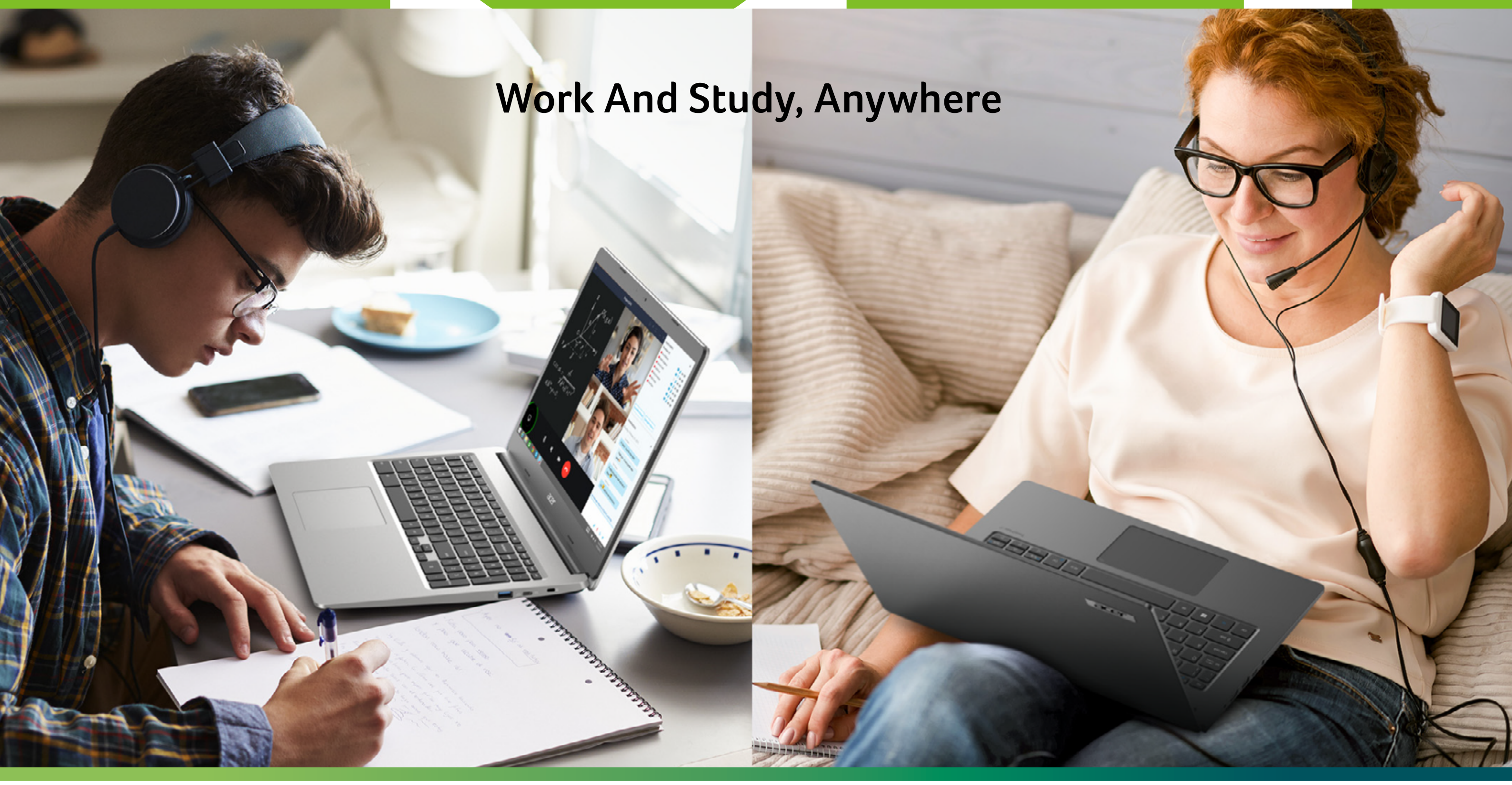
Acer Inc.

Agenda of 2021 General Shareholders' Meeting

(Translation)

Date: June 11, 2021
Venue: Aspire Resort
(No. 428, Kewang Rd., Longtan District, Taoyuan City)
www.acer-group.com

2021



Disclaimer

This is a translation of the 2021 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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Time: 9:00 a.m., Friday, June 11, 2021

Venue: Aspire Resort

(No. 428, Kewang Rd., Longtan District, Taoyuan City)

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(2) Audit Committee's Review Report

(3) Report on Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2020

(4) Report on the Distribution of Cash Dividend for the Year 2020

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(6) Report on the Issuance of Unsecured Corporate Bonds

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(2) Discussion Proposal of Profit & Loss Appropriation for the Year 2020

(3) To Approve the Proposal of Amendments to Acer's Internal Rule:

I. Procedures Governing Acquiring or Disposing of Assets

II. Procedures Governing Lending of Capital to Others

3. Extemporary Motion

4. Meeting Adjourned

1. Report Items

(1) Business Report for the Year 2020

Explanatory Notes: Please refer to Attachment 1, pages 11 to 12.

