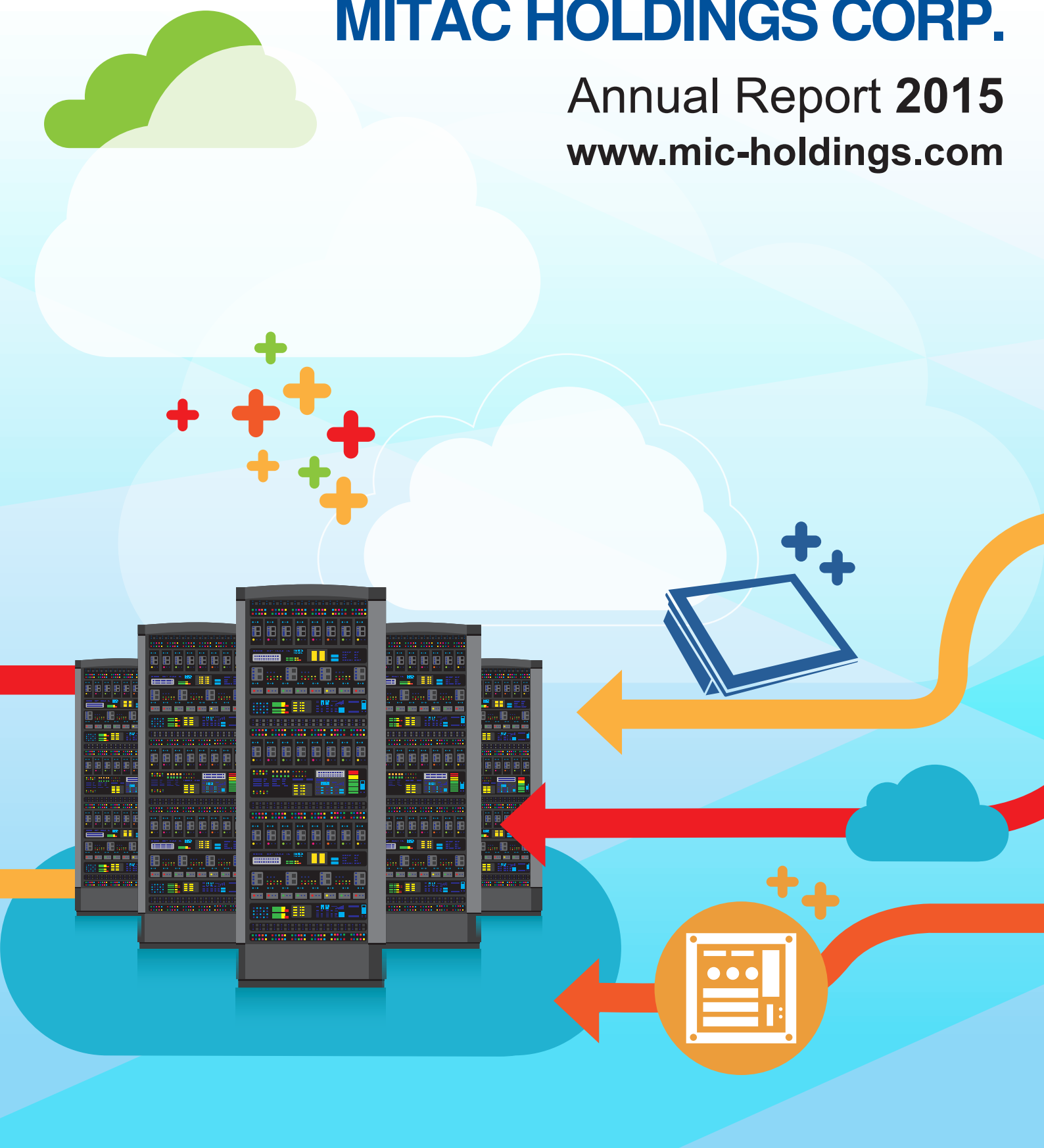


MITAC HOLDINGS CORP.

Annual Report **2015**

www.mic-holdings.com



- I. Spokesman: Ho, Jhi-Wu / Corporate President
Acting Spokesperson: Huang, Hsiu-Ling / Vice President of Finance Center
Tel: +886 2 328-9000
E-mail: stock@mic.com.tw
- II. Headquarters : MiTAC Holdings Corporation.
Address: 8th floor, Building B, No.209, Sec. 1, Nangang Rd., Nangang Dist., Taipei, Taiwan, R.O.C.
Tel: +886 2 2652-5858
Branch and factory: none
- Subsidiaries :
1. MiTAC International Corp.
Address: No.1, R&D Road 2, HsinChu Science Park, HsinChu, Taiwan, R.O.C.
Tel: +886 3 577-9250
Lin Kou Office
Address: No.200, Wen Hwa 2nd Rd., Kuei Shan Dist., Taoyuan City, Taiwan R.O.C.
Tel: +886 3 328-9000
Nangang Office
Address: Building B, No.209, Sec. 1, Nangang Rd., Nangang Dist., Taipei, Taiwan, R.O.C.
Tel: +886 2 2652-5888
2. MiTAC Computing Technology Corporation
Address: 3F., No.1, R&D Road 2, HsinChu Science Park, HsinChu, Taiwan, R.O.C.
Tel: +886 3 577-9088
- III. Stock Agency (the Company's stock transfer agent)
Name: China Trust Commercial Bank - Stock Agency Department
Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei, Taiwan, R.O.C.
Tel: +886 2 6636-5566
Website: [http:// www.ctbcbank.com](http://www.ctbcbank.com)
- IV. CPAs for the most recent Independent Auditor's Report
CPA: Liu Yin-Fe, Wen Fang-Yu
Name of CPA firm: Pricewaterhouse Coopers
Address: 27F., No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei Taipei, Taiwan, R.O.C.
Tel: +886 2 2729-6666
Website: <http://www.pwc.tw/>
- V. Foreign securities listing: None
- VI. Company Website: www.mic-holdings.com

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One. Letter to Shareholders

Dear shareholders,

On behalf of MiTAC and staff, I would like to extend my appreciation to our shareholders for your continued support and encouragement.

Impacts of external competition, regulatory environment and the overall business environment

There is a continuous lackluster condition in global markets. Gartner data show that the total IT spending in 2015 was USD3.517 trillion worldwide. The main reasons that cause this declining market condition, in addition to a continuous appreciation in strong USD, include an economic stagnation in emerging markets and the saturated smartphone market. These factors all lead to an obvious slowdown in the IT spending.

The forecasted worldwide IT spending can reach USD3.536 trillion in 2016, with an annual growth rate of 0.6%. That is, even though the IT spending in China market has shown a downtrend signal for the first time, but the data center system market that focuses on the server storage facility is still able to maintain its growth momentum due to the trend of the mega data concept. Under the situations that the traditional ICT information communication products have gradually reached their maturity stages and the growth power of the emerging industries has yet to be shown, most companies in the IT industry are actively engaging in the development of and market planning for the new products and their applications, such as, IoT and wearables.

The Analyses of Operation Performance, Budgetary Performance, and Profitability of 2015

Comparing to those of in 2014, there are improvements in both sales and profitability of the Company in 2015. They are evidenced by the benefits of the growth and transformation in the areas of the cloud-end and client-end businesses. The consolidated sales revenue of MiTAC Holdings Corp. is NTD50.055 billion in 2015, with an annual growth rate of 19%. The earnings before tax is NTD2.014 billion, with an annual growth rate of 92%, and the earnings per share after tax is NTD2.32. There is no reports on the budgetary performance because the Company did not disclose its financial forecast in 2015.

Business Operation Performance, R&D, Innovations, Applications, and Awards in 2015

1. Health management bracelet, Mio MiVue™ 540 event data recorder (EDR), and MioCARE™/MioWORK™ A335 professional grade tablet all receive 2015 iF design awards, Germany.
2. Presentation of the medical grade health management bracelet with the function of ECG.
3. Mio MiVue™ 658WIFIevent data recorder (EDR) and Classic 630 Traffic, a patterned dynamic early warning real-time traffic GPS receive 2015 ITmonth100 innovative products awards.
4. Introduction of Mio MiVue™ 658WIFIevent data recorder, riding with WIFI, and the exclusive one-stroke uploading and backup functions.
5. Introduction of MiVue™ 688D forward/backward double camera lens and high quality resolution event data recorder.

6. Announcement of eXplorist TRX7 project, a navigation system exclusively for all terrain vehicles.
7. The point of sales (POS) equipment for professional pharmacy retailers now has in production and in demand.
8. Announcement of the first-ever one of its kind OpenPOWER 2U server system for data center usage, based on IBM POWER8 structure.
9. Introduction of integrated computer cabinet project designed for the need of the cloud data center.
10. Receiving the Fujitsu Supplier Excellence Award.

Perspective of 2016 Business Operation

MiTAC Holdings Corp. actively engages in innovation and masters the trend of market development. In the growing area of data center of cloud computing business, MiTAC Computing Technology Corp., focusing on the cloud data and computing equipment business, continuously dedicates its R&D efforts in the product and service segmentations, enhances relationship of the existing clients, and explores potential market opportunities as well. Its goals are to achieve a superior growth rate and profit improvement among the industrial peers. In another aspects, MiTAC International Corp. devotes its mobile smart apparatus and cloud service businesses into the new areas of internet of things (IoT), internet of vehicles (IoV), and wearables. Based on the existing GPS products, it participates in the integration of IoV and health sports businesses. Starting from user improvement, through internal product innovation and external industrial alliance, it develops market competitive products and services, and hence generates a pattern of stable growth and profitability.

MiTAC Computing Technology Corp. is a spin-off from MiTAC International Corp. a year ago. It has a good business performance last year. In 2016 CES Exhibition, our SmartGPS cloud navigation system has been designated by the world-class automobile manufactures as the navigation equipment of information entertainment platform. This acknowledgement shows that the accumulated software service contribution of the Company has been recognized by the industry. On the way of industrial transformation, the Company follows the Company's integrated operation strategy, step by step enhances its foundation, We thank you for your long-term support, and will continue to devote ourselves to create a brighter future for our shareholders, customers and employees.

Best regards

Miau, Matthew Feng Chiang, Chairman

Ho, Jhi-Wu, President

Two. Company profile

I. Date of incorporation: September 12, 2013

II. Company milestones

- 2013
 - For the implementation of the industry holding operation and independent development policy aiming at the upgrade of overall performance and fortifying the competitiveness in market, the company listed in TWSE under a resolution of the shareholders meeting of MiTAC International Corp. on June 24, 2013, through share swap in accordance with applicable laws. The stock code is 3706.
 - The Mio MiVue R25 rear car DVR won the “IT Month Top 100 Innovative Products – Gold Award”. The MiVue M300, the DVR exclusively designed for the motorcyclists, also won the “IT Month Top 100 Innovative Products”.
 - Magellan Echo smart sports watch won the “Summer Exhibition of USA with two best products”.
- 2014
 - Magellan® Echo smart sports watch won the 2014 CES Innovations, Design and Engineering Award.
 - Mio won the championship again in 2014 as the number one consumer ideal brand in GPS.
 - MioCARE™/MioWORK™ L135 professional tablet PC products, Cyclo™ 500 outdoor navigation, MiVue™ 568 car recorder and MiVue™ M350 outdoor activity recorder won the 2014 iF Product Design Award.
 - Mio MiVue™ R25 rearview mirror car recorder and MioCARE™ drug information management system won the 2014 Taiwan Excellence Award.
 - Won Pioneer Supplier Excellence Award.
 - Won the 2013 Fujitsu Supplier Award.
 - Mio has been rated the No. 1 Consumer Ideal Brand for seven consecutive years.
 - The Group pushed forward professional job-division in aims to achieve the goals of organizational upgrade and enhance the Company’s overall competitiveness. As part of the organizational restructuring plan, MiTAC International Corp span off the Cloud Computing Business Group to MiTAC Computing Technology Corp.(MCT) and MCT was formally established and operated in September 1, 2014.
- 2015
 - Wellness Band, Mio MiVue™ 540 Drive Video Recorder, MioCARE™ / MioWORK™ A335 industrial tablet got “iF Design Award 2015”.
 - Mio MiVue™ R30 Drive Video Recorder won “Best Choice of Computex

2015” award.

- Mio was elected again as the No. 1 brand of GPS products in the 2015 Ideal Brand in Consumers organized by Management Magazine, Taiwan.
- Mio MiVue™ 658 WIFI Drive Video Recorder and Classic 630 Traffic PND with Smart Alert won “Innovation Award in ICT month 2015”
- Win “Distinguished Partner Award” from Fujitsu
- Began to build a new MiTAC Corporate Headquarter Buildings in Hwaya Technology Park in Taoyuan City

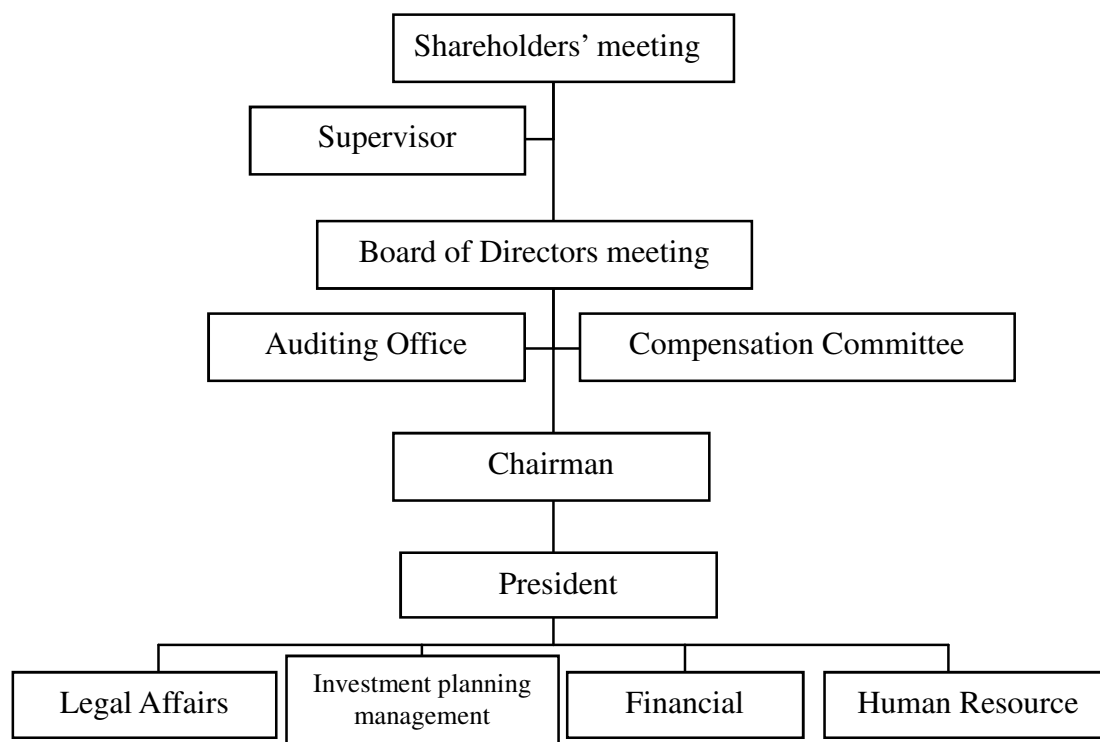
- 2016
- RoadMate 7670T-LM DashCam Navigator got CES 2016 Innovation Awards Honoree.
 - Mio was recognized as the Best Brand of Drive Video Recorder brand in 2016 ideal Brand in Consumers, organized by Management Magazine, Taiwan.

