) billion divided into 4 billion shares at par value of NT\$10 per share, within which the board of directors is authorized to issue shares in installments. NT\$ two and half billion of the aforesaid total capital stock, divided into 250 million shares each at a par value of NT\$10, is reserved for exercising stock options.

Article 6-1 To issue employee stock options that the exercise price may be lower than the closing price of this Company stocks as of the issue date, this Company must have obtained the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.

To transfer shares to employees at less than the average actual repurchase price, this Company must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares.

Article 7 After approval for registration, the share certificates of this Company shall be issued in registered form, signed by, and affixed with the seals of, at least three directors of this Company, and authenticated by the competent registrar.

Article 8 All matters concerning shares shall be handled in accordance with the regulations of the competent authority except as otherwise provided by law.

CHAPTER III – SHAREHOLDERS' MEETINGS

Article 9 Shareholders' meetings of this Company are classified into (1) regular meetings and (2) special meetings. The board of directors shall convene regular meetings within six months after the close of each fiscal year. Special meetings shall be convened, whenever deemed necessary in accordance with the law.

Article 10 Where a shareholder is unable to attend a meeting; such shareholder may appoint a proxy by using the proxy form provided by this Company, which shall specify the scope of proxy and be signed and sealed by the shareholder. Where one person has been appointed to act as proxy for more than two shareholders, unless such person is engaged in the trust business, the votes exercised by such person which exceeding three percent (3%) of all the issued and outstanding capital stock of this Company shall not be counted.

The above-mentioned proxies shall be delivered to this Company five (5) days before the shareholders' meeting. In such a case, only the proxy received earlier shall be effective.

Article 11 Except as otherwise provided by the Company Law, a resolution may be adopted by the holders of a simple majority of the votes of the issued and outstanding capital stock represented at a shareholders' meeting at which the holders of a majority of issued and outstanding capital stock are present.

CHAPTER IV – DIRECTORS AND COMMITTEE

- Article 12** This Company shall have seven (7) ~ eleven (11) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office for directors and supervisors shall be three (3) years. The directors are eligible for re-election. The total capital stock held by all directors shall not be less than the percentage provided by the competent authority. The Company may buy the Responsibility Insurance for the Directors who have to be responsible for the damages caused by their duties.
- The Company shall establish three (3) or more independent directors to be included in the number of directors designated in the preceding paragraph. The elections for independent directors shall proceed with the candidate nomination system; the shareholders shall elect independent directors from among the nominees listed in the roster of independent director candidates.
- Article 12-1** The Company shall establish an Audit Committee, which shall consist of all independent directors. The Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Act and other relevant laws and regulations.
- Article 13** The Board of Directors shall consist of directors of the company, and the chairman of the Board of Directors shall be elected by a majority of directors in attendance at a meeting attended by over two-thirds of the Board of Directors. The chairman of the Board of Directors shall represent this Company in external matters. The Board of Directors shall place any kinds of committee includes and so on.
- The meeting of the Board of Directors shall be convened in accordance with Article 204 of the Company Law; the notice of the meeting may be made by electronic mail or facsimile transmission.
- Article 14** The board of directors shall have the following authority:
- (1) To audit and supervise annual operation plan,
 - (2) To determine the budget and review final accounts,
 - (3) To propose earnings appropriation or make up for loss,
 - (4) To propose increase or decrease capital plan,
 - (5) To consider significant capital expenditure plans,
 - (6) To establish branch offices or terminate branch offices,
 - (7) To propose and discuss amendments to the Articles of Incorporation,
 - (8) To decide important contracts or other important matters,
 - (9) To decide whether to invest in other business or whether to dispose of shares of investment business,
 - (10) To review the major dealings between the Company its related partners (including affiliated companies),
 - (11) To appoint or remove the president and/or the vice president,
 - (12) To dispose of or purchase important property and approve the bylaws, and
 - (13) Other authorities granted by shareholders or in accordance with the law.
- Article 15** Where the chairman of the board of directors is on leave or cannot exercise his powers or perform his duties for any reason, an acting chairman shall be designated in accordance with Article 208 of the Company Law. Where a director is unable to attend the meeting of the board of directors, he may appoint another director as his proxy to attend the meeting by issuing a letter of proxy. Each director can act as a proxy for only one other director.

Article 16 Unless otherwise provided for in the Company Law, resolutions of the board of directors shall be adopted by one-half of the directors at a meeting attended by one-half of the directors.

Article 16-1 The Board of Directors is authorized to determine the compensation recommended by the Remuneration Committee for the directors, taking into account the extent and value of the services provided for the management of the Corporation and the standards of the industry within the R.O.C. and overseas, no matter whether the Company has profit or suffered loss.

Where there is profit in each fiscal year, after covering the accumulated losses, not more than eight thousandths (8‰) of the profit shall be distributed as remuneration of directors; the standard for distribution of remuneration will be recommended by Remuneration Committee and determined by the Board of Directors.

CHAPTER V – MANAGERS

Article 17 This Company may have one CEO, several presidents and vice presidents. The appointment, removal, and compensation of the president and vice presidents shall be made in accordance with Article 29 of the Company Law.

CHAPTER VI – ACCOUNTING

Article 18 At the end of each business fiscal year, the following reports shall be prepared by the board of directors, and shall be submitted to the shareholders' meeting for approval:

1. Business Report;
2. Financial Report;
3. Proposal of Appropriation of Net Profit or the Covering of Losses.

Article 19 As the industry prosperity and the trends rapidly changed, the dividends strategy of the Company depends on yearly earnings and external environments, therefore, cash dividends of this Company shall be distributed at least ten percent of yearly dividends for complying with related regulations.

Article 20 Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 4% of the profit shall be distributed as employees' compensation.

The employees' compensation in the previous section may be distributed in the form of either cash or stock bonus, and may be distributed to the employees of subsidiaries of this Company. Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors

Article 21 Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous year, this Company shall first set aside ten percent (10%) of said earnings as legal reserve, except that such legal reserve amounts to the total authorized capital. Thereafter, this Company shall set aside or reverse a special reserve in accordance with the applicable laws and regulations. The remainder together with previous year amount, after an amount is reserved for operation needs, shall be allocated to shareholders as bonuses. Except distribution of reserve in accordance with competent laws and regulations, the Company shall not pay dividends or bonuses when there is no profit.

CHAPTER VII – SUPPLEMENTARY PROVISIONS

Article 22 The Company Law and related regulations shall govern any matter not provided in the Articles of Incorporation.