(2) Audit Committee's Review Report

Explanatory Notes: Please refer to Attachment 2, page 13.

(3) To Report the Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2020

Explanatory Notes:

i. The Board of Directors approved the proposal of employees' 2020 profit sharing bonus and Board Directors' compensation on March 17, 2021. The employees' profit sharing bonus and Board Directors' compensation are to be distributed in cash.

ii. The total amount of employees' 2020 profit sharing bonus is NT$480,000,000.

iii. The total amount of Board Directors' 2020 compensation is NT$10,013,320.

(4) To Report on the Distribution of Cash Dividend for the Year 2020

Explanatory Notes:

i. Pursuant to Article 21 of the Article of Incorporation, 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.

ii. The total accumulative earnings available for appropriation is NT$4,578,855,432, and plan to distribute the cash dividend of NT$4,571,780,742 to the shareholders whose names and respective shares are in the shareholders' register on the record date for ex-dividend, at a preliminary ratio of NT$1.5 per share. (Rounded down to NT$1 and the residue will be calculated and booked as the Company's other income).

iii. Prior to the ex-dividend date for the distribution, should the cash distribution ratio require any adjustment due to amendment of laws or regulations, request by competent authorities, or any change of the numbers of the issued and outstanding shares, it is to authorize the Chairman with full power to adjust the distribution ratio.

iv. The record date for ex-dividend is temporarily set on July 6, 2021, and the distribution date is set on August 5, 2021. Should the dates above be adjusted due to the amendment of laws or regulations, or request by competent authorities, the Chairman is authorized with full power to adjust accordingly.

(5) To Report on the Status of Shares-release of the Company's Certain Subsidiaries' Shares which will be Listed on Taiwan Stock Exchange or Taipei Exchange

Explanatory Notes: Please refer to Attachment 3, page 14.

(6) To Report on the Issuance of Unsecured Corporate Bonds

Explanatory Notes: Please refer to Attachment 4, page 15.

2. Proposed Items for Ratification and Discussion

Item 1

Proposal: Ratification Proposal of the Financial Statements and Business Report for the Year 2020.
(Proposed by the Board of Directors)

Explanatory Notes:

(1) Acer's Financial Statements for the year 2020, 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 2020 and the aforementioned financial statements are attached hereto as Attachment 1, pages 11 to 12 and Attachment 5, pages 16 to 37, which have been approved by the Audit Committee and by the Board of Directors via resolution.

(3) Please discuss.

Resolution:

Item 2

Proposal: Discussion Proposal of Profit & Loss Appropriation for the Year 2020. (Proposed by the Board of Directors)

Explanatory Notes:

(1) The Statement of Profit & Loss Appropriation have been approved by the Audit Committee and resolved by the Board of Directors.

(2) The Statement of Profit & Loss Appropriation hereby are shown as follows.

(3) Please discuss.

Acer Incorporated

2020 Statement of Profit & Loss Appropriation

Unit: NT$

Beginning Balance of Un-appropriated Retained Earnings	13,167,658
Plus: 2020 Net Income after Tax	6,029,286,797
Deduct: the disposal loss of financial assets at fair value through other comprehensive income	(3,538,827)
Deduct: Legal Reserve	(602,574,797)
Deduct: Special Reserve	(857,485,399)
Accumulative earnings available for appropriation	4,578,855,432
Appropriation Items:	
Cash dividends to shareholders (Note)	(4,571,780,742)
Ending Balance of Un-appropriated Retained Earnings	7,074,690

Note:

1. Pursuant to Article 21 of the Company's Article of Incorporation, 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.
2. The total amount of cash dividends to the shareholders is NT$4,571,780,742, which has been approved by the Board of Directors on March 17, 2021.

