



FINANCIAL CORPORATE COMMUNICATION

(JCS 2233)

ANALYSING COMPANY'S ANNUAL REPORT

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1.0 INTRODUCTION

Stan Shih Chen Jung and his pals launched Acer in 1976 with a \$25,000 investment. They titled their firm 'Multitech International,' and began by producing handheld electronic games before moving on to market semi-conductors imported from poorer nations at a lesser cost. The corporation was renamed 'Acer Inc.' in 1981. Their first successful product was the 'Microprofessor,' which generated income for their subsequent ventures. Following that, they began producing PCs, which they provided to businesses and sold under their well-known brands.

Acer was the first Taiwanese computer manufacturer to offer its products directly to consumers. This was only feasible due to their decision to reinvest their profits in R&D. As a result, in 1986, it was able to create the world's first Chinese language computer, which used an Intel 386 CPU.

Acer's risky initiatives paid off, and by 1988, it had only generated \$25 million in earnings. Acer's revenue had nearly surpassed \$1 billion by 1990, but earnings were just \$4 million. This was owing to the immediate drop in computer hardware prices throughout the world, as well as the strengthening of the Taiwanese currency.

Stan Shih was described by Fortune's Louis Kraar in 1995 as "a remarkable blend of technical nerd, traditional Chinese businessman, avant-garde manager, and worldwide entrepreneur, with outsize ambition and vision to match." All of these abilities were put to use by the young CEO in his fledgling business. Shih built a contemporary, progressive company culture in sharp contrast to the conventional Taiwanese business culture of micromanagement, cronyism, and profiteering. Despite the fact that Shih's wife, Carolyn Yeh, was the company's first bookkeeper, the founder insisted that his three children search for work elsewhere. Even

in manufacturing plants, time clocks were frowned upon. He launched Taiwan's first equity incentive programme in 1984. Within four years, 3,000 Acer employees had become investors.

With the formation of Third Wave Publishing Corp. in 1981, Acer hinted to a significant shift in approach. The phrase "third wave" related to the most recent period in Taiwan's computer industry's history: the first was marked by trademark and patent infringement, the second by clone making, and the third by technological innovation. Rather than just reproducing the designs of other firms, Acer began to differentiate itself from the majority of its Taiwanese competitors by doing its own research and development. For example, the business created one of the earliest Chinese language computer systems in the world. Acer was the second company after Compaq to release a 32-bit PC using an Intel 386 chip in 1986.

2.0 Acer Major Shareholders

Relationship among the Top Ten Shareholders (April 14, 2020)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hung Rouan Investment Corp.	73,629,933	2.39%	0	0.00%	0	0.00%	Stan Shih	The spouse of this company's Chairman	-
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	54,123,771	1.76%	0	0.00%	0	0.00%	-	-	-
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	42,737,897	1.39%	0	0.00%	0	0.00%	-	-	-
Stan Shih	34,989,531	1.14%	399,225	0.01%	0	0.00%	Hung Rouan Investment Corp.	This company's Chairman is the spouse of the stakeholder to this company	-
Management Board of Public Service Pension Fund	34,663,600	1.13%	0	0.00%	0	0.00%	-	-	-
Acer GDR	28,966,180	0.94%	0	0.00%	0	0.00%	-	-	-
Acer Inc.	27,080,000	0.88%	0	0.00%	0	0.00%	-	-	-
Polunin Developing Countries Fund, LLC	23,479,197	0.76%	0	0.00%	0	0.00%	-	-	-
ISHARES MSCI TAIWAN ETF	23,426,737	0.76%	0	0.00%	0	0.00%	-	-	-
iShares Core MSCI Emerging Markets ETF	23,082,872	0.75%	0	0.00%	0	0.00%	-	-	-

Note: The total share proportion hold by all family members of Stan Shih is 6.03%.

To maintain momentum and ensure long-term sustainability, Acer's approach is to adapt in tandem with the industry and changing lifestyles. Acer's focus on sourcing supplies to meet the immediate demand for our products, so that people could stay connected during the epidemic, contributed to its success. FY2020 consolidated revenues of NT\$277.11 billion, operating income of NT \$8.94 billion, and YoY increase of 190.3 percent. Net income of NT\$6.03 billion with a margin of 3.2 percent and earnings per share of NT\$2.01.

Because of its immediate influence on people's lives, the COVID-19 epidemic has piqued practically everyone's interest. It caused delays in worldwide PC shipments and revealed the inadequacies of current supply networks in the ICT sector. Finally, it prompted new lifestyle standards and compelled industries to quickly adjust to high volatility and unanticipated changes in order to maintain operating. Despite the postponement of most physical events owing to the pandemic, Acer held two worldwide press conferences in 2020, pushing the boundaries of innovation and revealing our new products to the globe through online broadcasting.

Innovation and Intrapreneurship

In 2020, Acer placed fifth in overall PC shipments worldwide, with a 22 percent year-on-year growth rate that outpaced the industry's 13 percent growth rate (Source: IDC). Our concentration on industry bright spots produced great results, with Chromebooks and the gaming line (desktops, laptops, and monitors) increasing sales by 95 percent and 31 percent, respectively, year on year. With 523 patent applications, we placed second in Taiwan.