Article 23 These Articles of Incorporation were approved on June 19, 1979
The first amendment was approved on December 17, 1980
The second amendment was approved on September 10, 1981
The third amendment was approved on August 10, 1983
The fourth amendment was approved on September 2, 1983
The fifth Amendment was approved on May 10, 1985
The sixth amendment was approved on August 1, 1985
The seventh amendment was approved on October 1, 1986
The eighth amendment was approved on April 2, 1987
The ninth amendment was approved on November 15, 1987
The tenth amendment was approved on March 15, 1989
The eleventh amendment was approved on April 26, 1989
The twelfth amendment was approved on October 15, 1989
The thirteenth amendment was approved on November 22, 1989
The fourteenth amendment was approved on February 23, 1990
The fifteenth amendment was approved on May 15, 1990
The sixteenth amendment was approved on August 1, 1990
The seventeenth amendment was approved on December 27, 1990
The eighteenth amendment was approved on June 22, 1991
The nineteenth amendment was approved on December 10, 1991
The twentieth amendment was approved on June 10, 1992
The twenty-first amendment was approved on October 23, 1992
The twenty-second amendment was approved on February 17, 1993
The twenty-third amendment was approved on May 31, 1993
The twenty-fourth amendment was approved on March 24, 1994
The twenty-fifth amendment was approved on April 26, 1996
The twenty-sixth amendment was approved on April 26, 1996
The twenty-seventh amendment was approved on June 25, 1997
The twenty-eighth amendment was approved on May 29, 1998
The twenty-ninth amendment was approved on May 28, 1999
The thirtieth amendment was approved on May 23, 2000
The thirty-first amendment was approved on May 17, 2001
The thirty-second amendment was approved on December 17, 2001
The thirty-third amendment was approved on June 19, 2002
The thirty-fourth amendment was approved on June 17, 2004
The thirty-fifth amendment was approved on June 14, 2005
The thirty-sixth amendment was approved on June 15, 2006

The thirty-seventh amendment was approved on June 14, 2007

The thirty-eighth amendment was approved on June 13, 2008

The thirty-ninth amendment was approved on June 18, 2010

The fortieth amendment was approved on June 15, 2012

The forty-first amendment was approved on June 19, 2013. These amendments to Acer's Articles of Incorporation shall be enforced and applied from June 2014 of expiration of the term currently being served by the Board of Directors or Supervisors

The forty-second amendment was approved on June 18, 2014

The forty-third amendment was approved on June 24 , 2016

Appendix 2

Acer Incorporated Procedures Governing the Acquiring or Disposing of Assets (Upon Being Amended)

Article 1 Purpose and Legal Basis

To enhance the management of the Company's "Procedures Governing Acquiring or Disposing of Assets," these Procedures are adopted and amended in accordance with the Securities and Exchange Law, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and relevant laws and regulations.

Article 2 Scope of "assets" as used in these Procedures is as follows:

1. Investments in stocks, government bonds, corporate bonds, financial debentures, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
2. Real estate (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Derivative products.
6. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws.
7. Other major assets.

Article 3 Definition

Terms used in these Procedures are defined as follows:

1. "Derivative Products": means forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, fulfillment contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sale) contracts.
2. "Assets Acquired or Disposed Through Mergers, Splits, Acquisitions or Share transfer Pursuant to Laws": means assets acquired or disposed through mergers, splits, acquisitions in accordance with the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts or, or to share transfer from another company through issuance of the Company's new shares as the consideration therefor (hereinafter "share transfer") under Paragraph 8 of Article 156 of the Company Act.
3. "Related Party" and "Subsidiary": means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. "Date of occurrence of the event": means the date of contract signing, date of payment, date of consignment trading, date of transfer, date of resolution of Board of Directors, or other date which can confirm the counterparty and trading amount (whichever date is earlier); provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

5. "Professional appraiser": refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or other fixed assets.
6. "Mainland area investment": refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4 Procedures of Evaluation and Operation for the Acquisition or Disposal of Assets

1. Acquisition or Disposal of Securities
 - (1) For securities acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, and price reference, etc. to the in-charge department for the decision.
 - (2) For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
2. For acquisition or disposal of real estates, other fixed assets, membership certificates, intangible assets, and assets acquired or disposed of by mergers, splits, acquisition or share transfer in accordance with laws, the operating department shall submit items such as the reasons for the proposed acquisition or disposal, targeted assets, counterparties, price of transfer, receipt and payment terms, and price reference, etc. to the in-charge department for the decision.
3. For evaluation of derivative products, the finance manager shall hold periodic meetings with relevant persons examining operational strategies and performances. In principle, trading position and performances shall be reported to the chief treasury officer weekly, reported to the chief financial officer monthly and reported to the general manager quarterly.
4. Relevant operations for acquisition or disposal of assets shall be handled in accordance with the Company's regulations relating to the internal control system.

Article 5 Procedures for Approval of Acquisition or Disposal of Assets

1. Methods and the Reference Basis for the Decision on Price
 - (1) For securities purchased and sold in the centralized exchange market or OTC exchange, the price shall be determined according to market price at the time of transaction. For securities not acquired or disposed of in the centralized exchange market or OTC exchange, the price shall be determined by reference to net worth per share, profitability, potential for future development, and then transaction price.
 - (2) The acquisition or disposal of real estate and other fixed assets shall be carried out by price comparison, price negotiation, or bidding. As to the price of real estate, it shall be determined by reference to the publicly announced current value, appraised current value, and actual transaction price in the vicinity.
 - (3) For acquisition or disposal of membership certificate, the price shall be comprehensively evaluated by reference to future anticipated added-value and produced benefit.
 - (4) For acquisition or disposal of intangible assets such as patent right, copyright, trademark right, and franchise, the price shall be determined by reference to elements such as future anticipated profit, levels of technology development and innovation, legal protected conditions, circumstances of license and implementation, production cost or implementation cost, in addition thereto, the relevant elements of right owners and licensees shall also be overall considered.

2. Amount and Level of Authorization

In-charge department of the Company shall decide within its authority on the acquisition and disposal of assets in the following situations; provided, however, that matters governed by Article 185 of the Company Act shall be approved by the shareholders' meeting in advance:

- (1) Unless otherwise provided below, the acquisition or disposal of securities shall be approved by the Board of Directors before its execution:
 - (a) the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$100 million, and said matter is brought up to and ratified by the Board of Directors later.
 - (b) for acquisition or disposal of securities purchased and sold in the centralized exchange market or OTC exchange, the Company's Chairman is authorized by the Board of Directors to decide and execute project of which amount is within NT\$300 million, and said matter is brought up to and ratified by the Board of Directors later.
 - (c) the finance manager is authorized to execute short-term idle fund to invest in short-term securities such as government bond, domestic bond fund, financial debentures, monetary fund, and US Treasury Bond with each single transaction or the daily total amount not exceeding NT\$300 million; the approval of the head of treasury department is required for amount between NT300 million to 600 million; the approval of the chief financial officer is required for amount between NT\$600 million and NT1.2 billion; the approval of the chief executive officer is required for amount between NT 1.2 billion and NT 1.5 billion; and the approval of the Company's Chairman is required for amount exceeding NT\$1.5 billion.
- (2) The acquisition or disposal of real estate shall be approved by the Board of Directors before its execution, except that the Company's Chairman is authorized by the Board of Directors to execute project of which the amount is less than NT\$50 million and be brought up to and ratified by the Board of Directors later.
- (3) The acquisition or disposal of other fixed assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$100 million shall be approved by the Board of Directors.
- (4) Regulations are enacted, in accordance with the Company's development of turnover and variation of risk position, for the process of the license of acquisition or disposal of derivative products.
- (5) The acquisition or disposal of patent rights, copyrights, trademark rights, franchise rights, and other intangible assets shall be decided by the Company's Chairman before its execution, except that the transaction of which the amount is above NT\$300 million shall be approved by the Board of Directors.