Chairman of Board:	Corporate Officers:	Accounting Officer:
Jason Chen	Jason Chen	Sophia Chen
	Meggy Chen	

Resolution:

Item 3

Proposal: To Approve the Proposal of Amendments to Acer's Internal Rule: (Proposed by the Board of Directors)

I. Procedures Governing Acquiring or Disposing of Assets

II. Procedures Governing Lending of Capital to Others

Explanatory Notes:

(1) To comply with the regulations and to cope with the business development, it is proposed to amend the Company's internal rule:

I. Procedures Governing Acquiring or Disposing of Assets

II. Procedures Governing Lending of Capital to Others

Please refer to Attachment 6 and 7, pages 38 to 41, for the "Before and Revision Chart of Acer Incorporated Procedures Governing Acquiring or Disposing of Assets" and "Before and Revision Chart of Acer Incorporated Procedures Governing Lending of Capital to Others".

(2) Please discuss.

Resolution:

3. Extemporary Motion

4. Meeting Adjourned

Attachment 1

Business Report

Acer's strategy to maintain momentum and secure long-term sustainability is to evolve continuously with the industry and changing lifestyles by pushing for innovation in existing businesses, while expanding to new territories. Our vigilance of the market dynamics and the macro economy, and the velocity of critical actions have enabled Acer to sustain during times of uncertainty and demonstrate the resilience of our organization. Our focus on securing materials to fulfil the urgent demand for our products, so that people could stay connected during the pandemic, helped Acer to achieve some success and resulted in FY2020 consolidated revenues of NT$277.11 billion, operating income of NT$8.94 billion with 190.3% in YoY growth, net income of NT$6.03 billion with 3.2% margin, and EPS of NT$2.01.

The COVID-19 pandemic has been the topic of concern for almost everyone due to its direct impact on people's lives. In the ICT industry, it caused delays in global PC shipments and exposed the weaknesses of existing supply chains. Ultimately, it triggered new norms in lifestyles and required industries to rapidly adapt to high volatility and unexpected changes in order to continue operations. Despite the cancellation of most physical events due to the pandemic, Acer continued to host two global press conferences in 2020 by pushing creativity limits and announcing our new products to the world via online streaming.

Innovation and Intrapreneurship

In 2020, Acer ranked No. 5 for total PCs shipments worldwide with 22% YoY growth, exceeding the industry growth of 13% (Source: IDC). Our focus on industry bright spots yielded strong results with Chromebooks and the gaming line (desktops, notebooks, and monitors) gaining 95% and 31% in respective YoY revenue growth. We ranked No. 2 in Taiwan patent application with 523 filings.

In the PC and displays business, Acer is committed to strengthening foundations with technological innovations and offering unique product lines for the specific needs of gamers, creators, education, and more. At the same time, Acer is exploring new opportunities, expanding into adjacent territories, and cultivating multiple business engines through encouraging employees to think outside the box as intrapreneurs.

In the gaming field, Acer continued building on its comprehensive ecosystem that now includes hardware/accessories, esports tournaments, esports social platforms, and energy drinks. In hardware, Acer has stood out from the competition by introducing new generations of its advanced thermal cooling solutions to enable its gaming notebooks and desktops to run at peak performance. For PLANET9, a community-driven esports platform for gamers, Acer released a new in-game live AI translator service that's trained with game jargon to facilitate communication among gamers. The latest addition to the ecosystem is the distribution of popular gaming consoles by Acer subsidiaries in Taiwan.

Multiple Growth Engines and New Initiatives

Our multiple business engines also kept their momentum and saw viable growth, steadily increasing their contribution to Acer's overall revenues. The strategy of listing our subsidiaries has progressed: in Q4'20 Acer Synergy Tech was listed on the Taipei Exchange; in Q1'21, Acer e-Enabling Service Business was listed on the emerging stock market of the Taipei Exchange, and Weblink International became listed on the Taiwan Stock Exchange.

Many of our new initiatives made notable developments. In medical artificial intelligence (AI), Acer Healthcare collaborated with Novartis Taiwan and the national Taiwan University Hospital and to receive the first AI-assisted diagnostic software ophthalmic medical device certification from the Taiwan Food & Drug Administration (TFDA approved license). Another exciting development of our AI-based technology is an indoor smart air monitoring solution developed in collaboration with experts in the field of air quality. The solution was installed in 3,000 locations in western Taiwan in 2020, representing 90% of the market share. Acer provided a one-stop shop air quality improvement solution starting from detection, data analytics, reporting, solution, to maintenance for schools, hospitals, and other commercial buildings. And we also launched an air quality improvement solution for consumers.

In the realm of smart cities, following the successful installation of Taiwan's first roadside Smart Parking Meter BOT project in Tainan, Acer has won phase two of the project as the supplier of another 2,000 spaces and as operator for the next 20 years.

