

Listed Code : 6690



Acer Cyber Security Inc.



# Agenda of General Shareholders' Meeting

# 2021

Date : June 16, 2021

Venue : Globaltown Business Center - Xinyi District City Hall Center  
(8F, No.560, Section 4 Zhongxiao East Road, 110-71 Taipei)

## ***Disclaimer***

This is a translation of the 2021 General Shareholders' Meeting Agenda of Acer Cyber Security 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.

# TABLE OF CONTENTS

## **A. Programme**

## **B. Meeting Agenda**

1. Report Items
2. Proposed Items for Ratification and Discussion
3. Extemporaneous Motion

## **C. Attachment**

1. Business Report for the Year 2020
2. Audit Committee's Review Report
3. Financial Statements for the Year 2020
4. 2020 Profit Appropriation Statement

## **D. Appendix**

1. Regulations for the Conduct of Shareholders' Meeting
2. Articles of Incorporation of Acer Cyber Security Incorporated
3. Impact of Stock Dividend Issuance on the Company's Business Performance, Earnings per Share and Shareholder Return Rate
4. Shareholdings of All Directors

## **A. Programme**

1. Call Meeting to Order
2. Report Items
3. Proposed Items for Ratification and Discussion
4. Extemporary Motion
5. Meeting Adjourned

## **B. Meeting Agenda**

**Time:** 9:00 a.m., Wednesday, June 16, 2021

**Venue:** Globaltown Business Center-Xinyi District City Hall Center  
(8F, No.560, Section 4 Zhongxiao East Road, 110 Taipei)

### 1. Report Items

- (1) Business Report for the Year 2020
- (2) Audit Committee's Review Report
- (3) Report on the Distribution of Cash Dividend and Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation for the Year 2020

### 2. Proposed Items for Ratification and Discussion

- (1) Ratification Proposal of the Financial Statements and Business Report for the Year 2020
- (2) Ratification Proposal of Profit Appropriation for the Year 2020
- (3) Discussion proposal for a New Share Issue through Capitalization of Earnings

### 3. Extemporary Motion

### 4. Meeting Adjourned

## 1. Report Items

### (1) Business Report for the Year 2020

Explanatory Notes: Please refer to Attachment 1, pages 8 to 9.

### (2) Audit Committee's Review Report

Explanatory Notes: Please refer to Attachment 2, page 10.

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

Explanatory Notes:

#### a. Distribution of Cash Dividend :

- i. Pursuant to Article 24 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. Cash dividend distribution for 2020 has been approved by the Board of Directors on March 15, 2021, according to which the Company will distribute the cash dividend of NT\$54,999,091 to the shareholders whose names and respective shares are in these shareholders' register on the Ex-rights (ex-dividend) record date, at a preliminary ratio of NT\$3.3 per share. The Board of Directors would set the Ex-rights (ex-dividend) record date separately.

#### b. Execution of Employees' Profit Sharing Bonus and Board Directors' Compensation :

- i. The Board of Directors approved the proposal of employees' 2020 profit sharing bonus and Board Directors' compensation on March 15, 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\$9,900,000.
- iii. The total amount of Board Directors' 2020 compensation is NT\$0.

## **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) The Company'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 Ching-Wen Kao and CPA Wei-Ming Shih of KPMG.
- (2) The Business Report for the year 2020 and the aforementioned Financial Statements are attached hereto as Attachment 1, pages 8 to 9 and Attachment 3, pages 11 to 18, which have been approved by the Audit Committee and by the Board of Directors via resolution.
- (3) Please discuss.

#### Resolution:

### Item 2

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

#### Explanatory Notes:

- (1) The distributable dividends and bonuses from the total accumulative profits available for appropriation to shareholders is NT\$58,332,371. The balance of the unappropriated retained profits is reserved for distribution in the future.
- (2) It is proposed to distribute the cash dividend of NT\$54,999,091 among the aforesaid dividends and bonuses to the shareholders whose names and respective shares are in the shareholders' register on the Ex-rights (ex-dividend) record date, at a ratio of NT\$3.3 per share. (Rounded down to NT\$1 and the residue will be calculated and booked as the Company's other income).

- (3) It is proposed to distribute the stock dividend of NT\$3,333,280 among the aforesaid dividends and bonuses to the shareholders whose names and respective shares are in the shareholders' register on the Ex-rights record date, at a ratio of NT\$0.2 per share.
- (4) Before the Ex-rights record date and Ex-rights (ex-dividend) record date, should the approved cash distribution ratio require any adjustment due to the amendment of laws or regulations, request by competent authorities, or any change of the numbers of issued and outstanding shares, it is proposed the General Shareholders' Meeting to authorize the Board of Directors with full power to adjust the distribution ratio.
- (5) Please refer to the Profit Appropriation Statement for 2020 (Attachment 4, page19).
- (6) Please discuss.