3. Operating Department

Finance department is the operating department for securities and derivative product investments; the using department and relevant in-charge departments are the operating departments for investments in real estate, other fixed assets, intangible assets, membership certificate and assets acquired or disposed of through mergers, splits, acquisition or share transfer.

Article 6

The Standards for Public Announcement

1. For acquisition or disposal of the Company's assets as provided below, the Company shall announce the same at the website designated by the Competent Authority in a form stipulated by the Competent Authority based on its nature, within two days commencing immediately from the date of occurrence of said matter:
 - (1) acquisition or disposal of real estate from related party; or the acquisition or disposal of other assets other than real estate from related party and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, however, that trading of government bonds or bonds under repurchase and resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises shall not be applied.
 - (2) proceeding mergers, splits, acquisition or share transfer.
 - (3) engaging in derivative products transactions and the loss reaching the maximum loss limit amount of the total or individual contract as provided in relevant procedures.
 - (4) acquisition or disposal of equipment for business use, the counterparty is not a related party, and the transaction amount reaches the follows:
 - (a) the transaction amount is NT\$500 million or more in the event the paid-in capital of the Company is less than NT\$10 billion.
 - (b) the transaction amount is NT\$1 billion or more in the event the paid-in capital of the Company is NT\$10 billion or more.
 - (5) where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on a leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.
 - (6) asset transactions other than those provided in the preceding items (1) to (5), or investment in Mainland China, the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided, however, that the following situations are not applied:
 - (a) purchase and sale of government bond.
 - (b) trading of bonds under repurchase/resale agreements, or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises.
2. The transaction amount in the preceding paragraph is calculated in accordance with the methods provided below:
 - (1) the amount of any individual transaction.
 - (2) the transaction amount accumulated within one year with the same counterparty in the acquisition or disposal of the targeted assets of the same type.
 - (3) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of real estate within the same development project.
 - (4) the amount accumulated (the transaction amount for acquisition and disposal are separately accumulated) within one year in the acquisition or disposal of the same securities.

"Within one year" as used in this paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.
3. The Company shall monthly report the transaction of the derivative products engaged by it and its subsidiaries not categorized as domestic public companies up to the end of the previous month by entering the information in the stipulated form to the website designated by the Competent Authority for filing of information before the 10th date of each month.
4. Where there is an error or omission in an item required to be announced according to regulations at the time of announcement and correction is required, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of knowing of the error or omission.
5. Unless otherwise provided by other laws, the Company acquiring or disposing assets shall retain all relevant contracts, meeting minutes, registry, appraisal reports, and opinions of accountants, attorneys and security underwriters for at least 5 years.

6. After announcing and filing the transaction in accordance with these Procedures, the Company shall make a public announcement of relevant information in the website designated by the Competent Authority within two days commencing immediately from the date of occurrence of said matter:
 - (1) The executed relevant contracts of the original transaction have been changed, terminated or ceased.
 - (2) Mergers, splits, acquisition or share transfer have not been completed in the anticipated time-frame as provided in the contracts.
 - (3) Any change in the content of the original announcement and filing.

Article 7 Scope and Amount of Acquisition or Disposal of Assets

1. Apart from acquisition of assets for business use, the Company may invest or purchase real estate and securities for non-business use, the limitations on amounts are set forth as follows:
 - (1) Total investment in real estate for non-business use shall not exceed 40% of the summation of shareholder's equity and long-term liabilities of the Company as certified by the accountant.
 - (2) Total investment in securities shall not exceed the shareholder's equity of the Company as certified by the accountant.
 - (3) Investment in a single security shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
2. As to the Company and subsidiaries which the Company integrally holds more than (including) 50% shares, the limitations on amounts of acquisition or disposal of assets shall not violate rules provided herein below:
 - (1) shall not purchase real estate for non-business use.
 - (2) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.
 - (3) investment in a single security shall not exceed 20% of the shareholder's equity of the Company as certified by the accountant.

Article 8 Control Procedures for Acquisition or Disposal of Assets of the Company's Subsidiaries

1. For the acquisition or disposal of assets by subsidiaries invested by the Company, either one of the following shall be processed in advance:
 - (1) The acquisition or disposal shall be approved and executed by the Company's Board of Director and relevant departments of the Company in accordance with these Procedures, and the Company's subsidiaries shall cooperate to handle relevant matters; or
 - (2) the subsidiaries' "Procedures Governing Acquiring or Disposing of Assets" shall be enacted and executed in accordance with regulations; and filed with the Company's Board of Director for approval. Any amendment thereto shall be subject to the same procedures.
2. Where subsidiaries of the Company not categorized as domestic public companies whose acquisition or disposal of assets reach the thresholds of public announcement under these Procedures, the Company shall also make a public announcement with copies to relevant competent authorities in accordance with these Procedures.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary under the preceding paragraph is subject to Paragraph 1 of Article 6 (in the event the type of transaction reaches 20% of paid-in capital or 10% of total assets).

Article 9 Punishment of Violation of the Procedure

If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".

Article 10 Appraisal Report of Professional Appraisal Institutions

In acquiring or disposing of real estates or equipment, where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, the Company, unless otherwise transacted with a government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment for business use, the Company shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraisal institution and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted to the Board of Directors for approval in advance. The same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (1) the discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
 - (2) the discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser institution and execution date of the contract; provided, however, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 11 Certified Public Accountant's Opinions

1. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, a certified public accountant shall be retained prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.
2. In acquiring or disposing membership certificate or intangible assets and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacted with a government institution, shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation.
3. Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 11-1 In addition that handling of the acquisition or disposal of assets between the Company and related party shall proceed with relevant approval procedures and evaluate the reasonableness of terms of the transaction in accordance with these Procedures, where the transaction amount reaches 10% of the Company's total assets or more, appraisal report or CPA's opinion shall also be required in accordance with Articles 10 through the preceding Article.

When judging whether counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 11-2 The transaction amount in the preceding three Articles are calculated in accordance to Paragraph 2 of Article 6; "within one year" as used refers to the year preceding the date of occurrence of the current transaction. Items duly obtained appraisal report or accountant opinion in accordance with these Procedures need not be counted toward the transaction amount.