In addition, Acer e-Enabling Service Business developed an infection and antimicrobial resistance surveillance system in collaboration with Taiwan's Centers for Disease Control. The system won the Global ICT Excellence Award for COVID-19 Best Industry Solution by WITSA (World Information Technology and Service Alliance), an encouraging sign that Acer's efforts in applying information communication technology to pandemic prevention is bearing fruit.

Recognition for ESG Performance

Acer's corporate responsibility efforts have consistently been recognized by global sustainability indices that benchmark environmental, social and governance (ESG) performance of organizations. For the first time we have been awarded with a Silver Class distinction in the S&P Global Sustainability Yearbook 2021 for the top ESG scoring companies. Also for the first time, Acer ranked among the "100 most sustainably managed companies in the world" by The Wall Street Journal from a study into 5,500 publicly traded businesses. For the seventh consecutive year we have been listed in the Dow Jones Sustainability Indices Emerging Markets Index.

2020 has been an exceptional year; with your support we've navigated through these challenging times with some success, and tested our resilience. As a stronger company, we will continue to push limits and continue bringing value to our customers, shareholders and employees. Thank you

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Chairman of Board :	Corporate Officers :	Accounting Officer :
Jason Chen	Jason Chen	Sophia Chen
	Meggy Chen	

Attachment 2

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 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 17th, 2021

Attachment 3

The Status of Shares-release of the Company's Certain Subsidiaries' Shares Which Will Be Listed on Taiwan Stock Exchange or Taipei Exchange

- Acer E-Enabling Service Business Inc. (6811.TW, “AEB”)

Date	2019.8	2020.7	2020.12
Purpose and Mode	Talents attraction and retention/ Employee stock option	To execute IPO plan/ Transfer shares	Purchased by recommended emerging market underwriter under relevant rules/ Sales and purchase of shares
Issue(Transfer)Price	NTD 17.2	NTD 43	NTD 72
Date of Audit Committee approved	-	2020.5.6	2020.11.4
Date of Board approved	-	2020.5.6	2020.11.4
Date of Shareholder meeting approved	-	-	-
Subscriber/Transferee	AEB and Acer Employees	AEB employees, Acer shareholders, Acer Group Employees, the specific personnel who will subscribe within the scope that the aforesaid person abandon to subscribe.(Note)	Recommended emerging market underwriters, and Securities and Futures Investors Protection Center
Number of shares	4,449,000 shares	4,495,000 shares	1,101,000 shares
Acer’s Shareholdings before share-release	100%	87.79%	75.46%
Acer’s Shareholdings after share-release	87.79%	75.46%	72.44%
Bases of share price	CPA report to the share price	CPA report to the share price	1. The price will be determined after the negotiation among recommended emerging market underwriters, Acer and AEB 2. CPA report to the share price
Impact on Acer shareholders	Not harm to shareholders’ rights and interests	Not harm to shareholders’ rights and interests	Not harm to shareholders’ rights and interests

Note: The relevant matters has been approved by Acer General Shareholder Meeting on June 15th, 2018. The specific subscriber will be, in general, the employees of subsidiaries which plan to be offered by public market, the employees of group companies, and a strategy investor or a financial investor who will benefit the Company’s development.

Attachment 4

The Issuance of Unsecured Corporate Bonds

1. To comply with Article 246 of the Company Act.
2. At the meeting held on March 17, 2021, the Board of Directors of Acer approved the issuance of unsecured corporate bond in the domestic market for amounts not exceeding NT$10 billion to cope with the bank loans and to enrich working capital.
3. The Company has completed the offering of the 1st issue of unsecured corporate bond in 2021 totaling NT$5 billion. A summary of the major terms of the offering are as follows:

(a) Face Value Per Bond: NT$1 million

(b) Maturity Date: 5 years; issued on April 27, 2021 and due on April 27, 2026

(c) Coupon: 0.76% p.a.

(d) Coupon Frequency: Annually

(e) Principal Repayment: Bullet at maturity

Attachment 5

安侯建業聯合會計師事務所
KPMG
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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2020 and 2019, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2020 and 2019, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the parent-company-only financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of goodwill from investment in subsidiaries

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

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

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

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

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

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

ACER INCORPORATED

Parent-Company-Only Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

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

ACER INCORPORATED

Parent-Company-Only Balance Sheets (Continued)