For further information on the company, please visit at: <http://www.mic-holdings.com>

Three. Corporate Governance

I. Organizational system

(I) Organizational Chart



(II) Departmental business operation

Departments	Principal business operation
Compensation Committee	<ul style="list-style-type: none"> Stipulate and regularly review the performance of the directors, supervisors and managers; as well as the compensation policies, systems, standards and structure. Regularly evaluate and stipulate director, supervisor and manager compensation.
Auditing Office	<ul style="list-style-type: none"> Review the condition of the company's operations and offer recommendations for improvement.
Legal Affairs	<ul style="list-style-type: none"> Contract formulation and review. Consultation, support, and provision of business-related legal service; legal issues in other aspects.
Investment planning management	<ul style="list-style-type: none"> Assess the operation and the development of the investees and map out related investment plans. Design and establish management regulation and manage the result of operation of the investees. Shares registration and transfer.
Financial	<ul style="list-style-type: none"> Financial operations and planning. Evaluation and research of domestic and international investment opportunities. Financial planning and various tax-related accounting treatment.
Human Resource	<ul style="list-style-type: none"> Human resources strategic planning and execution. Human resource management and talent development. Execution and management of administration, safety, and health issues.

II. Information on directors, supervisors, presidents, vice presidents, assistant presidents, and managers of each department and division

(I) Background of Directors and Supervisors

Unit: share; % April 23, 2016

Titles	Country or place of registration	Names	Date of office	Term	Date First Elected	Shareholding at time of election		Current shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Concurrent duties in the Company and in other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor		
						Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage			Title	Name	Relationship
Chairman	US	Miau, Matthew Feng Chiang	2013.06.24	3-y	2013.06.24	10,942,999	1.43%	8,015,243	1.03%	0	0.00%	0	0.00%	Santa Clara University, EMBA California Berkeley University, Bachelor, Electrical Engineering	CEO, MiTAC Holdings Corporation Chairman, Lien Hwa Industrial Corp. Chairman, UPC Technology Corporation Chairman, SYNEX Technology International Corp. Director, Getac Technology Corporation Chairman, MiTAC Inc Director, MiTAC Information Technology Corp	None	None	None
Director	Republic of China	Ho, Jhi-Wu	2013.06.24	3-y	2013.06.24	2,551,863	0.33%	2,139,863	0.27%	0	0.00%	0	0.00%	MIS in Computer Science, Fairleigh Dickinson University Master UC San Diego Marketing Manager, Pao Hwa Trading Co., Ltd.	President, MiTAC Holdings Corporation Director and President, MiTAC International Corp. Chairman and CEO of MiTAC Computing Technology Corp. Director, Linpus Technologies, Inc. Chairman, MIO Technology Corp. Director, 3-Probe Technologies Co., Ltd. Chairman of MiWELL Director, LFE Aerospace Corp.	None	None	None
Director	Republic of China	MiTAC Inc.	2013.06.24	3-y	2013.06.24	61,228,286	8.00%	61,228,286	7.84%	0	0.00%	0	0.00%	None	None	None	None	None
	Republic of China	Rep.: Hsu, Tzu-Hwa	2013.09.13	3-y	2013.09.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Electronic Engineering, University of California, Berkeley, California, USA President, Hua Deng International Investment Inc. Vice Chairman, East Tender Optoelectronics Corporation	Independent Director, LuxNet Corporation	None	None	None
Director	Republic of China	UPC Technology Corporation	2013.06.24	3-y	2013.06.24	64,814,078	8.47%	64,814,078	8.30%	0	0.00%	0	0.00%	None	None	None	None	None
	Republic of China	Rep.: Way, Yung-Do	2013.06.24	3-y	2013.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA of Georgia University BA of Accountancy, Soochow University Senior auditor, Deloitte & Sells, USA CEO, Deloitte	Independent Director, SYNEX Technology International Corp. Independent Director, Taiwan Cement Company Independent Director, Far Eastern Department Stores Co. Ltd. Independent Director, Primax Electronics Ltd.	None	None	None

Titles	Country or place of registration	Names	Date of office	Term	Date First Elected	Shareholding at time of election		Current shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Concurrent duties in the Company and in other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor			
						Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage			Title	Name	Relationship	
															Director of Wowprime Corp., Director, Vanguard International Semiconductor Corporation Supervisor, SerComm Corp Supervisor, Chilisun Electronics Corp Director, Iron Force Industrial Co., Ltd.				
Director	Republic of China	Rep: Chang, Kwang-Cheng	2013.09.13	3-y	2013.09.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD. Atmospheric Science, State University of New York, USA Honorary Doctorate, Tokyo Denki University MBA, State University of New York, USA Master of Atmospheric Science, State University of New York, USA Bachelor of Metrology, Dept. of Geography, National Taiwan University Director, Commerce Development Research Institute President, Shih Chien University President, Minghsin University of Science and Technology Visiting Professor, School of Business, University of Hawaii President, Chung Yuan Christian University	None	None	None	None	
Supervisor	Republic of China	Chiao, Yu-Cheng	2013.06.24	3-y	2013.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MSEE and researcher in Business Administration, Washington University Chairman, Walsin Lihwa	Chairman, Winbon Vice-Chairman, Walsin Lihwa Chairman, Nuvoton Technology Corp. Director, Song Yong Investment Co., Ltd. Director, Miaowang Lianxin Co., Ltd. Independent Director, SYNEX Technology International Corp. Independent Director, Taiwan Cement Company	None	None	None	None
Supervisor	Republic of China	Lien Hwa Industrial Corporation	2013.06.24	3-y	2013.06.24	45,812,655	5.99%	47,191,655	6.05%	0	0.00%	0	0.00%	None	None	None	None	None	None
	Republic of China	Rep: Ching, Hu-Shih	2013.06.24	3-y	2013.06.24	0	0.00%	583	0.00%	0	0.00%	0	0.00%	Master of Engineering at National Tsing Hua University Council for Economic Planning and Development Adjunct Lecturer, Dept. of Chemical Engineering Feng Chia University Asst GM, UPC Technology Corporation	Director and President, Lien Hwa Industrial Corp. Director, MiTAC Inc. Director, Pao long international co., Ltd. Supervisor, Getac Technology Corporation Supervisor, MiTAC International Corp.	None	None	None	None

Note 1: Please refer to Table 1 below for information on the main shareholders of corporate shareholders.

Table 1: Dominant shareholders of institutional shareholders

April 23, 2016

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
UPC Technology Corporation	Lien Hwa Industrial Corporation	29.99
	Synnex Technology International Corporation	5.17
	Ma, Chang-Lung	2.30
	Liberty Stationery Corp.	1.81
	Yi Yuan Investment Co., Ltd.	1.61
	Tong Da Investment Corporation	1.23
	Tsu Fung Investment Corp.	1.23
	MiTAC International Corp.	1.21
	Hua Mao Trading Co., Ltd.	1.12
	Mei An Investment Co., Ltd.	1.07
MiTAC Inc.	Lien Hwa Industrial Corp.	35.24
	Synnex Technology International Corporation	18.36
	MiTAC International Corp.	8.69
	Mei An Investment Co., Ltd.	8.18
	Miau, Matthew Feng Chiang	5.42
	Tsu Fung Investment Corp.	4.40
	Hua Cheng Investment Co., Ltd.	1.92
	Omron Corporation, Japan	1.70
	Bao Hsin International Investment Co., Ltd.	1.18
	Yi Feng Investment Co., Ltd.	0.75
Lien Hwa Industrial Corporation	UPC Technology Corporation	9.68
	Yi Yuan Investment Co., Ltd.	9.14
	Yi Feng Investment Co., Ltd.	4.86
	Nan Shan Life Insurance Co., Ltd.	3.74
	Cathay Life Insurance Co., Ltd.	3.30
	Miao, Feng-Sheng	3.28
	Miau, Matthew Feng Chiang	3.19
	Synnex Technology International Corporation	3.08
	Miao, Feng-Chuan	3.02
	Y.S. Education Foundation	3.00

Note 1: If Directors and Supervisors serve as representatives of institutional shareholders, then the names of institutional shareholders must be provided.

Note 2: Name the major shareholders (the top 10 owners) of corporate shareholders and their shareholding percentage. Table 2 below is applicable if any of the major shareholders is also a corporate entity.

Table 2: Dominant shareholders of dominant institutional shareholders

April 23, 2016

Name of institutional shareholder (note 1)	Dominant shareholders of institutional shareholders (note 2)	
	Name of shareholder	Percentage of shareholding (%)
Lien Hwa Industrial Corporation	UPC Technology Corporation	9.68
	Yi Yuan Investment Co., Ltd.	9.14
	Yi Feng Investment Co., Ltd.	4.86
	Nan Shan Life Insurance Co., Ltd.	3.74
	Cathay Life Insurance Co., Ltd.	3.30
	Miao, Feng-Sheng	3.28
	Miau, Matthew Feng Chiang	3.19
	Synnex Technology International Corporation	3.08
	Miao, Feng-Chuan	3.02
	Y.S. Education Foundation	3.00
Synnex Technology International Corporation	MiTAC Inc.	13.62
	HSBC in its capacity as master custodian for investment account of Matthews Pacific Tiger	6.18
	Fubon Life Insurance Co., Ltd.	2.77
	Morgan Stanley & Co International PLC investment account held in custody by HSBC Bank (Taiwan) Limited	2.63
	Bureau of Labor /Insurance	2.54
	Civil Servants Pension Fund Management Committee	2.39
	Nan Shan Life Insurance Co., Ltd.	2.28
	Tu, Shu-Wu	2.17
	Miau, Matthew Feng Chiang	1.91
	Lien Hwa Industrial Corp.	1.81
Liberty Stationery Corp.	Zhi-Jiang Investment Co., Ltd.	21.09
	Masateru Kadota	10.39
	Akira Kadota	8.88
	Yayoi Kadota	8.88
	Takanori Kadota	8.79
	Complete Connection Limited	5.70
	Sun, Li-Kang	5.29
	Yu, Ching-Shen	5.13
	Chang, Zheng	3.50
	Chang, Cheng	3.50
Yi Yuan Investment Co., Ltd.	Shang Chuan Neng Ltd. (British Virgin Islands)	100.00

Name of institutional shareholder (note 1)	Dominant shareholders of institutional shareholders (note 2)	
	Name of shareholder	Percentage of shareholding (%)
Tong Da Investment Corporation	Ho Li Investment Co., Ltd.	19.99
	Chou, Te-Chien	0.05
	Synnex Technology International Corporation	19.99
	Hua Cheng Construction Co., Ltd.	19.99
	Wei Cheng Investment Co., Ltd.	19.99
	Tsu Fung Investment Corp.	19.99
Tsu Fung Investment Corp.	MiTAC International Corp.	100.00
MiTAC International Corp.	MiTAC Holdings Corporation	100.00
Hua Mao Trading Co., Ltd.	Foreign investor (not applicable)	-
Mei An Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25
	JumpStart Investments Ltd.	16.67
	Others	1.08
UPC Technology Corporation	Lien Hwa Industrial Corp.	29.99
	Synnex Technology International Corporation	5.17
	Ma, Chang-Lung	2.30
	Liberty Stationery Corp.	1.81
	Yi Yuan Investment Co., Ltd.	1.61
	Tong Da Investment Corporation	1.23
	Tsu Fung Investment Corp.	1.23
	MiTAC International Corp.	1.21
	Hua Mao Trading Co., Ltd.	1.12
	Mei An Investment Co., Ltd.	1.07
Yi Feng Investment Co., Ltd.	Heng Fu Ltd. (British Virgin Islands)	100.00
Nan Shan Life Insurance Co., Ltd.	Run Chen Holdings Co., Ltd. investment trust account held under the Custody of First Bank	76.46
	Ruen Chen Investment Holding Co., Ltd.	14.16
	Tu, Ying-Tsung	3.25
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28
	Ruentex Leasing Co., Ltd.	0.15
	Kuo, Wen-Te	0.11
	Ji Pin Investment Co. Ltd.	0.11
	Equity trust account of Nan Shan Life in custody of Taishin Bank	0.06
	Global Cheer Investment Limited	0.05
	Bao Yi Investment Co. Ltd.	0.05
	Bao Hui Investment Co., Ltd.	0.05
	Bao Huang Investment Co., Ltd.	0.05
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd.	100
Y.S. Education Foundation	Non-corporate entity (n/a)	-

Name of institutional shareholder (note 1)	Dominant shareholders of institutional shareholders (note 2)	
	Name of shareholder	Shareholding percentage (%)
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial Corp.	100.00
Omron Corporation, Japan	State Street Bank and Trust Company 505223	8.33
	Japan Trustee Services Bank, Ltd. (trust account)	3.62
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.60
	State Street Bank and Trust Company 505001	3.54
	The Bank of Kyoto, Ltd.	3.30
	The Master Trust Bank of Japan, Ltd. (trust account)	3.30
	Nippon Life Insurance Company	1.70
	Japan Trustee Services Bank, Ltd. (trust account 9)	1.59
	The Bank of New York, Non-Treaty Jasdec Account	1.45
	Omron Employee Stockholding Association	1.41
Bao Hsin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100.00

Note 1: If any of the major shareholders listed in Table 1 is an institution, then the name of the institution must be provided.

Note 2: Name the major shareholders (the top 10 owners) of corporate shareholders and their shareholding percentage.

Information on the directors and supervisors

Qualification requirement	Having more than 5 years work experience and the following qualifications			Compliance with independence requirements (note 1)										The no. of public companies where the person acts as independent director
	Lecturer or higher level instructor at a public or private college or university in business, law, finance, accounting or other fields related to the operations of the company	Judge, public prosecutor, attorney at law, CPA, or other professionals licensed by national exams that are pertinent to the operation of the company	Work experience in business, law, finance, accounting, or other areas required for the operation of the company	1	2	3	4	5	6	7	8	9	10	
Name														
Chairman Miau, Matthew Feng Chiang	-	-	✓	-	-	-	✓	-	-	✓	✓	✓	✓	-
Director Ho, Jhi-Wu	-	-	✓	-	-	-	✓	✓	-	✓	✓	✓	✓	-
Director MiTAC Inc. Rep.: Hsu, Tzu-Hwa	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	1
Director UPC Technology Corporation Rep.: Way, Yung-Do	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	4
Director UPC Technology Corporation Rep: Chang, Kwang-Cheng	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Supervisor Chiao, Yu-Cheng	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Supervisor Lien Hwa Industrial Corp Rep: Ching, Hu-Shih	-	-	✓	✓	-	✓	✓	-	-	✓	✓	✓	-	-

Note 1: place a “✓” in the box if the director or supervisor met the following conditions at any time during active duty and two years prior to the date elected.