Resolution:

### Item 3

Proposal: Discussion proposal for a new share issue through capitalization of earnings.  
(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the further development of company business, the management plans to withdraw NT\$3,333,280 from distributable earnings to issue dividends stocks of 333,328 shares.
- (2) After the approval of competent authority, based on the shareholders and their respective shares in the shareholders' register on the Ex-rights record date, additional 20 shares are proposed to be distributed per 1000 shares. The allotment of less than one share can be paid in cash according to the denomination (rounded down to NT\$1 ), and authorized the chairman to contact a specific person to subscribe for it, except for the shareholder's application within five days from the Ex-rights record date for combination.
- (3) The shareholder rights and obligations of the new shares are the same as those of existing shares.
- (4) Upon the approval of the Annual Meeting of Shareholders, the Board of Directors

will be authorized to resolve the Ex-rights record date and other relevant issues.

(5) Before the Ex-rights record date, should the approved stock dividend distribution ratio require any adjustment due to amendment of laws or regulations, request by competent authority, or any change of the numbers of the issued and outstanding shares (ex. Transferring or Nullifying Buyback Shares or Capital Injection, etc.), it is proposed that the General Shareholders' Meeting authorize the Board of Directors with full power to adjust the distribution ratio.

(6) Please discuss.

Resolution:

**3. Extemporary Motion**

**4. Meeting Adjourned**

## **Attachment 1**

### **Business Report**

Dear fellow Shareholders,

On October 30, 2019, Acer Cyber Security (ACSI) was officially listed on the Taipei Exchange under stock code: 6690, becoming the first cybersecurity service company to be listed on a stock exchange in Taiwan. Last year, despite the shrouded COVID-19 pandemic, every member of our employees still gave their best efforts to achieve a high standard of customer service under the strict control of group isolation and self-health management measures. Our overall revenue and profitability remained strong in 2020, with consolidated revenue increased by 25% to NT\$ 803 million for the year, as compared to 2019 prior year's revenue figures.

Our SOC (Security Operation Center) business in the financial services industry, as well as our business of mobile application testing as required before the application is launched in the target market under the mobile applications development for small and medium-sized enterprises also have grown significantly in 2020. In addition, the Operation Technology (OT) we introduced in 2020 has enabled relevant energy critical infrastructure operators to understand the risks and importance of cybersecurity they are facing today. As for the development of our overseas businesses, despite the COVID-19 pandemic, we have completed the SOC deployment with our partner overseas and in Thailand in 2019, and with such partnership, we have jointly secured the first SOC client of a securities company in 2020. Immediately after such success, we began a partnership with a cybersecurity company in Indonesia for the first stage of cybersecurity testing deployment, following by the completion of the cybersecurity technology certification for the cybersecurity testing items, vulnerability scanning and penetration testing, through two months of online training, and business development has begun.

In continuing deepening our leadership in the field of cybersecurity services, 1) we have refined our SOC service reports by introducing new versions of the service reports and notification in Q4 2020 to enhance their accuracy and conciseness and to further improve our customer satisfaction; 2) where the number of logs grows exponentially as a result of the increase in the number of customers, we have strengthened the defense of our SOC cybersecurity monitoring rules with AI-generated techniques for suspicious DNS tunneling attacks; 3) in Q4 2020, we have introduced a new automated penetration testing tool: Breach & Attack Simulation (BAS), which has been tested on our target customers, and we have started to develop BAS test reports towards the testing of the virtual blue team on the client side to strengthen the cybersecurity defense strategy through the report results; 4) we have conducted cybersecurity testing and SOC feasibility analysis on the Critical Infrastructure (CI) sectors in 2020, and from the data generated, we identified a number of cybersecurity risks in the sectors that were not previously noticed; project presentations and cybersecurity course promotion were conducted in Q4 for senior management in the energy industry; 5) with respect to the development of our overseas businesses, in addition to our new partner in Indonesia as mentioned above, we also have developed a number of SOC maintenance rules for newly signed customers and potential customers in Thailand, and are moving towards our goal of creating a collaborative network in cybersecurity.