3.0 Acer communication strategy

Acer spends a lot of money on advertising in the electronic media. Their commercials may be found at their retail locations, as well as on television channels and internet platforms. These advertisements aid in brand awareness and boost the brand's exposure and market worth. Acer has engaged actor "Hrithik Roshan" as its brand ambassador in India to promote its goods. They also show their items alongside adverts in print media such as magazines and newspapers.

The firm has offered discounts on its items on a regular basis for special sales promotion activities. Acer became the sponsor of the racing team "Bar-Honda F1" in 2001, and the following year it sponsored the F1 team "Prost-Grand Prix." From 2003 through 2012, Acer was the official sponsor of the Ferrari F1 team. The company has also been a member of the "Olympic Movement."

The following are the communication strategies used by Acer:

1. Advertising: Acer advertises using both electronic and print media.
2. Launch offers: Make an offer for a new product to be introduced into the market.
3. Publicity: They launch their brand on a worldwide scale.
4. Using media: Using media to disseminate fresh information to the public.
5. Public relations: They use client data to build relationships while also reminding or informing customers about current offerings or activities.
6. Expenditure: They spend both domestically and worldwide.

4.0 Risks Handling

The Company is fully aware that it is the obligation of its Board of Directors and managers to create, operate, and maintain an internal control system. The Company has put in place such a system in order to provide reasonable assurance about the attainment of objectives in the following categories: (1) operational effectiveness and efficiency (including profitability, performance, and asset safeguarding), (2) reporting dependability, timeliness, transparency, and regulatory compliance, and (3) compliance with relevant laws, regulations, and bylaws.

The Company evaluates the structure and internal effectiveness of its internal control system using the criteria specified in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations"). Based on the management control process, the Regulations' criteria identify five constituent elements of internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element contains a number of items. For further information, please see the Regulations.

Based on risk mapping, the Risk Management Working Group assesses possible hazards to the Company's future operations. The possibility of various risks and the level of harm that would result if they occurred, categorising risks and ensuring effective prioritisation of risk management techniques. Simultaneously, we employ sensitivity analysis and stress testing to do additional quantitative analysis of each risk item and determine whether there is a substantial connection between risk variables.

5.0 Assuming that you are the potential investor, what do you think about the company based on the report provided? Does the content in the report trigger your intention to invest? If yes, why? If No, Why?

I was very interested in Acer after I read their annual report. What I see is them making interesting changes to their marketing strategy and future development strategy. Here is their strategy:

1. Acer's gaming ecosystem will be expanded with PCs and gadgets for hardcore to casual gamers, as well as hosting international esports competitions and a gaming community platform for players to practise and network with one another. Extend your product offering to include beverages and the distribution of popular gaming consoles.
2. Maintain Acer's technological leadership by continuously improving products such as thermal cooling solutions and award-winning laptop hinge designs. Investigate AI-based solutions for vertical industries like smart cities and to help the healthcare industry reach breakthroughs. Expand into other verticals that have a synergy with our core skills through in-house research and collaborations.
3. Concentrate on high-growth categories such as thin-and-light laptops, the creator line for designers, the gaming ecosystem (hardware, social network, tournaments, and drinks), Chromebooks for education, and the newest robust line for users in outdoor and severe situations.
4. Promote a greater awareness of the need to lessen environmental burdens. More efforts should be taken to protect, reuse, and recycle in firm operations, as well as to give back to society and shareholders.
5. Continuous advances in industry-leading thermal cooling technology and high-performance results. Investigate new technologies and markets that are not limited to

the PC structure, conduct research into diverse services and solutions, and capitalise on Acer's extensive worldwide presence and service network.

6.0 Acer Strength

Acer is looking into new chances. Acer is devoted to fortifying its foundations with technical advances and creating distinctive product lines to meet the demands of gamers, creators, educators, and others. Expansion into other areas and development of numerous business engines. In the gaming industry, Acer has continued to expand its full ecosystem, which now includes hardware/accessories. Acer has distinguished itself in the hardware market by releasing new generations of its sophisticated thermal cooling technologies. Acer has introduced a new in-game live AI translator for PLANET9, a community-driven e-sports platform for gamers.

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In addition, Acer e-Enabling Service Business collaborated with Taiwan's Centers for Disease Control to build an infection and antibiotic resistance surveillance system. WITSA awarded the system the Global ICT Excellence Award for COVID-19 Best Industry Solution (World Information Technology and Service Alliance), an optimistic indicator that Acer's efforts to deploy information and communication technologies to pandemic preparedness are bearing fruit.

7.0 Summarize

I am amazed by how the organisation presented its Annual Report 2020. The information provided by the firm is adequate. To discover new consumers and suppliers, you may obtain extensive information about the firm and its activities. The report can also help you understand and respond to your rivals' company structures and tactics, as well as profit on their flaws.

Acer has long been known globally as a well-known electronics company. There is no denying that the electronic equipment they produce achieves a very satisfactory quality and gets good feedback from customers. To assist your scholastic or commercial research requirements, key components such as SWOT analysis, corporate system and monetary proportions and graphs are gathered in the study. I don't feel there is much more to update in terms of communicating data to partners, given that the organisation already communicated enough finer details to partners in the report.

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