- (1) Not an employee of the Company or its subsidiaries or affiliates.
- (2) Not a director or supervisor of any affiliated company (except for independent director of the parent company or subsidiary in which the Company holds more than 50% direct or indirect voting interest).
- (3) The person, the spouse, underage children, who hold more than 1% of the outstanding shares or one of the top 10 shareholders who are natural persons or who hold shares of this company under the title of a third party.
- (4) Not the spouse, kin within the 2nd tier or the next of kin within the 3rd tier of any of the parties mentioned in (1) ~ (3).
- (5) Not a director, supervisor or employee of an institutional shareholders holding more than 5% of the outstanding shares of the Company, or of the top five institutional shareholders.
- (6) Not a director, supervisor, manager, or shareholder holding more than 5% of the outstanding shares of specific company or institution having business of financial transactions with the Company.
- (7) Not a professional, proprietor, partner, company or the owner, partner, director, supervisor, manager or spouse of the professional consulting entities providing services or consultation in business, law, finance, accounting and other for the Company or its subsidiaries or affiliates. The Remuneration Committee members who perform duties in accordance with the “Guidelines Governing the Listed/OTC Company’s Remuneration Committee Establishment and Duty Performance” Article 7 are not subject to this restriction.
- (8) Not a spouse or kin within the 2nd tier of another director.
- (9) The provisions of Article 30 of the Company Law are not applicable.
- (10) Not elected to the government, institution or their representatives under Article 27 of the Company Law.

(II) Information on Presidents, Vice Presidents, Assistant Presidents, and managers of each department and division

Unit: share; %April 23, 2016

Titles	Nationality	Names	Elected/ appointed date	Shareholding		Shares held by spouse and underage children		Shares held in the names of others		Education and Experience	Positions in other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage			Title	Name	Relationship
CEO	US	Miau, Matthew Feng Chiang	2015.08.07	8,015,243	1.03%	0	0.00%	0	0.00%	Santa Clara University, EMBA California Berkeley University, Bachelor, Electrical Engineering	Chairman, Lien Hwa Industrial Corp. Chairman, UPC Technology Corporation Chairman, SYNEX Technology International Corp. Director, Getac Technology Corporation Chairman, MiTAC Inc Director, MiTAC Information Technology Corp	None	None	None
President	Republic of China	Ho, Jhi-Wu	2013.9.12	2,139,863	0.27%	0	0.00%	0	0.00%	MIS in Computer Science, Fairleigh Dickinson University Master UC San Diego Marketing Manager, Pao Hwa Trading Co., Ltd.	Director and President, MiTAC International Corp. Chairman and CEO of MiTAC Computing Technology Corp. Director, Linpus Technologies, Inc. Chairman, MIO Technology Corp. Director, 3-Probe Technologies Co., Ltd. Chairman of MiWELL Director, LFE Aerospace Corp.	None	None	None
Vice President and head of finance	Republic of China	Huang, Hsiu-Ling	2013.9.12	130,270	0.02%	0	0.00%	0	0.00%	Bachelor, Taxation and Finance, National Chung Hsing University Director of General Management Dept., Hanrei Technology Corporation	Vice President, Finance Center, MiTAC International Corp. Supervisor, Mio Technology Corp. Supervisor, Tsu Fung Investment Corp. Director, LFE Aerospace Corp.	None	None	None

III. Remunerations to the directors, supervisors, presidents, and vice presidents

Remunerations to the Directors

2015

In thousands of New Taiwan Dollars/ thousand shares

[illegible]

Note 1: Pension as stated is the amount of appropriation.

Note 2: Represents the amount of directors' remuneration that the board has proposed as part of the latest earnings appropriation.

Note 3: Represents employees' remuneration proposed as part of the latest earnings appropriation.

Note 4: Refers to the amount of shares exercisable through employee warrants, which the Director has received up till the publication date of this annual report (2016.5.15) excluding amounts that have been exercised), for assuming the role of a company employee (such as President, Vice President, manager or other employees).

Note 5: The sum of remuneration provided for directors of the Company and for all companies included in the financial statements had increased slightly from the previous year; percentage-wise, however, directors' remuneration as a percentage to net income had decreased from 0.25% to 0.11% this year. This reduction was due to a higher increase in net income relative to the increase in remuneration.

Note 6: Directors' remuneration is determined by the Board of Directors based on a number of considerations including Remuneration Committee's recommendations, peer levels, and future risks; the board is authorized under the Articles of Incorporation to approve directors' remuneration and seek acknowledgment during annual general meeting.

Note 7: The Company does not single out the name and remuneration of particular director for disclosure. Therefore, the disclosure of remunerations was presented on a salary scale with the names of all concerned.

Salary Scale

Bracket of salaries to directors of the Company	Name of director			
	Total of (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than NT\$2,000,000	Miau, Matthew Feng Chiang/Ho, Jhi-Wu/MiTAC Inc./Hsu, Tzu-Hwa/UPC Technology Corporation/Way, Yung-Do/Chang, Kwang-Cheng	Miau, Matthew Feng Chiang/Ho, Jhi-Wu/MiTAC Inc./Hsu, Tzu-Hwa/UPC Technology Corporation/Way, Yung-Do/Chang, Kwang-Cheng	Miau, Matthew Feng Chiang/Ho, Jhi-Wu/MiTAC Inc./Hsu, Tzu-Hwa/UPC Technology Corporation/Way, Yung-Do/Chang, Kwang-Cheng	MiTAC Inc./Hsu, Tzu-Hwa/UPC Technology Corporation/Way, Yung-Do/Chang, Kwang-Cheng
NT\$2,000,000 ~ NT\$5,000,000 (Exclusive)				
NT\$5,000,000 ~ NT\$10,000,000 (Exclusive)				Miau, Matthew Feng Chiang
NT\$10,000,000 ~ NT\$15,000,000 (Exclusive)				Ho, Jhi-Wu
NT\$15,000,000 ~ NT\$30,000,000 (Exclusive)				
NT\$30,000,000 ~ NT\$50,000,000 (Exclusive)				
NT\$50,000,000 ~ NT\$100,000,000 (Exclusive)				
More than NT\$100,000,000				
Total	7	7	7	7

Remuneration to supervisors

2015

In thousands of New Taiwan Dollars

Title	Name	Remuneration to supervisors						Total of A, B, and C in proportion to earnings before taxation (%)		Remuneration from subsidiaries or other investees (D)
		Compensation (A)		Remuneration (B)(Note 1)		Fees for services rendered (C)				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
Supervisor	Chiao, Yu-Cheng	144	144	600	600	36	36	0.04%	0.04%	None
Supervisor	Lien Hwa Industrial Corp.									
	Rep: Ching, Hu-Shih									

Note 1: Represents the amount of supervisors' remuneration that the board has proposed as part of the latest earnings appropriation.

Note 2: The sum of remuneration provided for supervisors of the Company and for all companies included in the financial statements had remained unchanged from the previous year; percentage-wise, however, supervisors' remuneration as a percentage to net income had decreased from 0.1% to 0.04% this year. This reduction was due to a higher increase in net income relative to the increase in remuneration.

Note 3: Supervisors' remuneration is determined by the Board of Directors based on a number of considerations including Remuneration Committee's recommendations, peer levels, and future risks; the board is authorized under the Articles of Incorporation to approve supervisors' remuneration and seek acknowledgment during annual general meeting.

Note 4: The Company does not single out the name and remuneration of particular supervisor for disclosure and the disclosure of remunerations was presented on a salary scale with the names of all concerned.

Salary Scale

Bracket of salaries to supervisors of the Company	Name of supervisor	
	Total of (A+B+C)	
	The Company	All companies in the financial statements
Less than NT\$2,000,000	Chiao, Yu-Cheng/ Lien Hwa Industrial Corp./Ching, Hu-Shih	Chiao, Yu-Cheng/ Lien Hwa Industrial Corp./Ching, Hu-Shih
NT\$2,000,000 ~ NT\$5,000,000 (Exclusive)		
NT\$5,000,000 ~ NT\$10,000,000 (Exclusive)		
NT\$10,000,000 ~ NT\$15,000,000 (Exclusive)		
NT\$15,000,000 ~ NT\$30,000,000 (Exclusive)		
NT\$30,000,000 ~ NT\$50,000,000 (Exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (Exclusive)		
More than NT\$100,000,000		
Total	3	3

Remuneration to President and Vice Presidents

2015
In thousands of New Taiwan Dollars/ thousand shares

In thousands of New Taiwan Dollars/ thousand shares																		
Title	Name	Salaries (A)		Pension (B)(Note 1)		Bonus and special expenses (C)		Employee remuneration (D) (Note 2)				Total of A, B, C, and D in proportion to earnings before taxation (%)		Quantity of share subscription entitled by ESO (Note 3)		Acquired new shares with employees' rights restricted		Remuneration from subsidiaries or other investees (E)
		The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The Company		All companies included in the financial statements		The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	The company	All companies included in the consolidated statements	
								In cash	In shares	In cash	In shares							
CEO	Miau, Matthew Feng Chiang	-	7,801	-	161	-	7,667	1,715	-	1,715	-	0.10%	0.99%	1,550	1,550	-	-	None
President	Ho, Jhi-Wu																	
Vice President and head of Finance	Huang, Hsiu-Ling																	

Note 1: Pension as stated is the amount of appropriation.

Note 2: Represents employees' remuneration proposed as part of the latest earnings appropriation.

Note 3: Refers to the amount of shares exercisable through employees' warrants, which the President/Vice Presidents have received up till the publication date of this annual report (2016.5.15) excluding amounts that have been exercised.

Note 4: Total remuneration in 2015 was calculated at 0.10% of net income, up from the 0.03% in 2014. This increase was largely due to the creation of a new CEO position, which requires additional compensation as compared to the previous year. Furthermore, total remuneration as a percentage to net income of the Company and all companies included in the financial statements had decreased from 1.92% in 2014 to 0.99% in 2015. This reduction was due to a higher increase in net income relative to the increase in remuneration.

Note 5: The remunerations to the President and the Vice Presidents commensurate with their personal contribution to the overall operation performance of the Company at the recommendation of the Remuneration Committee, industry level, and the possible risks in the future.

Salary Scale

Brackets of salaries to the President and all Vice Presidents	Name of President and Vice Presidents	
	Sum of the first 4 items (A+B+C+D)	
	The Company	All companies in the financial statements
Less than NT\$2,000,000	Miau, Matthew Feng Chiang/Ho, Jhi-Wu/Huang, Hsiu-Ling	Miau, Matthew Feng Chiang
NT\$2,000,000 ~ NT\$5,000,000		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000		Huang, Hsiu-Ling
NT\$10,000,000 (inclusive) ~ NT\$15,000,000		Ho, Jhi-Wu
NT\$15,000,000 (inclusive) ~ NT\$30,000,000		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000		
More than NT\$100,000,000		
Total	3	3

Names of managers entitled to employee remuneration and amount entitled

In thousands of New Taiwan Dollars

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage to after-tax net income (%)
Managers	CEO	Miau, Matthew Feng Chiang	-	1,715	1,715	0.10%
	President	Ho, Jhi-Wu				
	Vice President and head of finance	Huang, Hsiu-Ling				

Note: Represents employees' remuneration proposed as part of the latest earnings appropriation.

IV. Information on Corporate Governance

(I) Performance of Board of Directors: A total of 7 (A) board meetings were held in 2015; below are the attendance records:

Title	Name	Attendance in person B	Proxy attendance count	Percentage of actual attendance (%) [B/A]	Remarks
Chairman	Miau, Matthew Feng Chiang	7	0	100.00%	
Director	Ho, Jhi-Wu	7	0	100.00%	
Director	UPC Technology Corporation Rep.: Way, Yung-Do	6	1	85.71%	
Director	UPC Technology Corporation Rep: Chang, Kwang-Cheng	6	1	85.71%	
Director	MiTAC Inc. Representative: Hsu, Tzu-Hwa	5	1	71.43%	

Special notes:

- I. Provision of Article 14-III of the Securities and Exchange Act, and minutes of Board meeting with adverse opinions or qualified opinions from independent directors on record or backed by written declaration in resolutions of the Board: No.
- II. The enforcement of the avoidance of the conflict of interest of the directors in making decisions: directors acted to avoid possible influence on the result of decision on motions with conflict of interest to The Company:

Board of Directors meeting Date	Avoid the conflict of interest Name of director	Content of the motion	Reasons for the avoidance of the conflict of interest	The voting
2015.02.02	Ho, Jhi-Wu	Review and approval of managers' 2014 year-end bonus	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.
2015.02.02	Ho, Jhi-Wu	Review and approval of managers' 2015 salary adjustment	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.
2015.08.07	Ho, Jhi-Wu	Review and approval of 2014 employee bonus and 2015 interim bonus for managers	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.
2015.08.07	Miau, Matthew Feng Chiang	Appointment of CEO	The decision directly involved the director	The motion was passed as stated under unanimous consent of the directors who were present in the meeting.
2015.08.07	Miau, Matthew Feng Chiang	Lift up the ban on managers holding positions in potential conflict of interest	The decision directly involved the director	The motion was passed as stated under unanimous consent of the directors who were present in the meeting.

III. Enhancements to the functionality of board of directors in the current and the most recent year (e.g.

establishment of an Audit Committee, improvement of information transparency etc), and the progress of such enhancements: The Company has established "Board of Directors Meeting Procedure" and implemented accordingly; all major resolutions made by the Board of Directors are disclosed on the Company's website. The Company also discloses information about Directors' and Supervisors' meeting attendance and continuing education regularly onto the "Corporate Governance" section of the Market Observation Post System, and thereby ensure the timeliness and transparency of information disclosed. In the years ahead, The Company will fortify the functions of the Board of Directors in responding to applicable legal rules and the requirements of corporate governance. The Company will be electing independent directors in 2016 to enhance the functionality of its Board of Directors.

(II) Performance of Audit Committee: The Company does not have an Audit Committee in place, but will be creating an Audit Committee as instructed by the authority in 2019.

(III) Supervisors' participation in Board of Directors meetings: A total of 7 (A) board meetings were held in 2015; below are the attendance records:

Title	Name	Attendance in person (B)	Attendance rate(%) 【B/A】	Remarks
Supervisor	Chiao, Yu-Cheng	6	85.71%	
Supervisor	Lien Hwa Industrial Corp Rep: Ching, Hu-Shih	7	100.00%	

Special notes:

I. The organization and duties of the supervisors:

(I) The communications between the supervisors and the employees and shareholders of The Company (channels and means of communications): The sales personnel of The Company have reported to the supervisors regularly or at any time as needed. The supervisors may also contact relevant personnel directly for communications at any time as needed for related information.

(II) The communications between the supervisors, the chief internal auditor, and the certified public accountants (e.g., the financial position, business situation, and issues involved, and method and result of communication): The supervisors of The Company can investigate the operation and financial position of The Company at any time, and request the Board of Directors and managers to report. Where necessary, they may contact the external auditors of The Company. The chief internal auditor of The Company shall present audit reports to the supervisors at regular intervals.

II. Where the supervisors may present statements as observers when the Board is in session, specify the date and the number of the session, the content of the motions, the resolutions of the Board, and the response of Poya International to the opinions of the supervisors: No.