Article 12 The acquisition or disposal of real estate from related parties, or the acquisition or disposal of other assets other than real estate from related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets or NT\$300 million or more; provided, unless trading of government bonds or bonds under repurchase and resale agreements or subscription or buyback/redemption of money market funds issued by domestic securities investment trust enterprises, the Company shall submit information provided below to the audit committee for approval of more than half of all audit committee members and then submit the same to the Board of Directors for further approval before signing the contracts and payments:

1. the purpose, necessity and the anticipated benefit of the acquisition or disposal of assets.
2. reasons for choosing the related party as a trading counterparty.
3. with respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 13 and 14.
4. the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in accordance with these Procedures.
7. Restrictive covenants and other important stipulations associated with the transaction.

The transaction amount in the preceding paragraph is calculated in accordance with Paragraph 2 of Article 6; "within one year" as used in these Procedures refers to the year preceding the date of occurrence of the current transaction. Items duly approved by more than half of all audit committee members and submit to the Board of Directors for further approval in accordance with these Procedures need not be counted toward the transaction amount.

Article 13 The Company purchases real estate from a related party shall comply with methods provided below to evaluate the reasonableness of the transaction cost:

1. Based on the transaction price of the related party plus necessary interest on funding and the cost to be borne by the buyer according to law. "Necessary interest on funding" shall be imputed based on the weighted average interest rate of the funding borrowed by the Company in the year of purchase of the asset.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, however, that the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one (1) year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
3. Where both the land and building on the property in question are purchased in one transaction, the cost of the transaction may be reached by respectively evaluating such land and building based on either of the methods described above.
4. The Company acquires real property from a related party and appraises the cost of the real property in accordance with the preceding Paragraphs 1, 2 and 3 shall also engage a CPA to check the appraisal and render a specific opinion.
5. Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 12 and the preceding four paragraphs do not apply:
 - (1) the related party acquires real estate through inheritance or as a gift.
 - (2) more than five (5) years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
 - (3) the real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on leased land.

Article 14 When the results evaluated by the Company in accordance with paragraphs 1, 2 and 3 of the preceding Article are all lower than the transaction price, the matter shall be handled in accordance with Article 15; provided, however, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and buildings according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - (3) Completed leasing transactions by unrelated parties for other floors of the same property within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 15 Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Articles 13 and 14 are all lower than the transaction price or there are evidences showing that the aforesaid transaction is a non-arm's length transaction, the following steps shall be done:

1. a special reserve shall be set aside against the difference between the real property transaction price and the appraised cost.
2. the audit committee handling the matter pursuant to Article 218 of the Company Act.
3. actions taken pursuant to the preceding subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and prospectus.

After setting aside a special reserve pursuant to the preceding paragraph, the Company may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or the assets have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the Competent Authority has given its consent.

Transaction of Derivative Products

Article 16 The Company engages in transactions of derivative products shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal auditing system.
4. Regular evaluation methods and the handling of irregular circumstances.

- Article 17** The Company engaging in derivatives trading shall adopt the following risk management measures:
1. The scope of risk management shall include the risk management of credit, market price, liquidity, cash flows, operation and legal risks.
 2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
 3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the Board of Directors or high-level managers with no responsibility for trading or position decision-making.
 4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to high-level managers authorized by the Board of Directors.
 5. Other important risk management measures.
- Article 18** Principles of Supervision and Management of the Board of Directors:
1. Assign high-level managers to pay continuous attention to monitoring and controlling derivatives trading risk.
 2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the Company's permitted scope of tolerance..
- The Principles of Supervision and Control of the High-Level Managers Authorized by the Board of Directors:
1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Procedures and the "Rules to Engage in the Transaction of Derivative Products" stipulated by the Company.
 2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the Board of Directors; where the Company has independent directors, an independent director shall be present at the meeting and express an opinion.
- The Company shall report to the next meeting of the Board of Directors after it authorizes the relevant personnel to handle derivative trading in accordance with its Procedures for Engaging in Derivatives Trading.
- Article 19** The Company shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated under Subparagraph 4 of Article 17, Subparagraph 2 of Paragraph 1 and Subparagraph 1 of Paragraph 2 of Article 18 shall be recorded in detail.
- The Company's internal auditors shall periodically check the suitability of internal controls on derivative transactions and conduct a monthly audit of compliance of the trading departments with the Procedures to Engage in the Transaction of Derivative Products, and prepare an audit report. If any material violation is discovered, the audit committee shall be notified in writing.
- Mergers, Splits, Acquisitions and Share Transfer among Enterprises**
- Article 20** Before convening the meeting for the Board of Directors for a resolution, the Company engaging in a merger, split, acquisition or share transfer shall retain accountants, attorneys or securities underwriters to provide opinions on the reasonableness of the share conversion rates, acquisition price or the cash or other assets distributed to shareholders, and submit the opinions to the Board of Directors to discuss for approval. Provided, when the Company merge its Subsidiary in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, or a merger of its subsidiaries in which the Company holds, directly or indirectly, 100% of the shares outstanding or total capital, the foregoing experts' opinions is not required.
- Article 21** Prior to convening the shareholders' meeting, the Company participating in a merger, split or acquisition shall prepare a public report to shareholders detailing important contractual content and matters relating to the merger, demerger, or acquisition and include it along with the expert opinion referred to in the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, however, where another act exempts the Company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

If the shareholders' meeting of any company (including the Company) participating in the merger, split or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Company shall immediately make a public announcement explaining the reasons for such occurrence, the follow-up measures to be taken, and the anticipated date for convening of the next shareholders' meeting(s).

- Article 22** Unless otherwise provided by other laws or the Competent Authority is notified in advance of extraordinary circumstances and grants consent, the Company shall convene the board meetings and shareholders' meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the same day with companies participating in a merger, split, acquisition or share transfer.
- When participating in a merger, split, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the information requested by the Competent Authority and retain it for reference.
- When participating in a merger, split, acquisition, or transfer of another company's shares, the Company shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information requested by the Competent Authority for recordation.
- Where any of the companies participating in a merger, split, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by Paragraphs 2 and 3 of Article 22.
- Article 23** All persons participating in or knowing of plan of the Company's merger, split, acquisition or share transfer shall issue a written undertaking of nondisclosure, and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or share transfer.
- Article 24** In the Company's participating in a merger, split, acquisition or share transfer, the share conversion rates or the acquisition price may not be arbitrarily changed unless under the following circumstances, and conditions for change shall be provided in the merger, split, acquisition or share transfer contract:
1. Cash capital increase, issuance of convertible corporate bonds, distribution of stock dividends, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
 2. Acts affecting the Company's finances or operations, such as disposal of major assets.
 3. Occurrence of major disasters, major technological transformations, or other events affecting the Company's shareholders' equity or the Company's securities prices.
 4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock according to laws.
 5. Increase, decrease, or change in the entities, or number thereof, participating in the merger, split, acquisition or share transfer.
 6. Other conditions for change have been provided in the contract and publicly disclosed.
- Article 25** In the Company's participation in a merger, split, acquisition or share transfer, the contract shall specify the rights and obligations of the companies participating in the merger, split, acquisition or share transfer and shall also specify the following particulars:
1. Handling of breach of agreement.
 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 4. The manner of handling changes in the number of participating entities or companies.
 5. The scheduled timetable for execution of the plan, and scheduled timeframe for completion.
 6. The relevant procedures for handling failure to complete within such timeframe, such as the anticipated date for convening of the shareholders' meeting(s) pursuant to laws.
- Article 26** Following public disclosure of information about the Company's participating in merger, split, acquisition or share transfer, if the Company has an intention to undertake a further merger, split, acquisition or share transfer with another company, any procedures or legal actions already carried out by the Company under the original merger, split, acquisition or share transfer plan shall be carried out anew except conditions that the number of the participating companies decreases and the companies' shareholders' meeting has made a resolution and authorized the Board of Directors the right for modification, the Company is exempt from convening the shareholders' meeting for another resolution.