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

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

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock	Total equity
Balance at January 1, 2019	$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	(69,817)	(3,381,189)	(2,914,856)	58,268,094
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	2,632,565
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	(218,086)	(938,652)	-	(938,652)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	(218,086)	(938,652)	-	1,693,913
Appropriation approved by the stockholders:												
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	64,047
Changes in ownership interests in subsidiaries	-	197,096	-	-	-	-	-	-	-	-	-	197,096
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	(57,583)
Reorganization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	(126)
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	7,680	-	7,680
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	(30,066)	-	-
Balance at December 31, 2019	30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,256	(4,187,394)	133,070	(287,903)	(4,342,227)	(2,914,856)	57,841,473
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	-	6,029,287
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,855,833)	632,065	45,016	(1,178,752)	-	(1,178,752)
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	(1,855,833)	632,065	45,016	(1,178,752)	-	4,850,535
Appropriation approved by the stockholders:												
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Retirement of treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-
Share of changes in equity of associates	-	76,443	-	-	-	-	-	-	-	-	-	76,443
Changes in ownership interests in subsidiaries	-	43,604	-	-	-	-	-	-	-	-	-	43,604
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	-	-	-	-	-	-	174,404
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)
Stock option compensation cost of subsidiaries	-	110	-	-	-	-	-	-	-	-	-	110
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(3,527)	(3,527)	-	3,527	-	3,527	-	-
Balance at December 31, 2020	**$ 30,478,538**	**27,378,068**	**853,852**	**3,976,265**	**6,038,916**	**10,869,033**	**(6,043,227)**	**768,662**	**(242,887)**	**(5,517,452)**	**(2,914,856)**	**60,293,331**

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

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

ACER INCORPORATED

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

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(297,000)	(120,000)
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,746	15,062
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	11,249
Additions to investments accounted for using the equity method	(43,365)	(277,432)
Proceeds from disposal of investments accounted for using the equity method	29,930	455,910
Proceeds from capital return of investments accounted for using the equity method	602,819	424,870
Proceeds from liquidation of investments accounted for using the equity method	-	4,210
Additions to property, plant and equipment and investment property	(43,789)	(26,573)
Proceeds from disposal of property, plant and equipment	5,251	1,523
Increase in receivables from related parties	(84,106)	(42,349)
Additions to intangible assets	(410)	(12,727)
Proceeds from disposal of intangible assets	-	9,360
Cash outflows from business demerger	(27,718)	-
Decrease (Increase) in other non-current financial assets and other non-current assets	(7,947)	35,748
Dividends received	333,191	272,627
Net cash flows provided by investing activities	469,602	751,478
Cash flows from financing activities:		
Increase in short-term borrowings	5,233,942	-
Decrease in short-term borrowings	(5,233,942)	-
Increase in long-term debt	-	5,800,000
Repayment of long-term debt	(2,500,000)	(3,300,000)
Payment of lease liabilities	(78,575)	(78,829)
Increase (decrease) in loans from related parties	(813,000)	320,000
Cash dividends	(1,352,971)	(2,367,699)
Cash distributed from capital surplus	(1,014,728)	-
Purchase of treasury stock	(361,943)	-
Interest paid	(66,019)	(115,753)
Net cash flows provided by (used in) financing activities	(6,187,236)	257,719
Net increase in cash and cash equivalents	11,916,241	458,429
Cash and cash equivalents at beginning of period	4,083,583	3,625,154
Cash and cash equivalents at end of period	$ **15,999,824**	**4,083,583**

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

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the consolidated financial statements of Acer Incorporated and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and interpretations developed by the International Financial Reporting Interpretations Committee (" IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of goodwill from investment in subsidiaries

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

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

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

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

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

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

ACER INCORPORATED

Parent-Company-Only Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

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

ACER INCORPORATED

Parent-Company-Only Balance Sheets (Continued)