(IV) Status of corporate governance; deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Evaluation items	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Has the company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company has established corporate governance principles in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and published onto its website and on MOPS.	These principles conform with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
II. Equity structure and shareholders' equity: (I) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	✓		(I) The Company has appointed a designated company spokesperson for responding to the recommendations, queries, and disputes from the shareholders.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		(II) The Company can properly control the composition of major shareholders and the ultimate parties in control of these major shareholders, and declares the quantity of shareholding by the directors, supervisors, and major shareholders on a monthly basis in accordance with the Securities and Exchange Act.	
(III) Has the Company established and implemented risk management and firewalls on companies it is affiliated with?	✓		(III) The Company has established an internal control system and related rules and regulations in compliance with applicable legal rules, and has properly enforced such rules and regulations. In addition to self-assessment, the Board of Directors and the management has also reviewed the self-assessment results of the departments and the audit reports of the auditing functions at regular intervals or at any time as needed to materialize the enforcement of the internal control system. The Company seeks to establish viable financial, operation, and accounting systems in accordance with requirements, and for buttressing the management of the subsidiaries and affiliates for proper control to reduce operation risk. The transactions with subsidiaries and affiliates were made under the principle of equity and fairness, and they are bound by related rules and regulations governing business and financial transactions among the entities.	

Evaluation items	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV)Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(IV)The Company has established a set of "Material Insider Information Procedures" and "Integrity Code of Conduct" to outline insiders' duty of confidentiality over material information. No insider is allowed to exploit material information for own gain or for the gains of others. The above procedures and code of conduct have been communicated to Directors, Supervisors, managers and all parties who come into contact with material insider information, whether due to identity, job role or controlling interest.	
III. The organization and functions of the Board of Directors (I) Does the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	✓		(I) All members of the board possess the knowledge (e.g. decision making ability), skills (e.g. accounting and financial analysis) and characters (e.g. global vision) required to accomplish their duties. In addition, the Company will be electing independent directors to further enhance board functionality during its 2016 annual general meeting.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	(II) The Company has assembled its Remuneration Committee in 2013; an Audit Committee will be assembled in 2019 as required by law. Other functional committees will be introduced as needed by the Company.	
(III)Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis?		✓	(III)The Company will be introducing a set of performance assessment criteria for Board of Directors in 2016. All board members have carried out their duties in compliance with regulations and are constantly involved in continuing education.	
(IV)Are external auditors' independence assessed on a regular basis?	✓		(IV)Each year, the Company evaluates independence of its financial statement auditors and makes sure that no conflicting interest exists (i.e. the auditors do not own shares or hold job positions within the Company). Furthermore, the necessity to replace auditors is also evaluated on a yearly basis (i.e. whether the auditors are unchanged for 7 consecutive years, or whether they are subject to penalty or any occurrence that would compromise their independence). The Company's financial statement auditors are appointed at the board's resolution; the board only engages locally top 4 accounting firms, hence there should be no doubt with regards to auditors' independence and professional capabilities.	

Evaluation items	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
IV. Does the Company have established a communication channel for the stakeholders, set the stakeholder section on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	✓		The Company has created a stakeholders section on its website and assigned dedicated personnel to communicate, handle and reply to stakeholders' queries. The CSR report has been made available on the website, which stakeholders may access and download at any time. Stakeholders section: http://www.mic-holdings.com.tw/Stakeholders.html TEL: 02-2652-5888, 03-3962888 E-mail: stock@mic.com.tw	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
V. Does the Company have commissioned a professional stock service agent to handle shareholders affairs?	✓		The Company has commissioned Chinatrust Bank as the share administration agency, which is responsible for handling shareholder meeting affairs.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
VI. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		(I) The Company has a website (www.mic-holdings.com.tw) that discloses financial and corporate governance information in separate sections.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓		(II) The Company has an English website and appoints dedicated personnel to gather and disclose information relating to the Company. The Company has a spokesperson and an acting spokesperson policy to address the public. Details of investor conferences are made publicly accessible on "MOPS."	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Evaluation items	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
VII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	✓		<p>(I) Employee rights and privileges</p> <p>MiTAC firmly believes that people is the driving force for corporate development. For this reason, MiTAC highly values the rights and privileges of its employees and makes additional investment for their welfare to high standard further to the protection of the rights and privileges of the employees as required by law:</p> <p>1. Policies: (1) Labor/health insurance, pension contribution, employee training, safety and health measures, equal gender opportunities etc.</p> <p> (2) Provide different forms of fringe benefits for the employees with ceaseless effort, including group insurance protection, free physical examination, and subsidy for pleasure trips, gym, emergency aid, subsidy for matrimony/maternity/funeral, car loans, and subsidy for continuing education.</p> <p>2. Implementation: (1) Duly observe applicable legal rules for the protection of the rights of employees.</p> <p> (2) Employee welfare is managed by designated personnel.</p> <p> (3) Designated employee relation personnel are appointed to respond to the personal needs of the employees. This service system is running well.</p>	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
			<p>(II) Concern for the employees</p> <p>1. Policies: MiTAC has appointed designated personnel for managing employee relation. These personnel are responsible for caring the employees. Scope of service: emergency aid, employee complaint, handling complaints, employee healthcare and hospitalization, coordination of employee problems, prevention of sexual harassment at workplace, handling complaints and consultation in career development. The Company also works with external consultants to introduce an Employee Assistant Program (EAP), where mental counselors, financial and legal specialists are engaged to provide relief to employees' minds and daily lives.</p>	

Evaluation items	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>2. Implementation: Last year, 36 service requests were made to the EAP by employees in Taiwan and their family members, which represented 3% of the employee size in Taiwan. Most of these requests were related to legal and mental counseling. Through the assistance of the “EAP”, employees can receive appropriate help and strongly applauded this service. When employees or their families suffered from accidental injuries, natural disasters, or severe illness, or death, MiTAC will provide immediate and appropriate help in the form of financial aid. The purpose is to help these employees or families recovered from ailment and get back to their work quickly. This is the manifestation of The Company in caring for the employees and their families as an integral part of its corporate social responsibility. As mentioned, under the prerequisite of winning on both sides of the management and labor, this has been proven highly effective in bringing harmony and commitment to organizational stability at workplace.</p> <p>(III) Investor relation: MiTAC firmly insists on the principles of sincerity and information disclosure, and spare no effort in making corporate governance transparent. In practice, MiTAC disclose its state of operation and financial position to the shareholders. With the establishment of the spokesperson and acting spokesperson system, The Company has performed its obligation in disclosure under due diligence. Specialists and electronic mailbox have been made available to handle investors' suggestions and queries.</p> <p>(IV) Supplier relations and stakeholders' rights: The group maintains long-term relationship with its suppliers to ensure continuity of material supply. Dedicated personnel have been assigned to resolve product-related problems and whatever queries raised by stakeholders and shareholders, and thereby protect their interests.</p> <p>(V) Directors' and Supervisors' ongoing education: The Company's directors all have relevant expertise. Information about their ongoing education has been disclosed onto the "Corporate Governance" section of MOPS, and made readily accessible to investors. Continuing education in 2015 and 2016 up till the publication date of this annual report:</p>	

Evaluation items	Corporate governance in action					Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies			
	Yes	No	Summary						
			Title	Name	Organizer	Course name	Training Hours		
			Chairman	Miau, Matthew Feng Chiang	Taiwan Corporate Governance Association	Audit Committee Regulations and Practices.	3		
					Institute of Internal Auditors, ROC (Taiwan)	Operational Audit in Practice	3		
					Taiwan Institute of Directors	Tipping the Scale of Competitiveness - Global Realities and Responsive Strategies after COP21	3		
			Director	Ho, Jhi-Wu	Taiwan Corporate Governance Association	Audit Committee Regulations and Status	3		
			Institutional director Representative	Way, Yung-Do	Taiwan Corporate Governance Association	Directors' and Supervisors' Responsibilities in Financial Statement Preparation - Case Studies	3		
					Taiwan Corporate Governance Association	Performance and Survey of Board of Directors among Public Listed Taiwanese Companies	2		
					Taiwan Academy of Banking and Finance	Best Board Practice and Corporate governance Workshop	2		
					Taiwan Corporate Governance Association	Group Governance	3		
					Taiwan Corporate Governance Association	Risk Management	3		
					Taiwan Corporate Governance Association	Sustainable Governance - New Corporate Governance and sustainability Trends	3		
					Securities and Futures Institute	Corporate Social Responsibility Report - Value of Sustainable Business Management	3		

Evaluation items	Corporate governance in action						Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies		
	Yes	No	Summary						
			Institutional director Representative	Chang, Kwang-Cheng	Taiwan Corporate Governance Association	Audit Committee Regulations and Status	3		
			Institutional director Representative	Hsu, Tzu-Hwa	Securities and Futures Institute	Board of Directors' Responsibility in Fraud Prevention	3		
					Securities and Futures Institute	Advanced Practical Workshop for (Independent) Directors and Supervisors - Avoidance of Insider Trading	3		
			Supervisor	Chiao, Yu-Cheng	Taiwan Corporate Governance Association	Challenges of Cross-strait Capital Markets; 2016 Economic Outlook	6		
					Taiwan Corporate Governance Association	Authority, Responsibilities and Practices of Board of Directors and Functional Committees	3		
					Taiwan Corporate Governance Association	Innovation - A Distinctive Bias. Trends of the Green Industry.	3		
			Representative of Institutional Supervisor	Ching, Hu-Shih	Corporate Governance Association in Taiwan	Audit Committee Regulations and Practices.	3		
					Taiwan Academy of Banking and Finance	Corporate Governance 2.0 - Global Perspective and Taiwan Experience	3.5		
					Corporate Governance Association in Taiwan	Functionality and Performance Evaluation of Board of Directors	3		
			(VI)Risk management policies, practices, and risk assessment standards: The company has established internal policies and performs risk management and evaluation accordingly.						
			(VII)Execution of customer policy: The group maintains sound relationship with customers to secure profitability.						
			(VIII)Insurance against directors' and supervisors' liabilities: The Company has purchased liability insurance in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," details of which have been disclosed in the "Corporate Governance" section						

Evaluation items	Corporate governance in action				Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies								
	Yes	No	Summary										
			<div>of MOPS.</div> <table><tr><td>The insured</td><td>The insurer</td><td>The amount insured</td><td>Term of policy (starting and ending)</td></tr><tr><td>All directors and supervisors</td><td>Fubon Insurance Co., Ltd.</td><td>NT\$393,900,000</td><td>November 15, 2015 to November 15, 2016</td></tr></table>		The insured	The insurer	The amount insured	Term of policy (starting and ending)	All directors and supervisors	Fubon Insurance Co., Ltd.	NT\$393,900,000	November 15, 2015 to November 15, 2016	
The insured	The insurer	The amount insured	Term of policy (starting and ending)										
All directors and supervisors	Fubon Insurance Co., Ltd.	NT\$393,900,000	November 15, 2015 to November 15, 2016										
VIII.Has the Company prepared a corporate governance self-assessment report or commissioned a professional organization to compile a corporate governance assessment report? (If so, please state the board of directors' opinions, the result of the self/external assessment, any major weaknesses or suggestions raised, and improvements made.)		✓	The Company neither prepares a corporate governance self-assessment report nor commissions a professional organization to compile a corporate governance assessment report. However, functioning of the Board of Directors, and practices such as internal control, internal audit, and information disclosure have all been carried out in accordance with "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."		No material deviation is found.								

(V) Disclosure of the organization, functions, and operation of the remuneration committee, if applicable:

1. The Company established a Remuneration Committee on September 12, 2013; the committee comprised of three outside experts who satisfied criteria of professionalism and independence. The committee holds meetings at least twice a year and exercises the following authorities in a professional and objective manner; its suggestions are raised for discussion in board meetings:

- (1) Stipulate and regularly review the performance of the directors, supervisors and managers; as well as the compensation policies, systems, standards and structure.
- (2) Regularly evaluate and stipulate director, supervisor and manager compensation.

2. Profiles of the Remuneration Committee members

Identity	Name	Qualification requirement	Having more than five years work experience and the following qualifications			Compliance with independence requirements (Note 1)								No. of concurrent roles as remuneration committee member in other public companies	Remarks
			Lecturer or higher level instructor at a public or private college or university in business, law, finance, accounting or other fields related to the operations of the company	Judge, public prosecutor, attorney at law, CPA, or other professionals licensed by national exams that are pertinent to the operation of the company	Work experience in business, law, finance, accounting, or other areas required for the operation of the company	1	2	3	4	5	6	7	8		
Members of the Remuneration Committee	Cheng Chien-Jen				✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Members of the Remuneration Committee	Ma, Shaw-Hsiang				✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Members of the Remuneration Committee	Lu, Shyue-Ching				✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: place a "✓" in the box below if the member met the following conditions at any time during active duty and two years prior to the date of appointment.

- (1) Not an employee of the Company or its subsidiaries or affiliates.
- (2) Not a director or supervisor of the Company or its subsidiaries or affiliates. (except an independent director of an investee of the Company, of the parent of the Company, or directly or indirectly controlled by the Company with more than 50% of its stakes).
- (3) The person, the spouse, underage children, who hold more than 1% of the outstanding shares or one of the top 10 shareholders who are natural persons or who hold shares of this company under the title of a third party.
- (4) Not the spouse, kin within the 2nd tier or the next of kin within the 3rd tier of any of the parties mentioned in (1) ~ (3).
- (5) Not a director, supervisor or employee of an institutional shareholders holding more than 5% of the outstanding shares of the Company, or of the top five institutional shareholders.
- (6) Not a director, supervisor, manager, or shareholder holding more than 5% of the outstanding shares of specific company or institution having business of financial transactions with the Company.
- (7) Not a professional, proprietor, partner, company or the owner, partner, director, supervisor, manager or spouse of the professional consulting entities providing services or consultation in business, law, finance, accounting and other for the Company or its subsidiaries or affiliates.
- (8) The provisions of Article 30 of the Company Law are not applicable.

3. The Operation of the Remuneration Committee

- (1) The Remuneration Committee of MiTAC is consisted of three members.
- (2) Duration of service: from September 12, 2013 to June 23, 2016. The Remuneration Committee held two meetings (A) in 2015; details of members' eligibility and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Percentage of actual attendance (%) (B/A)	Remarks
Convener	Cheng Chien-Jen	2	0	100.00%	
Members	Ma, Shaw-Hsiang	2	0	100.00%	
Members	Lu, Shyue-Ching	0	1	0.00%	New on board 2015/05/08 Required attendance: 1
Members	Sun Lu-Hsi	1	0	100.00%	Resigned 2015/05/08 Required attendance: 1
Special notes:					
I. Where the Board may not accept or revise the recommendations of the Remuneration Committee, specify the date and the instance of the Board session, and the content of the motions, the resolution of the Board, and the response to the opinions of the Remuneration Committee: None.					
II. If there is any adverse opinion or qualified opinion of the members in the decision of specific motions in the Remuneration Committee on record or with written declaration, specify the date and the instance of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: None.					