Article 27 If the companies participating in the merger, split, acquisition or share transfer are categorized as non-public companies, the Company shall enter into an agreement with them whereby the latter is required to abide by Articles 22, 23 and 26.

Article 28 Others

1. Matters not provided herein shall be governed by the relevant laws and regulations and relevant internal rules of the Company. If the Procedures of Acquisition or Disposal of Assets in the original ruling is amended by the competent authority, the Company shall apply the provisions in the new ruling.
2. These Procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval and reported to the shareholders' meeting for approval. The same procedures shall apply with any amendment hereto. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to the audit committee.
3. For the Company's matters which shall be approved by the Board of Directors pursuant to these Procedures or other laws, where a director holds dissenting opinions on the Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee.
4. When the Company reports the transaction of acquisition or disposal of assets pursuant to the preceding two paragraphs to the Board of Directors for discussion, in case the position of independent director is established in accordance with the law, the Board of Directors shall fully take each independent director's opinions into consideration. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
5. If approval of more than half of all audit committee members as required in Paragraph 2 is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
6. The terms "all audit committee members" in these Procedures and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.
7. Where an audit committee is established in accordance with the law, the provisions set out in Subparagraph 2 of Paragraph 1 of Article 15 shall apply mutatis mutandis to the independent director as the member of audit committee; and the other the provisions regarding supervisors shall apply mutatis mutandis to the audit committee.
8. Another stricter management principles may be drafted by the Company's Chairman in accordance with these Procedures and be effective after approval by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedure shall apply to any amendment thereto.
9. Where the Company's share is no-par stock or its par value per share is not the NT\$10, the transaction amount calculation related to 20% of the paid-in capital under Articles 6, 8 and Article 10 to Article 12 shall be calculated based on 10% of equity attributable to owners of the parent company.
10. For calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company only financial report prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 29 The Procedures were enacted on July 28, 1995.

The first amendment was made on October 27, 1995.

The second amendment was made on November 18, 1999.

The third amendment was made on June 11, 2003.

The fourth amendment was made on June 13, 2008.

The fifth amendment was made on June 15, 2012.

The sixth amendment was made on June 18, 2014.

The seventh amendment was enacted on June 23, 2015.

The eighth amendment was enacted on June 21, 2017.

Appendix 3

Acer Incorporated Procedures Governing Lending of Capital to Others (Upon Being Amended)

Article 1 Applicability

The Company shall not provide loans to others unless otherwise provided below:

The Company may provide loans to enterprises with which the Company has business relationship; where there is necessity of short-term financing, the Company may provide loans in accordance with these Procedures to subsidiaries in which the Company holds 50% or more of its total outstanding common shares, or enterprises in which the Company proposes to make equity investment.

Article 2 The Standard for Lending Assessment

1. For enterprises having business relationship with the Company apply funding from the Company, the aggregate amount of the loans provided by the Company shall not exceed the net worth of total trading amount between both parties in the most recent year. The net worth of total trading amount between both parties means the total amount of purchase or re-sale, whichever is higher.
2. For enterprises apply funding from the Company by reason of necessity to have short-term funding, those enterprises shall be limited to subsidiaries in which the Company holds 50% or more of its total outstanding common shares or enterprises in which the Company proposes to make equity investment.
3. "Subsidiary" used in these Procedures means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 3 Limits on Loan

1. The aggregate amount of loans provided by the Company shall not exceed 50% of the net worth of the Company as shown in the latest financial report audited or reviewed by the CPA. Out of the aforesaid amount, the aggregate amount of loans for necessity of short-term funding shall not exceed 20% of the net worth of the Company as shown in the latest financial report audited or reviewed by the CPA.
2. By reason of business relations, the limits to lend to each single borrower shall be subject to the percentage provided below:
 - (1) For subsidiary that the Company holds 50% or more of its total outstanding common shares, the aggregate amount of loans shall not exceed 10% of the net worth of the Company.
 - (2) For enterprise that the Company holds less than 50% of its total outstanding common shares, the aggregate amount of loans shall not exceed 5% of the net worth of the Company, nor exceed 40% of the net worth of the enterprise.
 - (3) For other borrower, the aggregate amount of loans shall not exceed 3% of the net worth of the Company, nor exceed 25% of the net worth of the borrower.
3. By reason of necessity to have short-term funding from the Company, the limits to loan to each single borrower shall be subject to the percentage provided below:
 - (1) For subsidiary that the Company holds 50% or more of its total outstanding common shares, the aggregate amount of loans shall not exceed 10% of the net worth of the Company.
 - (2) For enterprise that the Company holds less than 50% of its total outstanding common shares, the aggregate amount of loans shall not exceed 5% of the net worth of the Company, nor exceed 40% of the net worth of the enterprise.
 - (3) For other borrower, the aggregate amount of loans shall not exceed 3% of the net worth of the Company, nor exceed 25% of the net worth of the borrower.

In the event the Company provides loans to enterprise in which the Company proposes to make equity investment and there is necessity of short-term funding, each application shall be submitted to the Board of Directors for approval and the aggregate amount shall not exceed the aforesaid limits.

4. "net worth" in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4 Time Limits and Interest Rates

When a borrower gets a loan from the Company, the loan period shall not exceed one year. The Chairman of the board is authorized to decide the method for calculating interest.

Article 5 Procedures for Lending

1. The borrower shall apply in writing to the finance department of the Company for financing by submitting its Certificate of Profit Seeking Enterprise, relevant certificates of the enterprise, a photocopy of the identification of the enterprise's representative, and other required financial information. The finance department shall make a credit investigation and submit the application to the Board of Directors for approval.
2. After the amount of loan has been approved, the borrower shall fill out a payment application form and submit to the finance department to withdraw the fund.
3. Where funds are loaned between the Company and its subsidiaries or between the Company's subsidiaries, the Board of Directors of the lender may authorize the Company's Chairman to appropriate funds in installments or as revolving funds to the same borrower within a specified amount approved by the Board of Directors and within one-year period. Except as funds are loaned in accordance with Clause 3 of Article 10, a loan amount for each enterprise shall not exceed ten (10%) percent of net worth of the borrower as shown in its latest financial report.