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

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

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Treasury stock	Total equity
Balance at January 1, 2019	$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	(69,817)	(3,381,189)	(2,914,856)	58,268,094
Net income for the year	-	-	-	-	2,632,565	2,632,565	-	-	-	-	-	2,632,565
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,405,928)	685,362	(218,086)	(938,652)	-	(938,652)
Total comprehensive income (loss) for the year	-	-	-	-	2,632,565	2,632,565	(1,405,928)	685,362	(218,086)	(938,652)	-	1,693,913
Appropriation approved by the stockholders:												
Legal reserve	-	-	306,043	-	(306,043)	-	-	-	-	-	-	-
Special reserve	-	-	-	406,544	(406,544)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,367,699)	(2,367,699)	-	-	-	-	-	(2,367,699)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,051	-	-	-	-	-	-	-	-	-	36,051
Share of changes in equity of associates	-	64,047	-	-	-	-	-	-	-	-	-	64,047
Changes in ownership interests in subsidiaries	-	197,096	-	-	-	-	-	-	-	-	-	197,096
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(57,583)	-	-	-	-	-	-	-	-	-	(57,583)
Reorganization under common control	-	-	-	-	(126)	(126)	-	-	-	-	-	(126)
Disposal of subsidiaries	-	-	-	-	-	-	7,680	-	-	7,680	-	7,680
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	30,066	30,066	-	(30,066)	-	(30,066)	-	-
Balance at December 31, 2019	30,749,338	28,152,962	587,602	2,940,572	2,668,082	6,196,256	(4,187,394)	133,070	(287,903)	(4,342,227)	(2,914,856)	57,841,473
Net income for the year	-	-	-	-	6,029,287	6,029,287	-	-	-	-	-	6,029,287
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(1,855,833)	632,065	45,016	(1,178,752)	-	(1,178,752)
Total comprehensive income (loss) for the year	-	-	-	-	6,029,287	6,029,287	(1,855,833)	632,065	45,016	(1,178,752)	-	4,850,535
Appropriation approved by the stockholders:												
Legal reserve	-	-	266,250	-	(266,250)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,035,693	(1,035,693)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,352,971)	(1,352,971)	-	-	-	-	-	(1,352,971)
Cash distributed from capital surplus	-	(1,014,728)	-	-	-	-	-	-	-	-	-	(1,014,728)
Adjustments of capital surplus for the cash dividends distributed to subsidiaries	-	36,416	-	-	-	-	-	-	-	-	-	36,416
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(361,943)	(361,943)
Retirement of treasury stock	(270,800)	(91,143)	-	-	-	-	-	-	-	-	361,943	-
Share of changes in equity of associates	-	76,443	-	-	-	-	-	-	-	-	-	76,443
Changes in ownership interests in subsidiaries	-	43,604	-	-	-	-	-	-	-	-	-	43,604
Difference between consideration and carrying amount of subsidiaries disposed	-	174,404	-	-	-	-	-	-	-	-	-	174,404
Reorganization under common control	-	-	-	-	(12)	(12)	-	-	-	-	-	(12)
Stock option compensation cost of subsidiaries	-	110	-	-	-	-	-	-	-	-	-	110
Disposal of financial assets measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	(3,527)	(3,527)	-	3,527	-	3,527	-	-
Balance at December 31, 2020	$ 30,478,538	27,378,068	853,852	3,976,265	6,038,916	10,869,033	(6,043,227)	768,662	(242,887)	(5,517,452)	(2,914,856)	60,293,331

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

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

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

(Continued)

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

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

ACER INCORPORATED

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

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from investing activities:		
Purchase of financial assets measured at fair value through other comprehensive income	(297,000)	(120,000)
Proceeds from capital return and liquidation of financial assets measured at fair value through other comprehensive income	2,746	15,062
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	11,249
Additions to investments accounted for using the equity method	(43,365)	(277,432)
Proceeds from disposal of investments accounted for using the equity method	29,930	455,910
Proceeds from capital return of investments accounted for using the equity method	602,819	424,870
Proceeds from liquidation of investments accounted for using the equity method	-	4,210
Additions to property, plant and equipment and investment property	(43,789)	(26,573)
Proceeds from disposal of property, plant and equipment	5,251	1,523
Increase in receivables from related parties	(84,106)	(42,349)
Additions to intangible assets	(410)	(12,727)
Proceeds from disposal of intangible assets	-	9,360
Cash outflows from business demerger	(27,718)	-
Decrease (Increase) in other non-current financial assets and other non-current assets	(7,947)	35,748
Dividends received	333,191	272,627
Net cash flows provided by investing activities	469,602	751,478
Cash flows from financing activities:		
Increase in short-term borrowings	5,233,942	-
Decrease in short-term borrowings	(5,233,942)	-
Increase in long-term debt	-	5,800,000
Repayment of long-term debt	(2,500,000)	(3,300,000)
Payment of lease liabilities	(78,575)	(78,829)
Increase (decrease) in loans from related parties	(813,000)	320,000
Cash dividends	(1,352,971)	(2,367,699)
Cash distributed from capital surplus	(1,014,728)	-
Purchase of treasury stock	(361,943)	-
Interest paid	(66,019)	(115,753)
Net cash flows provided by (used in) financing activities	(6,187,236)	257,719
Net increase in cash and cash equivalents	11,916,241	458,429
Cash and cash equivalents at beginning of period	4,083,583	3,625,154
Cash and cash equivalents at end of period	$ **15,999,824**	**4,083,583**

