

Regulations Governing Acer's Subsidiaries

Article 1: General Principles

1. These Regulations are established to perfect the Company's supervision and management of its subsidiaries ("Subsidiaries" or "Subsidiary").
2. The Subsidiaries referred to hereunder shall be defined pursuant to the Statement of Financial Accounting Standards No. 5 and No.7 issued and published by the Accounting Research and Development Foundation of the Republic of China.

Article 2: Organizational management of Subsidiaries

1. The election, appointment and assignment of powers and duties to the Subsidiary's directors, supervisors, and president shall be ratified either by the Company's President or Chairman.
2. The Subsidiaries shall submit a duplicate copy (or photocopy), with amendment or change thereto from time to time, of the following documents to the Company: certificate of incorporation/business charter/or likewise corporate existence certificate/license, articles of incorporation - with its by-laws and supplementary, amendment from time to time, meeting minutes of board and shareholders' meetings. The Company may change the above catalogue of documents to be submitted to the Company by taking into account the governing laws of the country where a given subsidiary is located, local commercial practices, and the Company's then current business policy.

Article 3: Subsidiaries' Business Policy

The Company shall set forth the overall business strategies, risk management policies, and guidelines to urge and help Subsidiaries to establish its respective policies, action plans, and administrative procedures for their risk management and business operation.

Article 4: Transaction between Acer and Subsidiary

1. The Company shall set forth and review- in accordance with the Company's management policy and core-business policy- game rules on arms-length transactions between herself and her Subsidiaries. .
2. The placements of buy-&-sale orders, stock of components and materials, and inventory allocations between the Company and her Subsidiaries shall comply with the pertinent regulations set forth by the Company, and shall be operated in compliance with applicable procedures - with reference to its nature-of-the-matter, regulated by the "Business Applications Systems."(English translation; an Acer's internal code.)
3. The terms and operations applied to accounts receivable, accounts payable, and their book keepings between the Company and her Subsidiaries shall follow to the Company's then current general practices.

Article 5: Supervising Subsidiary's material financial and business matters

1. Each Subsidiary shall, within her Line of Business (“LOB”) or a likewise internal controlling and reporting line, submit its annual business plan and budget to either Chairman of the Board, the President, or an authorized officer for ratification before their implementation.
2. The direct investments in equities in third-party enterprises by any Subsidiary shall be first approved by the Company’s Chairman or an authorized officer, and shall be conducted in compliance with pertinent provisions set up by the Company.
3. Other than the pertinent provisions set forth by each Subsidiary, Subsidiary’s major investments in fixed-equipment, financial securities and derivatives, and material changes in her assets shall be conducted in line with relevant provisions under the “Procedures for Acquisition or Disposition of Assets” and “Foreign Exchange Policy” to be set forth by the Company.
4. Subsidiary’s loans to third parties and endorsements-on-check/ likewise corporate guarantees shall be subject to pertinent provisions to be set up by each Subsidiary, and further the relevant provisions under the established” Procedure Governing Loans to other persons or entities ” and “Procedures for Providing Guaranty and Endorsement.” set forth by the Company.
5. The process of approvals to Subsidiary’s borrowings, and similar obligations or commitments, shall be subject to the pertinent provisions set up by each Subsidiary, and further be subject to the relevant provisions set up by the Company.
6. Material contractual agreements and legal documents by a Subsidiary shall be processed, signed and performed in line with applicable internal rules, in particular for the designation of corporate authorities between officers and the acts to business operation. Those internal rules shall be set forth and implemented in accordance with the Company’s” Regulations Governing the Official Seal”, the governing laws where the Subsidiary is located, as well as the local commercial practice and the business policy decided by the Subsidiary.

Article 6: Supervising Subsidiary's financial and business information

1. With the exception that a Subsidiary has fully satisfied the goal of group companies corporate governance set forth by the Company, the Company shall urge and help her Subsidiaries in order to establish their independent financial and business information systems - by taking into account the factual needs to be sought by the Subsidiaries. The above approach shall be tailored to suit local circumstances.
2. The Subsidiaries shall, through effective financial and business communication systems, report to Company the major financial and business matters provisioned in article 39 of the “Regulations Governing Establishment of Internal Control Systems of Public Companies” prior to their implementation or even occurrence. When happens a material matter (other than the above) might have major effects on Company’s interests and its stock prices and therefore should be disclosed to the public pursuant to terms and conditions set forth the applicable laws, the Subsidiaries shall immediately report to Company upon their acknowledgement of such an event.
3. The Subsidiaries shall periodically produce various kinds of management reports demanded by

applicable laws, including business & operational report, monthly statement of production and sales volumes, monthly balance sheet, monthly income statement, monthly cash flow statement, aging account receivable analysis and delinquent debt report, aging inventory analysis, monthly report on loaned funds, and monthly report on endorsements/guarantees for the Company's further analysis and review. The Company shall analyze and review such given reports – in accordance with applicable regulations enforced by the competent authorities.

4. Subsidiaries shall cooperate with the Company in order to make necessary public disclosures within the time limit applicable laws and regulations; and to provide necessary financial and business information or to cooperate with the CPAs retained by the Company in order to conduct audits or to review each Subsidiary's financial reports.

Article 7: Supervision and Management of the internal audits of Subsidiaries

The Company shall comply with the “Internal Control System” to supervise and manage the internal audits of the Subsidiaries.

Article 8: Supplemental Provisions

1. For the best practice of computerization, the enforcement of Regulations herein may be implemented with electronic methods.
2. For completeness, the provisions of the Company's “Internal Control System” and applicable laws and regulations shall be supplement to the Regulations.
3. These Regulations and their amendments shall be in effect by ratification by the Board of Directors.