Article 6 Review Procedures for Lending

1. When a borrower applies for a loan from the Company, the borrower shall specify the purpose and the necessity of the loan and the finance department shall decide whether to accept the application or not.
2. The finance department shall truly proceed with credit check on borrower's business operation situation. The personnel in charge shall prepare a report including credit check result, opinion and devise the criterion of the loan for cases with good credit reputation and justifiable purposes and then submit the same to the Board of Directors for approval.
3. In addition to credit check on the borrower, the finance department shall make an assessment of impact on operation risk, financial condition and shareholder's rights that may result from said provision of loan, and submit its opinion statement together with credit check report to the Board of Directors for approval.
4. When the borrower applies for withdrawing the funding from the Company, the borrower shall provide the Company with the Banker's acceptance or collateral of the same amount as security. The finance department shall evaluate and determine the value of the collateral.

Article 7 The Standards for Public Announcement

1. The Company shall enter the information regarding the loan amount provided by the Company and its subsidiaries in the most recent month into the Market Observation Post System on or before the 10th date of each month.
2. In the event that the loan amount provided by the Company and its subsidiaries reaches the following thresholds, the Company shall make a public announcement within two days commencing immediately from the date of occurrence of said lending:
 - (1) The aggregate amount of loans reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report audited or reviewed by the CPA.
 - (2) The aggregate amount of loan for any single enterprise reaches ten (10%) percent or more of the Company's net worth as shown in its latest financial report audited or reviewed by the CPA.
 - (3) The aggregate amount of new loans reaches NT\$10 million and reaches two percent (2%) or more of the Company's net worth as shown in its latest financial report.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company in Taiwan any matters that such subsidiary is required to announce and report pursuant to the preceding paragraph.

- Article 8** Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Claims
1. The finance department of the Company shall prepare a registry containing the basic information of the borrower, the date and amount for Board of Directors' approval, the date of lending, the aggregate amount of loan, the content of the collateral, interest rate, the method and date for discharging the loan for verification conducted by the competent authorities and relevant personnel.
 2. After providing of loans, the finance department shall closely observe the borrower and its guarantor's financial, business and credit condition and if the loan is secured by collateral, the finance department shall pay attention to the collateral's value variation. If there is any significant change, the finance department shall notify the Company's Chairman and adopt proper steps to handle as instructed by the Company's Chairman.
 3. When the borrower would like to repay its loan on or before expiration date, the interest payable shall be calculated first, and the Banker's acceptance shall not be returned nor collateral registration shall be cancelled until said interest plus the principal are repaid to the Company by the borrower.
 4. The borrower shall repay the loan including the principle and interest upon expiration date. If the borrower fails to repay the loan upon expiration date and needs to file for extension, the borrower shall file a written application with the Board of Directors for approval in advance. The borrower is only allowed to file for extension twice for the same loan and the extension period cannot exceed three (3) months each time within the time limit provided in Article 4. In the event the borrower violates these Procedures, the Company may institute a legal action against the guarantor or dispose of the collateral pursuant to laws.
- Article 9** Punishment of Violation of These Procedures
- If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".
- Article 10** Control Procedures for the Company's Subsidiaries
- When the subsidiaries over which the Company has control propose to provide loans to others, the subsidiaries shall enact the "Procedures Governing Lending of Capital" and file with the Company's Board of Directors for ratification. The said procedures of the subsidiaries shall be stipulated in accordance with these Procedures; provided, however, that the aggregate loan amount of the subsidiaries and the aggregate loan amount for each enterprise shall not exceed the following thresholds:
1. For the subsidiaries in which the Company directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of such subsidiary and its Procedures; provided, however, that if Clause 3 of this Article applies, the aforementioned threshold shall be calculated based on the Company's net worth instead.
 2. For the subsidiaries in which the Company did not directly or indirectly holds 100% of its total outstanding common shares, the aggregate loan amount and the aggregate loan amount for each enterprise shall be calculated based on the net worth of the subsidiaries and its Procedures.
 3. Where funds are loaned between the overseas companies in which the Company directly and indirectly holds 100% voting shares or capital, such funds may be loaned free of the limitation of the aggregate amount of short-term funding provided in Paragraph 1 of Article 3, the limits to each borrower provided in Paragraph 3 (1) of Article 3 and Article 4; provided, however, that the loan period shall not exceed three (3) years and the limit to lend to each borrower and the aggregate loan amount shall not exceed 50% of the Company's net worth.
- Article 11** The Company shall evaluate and identify the contingency loss from the lending. The Company shall also disclose the information regarding the lending in the financial report and provide the same to the CPA for his proceeding with the necessary audit procedure and issuing the proper audit report.
- Article 12** The internal audit personnel of the Company shall verify these Procedures and its implementation at least once every quarter and prepare a written report for record. If there is significant violation, the personnel shall inform audit committee in writing immediately.
- Article 13** The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses these Procedures and provision of loans. Opinions of each independent director for and against the said matter and reasons against said matters shall be clearly recorded in the minutes.

- Article 14** The loan made before the implementation of these Procedures shall be filed with the Board of Directors for ratification and handled in accordance with these Procedures. If there is any loan exceeded the amount limit, the excess portion shall be withdrawn by installment.
- Where the borrower becomes unqualified under these Procedures or the loan amount exceeds the limit as a result of changes of condition, the Company shall adopt rectification plans and submit the same to audit committee, and complete the rectification in accordance with the schedule.
- Article 15** These Procedures, as well as any revision thereto, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions on Company's matters and there were relevant records or made in writing, the Company shall submit materials of the director's dissenting opinions to audit committee.
- If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.
- The terms "all audit committee members" in the preceding two paragraphs and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.
- Article 16** Another stricter management principles may be drafted by the Company's Chairman in accordance with these Procedures and be effective after approval by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedure shall apply to any amendment thereto.
- Article 17** All loans made by the Company shall comply with these Procedures. Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company.
- Article 18** Approved by General Shareholder's Meeting held on January 15, 1993.
- The First amendment was made on March 24, 1995.
- The Second amendment was made on February 14, 1996.
- The Third amendment was made on August 23, 1996.
- The Fourth amendment was made on March 11, 1997.
- The Fifth amendment was made on April 29, 2002.
- The Sixth amendment was made on May 31, 2002.
- The Seventh amendment was made on October 28, 2002.
- The Eighth amendment was made on June 11, 2003.
- The Ninth amendment was made on June 19, 2009.
- The Tenth amendment was made on June 18, 2010.
- The Eleventh amendment was made on June 15, 2012.
- The Twelfth amendment was made on June 18, 2014.