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

Attachment 6

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

After Revision	Before Revision	Reason for Revision
Article 5 Procedures for Approval of Acquisition or Disposal of Assets 1. Methods and the Reference Basis for the Decision on Price Amount and Level of Authorization (omit) 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$50 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)~~(b) the finance manager is authorized to execute ~~short-term~~ idle fund to invest in ~~short-term securities such as~~ domestic and foreign government bond, commercial paper, domestic bond fund, financial debentures, monetary fund, financial preferred stock trading in centralized securities exchange market and over-the-counter market, and corporate bond with investment grade above BBB ~~US~~	Article 5 Procedures for Approval of Acquisition or Disposal of Assets 1. Methods and the Reference Basis for the Decision on Price Amount and Level of Authorization (omit) 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$50 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	1. Considering that the system of stock exchange becomes sound and we have already established Investment Committee to take charge of relevant issue, we plan to adjust the authority for actual demand. 2. The capital market has successively developed other low-risk investment targets which may match our investment preference of idle funds. Furthermore, for strengthening management control, we adjust the way of authorization from "single transaction or daily basis" to "total amount basis" to prevent the improper use of investment split.

After Revision	Before Revision	Reason for Revision
~~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(equivalent chief manager) 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) (omitted below)	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(equivalent chief manager) 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) (omitted below)	
Article 29 (Omitted) The eleventh amendment was enacted on June 11, 2021.	Article 29 (Omitted)	Added the date of approval of shareholder's meeting.

Attachment 7

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

After Revision	Before Revision	Reason for Revision
Article 10 Control Procedures for the Company's Subsidiaries 1. When the subsidiaries thereof that is not a public company in Taiwan 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, or any overseas companies in which the Company directly and indirectly holds 100% voting shares or capital provides loans to the Company, such funds may be loaned free of the limitation of the aggregate amount of short-term funding provided	Article 10 Control Procedures for the Company's Subsidiaries 1. When the subsidiaries thereof that is not a public company in Taiwan 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, or any overseas companies in which the Company directly and indirectly holds 100% voting shares or capital provides loans to the Company, such funds may be loaned free of the limitation of the aggregate amount of short-term funding provided	Amended and issued, per "FAQ of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" updated by Securities and Futures Bureau of the Financial Supervisory Commission in July, 2020.

After Revision	Before Revision	Reason for Revision
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~~ 120% of the borrower's ~~Company's~~ net worth. 2. 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.	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. 2. 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.	
Article 18 (Omitted) The Fourteenth amendment was made on June 11, 2021.	Article 18 (Omitted)	Added the date of approval of shareholder's meeting.

Appendix 1

Acer Incorporated
Articles of Incorporation

CHAPTER I – GENERAL PROVISIONS

Article 1 This Company shall be incorporated in accordance with the Company Law, and its name shall be 宏碁股份有限公司 in the Chinese language, and Acer Incorporated in the English language.

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 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.

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 the Company Law and relevant regulations of competent authority; 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.

CHPATER 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.

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.

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-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

The forty-fourth amendment was approved on June 14 , 2019

Appendix 2

Acer Incorporated
Procedures Governing 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, and construction enterprise inventory) and equipment.
3. Membership certificates.
4. Intangible assets, such as patent right, copyright, trademark right, franchise, etc.
5. Right-of-use assets.
6. Derivative products.
7. Assets acquired or disposed by mergers, splits, acquisition or share transfer in accordance with laws.
8. Other major assets.

Article 3 Definition

Terms used in these Procedures are defined as follows; 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:

1. "Derivative Products": means forward contracts, options contracts, futures contracts, leverage contracts, swap contracts, hybrid contracts combining the above contracts, or hybrid contracts or structured products containing embedded derivatives, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, indexes, credit rating or credit index, or other variable. 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 Article 156-3 of the Company Act.
3. "Related Party" and "Subsidiary": As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
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 equipment.
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, 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.

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, equipment, right-of-use assets of real estate, right-of-use assets of equipment, 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 chief executive officer (equivalent chief manager) quarterly.
4. The appraisal reports to the 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."
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.

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, equipment, right-of-use assets of real estate, or right-of-use assets of equipment 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 of 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$50 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(equivalent chief manager) 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 right-of-use assets of real estate shall be approved by the Board of Directors with the amount is more than NT$300 million; the approval of the Company's Chairman is required for amount between NT$100 million and NT$300 million (not exceeding); the approval of the (equivalent chief manager) is required for amount between NT$50 million and NT$100 million (not exceeding); the chief officers(equivalent managers) who directly report to chief executive officer are authorized to execute the acquisition or disposal of right-of-use assets of real estate with the amount not reaching NT$50 million.