The COVID-19 pandemic has accelerated the development of the digital age. Through either video conferencing, working from home, remote work, or distributed offices with multiple locations, phishing emails, ransomware and DDoS attacks have been reported from time to time, and the manufacturing industry in particular has been subjected to numerous incidents of extortion through ransomware; these events again exposed how vulnerable the manufacturing industry is to cybersecurity risks. The Financial Supervisory Commission (FSC) Chairman Tien-Mu Huang has demanded the implementation of the Cybersecurity Action Plan: Cybersecurity Compliance Review, Cybersecurity Offensive and Defensive Training Exercises, and Cybersecurity Monitoring as the important guidelines for the next four years in continuous improvement and emphasis on cybersecurity resilience. The Department of Cyber Security of the Executive Yuan also requires government agencies and critical infrastructure units (including state-owned companies and private enterprises) to implement cybersecurity defense and processes of incident reporting, and establish the requirements for their cybersecurity service providers on the effectiveness of cybersecurity monitoring and response capabilities. Cybersecurity is national security, and it is also a necessary deployment and investment for a preventive measure that must be taken amid business competition. ACSI is a leading cybersecurity and cyber defense company; last year, in doing what we could in these turbulent times, we have held “Cybersecurity Seminars” freely sharing cybersecurity knowledge to enterprises across the nation and reminding corporations that they should pay even more attention to cybersecurity incidents during this pandemic.

Looking ahead to 2021, the FSC Cybersecurity Action Plan will expand the strength of auditing on bank, security and insurance sectors, while intensifying cybersecurity measures in the manufacturing industry and thus observing opportunities presented for 5G networks in the application of AIOT. This is indeed a great time for ACSI to expand our businesses. We will also start to lay out cybersecurity training business seeing that currently there is a strong demand for cybersecurity professionals but with insufficient supply in the market. Many enterprises have our cybersecurity engineers on-site to assist in their cybersecurity day-to-day maintenance; by establishing a cybersecurity training agency, it will provide our customers with greater support in cybersecurity industry. From Boards of directors, senior management cybersecurity knowledge and cybersecurity talent professional skills, they all will require the works of professional cybersecurity service vendors to assist in promotion and training, and ACSI is just the company that possesses abundant experience in cybersecurity defense and management. We will be able to expand our cybersecurity service items and make a greater contribution to the integrity of cybersecurity defense.

**President**



**Manager**



**Head of  
Accounting  
Department**



## Audit Committee's Review Report



### 審計委員會查核報告書 Audit Committee's Review Report

董事會造具本公司 109 年度營業報告書、財務報表及盈餘分派之議案等，其中財務報表業經委託安侯建業聯合會計師事務所高靚玟及施威銘會計師查核完竣，並出具查核報告。上述營業報告書、財務報表及盈餘分派議案經本審計委員會查核，認為尚無不合，爰依證券交易法第 14 條之 4 及公司法第 219 條規定之規定報告如上，敬請 鑒核。

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Ching-Wen Kao and Wei-Ming Shih from KPMG were retained to audit ACSI's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of ACSI in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. I hereby submit this Report.

安基資訊股份有限公司  
Acer Cyber Security Incorporated

審計委員會召集人：喻銘鐸

Convener of the Audit Committee: Ming-To Yu

中華民國 110 年 3 月 15 日

## Attachment 3

### Independent Auditors' Report

To the Board of Directors  
Acer Cyber Security Inc.:

#### Opinion

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

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

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 financial statements for the year ended December 31, 2020 are stated as follows:

##### 1. Revenue recognition

Please refer to Note 4(n) for the accounting policies on recognizing revenue.

Description of key audit matter:

The Company engaged primarily in providing integrated cybersecurity service to enterprises. The identification of performance obligation(s) and the timing of revenue recognition (performance obligations satisfied over time or at a point in time) is subject to management's judgment, which increases the complexity of revenue recognition. Therefore, revenue recognition has been identified as our key audit matter.

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, testing the design and operating effectiveness of the Company's internal control over the service revenue recognition; assessing whether the accounting policies with respect to the identification of performance obligation(s) and timing of revenue recognition are appropriate; reviewing the contract term and other supporting documents of the selected samples to verify whether the timing and amount of revenue recognition is in accordance with related accounting policies. We also consider the adequacy of the disclosure on revenue from contracts with customers in the Note 6(o) of the accompanying financial statements.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using equity method to express an opinion on the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Ching-Wen Kao and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)  
March 6, 2017

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

ACER CYBER SECURITY INC.