(VI) The practice of corporate social responsibility:

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
I. Enforcement of corporate governance				Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
(I) Does the Company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	✓		(I) The Company has adopted relevant systems and established environmental safety and health strategies and HSF (hazardous substance free) policies as requested by customers and the authority. Performance of the above systems, strategies and policies are reviewed on a yearly basis. For more details regarding the Company's CSR policies and progress, please refer to our official website and section "Corporate Social Responsibility Perspectives and Commitments" in the CSR report.	
(II) Does the Company organize social responsibility training on a regular basis?	✓		(II) The Company communicates with Directors, supervisors and employees from time to time about corporate ethics and code of conduct.	
(III) Does the Company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?	✓		(III) The President's Office and corresponding units within various departments form a network that oversees the above matter. The Board of Directors' role in corporate social responsibilities includes the following: 1. Outline the CSR mission or vision; establish CSR policy, system or management guidelines. 2. Incorporate the CSR spirit into the Company's operating activities and growth; while at the same time devise feasible CSR plans. 3. Ensure timely and accurate disclosure of CSR information.	
(IV) Has the company implemented a reasonable remuneration system that associates employees' performance appraisals with CSR? Is the remuneration system supported by an effective reward/discipline system?	✓		(IV) In addition to creating a Remuneration Committee, the group also performs annual salary surveys to determine the appropriateness of its compensation policies. The Group run “Performance Evaluation” every six months, based on individual performance and the performance of the two-track promotion opportunities given, while referring to it as salary adjustment and payment of bonuses. Also, express business integrity rule, Code of Conduct and the incentives and disincentives, in order to improve the business operation.	

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
II. Environment for sustainability				
(I) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		(I) The Company is committed to the efficient use of all resources through measures such as: use of photovoltaic energy, switch towards green lighting, the use of T5 energy-efficient light tubes, upgrade of air-conditioner compressors, optimization of electromechanical equipment, use of variable-frequency devices and energy-efficient appliances, use of air compressor heat for water heating, upgrade of fuel boilers, and automated control of air-conditioning system. The Company implement the MiGEM intelligent environmental control system, using a large data analysis system effectively to improve operational efficiency and reduce operating costs, as well as to improve comfort and reduce energy consumption to fulfill corporate social responsibility. This system leveraging the IoT cloud-based service, a variety of environmental sensors will collect relevant information, can be for constructional energy monitoring (electricity, water), environment & safety monitoring applications (lighting control, IAQ monitoring, fire escape, video monitoring, surveillance equipment, etc ...), as well as the largest electricity environment farm field of air conditioning equipment (ice machine system, AHU, FCU). By analysis the big data algorithms and technology to achieve the wisdom of energy-saving control device and can be controlled by APP through pushing message for alarm function. This is the most advanced IoT solution for energy management.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
(II) Has the Company developed an appropriate environmental management system, given its distinctive characteristics?	✓		(II) Installation of the platform for the management of restricted use of chemical substances, and the control of hazardous substances under ISO 14001.	
(III) Does the Company pay attention to the impact of climate change on the operational activities, implement greenhouse gas check, and form an energy-saving, carbon-reduction, and greenhouse emissions reduction strategy?	✓		(II) MiTAC has the ability to track carbon footprint of its products, and has been disclosing carbon emission on the CDP (Carbon Disclosure Project) platform on an annual basis. In addition, MiTAC also sets reduction goals and takes step towards achieving them. The Company request strictly about industrial wastewater emissions, zero air pollution, reducing waste generation and greenhouse gas emissions by up to testing standards and other measures. On the other hand, companies in the prevention of global warming and energy conservation, requested administration department replaced old T8 lamps to new energy-saving T5	

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
			lamps. Large regional office lighting control switch is changed to a small area. The original elongated lamp control switch change to type control switch for the region, and increase the office air conditioner 1 °C to 26 °C, in order to save unnecessary energy waste. Beginning of each month, send out email to deliver the green lifestyle. Select the manger for each floor to check the implementation. All of this is to promote the policy of energy conservation.	
III. Support social charity				
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	✓		(I) MiTAC complies with laws and strives to protect the rights and privileges of its employees. All rights and obligations have been regulated in policies and the supervisory system is well developed. These policies are amended at times deemed appropriate to ensure the most comprehensive protection, and have been made readily accessible by MiTAC employees on the intranet.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
(II) Does the Company have the complaint mechanism and channel established for employees and have it handled properly?	✓		(II) To provide employees with the means of expressing suggestions and opinions, an employee relations unit has been created within MiTAC's Human Resource Department, where dedicated personnel are assigned to implement employee care measures and communication policies/channels. A digital mailbox named "speak-out" has been set up to receive employees' suggestions and opinions. Upon receiving messages, members of the employee relations unit would respond with discretion and, if necessary, assemble a special panel to respond and make improvements to employees' opinions in an anonymous and timely manner.	
(III) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		(III) MiTAC duly obeys safety and health-related regulations, and performs inspections where necessary on the work environment (for lighting, CO2 content etc), drinking water (for germ level), and building (for fire and structural safety). In addition, all employees are subjected to physical examinations once every other year at a standard that is higher than what the law requires. All new employees are required to take part in an orientation course on safety and health, as well as regular training on civil defense and fire safety.	

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
(IV) Does the Company have established a mechanism of periodical communication with employees and have the employee notified in a reasonable manner regarding the potential impact of the operation changes?	✓		(IV) The group has an internal Portal system that gathers the latest news and announcements from various departments within the Company. Employees may access this information when they log in to their terminals each day. MiTAC holds a staff meeting at the beginning of each month. The President presides over this meeting and announces the latest development and the arrangement of the organization to all function heads and representatives of different functional areas. These executives will then disseminate such information to their subordinates. Any material change of management policy that is likely to affect employees' interests will be explained face-to-face by the respective department in the form of a seminar, and thereby eliminate employees' doubts.	
(V) Does the Company have an effective career capacity development training program established for the employees?	✓		(V) To assist employees in their career planning, the group requires managers to engage employees in two-way discussions every six months about career plans. Department heads have been assigned the responsibility to organize professional training, while a global rotation system is in place to help employees develop multiple talents. These talent programs are run on a long-term basis to help enhance competitiveness. Furthermore, the Company encourages employees with managerial roles to undertake on-job postgraduate studies and EMBA programs to further refine their professional skills and management talents.	
(VI) Has the Company implemented consumer protection and grievance policies with regards to its research, development, procurement, production, operating and service activities?	✓		(VI) MiTAC is devoted to protecting customers' interests as part of its product responsibilities. Products are designed from a life cycle perspective, and the final approval weighs upon a number of factors such as environmental protection, convenience to consumers, and protection of consumers' interests. Customer complaint channels have been established, while litigation and claims procedures are also available for consumers to state their claims. Customers are able to raise queries or recommendations through the contact methods specified in the Company's web page (http://www.mic-holdings.com.tw/Contact_MHC.html).	
(VII) Has the Company complied with laws and international standards with regards to the marketing and labeling of products and services?	✓		(VII) The group takes responsibility for the products and services it sells, and devotes great attention to marketing ethics. Its R&D, procurement, production and service procedures have been designed to ensure transparency of product information and product safety. The Company has published its consumer protection policy and executed accordingly to prevent its products/services from causing damage to	

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
			consumers' interests, health and safety.	
(VIII) Does the Company evaluate suppliers' environmental and social conducts before commencing business relationships?	✓		(VIII) The Company has supplier investigation procedures in place, and conducts regular audits on internal raw material suppliers (and on new suppliers before initiation of business relationship) to obtain assurance of their environmental management practices and control of prohibited substances. Start e-GP green product management system to implement of green parts supply chain, to select qualified suppliers and to perform a detailed review parts GP and Restriction of Chemical Substances investigation by GP system. Currently, the Company requires all suppliers to comply with environmental protection standards and provide GP-related information for all products supplied. Furthermore, compliance requirements on EICC have also been communicated to relevant suppliers through eSCM announcement.	
(IX) Is the Company entitled to terminate supply agreement at any time with a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts against the environment or society?	✓		(IX) MiTAC has established “Universal Environmental Specification,” which demands suppliers to duly comply with all environmental protection requirements for the products supplied. In addition, MiTAC also demands the suppliers to participate and observe the EICC (Electronic Industry Code of Conduct). Further, the Securities Exchange Commission (SEC) of USA has been enforcing Article 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and requires disclosures regarding the use of conflict minerals. Some of MiTAC's customers have issued depository receipts in the USA, and hence are required to declare to SEC whether conflict minerals were used in previous year's production and whether such minerals originated from certain African countries. For this reason, MiTAC has included prohibition against use of “conflict materials” into its green product policy, and responded accordingly to inquisitions made by the aforementioned customers. In the meantime, MiTAC investigates its own suppliers to determine whether the raw materials purchased and used in the production process contain conflict minerals, and source of such minerals if any. In 2015, MiTAC completed investigations on 608 suppliers and identified 259 mineral refineries; they are being required to comply with the same regulations as	

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
			does the MiTAC group.	
IV. Intensification of disclosure (I) Has the Company disclosed relevant and reliable CSR information on its website and at the Market Observation Post System?	✓		(I) The Company uses its website and MOPS to make relevant and reliable disclosures of CSR information, including the Company's CSR report and annual report.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
V. If the Company has established CSR principles in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has established its own CSR principles, which conform with the rationale and practices of "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."				

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
VI. Other information useful to the understanding of corporate social responsibilities:				
1. Responsibility of environmental protection				
(1) System and policy:	a. Set up the green platform in compliance with the requirements of RoHS/WEEE Directives and REACH and organize green supply chain management.			
	b. For performing the corporate responsibility of environmental protection, MiTAC seeks to regulate its obligation of environmental protection through the product environmental protection declaration statement.			
(2) Implementation:	a. For performing the corporate responsibility or environmental protection in electronic industry, MiTAC upgrades its capacity in speeding up the procurement of green items for its products and parts through green procurement from the suppliers in order to supervise the suppliers to reduce or ban the use of hazardous substances in the production.			
	b. MiTAC has made the statement of self-declaration in compliance with the environmental laws effective in the EU on PND products. MiTAC has demonstrated its strength in environmental protection, and has upgraded its business integrity and competitive power.			
2. Contribution to the society:				
(1) Systems and policies:	a. Sponsorship of the Y.S. Award of Creativity, which helps develop local design talents and improve industry competitiveness.			
	b. Organize forums on campus to exchange with the university students and share with them the experience in industry.			
	c. Participation in all kinds of industry seminars to share management and industry experience.			
(2) Implementation:	a. MiTAC sponsors the Y.S. Award of Creativity, an event that awards outstanding software designs, industrial designs, and micro film productions. MiTAC has been promoting awareness for this award on campus, and invites renowned industry figures local and abroad to share their experience with students in forums. These efforts have been made to inspire local designers and ultimately improve the industry's design capacity.			
	b. Winners of Y.S. Award of Creativity are offered internship opportunity. Meanwhile, other top-performing students are also encouraged to submit internship applications.			
3. Consumers' rights and privileges:				
(1) System:	For realizing the responsibility for the consumers, MiTAC customer service team spares no effort in creating innovative models and logistics support system, and promotes this idea and system to all customer service teams of MiTAC in different countries of the world.			
(2) Implementation:	Launch the GPS brand for the consumers.			
	a. “Mio Online Repair Service” allows the customers to request for repair without the constraints of time and place.			
	b. “Mio Online Education” provides simple and useful content so that customers can learn to use the devices easily.			
	c. “Mio Online Service” offers round-the-clock question and answer for Mio product information.			
	d. “Mio Online Update” allows for online product update through simple procedures.			
	e. “Mio Quick Map” allows the consumers to update their map and product instruction through the facilitation of the distributors in Taiwan.			

Evaluation items	Corporate governance in action			Discrepancy from “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”.
	Yes	No	Summary	
4. Human right:				
(1) Systems and policies:	a. The group's recruitment policy focuses on hiring local employees as the first priority; regardless of where the group operates, it welcomes local workers and persons with disabilities. Competence is the determinant for employment. There shall be no discrimination against sex, religion, nationality, and political affiliation. All will be treated equally. The employment policy of MiTAC also explicitly states that all applicants and employees will be offered equal opportunity in recruitment, employment, development, evaluation, and remuneration.			
	b. MiTAC concerns for the rights and privileges of its employees, and duly obeys the Electronic Industry Code of Conduct (EICC) and relevant labor regulations in countries where it operates. MiTAC strictly prohibits hiring of child labor aged below 15, and refrains from assigning workers aged below 18 to works of hazardous nature. MiTAC seeks to protect the human rights of its workers irrespective of race, skin color, gender, language, religion, political affiliation or opinion, nationality, social background, wealth, birth, or any other identity differences. Employees are not discriminated in any way, whether in terms of recruitment or job duty.			
	c. The group is dedicated to building a gender-equal workplace, and strives to ensure equal opportunities and protect employees' dignity by strictly prohibiting against sexual harassment in the workplace.			
(2) Implementation:	a. MiTAC recognizes the contribution of people with different talents. Any addition or alteration of the policy of the terms and conditions of employment will be made through mutual consultation and coordination with the people concerned. There is no dispute so far.			
	b. MiTAC duly obeys labor regulations and respects the opinions of its employees. Any addition or amendment to the employment policy are fully negotiated between employees and the management. No employment-related dispute has arisen so far.			
	c. MiTAC has implemented a set of "Regulation Governing the Prevention of Sexual Harassment at Workplace and Complaints" and established a sexual harassment complaint hotline. Any complaint raised will be attended to by dedicated personnel. In addition, lectures on the prevention of sexual harassment are being held regularly to avoid sexual harassment in the workplace. These policies and practices have been soundly enforced so far.			
5. Safety and health:				
(1) System and policy:	MiTAC has been certified for ISO 14001 - Environmental Protection System and OHSAS 18001 Occupational Health and Safety Advisory Services System since November 6, 2003. These certifications were attained as reinforcements to the safety and health of employees at workplace, and to protect employees from occupational injury, death, and prevent protest that arise as a result. These certifications are regularly validated by third-party institutions and properly enforced throughout the organization.			
(2) Implementation:	a. Protect the employees in safety and health, prevent occupational hazards, diseases, and potential danger, encourage the employees to participate in corrective action plans, and create a safe and healthy work environment.			
	b. Continual performance improvement in environmental safety and health: MiTAC conducts routine audits and assesses investments where appropriate to continually improve its environmental safety and health management system.			
VII. Describe the criteria undertaken by any institution to certify the Company's CSR report: None.				

(VII) The practice of business integrity and measures:

Assessment criteria	Current implementation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. With business integrity policy and action plan in place				
(I) Has the Company stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	✓		(I) MiTAC has implemented "Integrity Code of Conduct" and published it onto the official website, which the Board of Directors and the management are bound to obey when exercising authority. Training courses and awareness campaigns are organized from time to time to prevent dishonest behaviors from all personnel.	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX- listed Companies."
(II) Does the Company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?	✓		(II) MiTAC has Employee Code of Conduct and Anti-corruption Policy in place to outline operating procedures and behavioral guidelines that employees are bound to obey, and disciplinary actions and grievance systems for violations. Both the code and the policy are being rigorously enforced.	
(III) Has the Company taken steps to prevent occurrences listed in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" or business conducts that are prone to integrity risks?	✓		(III) MiTAC demands all employees to refrain from accepting improper gifts, so that they do not compromise the Company's interests for personal gains. In addition, all employees have the duty of confidentiality over business secrets of the Company and other relevant parties. MiTAC has implemented relevant measures to prohibit against bribery (for offering and acceptance), illegal political donations, and inappropriate charity donations/sponsorships for business activities that present higher integrity risks.	
II. Realization of business integrity				
(I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		(I) MiTAC signs an "Agreement on Undertaking of Business Integrity" when commencing business relationship with a major supplier.	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX- listed Companies."
(II) Does the Company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?	✓		(II) The Human Resource Development Center is responsible for the establishment of business integrity policy and prevention measures, whereas the internal audit function is responsible for supervising execution of such policy and measures. The internal audit function conducts random audits on compliance status within the Company, and produces audit reports for review by the Board of Directors.	