(4) The acquisition or disposal of equipment or right-of-use assets of equipment which the amount is above NT$100 million, shall be approved by the Board of Directors, and which the amount is not exceeding NT$100 million, shall be executed in accordance with the Company's Internal Control Systems to management of assets and relevant rules.

(5) 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.

(6) 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.

(7) 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:

(a) acquisition or disposal of equipment or right-of-use assets of equipment for business use.

(b) acquisition or disposal of right-of-use assets of real estate for business use.

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, equipment, right-of-use assets of real estate, right-of-use assets of equipment, 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 or right-of-use assets of real estate from related party; or the acquisition or disposal of other assets other than real estate or right-of-use assets of 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 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 shall not be applied.

(2) proceeding mergers, splits, acquisition or share transfer.

(3) enacting 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 or right-of-use assets 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 with an party which is not a related party, an, 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 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 domestic 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 or right-of-use assets 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 timeframe 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, equipment, right-of-use assets of real estate, right-of-use assets of equipment, and securities for non-business use, the limitations on amounts are set forth as follows:

(1) Total investment in real estate, equipment, right-of-use assets of real estate, and right-of-use assets of equipment 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. The limitations to the Company's subsidiaries on amounts of acquisition or disposal of assets shall not violate rules provided herein below:

(1) shall not purchase real estate or right-of-use assets of real estate for non-business use.

(2) 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.

(3) total investment in securities shall not exceed 40% of the shareholder's equity of the Company as certified by the accountant.

(4) 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 the Company's subsidiaries thereof that is not a public company in Taiwan, 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).

4. 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.

Article 9 Punishment of Violation of the Procedure

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

Article 10 Appraisal Report of Professional Appraisal Institutions

In acquiring or disposing of real estates, 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 domestic government institution, engaging others to build on its own land, engaging others to build on leased land, or acquiring or disposing of equipment or right-of-use assets 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, as well as any future changes to the terms and conditions of the transaction thereto.

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 intangible assets, right-of-use of intangible assets, or membership certificate 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 domestic 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 or right-of-use assets of real estate, from related parties, or the acquisition or disposal of other assets other than real estate or right-of-use assets of 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 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, 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 or right-of-use assets 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 or right-of-use assets of 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; however, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
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 or leased 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 or right-of-use assets of 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 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:
   (1) the related party acquires real estate or right-of-use assets of 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 or right-of-use assets of 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.
   (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 Company holds, directly or indirectly, 100% of the shares outstanding or total capital.

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 or leasing market practices.

2. Where the Company acquiring real property by purchasing or acquiring right-of-use assets of real estate by lease from a related party provides evidence that the terms of the transaction are similar to the terms of transactions 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 or right-of-use assets of real property.

Article 15 Where the Company acquires real property or right-of-use assets of 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 in accordance with the Securities and Exchange Act and related regulations against the difference between the real property or right-of-use assets of real property transaction price and the appraised cost, 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.
2. the audit committee handling the matter pursuant to Article 218 of the Company Act.
3. actions taken pursuant to the preceding subparagraphs 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 or leased at a premium, or the assets have been disposed of, terminated the lease agreement, 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 that 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.

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 enacting 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 and its members 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 these Procedures shall be calculated based on 10% of equity attributable to owners of the parent company; 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.
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.

The ninth amendment was enacted on June 14, 2019.

The tenth amendment was enacted on June 12, 2020.

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 the related rules of the Company's "Personnel Administration Regulations".

Article 10 Control Procedures for the Company's Subsidiaries

1. When the subsidiaries thereof that is not a public company in Taiwan 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, or any overseas companies in which the Company directly and indirectly holds 100% voting shares or capital provides loans to the Company, 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.
2. 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.

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 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 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 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.

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.

The Thirteenth amendment was made on June 14, 2019.

Appendix 4

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

Not Applicable

Appendix 5

Shareholdings of All Directors as of April 13, 2021

Title	Name	Number of Shares
Chairman	Jason Chen	6,587,536 (Note 1)
Director	Stan Shih	34,989,531
Director	Hung Rouan Investment Corp. Legal Representative: Maverick Shih	73,629,933
Independent Director	Ching-Hsiang Hsu	0
Independent Director	Ji-Ren Lee	0
Independent Director	San-Cheng Chang (Simon Chang)	530,322
Independent Director	Yuri, Kure	0
TOTAL		115,737,322 (Note 2)

Note 1: Including the shares of 3,954,056 which held by the investment company wholly owned by Mr. Jason Chen.

Note 2: (1) The current number of issued shares in the Company as of April 13, 2021 is 3,047,853,828 common shares.

(2)The Company's directors shall hold at least 73,148,491 shares to comply with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

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