Balance Sheets

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019			Liabilities and Equity		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%				Amount	%		
<b>Current assets:</b>							<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 415,122	45	397,511	47	2130	Contract liabilities—current (note 6(o))	52,144	6	19,678	2	
1140	Contract assets—current (notes 6(o) and 7)	136,534	15	99,500	12	2170	Accounts payable	91,095	10	79,195	9	
1170	Notes and accounts receivable, net (notes 6(b) and (o))	135,406	15	79,956	9	2180	Accounts payable to related parties (note 7)	7,444	1	3,234	-	
1180	Accounts receivable from related parties (notes 6(b), (o) and 7)	13,928	1	14,183	2	2219	Other payables	110,521	12	96,693	12	
1200	Other receivables (note 6(c))	2,686	-	4,724	1	2220	Other payables to related parties (note 7)	8,361	1	14,400	2	
1210	Other receivables from related parties (note 6(c) and 7)	209	-	1,505	-	2230	Current tax liabilities (note 6(k))	11,808	1	13,927	2	
1470	Prepay expenses and other current assets	2,191	-	2,822	-	2280	Lease liabilities-current (notes 6(13) and (25) and 8)	9,399	1	9,117	1	
	<b>Total current assets</b>	<u>706,076</u>	<u>76</u>	<u>600,201</u>	<u>71</u>	2300	Other current liabilities (note 6(n))	10,353	1	7,206	1	
							<b>Total current liabilities</b>	<u>301,125</u>	<u>33</u>	<u>243,450</u>	<u>29</u>	
<b>Non-current assets:</b>							<b>Non-current liabilities:</b>					
1517	Financial assets measured at fair value through other comprehensive income—non-current	28,205	3	-	-	2580	Lease liabilities-non-current (notes 6(13) and (25) and 8)	7,533	1	16,576	2	
1600	Property, plant and equipment (note 6(c))	19,922	2	14,346	2	2670	Other non-current liabilities	1,042	-	1,042	-	
1755	Right-of use assets (notes 6(g) and 7)	16,373	2	24,950	3		<b>Total non-current liabilities</b>	<u>8,575</u>	<u>1</u>	<u>17,618</u>	<u>2</u>	
1780	Intangible assets (note 6(h))	65,262	7	104,253	12		<b>Total liabilities</b>	<u>309,700</u>	<u>34</u>	<u>261,068</u>	<u>31</u>	
1840	Deferred income tax assets (note 6(k))	6,915	1	6,097	1		<b>Equity (note 6(l)):</b>					
1967	Non-current assets recognized from costs to fulfil contracts with customers (notes 6(c), 7 and 8)	14,541	2	23,185	3	3110	Common stock	166,664	18	163,396	19	
1975	Other non-current assets	1,733	-	823	-	3200	Capital surplus	323,900	35	323,900	38	
1980	Other financial assets—non-current (note 6(l))	64,076	7	69,848	8	3310	Retained earnings:					
	<b>Total non-current assets</b>	<u>217,027</u>	<u>24</u>	<u>243,502</u>	<u>29</u>	3320	Legal reserve	31,748	3	24,978	3	
						3350	Unappropriated earnings (accumulated deficit)	11,634	1	510	-	
						3400	Unappropriated retained earnings (accumulated deficit)	93,459	10	81,486	10	
							Other equity	(14,002)	(1)	(11,635)	(1)	
							<b>Total equity</b>	<u>613,403</u>	<u>66</u>	<u>582,635</u>	<u>69</u>	
<b>Total assets</b>		<u>\$ 923,103</u>	<u>100</u>	<u>843,703</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 923,103</u>	<u>100</u>	<u>843,703</u>	<u>100</u>	

(English Translation of Financial Statements Originally Issued in Chinese)