Appendix 4

Acer Incorporated Procedures Governing Endorsement and Guarantee (Upon Being Amended)

- Article 1** The term “endorsement and/or guarantee” used in these Procedures includes the following.
1. Financial endorsement and/or guarantee, including: discounted bill financing; endorsement or guarantee made for the financing needs of other companies, issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own businesses to an entity other than the financial institutions.
 2. Custom duty endorsement and/or guarantee, which shall mean endorsement or guarantee for the Company itself or other companies in respect of the custom duty matters.
 3. Other endorsement and/or guarantee, which shall mean other endorsement or guarantee which cannot be included in the above two categories.
 4. The Company creates a pledge or mortgage on its chattel or real estate as collateral for the loans of another Company.
- Article 2** **Applicability**
The Company may provide endorsement and/or guarantee for the following companies and if it is necessary, security shall be obtained:
1. The companies with which it has business relations.
 2. Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.
 3. For companies that are jointly invested by the Company or through its subsidiary, and if all the respective shareholders of such companies make endorsements and/or guarantees in proportion to their respective shareholding. The above referred investment means the investment by the Company directly or indirectly through its subsidiaries in which the Company holds 100% voting share.
- The endorsements and/or guarantees may be provided among or between the companies in which the Company directly or indirectly holds 100% voting shares or capital.
“Subsidiary” used in these Procedures means which is provided pursuant to Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- Article 3** **The Standard for Endorsement and/or Guarantee Assessment**
In the event that the Company provides endorsements and/or guarantees by reason of business relations, the aggregate amount of the endorsements and/or guarantees shall not exceed the net worth of total trading amount between the two companies in the most recent year. The net worth of total trading amount between two companies means the total amount of purchase or re-sale, whichever is higher.
- Article 4** **Limits on Endorsements and/or Guarantees**
1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the Company’s net worth as shown in the latest financial report audited or reviewed by CPA.
 2. The amount of endorsements and/or guarantees to any single enterprise shall not exceed the 20% of the Company’s net worth as shown in the latest financial report audited or reviewed by CPA.
 3. The amount of endorsements and/or guarantees to any subsidiaries in which the Company holds 50% or more of its total outstanding common shares shall also be subject to the limit provided in Article 4.2.
 4. The maximum of the whole endorsements and/or guarantees of the Company and its subsidiaries shall be subject to the limits provided in Articles 4.1 and 4.2.
 5. “net worth” in these Procedures means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Procedures for Processing Endorsements and/or Guarantees

1. Enterprises which intend to apply for an endorsement and/or guarantee from the Company shall file an endorsement and/or guarantee application form with the Company's finance department for review, in which application type of endorsement and/or guarantee, name of the requesting company, risks evaluation, amount of endorsement/guarantee, content of collateral, terms and conditions and date for discharging endorsement/guarantee liabilities shall be specified. The finance department will submit the application to the Company's Chairman for approval and then report to the Board of Directors for ratification; provided, however, that prior approval of the Board of Directors is required if the amount of endorsement/guarantee exceeds the amount for which the Company's Chairman is authorized to conduct.
2. Upon the expiration of endorsement and/or guarantee, the endorsement and/or guarantee shall be terminated automatically. Before the expiration date, the endorsed and/or guaranteed enterprise shall file a cancellation form in order to terminate the endorsement and/or guarantee earlier.

Article 6 Review Procedures

1. When an enterprise applies for an endorsement and/or guarantee from the Company, it shall submit concrete description of necessity and reasonableness and the finance department will determine whether to accept the application or not.
2. The finance department will be in charge of credit check and risk evaluation of the endorsed and/or guaranteed enterprise. For those cases with good credit and justifiable purposes, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the endorsement and/or guarantee and file with the Board of Directors for approval.
3. In addition to credit check and risk evaluation of the endorsed and/or guaranteed enterprise, the finance department shall make an assessment of impact on operation risk, financial condition and shareholder's rights that may result from said endorsement/guarantee, and submit its opinion statement together with credit check report to the Board of Directors for approval.
4. The Company may decide whether to request the endorsed or guaranteed enterprise to provide the same amount of Banker's acceptance or secure a collateral equivalent to the endorsement and/or guarantee amount according to their credit check report. The finance department shall evaluate and determine the value of the collateral.

Article 7 Control Procedures for the Company's Subsidiaries

1. When the net worth of the subsidiaries for which the Company provides endorsements/guarantees is less than one-half of its paid-in capital, the relevant finance department shall re-estimate the risk of the principal debt at least every six months. In case there is the real risk that the principal debt will default, the finance department shall submit an improvement plan to the Company's Chairman for approval and implement the same.
2. When any subsidiaries in which the Company holds 50% or more of its total outstanding common shares provide endorsements and/or guarantees to other companies, the subsidiaries shall enact the "Procedures Governing Endorsement and Guarantee" in accordance with these Procedures and the proposal shall be submitted to the Company's Chairman for approval and filed with the Board of Directors of the Company for recordation. The Company shall make a public announcement in accordance with these Procedures.
3. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, the paid-in capital in the calculation under paragraph 1 of this Article shall be calculated based on the sum of the share capital plus paid-in capital in excess of par.

Article 8 Procedures for Safekeeping and Use of the Corporate Chop

1. The Company shall use the Corporate Chop registered with the Ministry of Economic Affairs for the use of endorsements and/or guarantees (hereinafter, the "Chop"). The Chop shall be under the safekeeping of special personnel appointed by the Company's Chairman and submit to the Board of Director for approval. The re-appointment of the special personnel shall follow the same procedure. The Chop may be used or to issue negotiable instruments only in accordance with internal procedures.
2. When the Company provides guarantees to a foreign company, the guarantee agreement shall be signed by the personnel authorized by the Board of Directors.

Article 9 Decision Making and Authorization

The approval of endorsements and/or guarantees shall be made by the Board of Directors after evaluating the risk in accordance with Article 5; provided, however, that the Board of Directors may authorize the Company's Chairman to decide such matters within a specified amount and then submit the same to the Board of Directors for ratification.

Article 10 The Standards for Public Announcement

1. The Company shall make a public announcement on the amount of the Company and its subsidiaries endorsements and/or guarantees on or before the 10th date of each month. In addition, in the event that the amount reaches any of the following thresholds, the Company shall make a separate public announcement:

- (1) The total amount of endorsements and/or guarantees reaches fifty percent (50%) or more of the Company's net worth as shown in its latest financial report.
- (2) The amount of endorsement and/or guarantee to any single enterprise reaches twenty percent (20%) or more of the Company's net worth as shown in its latest financial report.
- (3) The amount of endorsement and/or guarantee for any single enterprise reaches NT\$10 million, and the aggregate amount of the endorsements and/or guarantees, long-term investment, and loans to that enterprise reaches thirty percent (30%) or more of the Company's net worth as shown in its latest financial report.
- (4) The aggregate amount of new endorsement and/or guarantee made reaches NT\$30 million and five percent (5%) or more of the Company's net worth as shown in its latest financial report.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of in Taiwan any matters that such subsidiary is required to announce and report pursuant to this Paragraph.