Assessment criteria	Current implementation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			The Board of Directors of MiTAC will exercise the duty of care as prudent managers to supervise and prevent dishonest conducts, while constantly review performance to ensure continual improvement and sound execution of integrity policy.	
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	✓		(III) MiTAC has made a policy for the prevention of the conflict of interest, and it provides appropriate channels for the directors, supervisors, and managers in voluntary justification of their positions, which may entail potential conflict of interest against The Company.	
(IV) Has the Company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	✓		(IV) MiTAC has established and complied with an effective accounting system and internal control system. In addition, MiTAC reviews the systems at any time as needed to ensure the sustained effectiveness of the system design and implementation. The internal audit function of MiTAC conducts regular and special audits on the state of compliance with the “internal control system” and prepares related audit reports for presenting to the Board of Directors.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		(V) Employees are constantly reminded to adhere to integrity principles in daily business activities.	
III. Reporting of misconducts (I) Does the Company provide concrete whistleblower and reward system for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	✓		(I) The Company has an Anti-corruption Policy supported by a whistleblower and reward system. There is a broad range of misconduct reporting channels available to both insiders and outsiders, including mailboxes and hotlines that are run by the Company or by independent third-party institutions. These reporting channels have been announced to the public, while the internal audit function is assigned to handle and investigate reported cases.	Compliant with the rationale and practices of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX- listed Companies.”

Assessment criteria	Current implementation			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(II) Has the Company implemented any standard procedures or confidentiality measures for handling reported misconducts?	✓		(II) The Company has standard procedures in place to accept and investigate reported misconducts. The procedures call for an investigation panel to investigate and discipline wrongdoers, while at the same time introduce a confidentiality system that ensures confidentiality of the investigation process and safekeeping of audit-related documents.	
(III) Has the Company provided proper whistleblower protection?	✓		(III) The Company has created and enforced whistleblower protection to protect informants against mistreatment.	
IV. Intensification of disclosure (I) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	✓		(I) The Company has established "Integrity Code of Conduct" and published onto its website and at the "Corporate Governance" section of MOPS. Implementation progress of the Integrity Code of Conduct is disclosed in annual reports.	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX- listed Companies."
V. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company has implemented Integrity Code of Conduct, which conforms with the rationality and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies."				
VI. Other information relevant to understanding the Company's business integrity (e.g. reviews of business integrity principles): None.				

(VIII) Other essential information that can help to understand the practice of corporate governance shall also be disclosed:

For more information on corporate governance, please visit the "Corporate Governance" section on MiTAC's website, or visit the "Corporate Governance" section at MOPS (mops.twse.com.tw).

(IX) Other essential information that helps to understand the pursuit of corporate governance better: None.

(X) The implementation of the internal control system:

1. Statement of Declaration of Internal Control

MiTAC Holdings Corporation
Statement of Declaration of Internal Control

Date: March 25, 2016

The following declaration had been made based on the 2015 self-assessment of the Company's internal control policies:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managers, and that such a system has been implemented within the Company. The purposes of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
- III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether existing policies continue to be effective. Criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each of the elements in turn contains certain audit items, Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the abovementioned criteria to validate the effectiveness of its system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2015. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was passed unanimously by all five Directors present at the board meeting dated March 25, 2016.

MiTAC Holdings Corporation

Chairman: Miao, Matthew Feng Chiang

President: Ho, Jhi-Wu

2. Certified public accountants commissioned to conduct internal audit and the audit report:
None.

(XI) In the most recent year and to the date this report was printed, any personnel of the company punished by law, or internal disciplinary action the violation of internal control system by company personnel, the major shortcomings and the state of corrective action: None.

(XII) In the latest year and to the date this report was printed, major resolutions of the Board and the Shareholders Meeting:

1. Shareholder meeting:

Date of meeting	Summary of important motions	Resolutions	Status of implementation
2015.06.11	1. Acknowledgment of 2014 business report and financial statements	Voted and approved as proposed	Act in accordance with the resolution
	2. Acknowledgment of 2014 earnings appropriation Shareholder dividend: cash dividend at NT\$0.7/share.	Voted and approved as proposed	Set July 27, 2015 as the ex-date for cash dividends; and August 14, 2015 as the cash dividend payment date.
	3. Discussion for the amendment of "Articles of Incorporation"	Voted and approved as proposed	To proceed according to the amended "Articles of Incorporation."
	4. Discussion for the amendment of "Director and Supervisor Election Policy"	Voted and approved as proposed	To proceed according to the amended "Director and Supervisor Election Policy."
	5. Discussion for the amendment of "Shareholder Meeting Rules"	Voted and approved as proposed	To proceed according to the amended "Shareholder Meeting Rules."
	6. Discussion for the removal of restrictions against directors' involvement in competing business	Voted and approved as proposed	Act in accordance with the resolution
	7. Special motion: shareholders have proposed to reduce the Company's share capital by NT\$1.5 billion for cash	Voted and rejected	

2. Board of Directors meeting

Date of meeting	Important Resolutions
2015.02.02	1. Passed the proposal by subsidiary - MiTAC International Corp.to construct a corporate office building.
	2. Passed amendments to "Integrity Code of Conduct."
	3. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set as March 2, 2015. In 2014 fourth quarter, 1,061,500 new common shares were issued for the exercise of ESO.
	4. Passed to retire 983,000 and 2,386,000 shares of MiTAC International Corp.that the subsidiary had repurchased in its 14th and 15th treasury stock buybacks, respectively, but were not transferred to employees beyond the scheduled expiry date.The capital reduction was scheduled to take effect on March 2, 2015.
2015.03.19	1. Set the date and agendas for the Company's 2015 annual general meeting.
	2. Passed the Company's 2014 financial statements.
	3. Passed the proposed distribution of 2014 earnings Shareholder dividend: cash dividend at NT\$0.7/share. Employee bonus: NT\$633 thousand in cash Remuneration to directors and supervisors: NT\$2 million
	4. Passed amendments to the Articles of Incorporation.
	5. Passed amendments to "Directors and Supervisors Election Policy."
	6. Passed amendments to "Shareholder Conference Rules."

Date of meeting	Important Resolutions
	7. Passed the removal of restrictions against directors' competing business involvements.
2015.05.08	<p>1. Passed reappointment of Remuneration Committee member: Following the resignation of Madam Ms.Sun Lu-His, former Remuneration Committee member, Mr.Lu, Shyue-Ching was reappointed as a member of the Remuneration Committee.</p> <p>2. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set on May 8 2014. In Q1 2015, 504,500 new shares of common stock were issued through exercise of ESO.</p>
2015.06.12	<p>1. Set July 27, 2015 as the ex-date for cash dividends.</p> <p>2. Passed to extend credit to subsidiary - MiTAC Computing Technology Corporation for up to NT\$1 billion.</p>
2015.08.07	<p>1. Passed the Chairman's concurrent role as CEO of the Company.</p> <p>2. Passed to remove restrictions against managers' concurrent roles and competing business involvements.</p> <p>3. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set as August 17, 2015. In 2015 second quarter, 10,653,280 new common shares were issued for the exercise of ESO.</p> <p>4. Passed to retire 951,000 shares of MiTAC International Corp.that the subsidiary had repurchased in its 16th treasury stock buyback but were not transferred to employees beyond the scheduled expiry date. The capital reduction was scheduled to take effect on August 17, 2015.</p>
2015.08.25	1. Passed to buy back shares of the Company: To be transferred to employees; a total of 20,000,000 shares shall be purchased at NTD\$18 ~ NTD\$21.
2015.11.10	<p>1. Passed the establishment of "Corporate Governance Best Practice Principles", "Corporate Social Responsibility Best Practice Principles" and "Ethics Guidelines."</p> <p>2. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set as November 10, 2015. In 2015 third quarter, 772,550 new common shares were issued for the exercise of ESO.</p>
2016.01.26	<p>1. Passed amendments to the Articles of Incorporation.</p> <p>2. Passed the distribution of 2015 Directors' and Supervisors' remuneration totaling NT\$2.1 million.</p> <p>3. Passed a re-organization within MiTAC group: Star Well Technology Limited will contribute additional capital to MiTAC Investment Co., Ltd.through one of Star Well's 100%-owned subsidiaries.</p> <p>4. Passed capital reduction of the Chinese subsidiary - MiTAC Computer (Shunde) Ltd.</p> <p>5. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set as January 26, 2016. In 2015 fourth quarter, 790,430 new common shares were issued for the exercise of ESO.</p>
2016.03.25	<p>1. Passed the distribution of 2015 employees' remuneration totaling NT\$1,767,000.</p> <p>2. Passed the Company's 2015 financial statements.</p> <p>3. Passed the proposed distribution of 2015 earnings Shareholders' dividends: cash dividends at NT\$1.6 per share. Shareholders' dividends: stock dividends at NT\$0.4 per share.</p> <p>4. Passed to capitalize earnings into share capital against issuance of 30,793,437 new common shares.</p> <p>5. Passed amendments to "Third Party Lending Procedures," "Guarantee/Endorsement Procedures," "Asset Acquisition and Disposal Procedures," "Derivative Trading Procedures," and "Board of Directors Meeting Procedure."</p> <p>6. Passed re-election of Directors and Supervisors.</p> <p>7. Passed the removal of restrictions against directors' competing business involvements.</p> <p>8. Set the date and agendas for the Company's 2016 annual general meeting.</p> <p>9. Passed the disposal of Loyalty Founder Enterprise Co., Ltd., an investment previously acquired by subsidiary through private subscription of shares.</p> <p>10. Passed to extend credit to subsidiary - MiTAC International Corp.for up to NT\$2.5 billion.</p>

Date of meeting	Important Resolutions
2016.05.10	1. Passed review of director and supervisor candidates.
	2. Passed to assume liability of existing employee stock options (ESO) previously issued by MiTAC International Corp., and to issue new common shares for the exercise of ESO: The issuing date of new shares was set as May 10, 2016. In 2015 first quarter, 1,613,830 new common shares were issued for the exercise of ESO.

(XIII) Documented opinions or declarations made by directors or supervisors against board resolutions in the last year, up till the publication date of this annual report: None.

(XIV) Resignation or dismissal of key personnel (including the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D) in the most recent year up till the publication date of this annual report: None.

V. Details of shares transferred or pledged by directors, supervisors, managers, or shareholders with more than 10% ownership interest in the last year up till the publication date of this annual report

(I) Changes of Shares which are owned by Directors, Supervisors, Managers and Major Shareholders

Title	Name	2015		2016 up till April 23	
		Changes in shares held	Changes in shares pledged	Changes in shares held	Changes in shares pledged
Chairman and CEO	Miau, Matthew Feng Chiang	450,000	0	(4,717,756)	0
Director and President	Ho, Jhi-Wu	150,000 (652,000)	0	(30,000)	0
Director	MiTAC Inc.	0	0	0	0
	Representative: Hsu, Tzu-Hwa	0	0	0	0
Director	UPC Technology Corporation	0	0	0	0
	Representative: Way, Yung-Do	0	0	0	0
	Rep: Chang, Kwang-Cheng	0	0	0	0
Supervisor	Chiao, Yu-Cheng	0	0	0	0
Supervisor	Lien Hwa Industrial Corp	650,000	(16,223,000)	729,000	0
	Rep: Ching, Hu-Shih	0	0	0	0
Vice President and head of finance	Huang, Hsiu-Ling	60,000	0	0	0

Note: The counterparties of shareholding transfers and shareholding pledges are not related parties.

(II) Information of share transfer: Not applicable.

(III) Information of Pledged Shares: Not applicable.

VI. Information on the relationship of top 10 shareholders by proportion of shareholding, related parties, spouse, or kindred within the 2nd tier

April 23, 2016

Name	Shares held in own name		Shares currently held by spouse or dependents		Shares held in the names of others		Disclosure of relationships between the top ten shareholders including spouses, 2nd tier relatives or closer, or the relationships		Remarks
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Name	Relationship	
UPC Technology Corporation Rep.: Miao, Matthew Feng Chiang	64,814,078	8.30%	0	0.00%	0	0.00%	MiTAC Inc.	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							Miao, Matthew Feng Chiang	Chairman of this company	
							SYNNEX Technology International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
MiTAC Inc. Rep.: Miao, Matthew Feng Chiang	61,228,286	7.84%	0	0.00%	0	0.00%	UPC Technology Corporation	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							Miao, Matthew Feng Chiang	Chairman of this company	
							SYNNEX Technology International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
Lien Hwa Industrial Corp. Rep.: Miao, Matthew Feng Chiang	47,191,655	6.05%	0	0.00%	0	0.00%	UPC Technology Corporation	Investees valued under the equity method	
							MiTAC Inc.	Investees valued under the equity method	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							Miao, Matthew Feng Chiang	Chairman of this company	
							SYNNEX Technology International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
King's Town Bank Co., Ltd. Representative: Tai, Cheng-Chih	31,778,000	4.07%	0	0.00%	0	0.00%	None	None	
Cathay Life Insurance Co., Ltd. Representative: Tsai, Hung-Tu	21,803,000	2.79%	0	0.00%	0	0.00%	None	None	
Mei An Investment Co., Ltd. Rep.: Tseng, Chung-Lung	16,129,371	2.07%	0	0.00%	0	0.00%	None	None	
Tsu Fung Investment Corp. Rep.: Ho, Jhi-Wu	10,183,284	1.30%	0	0.00%	0	0.00%	UPC Technology Corporation	The Chairman of the parent of the company is the chairman of this company	
							MiTAC Inc.	The Chairman of the parent of the company is the chairman of this company	
							Lien Hwa Industrial Corp	The Chairman of the parent of the company is the chairman of this company	
							Miao, Matthew Feng Chiang	The chairman of the parent of this company	
							SYNNEX Technology International Corp.	The Chairman of the parent of the company is the chairman of this company	
							Getac Technology Corporation	The Chairman of the parent of the company is the director of this company	

April 23, 2016

Name	Shares held in own name		Shares currently held by spouse or dependents		Shares held in the names of others		Disclosure of relationships between the top ten shareholders including spouses, 2nd tier relatives or closer, or the relationships		Remarks
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Name	Relationship	
Miau, Matthew Feng Chiang	8,015,243	1.03%	0	0.00%	0	0.00%	UPC Technology Corporation	Chairman of this company	
							MiTAC Inc.	Chairman of this company	
							Lien Hwa Industrial Corp	Chairman of this company	
							Tsu Fung Investment Corp.	Chairman of the parent company	
							SYNNEX Technology International Corp.	Chairman of this company	
							Getac Technology Corporation	Director of this company	
Synnex Technology International Corporation Rep.: Miau, Matthew Feng Chiang	7,084,475	0.91%	0	0.00%	0	0.00%	UPC Technology Corporation	Common chairman	
							MiTAC Inc.	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							Miau, Matthew Feng Chiang	Chairman of this company	
							Getac Technology Corporation	The Chairman of the company is the Director of this company	
Getac Technology Corporation Rep.: Huang Ming-Han	6,689,047	0.86%	0	0.00%	0	0.00%	UPC Technology Corporation	A director of the company is the Chairman of this company	
							MiTAC Inc.	A director of the company is the Chairman of this company	
							Lien Hwa Industrial Corp	A director of the company is the Chairman of this company	
							Tsu Fung Investment Corp.	A director of the company is the Chairman of the parent of this company	
							Miau, Matthew Feng Chiang	Director of this company	
							SYNNEX Technology International Corp.	A director of the company is the Chairman of this company	

VII. The shareholders of the company, the company's directors, supervisors, managers, and the business entity directly or indirectly controlled by the company on the same invested company and also, the consolidated comprehensive shareholding ratio

May 15, 2016; Unit: share; %

Investee	Holding of the company		Holding of directors, supervisors, managers and enterprises directly or indirectly controlled by the company		Aggregate investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
MiTAC International Corp.	1,429,218,313	100.00	-	-	1,429,218,313	100.00
MiTAC Computing Technology Corporation	232,757,102	100.00	-	-	232,757,102	100.00

Note: The above investments were accounted using the equity method.