**ACER CYBER SECURITY INC.**

**Statements of Comprehensive Income (Loss)**

**For the years ended December 31, 2020 and 2019**

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

		2020		2019	
		Amount	%	Amount	%
4000	Net revenue (notes 6(o) & (p) and 7)	\$ 803,373	100	642,209	100
5000	Cost of revenue (note 6(d), (h), (i) & (j) and 7 and 12)	(482,164)	(60)	(371,150)	(58)
	<b>Gross profit</b>	<b>321,209</b>	<b>40</b>	<b>271,059</b>	<b>42</b>
	<b>Operating expenses (notes 6(g), (h), (i), (j), (m) &amp; (q), 7 and 12):</b>				
6100	Selling expenses	(45,921)	(6)	(36,238)	(6)
6200	General and administrative expenses	(72,919)	(9)	(69,539)	(11)
6300	Research and development expenses	(101,920)	(12)	(88,313)	(13)
	<b>Total operating expenses</b>	<b>(220,760)</b>	<b>(27)</b>	<b>(194,090)</b>	<b>(30)</b>
	<b>Operating income (loss)</b>	<b>100,449</b>	<b>13</b>	<b>76,969</b>	<b>12</b>
	<b>Non-operating income and loss (notes 6(r) and 7):</b>				
7100	Interest income	1,356	-	335	-
7020	Other gains and losses — net	(142)	-	8,662	1
7050	Finance costs	(237)	-	(289)	-
	<b>Total non-operating income and loss</b>	<b>977</b>	<b>-</b>	<b>8,708</b>	<b>1</b>
7900	<b>Profit (loss) from continuing operations before tax</b>	<b>101,426</b>	<b>13</b>	<b>85,677</b>	<b>13</b>
7950	Less: Income tax expenses	(19,272)	3	(17,981)	2
	<b>Profit (loss)</b>	<b>82,154</b>	<b>10</b>	<b>67,696</b>	<b>11</b>
	<b>Other comprehensive income:</b>				
	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8310	Remeasurements of defined benefit plans	(753)	-	(1,466)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,765)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(151)	-	(293)	-
	<b>Other comprehensive income</b>	<b>(2,367)</b>	<b>-</b>	<b>(1,173)</b>	<b>-</b>
	<b>Total comprehensive income (loss) for the year</b>	<b>\$ 79,787</b>	<b>10</b>	<b>66,523</b>	<b>11</b>
	<b>Earnings per share (in New Taiwan dollars) ((note 6(n)):</b>				
9750	Basic earnings (loss) per share	<b>\$ 4.93</b>		<b>5.01</b>	
9850	Diluted earnings (loss) per share	<b>\$ 4.90</b>		<b>4.95</b>	

(English Translation of Financial Statements Originally Issued in Chinese)

**ACER CYBER SECURITY INC.**

**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				Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	
<b>Balance at January 1, 2019</b>	\$ 126,296	22,124	19,179	-	57,988	77,167	-	(10,462)	(10,462)	215,125
Net loss for the year	-	-	-	-	67,696	67,696	-	-	-	67,696
Other comprehensive loss for the year	-	-	-	-	-	-	-	(1,173)	(1,173)	(1,173)
Total comprehensive loss for the year	-	-	-	-	67,696	67,696	-	(1,173)	(1,173)	66,523
Appropriation approved by the stockholders:										
Legal reserve	-	-	5,799	-	(5,799)	-	-	-	-	-
Special reserve appropriated	-	-	-	510	(510)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(37,889)	(37,889)	-	-	-	(37,889)
Issue of shares	37,100	298,882	-	-	-	-	-	-	-	335,982
Changes in ownership interests in subsidiaries	-	2,894	-	-	-	-	-	-	-	2,894
<b>Balance at December 31, 2019</b>	163,396	323,900	24,978	510	81,486	106,974	-	(11,635)	(11,635)	582,635
Net loss for the year	-	-	-	-	82,154	82,154	-	-	-	82,154
Other comprehensive loss for the year	-	-	-	-	-	-	(1,765)	(602)	(2,367)	(2,367)
Total comprehensive loss for the year	-	-	-	-	82,154	82,154	(1,765)	(602)	(2,367)	79,787
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	6,770	-	(6,770)	-	-	-	-	-
Special reserve appropriated	-	-	-	11,124	(11,124)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(49,019)	(49,019)	-	-	-	(49,019)
Cash dividends of preference share	3,268	-	-	-	(3,268)	(3,268)	-	-	-	-
<b>Balance at December 31, 2020</b>	\$ 166,664	323,900	31,748	11,634	93,459	136,841	(1,765)	(12,237)	(14,002)	613,403

(English Translation of Financial Statements Originally Issued in Chinese)

ACER CYBER SECURITY INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Income (loss) before income tax	\$ 101,426	85,677
<b>Adjustments for:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation	18,706	13,167
Amortization	279,245	217,909
Interest expense	237	289
Interest income	(1,356)	(335)
Share-based compensation cost	-	2,894
Gain on disposal of property, plant and equipment	(20)	-
<b>Total profit and loss</b>	<u>296,812</u>	<u>233,924</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Increase in contract assets	(37,034)	(28,407)
Decrease (increase) in notes and accounts receivable	(55,450)	(9,900)
Decrease (increase) in accounts receivables from related parties	255	(8,505)
Increase in other receivables	2,042	21,780
Increase in other receivables from related parties	1,296	21,908
Increase in inventories	-	929
Increase in prepaid expenses and other current assets	(470)	(338)
Decrease (increase) in prepayments	(1,657)	(823)
<b>Net changes in operating assets</b>	<u>(91,018)</u>	<u>(3,356)</u>
<b>Net changes in operating liabilities:</b>		
Increase in contract liabilities	32,466	(14,781)
Increase in accounts payable	11,900	(82,669)
Increase in accounts payable to related parties	4,210	(486)
Increase (decrease) in other payables	13,828	36,156
Increase in other payables to related parties	(6,045)	(38,694)
Increase (decrease) in other current liabilities	3,147	133
Decrease in net defined benefit liabilities	-	(8,484)
<b>Net changes in operating liabilities</b>	<u>59,506</u>	<u>(108,825)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(31,512)</u>	<u>(112,181)</u>
<b>Total adjustments</b>	<u>265,300</u>	<u>121,743</u>
Cash provided by operations	366,726	207,420
Interest received	1,352	237
Interest paid	(237)	(289)
Income taxes paid	(20,957)	(14,513)
<b>Net cash from operating activities</b>	<u>346,884</u>	<u>192,855</u>