2. Time Limits for and Contents of the Public Announcement

In the event that the amount of endorsements and/or guarantees reaches the thresholds provided in the preceding Paragraph 1, the Company shall make a public announcement within two days commencing immediately from the date of occurrence of said endorsements and/or guarantees.

- (1) In the event that the aggregate amount of endorsements and/or guarantees reaches the thresholds set forth in Item (1) of Paragraph 1 of Article 10, the Company shall make a public announcement specifying the following:
 - (a) The names of the enterprises for which the endorsement and/or guarantee was made and the amount of the endorsements and/or guarantees reaches NT\$100 million or five percent (5%) or more of the Company's net worth as shown in the Company's latest financial report; its relationship with the Company; the maximum amount the Company is permitted to make endorsements and/or guarantees; the amount of and the reason for endorsement and/or guarantee as of the date of occurrence of the event.
 - (b) As of the date of occurrence of the event, the ratio of the amount of endorsements and/or guarantees to the Company's net worth as shown in its latest financial report.
- (2) The Company shall make a public announcement including the following items when its endorsement and/or guarantee amount to a single enterprise reaches the thresholds set forth in Items (1), (2), (3), or (4) of Paragraph 1 of Article 10 (hereinafter "Event"):
 - (a) The names of the enterprises for which the endorsement and/or guarantee was made, its relationship with the Company, the maximum amount the Company is permitted to make endorsements and/or guarantees, the endorsements and/or guarantees amount prior to the Event, and the amount and reason for such new-added endorsement and/or guarantee.
 - (b) The content and value of the collateral provided by the endorsee and or guaranteee.
 - (c) The capital and accumulated profit/loss of the party for whom the endorsement and/or guarantee was made as shown in its latest financial report.
 - (d) The terms and conditions or date of discharging the Company liabilities of endorsements and/or guaranteees.
 - (e) The ratio of the amount of endorsements and/or guaranteees to the Company's net worth as shown in the latest financial report as of the date of occurrence of the event.
 - (f) The ratio of the amount of endorsements and/or guaranteees to the business transaction amount between the Company and the endorsee and/or guaranteee Company within the most recent year as of the date of occurrence of the event.
 - (g) The ratio of the aggregate amount of the long term investment, endorsements/guaranteees amount, and the loans to others to the Company's net worth as shown in its latest financial report.

- (3) "Date of occurrence of the event" in these Procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

- Article 11** Punishment of Violation of These Procedures
If relevant employees and personnel of the Company violate these Procedures, they will be subject to Articles 37 and 38 of the Company's "Personnel Administration Regulations".
- Article 12** The Company shall evaluate the contingency loss from the endorsements and/or guarantees and disclose the information in the financial report appropriately and provide the same to the CPA for his proceeding with the necessary audit procedure and issuing the proper audit report.
- Article 13** 1. The Company shall prepare a registry containing the subject of the endorsements/guarantees, the amount of the endorsements/ guarantees, the date of approval of the Board of Directors or the Company's Chairman (as the case may be), the date of the endorsements/guarantees and all the evaluation issues according to these Procedures.
2. The internal audit personnel of the Company shall verify these Procedures and its implementation and make a report in writing for record. If there is any significant violation, the personnel shall inform audit committee in writing.
- Article 14** 1. Due to business relations, where the aggregate amount of endorsements and/or guarantees of the Company will exceed the limited amount specified in these Procedures, and the applicants are qualified for other requirements provided in these Procedures, such endorsements/guarantees shall be approved by the Board of Directors with majority of the board members sign as guarantors for the contingency loss resulting therefrom, and these Procedures shall be modified and then submitted to the shareholder meeting for ratification. If the aforesaid endorsement/guarantee is not approved by the shareholders' meeting, the Company shall make a plan to eliminate such exceeding amount within a specific period of time.
2. The opinion of each independent director shall be fully taken into consideration when the Board of Directors discusses the above issue. Opinions of each independent director for and against the endorsement/guarantee and reasons against said matter shall be clearly recorded in the minutes.
3. When the Company submits the making of endorsements and/or guarantees for the Board of Directors' approval, the board shall fully take each individual director's opinions into consideration and record each director's reasons for pros and cons in the minutes.
- Article 15** If the Company makes the endorsement and/or guarantee later becomes unqualified under Article 2, or the endorsement and/or guarantee amount exceeds the limit under these Procedures due to the change of the calculation basis, the Company shall adopt plans and submit the plans to audit committee to discharge the endorsement and/or guarantee amount or the amount in excess within a designated period pursuant to relevant plan. The above timeframe shall be reported to the Board of Directors.
- Article 16** These Procedures, as well as any revision thereto, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for further approval, and submitted to the shareholders meeting for approval. If a director holds dissenting opinions of Company's matters and there were records for it or in written stating, the Company shall submit materials of the director's dissenting opinions to audit committee.
If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, these Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.
The terms "all audit committee members" in the preceding two paragraphs and "all directors" in the preceding paragraph shall be calculated as the actual number of persons currently holding those positions.
- Article 17** Another stricter management principles may be drafted by the Company's Chairman in accordance with these Procedures and put into effect after approved by the Board of Directors with two-thirds vote at a meeting attended by more than two-thirds of the directors. The same procedure shall apply to any amendment thereto.
- Article 18** All endorsements and guarantees made by the Company shall comply with these Procedures. Matters not provided herein shall be governed by the relevant laws and regulations and the relevant regulations of the Company.

Article 19 Approved by General Shareholder's Meeting held on January 15, 1993.
The First amendment was made on July 28, 1995.
The Second amendment was made on April 28, 1997.
The Third amendment was made on December 17, 2001.
The Fourth amendment was made on June 11, 2003.
The Fifth amendment was made on June 17, 2004.
The Sixth amendment was made on June 15, 2006.
The Seventh amendment was made on June 19, 2009.
The Eighth amendment was made on June 18, 2010.
The Ninth amendment was made on June 18, 2014.

Appendix 5

Impact of Stock Dividend Issuance on the Company's Business Performance, Earnings per Share and Shareholder Return Rate:

Not Applicable

Appendix 6

Shareholdings of All Directors as of April 16, 2019

Title	Name	Number of Shares
Chairman	Jason Chen	4,297,536 (Note 1)
Director	Stan Shih	49,662,395
Director	George Huang	8,267,642
Director	Hung Rouan Investment Corp. Legal Representative: Carolyn Yeh	73,629,933
Director	Smart Capital Corp.	12,228
Independent Director	F.C. Tseng	0
Independent Director	Ji-Ren Lee	0
Independent Director	San-Cheng Chang	530,322
Independent Director	Ching-Hsiang Hsu	0
TOTAL		136,400,056 (Note 2)

Note 1: Including the shares of 1,664,056 which held by the investment company wholly owned by Mr. Jason Chen himself.

Note 2: (1) The current number of issued shares in the Company as of April 16, 2019 is 3,074,933,828 common shares.

(2)The Company's directors shall hold at least 73,798,411 shares to comply with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".



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