Four. Status of Capital

I. Capital and Shares

(I) Source of Paid-in Capital

1. Outstanding shares

Unit: share; NTD

Date	Issuance Price	Authorized capital		Paid-in capital		Remarks		
		Shares held	Amount	Shares held	Amount	Sources of capital	Property other than cash	Effective (approval) date and reference number of capital
2015.03	10	1,100,000,000	11,000,000,000	766,041,561	7,660,415,610	Retirement of treasury stock NT\$33,690,000	-	2015.04.09 Ching-Shou-Shang-Tzi No. 10401050170
2015.03	10	1,100,000,000	11,000,000,000	766,546,061	7,665,460,610	Exercise of employee stock option in 2015 first quarter - NT\$5,045,000	-	2015.05.29 Ching-Shou-Shang-Tzi No. 10401100750
2015.06	10	1,100,000,000	11,000,000,000	777,199,341	7,771,993,410	Exercise of employee stock option in 2015 second quarter - NT\$106,532,800	-	2015.09.10 Ching-Shou-Shang-Tzi No. 10401190710
2015.09	10	1,100,000,000	11,000,000,000	776,248,341	7,762,483,410	Retirement of treasury stock NT\$9,510,000	-	2015.09.10 Ching-Shou-Shang-Tzi No. 10401190710
2015.09	10	1,100,000,000	11,000,000,000	777,020,891	7,770,208,910	Exercise of employee warrant in 2015 third quarter - NT\$7,725,500	-	2015.12.07 Ching-Shou-Shang-Tzi No. 10401255040
2016.12	10	1,100,000,000	11,000,000,000	777,811,321	7,778,113,210	Exercise of employee stock option in 2015 fourth quarter - NT\$7,904,300	-	2016.03.02 Ching-Shou-Shang-Tzi No. 10501041880
2016.03	10	1,100,000,000	11,000,000,000	779,425,151	7,794,251,510	Exercise of employee stock option in 2016 first quarter - NT\$16,138,300	-	Registration in process
2016.04	10	1,100,000,000	11,000,000,000	780,631,811	7,806,318,110	Exercise of employee stock option in April 2016 - NT\$12,066,600	-	Not yet registered for change

Note: Only information for the last year and up till the publication date of this annual report is shown.

April 23, 2016/Unit: share

Share category	Authorized capital			Remarks
	Outstanding	Unissued shares	Total	
Registered common shares	780,631,811	319,368,189	1,100,000,000	All outstanding shares are TWSE-listed, and include 8,244,000 treasury stocks that have been bought back but yet to be retired.

2.Information relevant to the aggregate reporting policy: None.

(II) The composition of Shareholders

April 23, 2016/Unit: share

The composition of Shareholders Qty	Government institutions	Financial institutions	Other institutions	Foreign institutions and foreign individuals	Natural persons	Treasury Stock	Total
Number of persons	2	18	138	300	92,379	1	92,838
Qty of shareholding	22	58,942,156	239,964,797	88,209,577	385,271,259	8,244,000	780,631,811
Percentage %	0.00	7.55	30.74	11.30	49.35	1.06	100.00

(III)Diversification of Shareholding

1.Common share

April 23, 2016

Level of holding	No. of shareholders	Qty of shareholding	Percentage %
1 ~ 999	45,284	11,765,288	1.51
1,000 ~ 5,000	34,433	76,158,779	9.76
5,001 ~ 10,000	6,809	51,137,584	6.55
10,001 ~ 15,000	2,022	25,202,286	3.23
15,001 ~ 20,000	1,253	22,869,708	2.93
20,001 ~ 30,000	1,123	28,408,254	3.64
30,001 ~ 40,000	492	17,497,223	2.24
40,001 ~ 50,000	353	16,526,510	2.12
50,001 ~ 100,000	575	41,851,791	5.36
100,001 ~ 200,000	244	33,911,778	4.34
200,001 ~ 400,000	134	37,249,409	4.77
400,001 ~ 600,000	43	20,921,293	2.68
600,001 ~ 800,000	16	11,358,993	1.46
800,001 ~ 1,000,000	9	8,163,500	1.05
More than 1,000,001 shares Classified by actual needs	48	377,609,415	48.36
Total	92,838	780,631,811	100.00

2.Preferred share: None.

(IV)List of dominant shareholders

April 23, 2016/Unit: share

Shareholding Name of dominant shareholder	Qty of shareholding (Note)	Percentage of shareholding (%)
UPC Technology Corporation	64,814,078	8.30
MiTAC International Corp.	61,228,286	7.84
Lien Hwa Industrial Corp.	47,191,655	6.05

Note: Three shareholders of the Company each holds more than 5% of the outstanding shares.

(V) Information on market price, net worth, earnings, and dividend per share

Item \ Year		2014		2015		2016 up till May 15 (Note 5)
		Before dilution	After dilution	Before dilution	After dilution	
Per-share market price	High	30.50	29.90	35.40	34.70	26.85
	Low	21.80	21.80(Note 6)	18.00	18.00(Note 6)	20.70
	Average	27.16		26.52		24.12
Per-share Net worth	Before adjustment	42.87		44.27		43.99
	After adjustment	42.16		40.98(Note 1)		-
Per-share earnings	Weighted average EPS	742,397	742,397	755,205	785,998 (Note 1)	758,126
	EPS	1.03	1.03	2.32	2.23 (Note 1)	0.22
Per-share dividend	Cash dividend		0.68964501	1.60 (Note 1)		-
	Stock dividend	From retained earnings	-	0.40 (Note 1)		-
		From capitalization of surplus	-	-		-
	Accumulated unpaid dividend		-	-		-
Investment return analysis	Price to Earnings ratio (Note 2)		24.89	10.80		-
	Price to dividend ratio (Note 3)		36.63	15.66 (Note 1)		-
	Cash dividend yield (Note 4)		2.73%	6.39% (Note 1)		-

Note 1: 2015 earnings appropriation has been approved by the Board of Directors, but has yet to be acknowledged in a shareholder meeting.

Note 2: Price/Earnings ratio = Yearly average closing price/ Earnings per share.

Note 3: Price/Dividend ratio = Yearly average closing price/ Cash dividend per share.

Note 4: Cash dividend yield rate = Cash dividend per share/ Yearly average closing price.

Note 5: Net worth per share and earnings per share should be based on auditor-reviewed data as at the latest quarter before the publication date of this annual report. For all other fields, calculations should be based on data as at the end of their respective years.

Note 6: The lowest market price per share is the price after ex-right day, so no adjustment is required

(VI) Dividend policy and its implementation

1. Dividend policies stated in the Company's Articles of Incorporation:

Earnings concluded from year-end account closure are first subject to reimbursement of previous losses and taxation, followed by a 10% provision for statutory reserves and provision/reversal of special reserves as required by law. Any balance remaining may be added to undistributed earnings carried from previous years and distributed at the proposal of the Board of Directors, subject to ratification in a shareholder meeting.

The percentage of dividends to be paid in cash may be proposed at the Board of Directors' discretion based on the Company's financial structure, future capital requirements and profitability, subject to a minimum of 10%; this minimum may be

adjusted with shareholders' consent.

2. The Company aims to maintain its dividend policy stable, and distribute no lesser than 30% of current year earnings as dividends to shareholders.
3. Dividend distribution proposed for the upcoming shareholder meeting
Based on the principles above, a dividend proposal was made by the Board of Directors on March 25, 2016 to distribute dividends for 2015 at NT\$1.6 cash and NT\$0.4 stock per share. This proposal will be presented for approval at the annual general meeting on June 21, 2016.
4. Expected changes in dividend policy: The Company does not expect any major changes to its dividend policy.

(VII) Impacts of stock dividends, to be proposed during the next general meeting of shareholders, to the company's business performance and earnings per share.

Item		Year	2016 (Projected)
Opening paid-up capital (NTD thousands)			7,778,113
Dividends for the current year	Cash dividends per share (NTD\$)		1.6
	Stock dividends per share (from capitalization of earnings) (shares)		0.04
	Stock dividends per share (from capitalization of reserves) (shares)		-
Changes in business performance	Operating Income		Not applicable (Note)
	Year-on-year percentage variation of operating income		
	After-tax net income		
	Year-on-year percentage variation of after-tax net income		
	EPS		
	Year-on-year percentage variation of earnings per share		
	Yearly average return on investment (a reciprocal of yearly average Price to Earnings ratio)		
Pro forma EPS and P/E ratio	If capitalized earnings were entirely distributed as cash dividends instead	Pro forma EPS	Not applicable (Note)
		Pro forma yearly return on investment	
	Without capitalization of reserves	Pro forma EPS	
		Pro forma yearly return on investment	
	Without capitalization of reserves and if capitalized earnings were entirely distributed as cash dividends instead	Pro forma EPS	
		Pro forma yearly return on investment	

Note: According to "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is not required to disclose 2016 estimates because it does not publish complete financial forecasts.

(VIII) Employees'/Directors'/Supervisors' remuneration

1. Percentage and range of employees'/directors'/supervisors' remuneration stated in the Articles of Incorporation
Annual profits concluded by the Company (i.e. pre-tax profit before distribution of

employees'/Directors'/Supervisors' remuneration) shall be subject to employee remuneration of no lesser than 0.1% and director remuneration of no higher than 1%. Remuneration shall be distributed with the resolution of the Board of Directors. However, profits must first be taken to offset against cumulative losses if any. Employees' remuneration, as mentioned above, can be paid in shares or cash and to employees of affiliated companies that satisfy certain criteria. This certain criteria may be determined under the Chairman's authority.

2. Basis of calculation for employees'/Directors'/Supervisors' remuneration and share-based compensations; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:
 - (1) Basis of estimation for employees'/Directors'/Supervisors' remuneration: 2015 employees' remuneration was proposed at a percentage no lesser than 0.1% of pre-tax income (before employees'/Directors'/Supervisors' remuneration); Directors' and Supervisors' remuneration were proposed using fixed amounts.
 - (2) Basis of estimation for share-based employee remuneration: The number of shares to be paid as employee remuneration was determined based on the closing price one day before the board resolution date, after taking into consideration the effects of stock and cash dividends.
 - (3) Accounting treatments for any discrepancies between the amount estimated and the amount paid: To be treated as changes in accounting estimates.
3. Remuneration passed by the Board of Directors:
 - (1) Employees'/Directors'/Supervisors' remuneration, in cash or in shares. If the proposed payment is different from the amount estimated in the year the expense was recognized, please disclose the amount, the cause and treatment of such difference: The Board of Directors has proposed a cash remuneration of NT\$1,766,631 for employees and NT\$2,100,000 for Directors and Supervisors; all of which were indifferent from the amounts estimated in the year the expense was recognized.
 - (2) Percentage of employees' remuneration paid in shares, relative to after-tax net income and total employees' remuneration shown in standalone financial statements: Not applicable as no proposal was made to pay 2015 employee remuneration in shares.
4. Actual payment of employees'/Directors'/Supervisors' remuneration in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies):

	Actual payment in cash
Employees' remuneration	633 thousand
Remuneration to directors and supervisors	2,000 thousand

Note: The amount of employees' remuneration and Directors'/Supervisors' remuneration paid were indifferent from the amount estimated.

(IX) The repurchase of shares by the Company:

May 15, 2016

In thousands of New Taiwan Dollars/ thousand shares

Instance of repurchase	Fifth
Date of Board Resolution	2015.08.25
Purpose of repurchase	Assignment of shares to employees
Repurchase period	August 27 to October 1, 2015
Price range	NTD\$ 18 to NT\$ 21
Expected share repurchase (type and quantity)	Common shares 20,000
Completed share repurchase (type and quantity)	Common shares 8,244
Amount of capital stock repurchased	169,362
Average cost of shares repurchased (NTD\$)	20.54
Reasons for not completing according to Board resolution	Share price had risen above the intended price range. Subsequent buybacks were suspended due to consideration for shareholders' interests, the market system, and alternative use of capital.
Number of shares retired and transferred	0
Accumulated quantity of holding in Company shares	8,244
Accumulated proportion of holding Company shares in proportion to total outstanding shares of the Company	1.06%

II. Employee stock options

- (I) Employee stock options unexpired and outstanding as at the publication date of this annual report, and impacts to shareholders' equity:

May 15, 2016

Type of Employee Stock Options	The 11th issue of employee stock options (Note 1)								
The effective date of declaration	2012.9.18								
Issuance date	2012.10.11								
Quantity of outstanding shares	19,375 units								
Quantity of shares for subscription in proportion to total quantity of outstanding shares Ratio	2.53%								
Valid duration	6 years								
Performance	Issue new stock shares								
Restricted exercise period and percentage (%)	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table> <tr> <td>Duration</td><td>Exercise Percentage</td></tr> <tr> <td>More than 2 years</td><td>50%</td></tr> <tr> <td>More than 3 years</td><td>75%</td></tr> <tr> <td>More than 4 years</td><td>100%</td></tr> </table>	Duration	Exercise Percentage	More than 2 years	50%	More than 3 years	75%	More than 4 years	100%
Duration	Exercise Percentage								
More than 2 years	50%								
More than 3 years	75%								
More than 4 years	100%								
Stock shares exercised	4,599,620 share								
Stock value exercised	NTD\$ 88,787,742								
Unexercised underlying shares for the options (note 2)	14,193,630 share								
Stock option price of outstanding stock option	NTD\$ 19.1								
Percentage of unexercised shares relative to total outstanding shares (%)	1.82%								
Impact on shareholder's equity	Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.								