(Continued)

(English Translation of Financial Statements Originally Issued in Chinese)

**ACER CYBER SECURITY INC.**

**Statements of Cash Flows (Continued)**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities:</b>		
Purchase of financial assets at fair value through other comprehensive income	(29,970)	-
Additions to property, plant and equipment	(12,810)	(12,561)
Proceeds from disposal of property, plant and equipment	72	-
Additions to intangible assets	(141,304)	(146,603)
Proceeds from disposal of intangible assets	(90,306)	(80,200)
Net cash receipts from acquisitions of subsidiaries and other business units	5,772	(19,400)
<b>Net cash flows used in investing activities</b>	<u>(268,546)</u>	<u>(258,764)</u>
<b>Cash flows from financing activities:</b>		
Payment of lease liabilities	(11,708)	(10,200)
Cash dividends	(49,019)	(37,889)
Proceeds from issuing shares	-	335,982
<b>Net cash flows from (used in) financing activities</b>	<u>(60,727)</u>	<u>287,893</u>
<b>Net decrease in cash and cash equivalents</b>	17,611	221,984
<b>Cash and cash equivalents at beginning of period</b>	397,511	175,527
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 415,122</b></u>	<u><b>397,511</b></u>

## Attachment 4

### Acer Cyber Security Incorporated 2020 Statement of Profit Appropriation

	Unit : NT\$
Beginning Balance of Un-appropriated Retained Earnings	<b>11,305,540</b>
Plus : 2020 Net Income after Tax	82,153,512
Deduct: Legal Reserve	(8,215,351)
Deduct: Special Reserve (Remeasurements of the Defined benefit plans)	(602,400)
Deduct: Special Reserve (Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)	(1,764,900)
Appropriation Items	<b>82,876,401</b>
Cash Dividends to Shareholders(*)	(54,999,091)
Stock Dividends to Shareholders(**)	(3,333,280)
Ending Balance of Un-appropriated Retained Earnings	<b>24,544,030</b>

\*

1. Cash dividend : NT\$3.3 per share.
2. 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.
3. The total amount of cash dividends to the shareholders is NT\$54,999,091, which has been approved by the Board of Directors on March 15, 2021.

\*\* Stock dividend : NT\$0.2 per share.

Chairman of Board



General Manager



Chief Accountant



## Appendix 1

### **Acer Cyber Security Incorporated (THE "COMPANY") Regulations of 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 Nov. 27, 2017.

## Appendix 2

# Acer Cyber Security 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 安基資訊股份有限公司 in the Chinese language, and Acer Cyber Security Incorporated in the English language.
- Article 2 The scope of business of this Company shall include the following:
- I301010 Software Design Services
  - I301020 Data Processing Services
  - I301030 Digital Information Supply Services
  - IZ13010 Internet Identify Services
  - I103010 Enterprise Management Consultancy
  - F118010 Wholesale of Computer Software
  - F218010 Retail Sale of Computer Software
  - F113050 Wholesale of Computing and Business Machinery Equipment
  - F213030 Retail sale of Computing and Business Machinery Equipment
  - F113070 Wholesale of Telecom Instruments
  - F213060 Retail Sale of Telecom Instruments
  - CC01050 Data Storage Media Units Manufacturing
  - I601010 Rental and Leasing
  - JZ99050 Agency Services
  - F301030 General Merchandise
  - G902011 Type II Telecommunications Enterprise
  - H703100 Real Estate Rental and Leasing
  - 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 headquarters of this Company shall be located in Taipei City, Taiwan, R.O.C. If the Company considers it's necessary, it may, by a resolution adopted at a meeting by the Board of Directors, set up branch offices in Taiwan or abroad.
- Article 5 It the Company considers it's necessary for business operation, it may make investment, and it may, by a resolution adopted at a meeting by the Board of Directors, be a corporate shareholder of other company with limited liabilities. The total amount of investment made by this Company shall be exempt from

the restriction under Article 13 of the Company Law.

Article 6 Public announcements of the Company shall be made according to Article 28 of the Company Act.

## **CHAPTER II – CAPITAL STOCK**

Article 7 The total amount of this Company capital stock is NT\$ 3,000,500,000 divided into 300,050,000 shares at par value of NT\$10 per share, within which the Board of Directors is authorized to issue shares in installments.

NT\$ 20,000,000 of the aforesaid total capital stock is reserved for exercising stock options, within which the Board of Directors may be authorized to issue shares in installments according to laws and regulations.

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 the aforesaid shall 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 8 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.

The Company may issue shares without printing share certificate, provided that it shall register such issued shares with a centralized securities depository enterprise. The same applies in case of issuing other marketable securities.

The Company's withdrawal of application for public issuance shall be resolved by the shareholders meeting in accordance with the Company Act and relevant laws and regulations. This Article shall not be modified as long as the Company is under the process of applying for the qualifications of an emerging stock company and OTC/listed company.

Article 9 The transfer of share certificates shall not be filed with the Company within sixty (60) days prior to the date of the annual shareholders' meeting or within

thirty (30) days prior to the special shareholders' meeting or within five (5) days prior to the date fixed for allocating dividends, bonuses or other benefits.

The affairs of share certificates shall be ascertained by referring to the Regulations Governing the Administration of Shareholder Services of Public Companies unless specified otherwise by law and securities regulations.

### **CHAPTER III – SHAREHOLDERS' MEETINGS**

Article 10 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 (6) months after the close of each fiscal year. Special meetings shall be convened, whenever deemed necessary in accordance with the law. The notice of shareholders' meeting may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. The notice of the shareholders meeting to shareholders who own less than 1,000 shares of nominal stocks may be given by the Company in the form of a public announcement. The notice and public announcement of shareholders' meeting shall be ascertained by referring to Article 172 of the Company Act.

Article 11 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 or sealed by the shareholder. Where one person has been appointed to act as proxy for more than two shareholders, unless such person representing a trust enterprise or agent for stock affairs approved by the security authority, the votes exercised by such person which exceeding three percent (3%) of all the issued and outstanding shares of this Company shall not be counted.

The above-mentioned proxy forms shall be delivered to this Company five (5) days before the shareholders' meeting. In case of duplicated forms were received, the proxy received earlier shall be effective.

Besides Article 177 of the Company Act and Article 25-1 of the Securities and Exchange Act, the policies of shareholders' appointment of proxy shall also be ascertained referring to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

After this Company becomes an OTC/listed company, it shall provide electronic voting mechanism as one of the options for shareholders to exercise their voting rights.

Article 12 Unless otherwise regulated by law, each shareholder of this Company owns one vote per share.

Article 13 Except as otherwise provided by the Company Law, a resolution of shareholders meeting shall be adopted by the shareholders of a majority of the votes of the issued and outstanding shares represented at such meeting at which the

shareholders of a majority of issued and outstanding shares are present.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting according to Article 28 of the Company Act.

#### **CHAPTER IV – DIRECTORS AND COMMITTEE**

Article 14 This Company shall have five (5) ~ nine (9) directors, to be elected from the nominees listed in the roster of director with the candidate nomination system. The term of office of directors shall be three (3) years. The directors are eligible for re-election.

To comply with Article 14-2 of the Securities and Exchange Act, the Company shall establish at least three (3) independent directors, occupying equal to/exceeding seats of one fifth of the elected directors, to be included in the number of directors designated in the preceding paragraph. The profession qualifications of independent directors, and their holding shares number, non-competition limitation, nomination, election and other items requiring compliance shall be ascertained referring to regulations of the security authority.

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 obligated to perform those duties of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant laws and regulations.

Article 15 The election of the Company's directors adopts the cumulative voting system. Each share has the same votes/voting rights as the number of directors to be elected. All votes can be used to elect one person collectively, or distributed to several persons. The person received votes representing more voting rights shall be elected as director.

Article 16 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 Company may have a vice chairman through the same way. The chairman of the Board of Directors shall represent this Company in external matters.

Article 17 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 Act. 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. In case that a director attended a meeting of the Board of Directors via visual communication network, he/she shall be deemed to have attended such meeting in person.

Article 18 The meeting of the Board of Directors shall be convened in accordance with the Company Act and relevant regulations of competent authority; the notice of such meeting to each director may be provided in writing, by electronic mail or facsimile transmission.

Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by more than one-half of the directors at a meeting attended by more than one-half of the directors.

Article 19 For business operation requirements, the Board of Directors may place remuneration committee or other functional committees.

Article 20 The Board of Directors is authorized to determine the compensation for chairman of the Board of Directors and directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas, no matter whether the Company has profit or suffered loss.

Article 21 The Board of Directors may buy the Responsibility Insurance for the directors who have to be responsible for the damages caused by their performance of duties during their tenure according to laws and regulations.

#### **CHAPTER V – MANAGERS**

Article 22 This Company may have one president and several vice presidents. The appointment, removal, and compensation of such president and vice presidents shall be made in accordance with Article 29 of the Company Act.

#### **CHPATER VI – ACCOUNTING**

Article 23 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 24 Where there is profit at the end of each fiscal year, after covering the accumulated losses, at least 2% of the profit shall be distributed as employees' compensation and no more than 0.8% shall be allocated as the remuneration for directors.

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 shall be specified by the Board of Directors.

Where this Company has earnings at the end of the fiscal year, after paying all relevant taxes, making up losses of previous years, 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 of the same may be allocated to shareholders as dividends and bonuses after the resolution of proposal, submitted by the Board of Directors, has been made by the shareholders' meeting. 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.

Article 25 Considering that the industry life cycle is in growth stage, the Company's dividend policy is set based on capital budgeting needs for long-term financial planning, as well as shareholders' interests and other factors. The shareholders' dividends allocated shall not be lower than 2% of the annual distributable surplus. The method for allocation of shareholders' dividends could be done in cash or stock dividends, where the proportion of cash dividends should not be less than 10% unless the Board of Directors decided not to distribute and such decision was approved by the shareholders meeting. When the Company has no surplus, no dividends and bonuses will be distributed; however, the legal reserve and capital reserve may be distributed in whole or in part according to laws and regulations or the competent authority based on the consideration of the Company's financial, business and operating aspects.

## **CHAPTER VII – SUPPLEMENTARY PROVISIONS**

Article 26 The Company Act and related regulations shall govern any matter not provided in these Articles of Incorporation.

Article 27 These Articles of Incorporation were approved on May 24, 2000  
The first amendment was approved on August 1 , 2000  
The second amendment was approved on December 7, 2000  
The third amendment was approved on February 1, 2001  
The fourth amendment was approved on February 26, 2001  
The fifth Amendment was approved on November 2, 2002  
The sixth amendment was approved on December 10, 2002  
The seventh amendment was approved on March 31 , 2003  
The eighth amendment was approved on April 17, 2006  
The ninth amendment was approved on June 28, 2010

The tenth amendment was approved on December 1, 2015  
The eleventh amendment was approved on February 9 , 2018  
The twelfth amendment was approved on December 13, 2018  
The thirteenth amendment was approved on June 21, 2019

## Appendix 3

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

Item		Year	2021 (Forecast)
Beginning Paid-in Capital			NT\$166,663,920
Dividend Distribution	Cash dividends per share (Note1)		NT\$3.3
	Stock dividend per share for capital increase from retained earnings (Note2)		0.02 share
	Stock dividend per share for capital increase from capital reserve (Note2)		0 share
Business Performance Variation	Operating profit		N/A (Note3)
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
	Average return over investment (annualized)		
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	N/A(Note3)
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share	
		Pro forma average return over investment (annualized)	

Note1 : The total amount of cash dividends to the shareholders is NT\$54,999,091, which has been approved by the Board of Directors on March 15, 2021.

Note2 : Pending resolution by 2021 Annual General Shareholders' Meeting.

Note3 : ACSI did not disclosure 2021 financial forecast and any other forecast information.

## Appendix 4

### Acer Cyber Security Incorporated Shareholdings of All Directors as of April 18, 2021

Title	Name	Number of Shares
Chairman	Acer Incorporated Legal Representative: Maverick Shih	10,755,900
Director	Acer Incorporated Legal Representative: Ben Wan	10,755,900
Director	Acer Incorporated Legal Representative: Meggy Chen	10,755,900
Independent Director	Ming-To Yu	0
Independent Director	Sophia Tung	0
Independent Director	Steve Ro	0
Independent Director	Jack Sun	0
Total		10,755,900

Note : (1) The current number of issued shares in the Company as of April 18, 2021 is 16,666,392 common shares.

(2)The Company’s directors shall hold at least 1,999,967shares to comply with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

**ACSI**  
[www.acercsi.com](http://www.acercsi.com)