Note 1: The issuance was made as part of the share exchange dated September 12, 2013 for a general assumption of employee stock options issued by the acquired entity - MiTAC International Corp. The quantity and price of shares have already been adjusted using the share exchange ratio (MiTAC International Corp.: MiTAC Holdings Corporation = 1:0.5).

Note 2: After deduction of relinquished shares.

(II) The names, and acquisition and subscription of shares by managers who have acquired ESO and the top 10 employees entitled to subscription under ESO as of the date this report was printed.

1. Managers

May 15, 2016

In thousands of New Taiwan Dollars/ shares

Type	Title	Name	Shares of obtained stock options (Note)	Percentage of obtained stocks to outstanding shares	Exercised				Unexercised				
					Quantity	Exercise price (NT\$)	Subscription amount	Percentage of exercised shares relative to total outstanding shares	Quantity	Subscribed stock price (NTD\$)		Subscription amount	Percentage of exercised shares relative to total outstanding shares
										Term	Price		
Managers	CEO	Miau, Matthew Feng Chiang	1,550,000	0.20%	-	-	-	-	1,550,000	Eleventh	19.1	29,605	0.20%
	President	Ho, Jhi-Wu											
	Vice President and head of finance	Huang, Hsiu-Ling											

Note: Net of forfeited shares.

2. Top-10 employees (refers to employees other than managers)

May 15, 2016

In thousands of New Taiwan Dollars/ shares

Type	Title	Name	Shares of obtained stock options (Note 1)	Percentage of obtained stocks to outstanding shares	Exercised				Unexercised				
					Quantity	Exercise price (NT\$)	Subscription Amount	Ratio of shares subscribed to the total number of shares issued	Quantity	Subscribed stock price (NTD\$)		Subscription Amount	Ratio of shares subscribed to the total number of shares issued
										Term	Price		
Group Employee	President of subsidiary	Michael Lin	4,550,000	0.58%	918,000	19.5 19.1	17,674	0.12%	3,632,000	Eleventh	19.1	69,371	0.47%
	Vice President of subsidiary	Albert Mu											
	Vice President of subsidiary	Chang, Yao-Chun											
	Vice President of subsidiary	King Chen (Note2)											
	Vice President of subsidiary	C. J. Lin											
	President of subsidiary	Chou, Charlotte											
	President of subsidiary	Shu-Chi Peggy Fong											
	Vice President of subsidiary	Percy Chen											
	Special Assistant of subsidiary	Crystal Yang											
	Vice President of subsidiary	Alice Fang (Note3)											

Note: 1. Net of forfeited shares.

Note2: Retired in July 31, 2015

Note3: Retired in April 1, 2016

Five. Operation Overview

The Company a holding company mainly engages in investments as its specialty. The subsidiaries major operations are development, design, manufacture, and sales of computers and ancillary equipment as well as Communication related products. Therefore, the relevant operation conditions are described according to the subsidiaries' business.

I. Business Activities:

(I) Scope of business

1. Principal business activities

- (1) Cloud computing products: include workstations, servers and storage devices; corporate and channel server / workstation series such as Intel-based and AMD-based X86 advanced servers / workstations (2-processor, 4-processor and 8-processor), IBM OpenPOWER-based single-processor and 2-processor servers and high-capacity servers, and integrated enterprise servers / workstations developed for specific customers; All-In-One LCD PCs, Mini PCs, POS systems, embedded industrial Panel PCs, BOX PCs and main boards.
- (2) Mobile communication products: include auto electronics (e.g. in-car navigation, in-car audio amplifier), consumer electronics (e.g. portable navigation device (PND), GPS-enabled digital drive recorder), enterprise electronics (e.g. fleet communication/navigation devices, industrial-use tablet PCs), outdoor/recreational navigation devices, wellness wearable wristbands, and smart navigation and cloud-based services.

2. Business distribution

In thousands of New Taiwan Dollars		
Products \ Year	2015	Ratio (%)
Computer & communication products	50,054,765	100.00

3. Major Products

(1) Cloud computing product

- Cloud Computing Server
- Rack-mounted servers
- Blade servers
- JBOD (Just a Bunch Of Disks) enclosure
- RBOD (RAID Bunch Of Disks) enclosure
- OCP (Open Compute Project) server
- All-In-One LCD PC
- Mini PC
- POS system
- Embedded industrial use system
- Embedded industrial use main board

(2) Mobile Communication product business

- Portable navigation device (PND)
- Carplay Display Audio & Connected Car Tablet & Navigation Box
- Car Amplifier
- GPS Bike Computer
- Outdoor Lighting Control
- Wellness wearable wristband

- Consumer electronics
- Outdoor navigation devices
- Fitness navigation device
- Auto electronics
- Enterprise electronics
- Mobile Health
- Mobile cloud storage

4. New products or technology under planning

(1) Cloud computing product

- Development of cloud computing servers
- Optimized virtual server
- Communication server
- Development of cloud storage and related technologies
- Network Switch
- Total system solutions
- System protocols and integration of Thin Client computers & servers
- Development of All-In-One LCD PC technologies
- POS system (point-of-sale system): encompasses technologies such as RPOS (Retail POS), MPOS (Mobile POS) and payment (contact/contact-less)
- Embedded systems and main boards for industrial terminal applications

(2) Mobile Communication product business

- Cloud computing applications and technologies
- Integrated data capture, voice, and wireless broadband communication
- Global positioning system (GPS), electronic navigation technologies and mobile positioning services
- Display Audio with Smartphone Link
- Connected Device for Fleet Management
- Wellness Band
- Fitness Watch
- Event Recorder
- DVR and driving safety reminder
- Development of portable healthcare systems and applications

(II) Industry overview

(1) Current condition of the industry and its development

According to DIGITIMES Research, worldwide shipment of server systems increased 9.8% in 2015; this growth is expected to continue into 2016 and result in another 5.9% increase in shipment. This growth was mainly attributed to increased demands for Internet Data Centers (IDC). Development of cloud computing applications and social network compelled big businesses, like Amazon, Facebook, Google, and Microsoft, to construct data centers around the world in order to meet the market's demand. Economic development and government initiatives in China also inspire major telecommunication carriers and network service providers to commit resources into the installation and expansion of cloud computing and data centers, thus create demands for server hardware. x86 remained the mainstream platform adopted by new data centers worldwide. Although integrated systems were relatively small in terms of market share, they still make noticeable contributions to the growth of x86 servers.

For large data centers, it is increasingly common for customers to evaluate their investments based on Total Cost of Ownership (TCO), where factors such as stability, usability, ease of maintenance, ease of use, ease of management, and more importantly, energy consumption and efficiency, all need to be taken into consideration. For this reason, it is increasingly popular for customers to customize their systems and order directly from ODM/OEM. This new business model, referred to as ODM Direct, presents challenges to conventional branded manufacturers. In view of this new trend, branded manufacturers have taken the initiative to transform and adapt by introducing an integrated server that incorporates computing, storage and network switch functions all in one system to meet the needs of enterprise customers. Meanwhile, extensive efforts have also been made to refine and promote data center solutions and acquire cloud software developers to complement their transformation into solution/service providers.

In 2016, cloud computing applications will continue to grow, given the widespread of mobile devices and rising opportunities from Internet of Things (IoT). Demands for social networking may also create opportunity for big data analysis and related services. Based on Gartner's estimates, the server market should maintain its consistent growth in the future. However, given the prevailing economic realities and exchange rate volatility, some regions may not perform as well as others.

Although end-user PCs are lacking significant growth, there is however a shift towards AIO PCs because of the touch control and their appealing design, which makes AIO PC the main growth driver in desktop computers. According to DIGITIMES Research, AIO PC accounted for 10.5% of desktop (DT) shipments in 2015.

In terms of POS (point-of-sale) systems, market research companies have estimated shipment of POS devices to grow steadily to 1.8 ~ 2 million units. Apart from Windows-based systems, which is currently the mainstream, other operating systems such as Android have also emerged rapidly. There have recently been several new applications of the POS system that take advantage of tablet PCs and smartphones, such as menu ordering at restaurant, retail checkout, and warehouse management. These new applications will likely create demands for replacement purchases. According to studies made by international research and consultancy institutions, there will be increasing demands for POS systems to incorporate mobile payment features.

With regards to mobile healthcare, Global Industry Analysts, Inc. recently published a survey of the healthcare IT market that estimated the market's value to reach US\$66 billion by 2020. The Asia Pacific region, in particular, presents potential compound growth rate of 11% per annum. Product-wise, the market is looking for solutions that would improve the profitability of medical institutions and enhance healthcare quality, and mobile healthcare seems to meet both requirements. Apart from which, other medical-related solutions such as decision support system, data storage/management, mobile computing and medical tourism are all expected to sustain growth in the future. According to the latest report of IDC, shipment of wearable devices may grow to 126.1 million units by 2019 as new suppliers, new products and new application come into play. This would represent a compounded annual growth rate (CAGR) of 45.1%. Apple, Google and Samsung all launched their own smart health platforms in 2014 as a strategic move towards this new opportunity. These platforms will be used to gather patients' data for big data analysis and future applications.

The "2015 China Medicine and Internet Development Report" made several predictions about online pharmaceutical retailers, that: with further deregulation of the prescription policy, the distribution of prescription drugs may shift from hospitals and physical retailers toward online retailers. Hospitals may shift as much as \$11 billion of outpatient drugs, particularly non-injection and OTC types, from physical distribution to online distribution. As for other channels, approximately \$12 billion of drugs will be distributed online instead of physical retail stores. The report pointed out that the value of drugs distributed online will increase from \$15 billion to \$22.7 billion, which represents

10% of the pharmaceutical market and a monumental milestone in online pharmaceutical distribution.

Medical resources in China are severely inadequate and unevenly allocated; and given the popularity of cellphones, Internet and mobile healthcare APPs, it is very likely for patients to receive medical consultation over mobile devices at lesser cost with greater ease, if the regulation allows so.

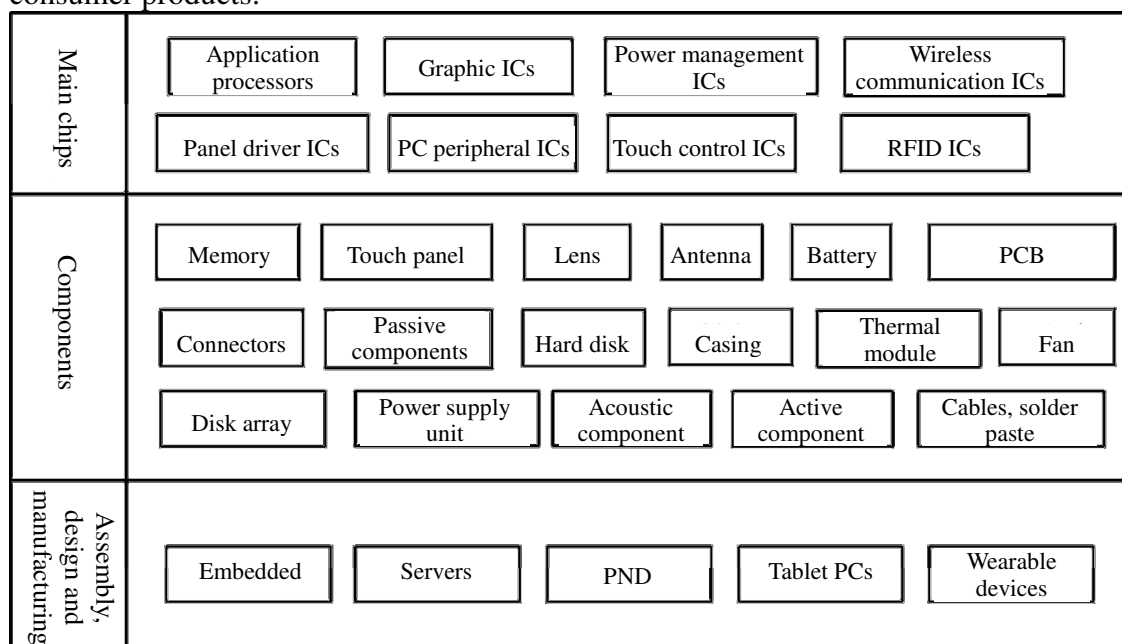
In terms of mobile communication products, while global sales of portable satellite navigation products has been declining over the years, related applications of satellite navigation has continued to thrive with other handheld or mobile devices.

According to the statistics released by a market survey firm, the traditional market of industrial use tablet PC would enjoy compound growth of approximately 11.1% and the quantity would be 5.4 to 7.4 million units. Traditionally, the Windows of Microsoft is the dominant operating system. With its free licensing and the advantage of high-level customization, Android rapidly rose in the newly emerged market and application. Examples are mobile health, vehicle-mounted tablet, and Mobile POS.

In product planning, The Company will gradually switch to embedded vehicle-mounted GPS equipment and bicycle-use GPS Tracking system as the mainstream product line of development. At the same time, new products featuring GPS tracking technologies like the GPS sports watch would also be in the plan. Besides traditional GPS tracking products, the Company will also be planning product launches in new directions, and the most prominent of all are wearable devices and IoT-related products. With respect to wearable devices, products will be integrated with the Company's existing cloud computing services and hardware/software environment to provide total solution for customers; in the IoT segment, the Company will integrate products with GPS technology and work with customers to explore broader applications in this new field.

(2) Linkage of industry upstream, midstream, and downstream

The industry in which our group operates is regarded the downstream. The upstream comprises of IC and chip manufacturers, the midstream comprises of component manufacturers, and the downstream comprises of end products such as servers and consumer products.



(3) Development trends and degree of competition for our products

a. Cloud computing products:

X86 architecture remains the mainstream among the Company's products, while SPARC/RISC systems still also have a significant role to play. System on Chip (SOC) servers are currently under development. General-Purpose computing on Graphics Processing Units (GPGPU) has a certain market share in the application of High-Performance Computing (HPC). Meanwhile, IBM's OpenPOWER Foundation is currently expanding, which makes OpenPower-based products another strong contestant in the market.

In terms of product types, aside from the standard Rack-mount Units, due to the requirements on Total Cost of Ownership (TCO) from data centers, high density/multiple computation node and low energy consumption products have become development trends. Furthermore, large corporations such as Facebook, Baidu, Alibaba and QQ have even devised their own specifications (e.g. OCP, Scorpio) based on the needs of their own data centers and are requesting manufacturers to custom-make their equipment. For general servers, as the technology has become mature, ODM firms face brutal competition. The demand for cloud computing servers (high density and high effectiveness servers) can provide more differentiated strategies for ODM firms because difference exists among all product specifications and require high ability of design and integration.

Because the trend of Cloud Computing increased the market for Thin Client computers, demand grew as a result. In the past, only remote access was possible, the computers have grown to support area browser and have evolved to support VOIP and video conferencing. Computers have evolved from small screens to the capacity to support multiple high resolution monitors, and fan-less architecture have become the norm. In terms of product structure, Thin Client computers have evolved from traditional micro independent cases to All-in-one and Portable computers. In terms of platforms, SOC integrated chips have been developed from x86 architecture. Because All-in-one products allow the application of many new technologies on the hardware, this feature set them apart from traditional terminal products. Manufacturers can adopt differentiated strategy in the competition, such as multimedia, green/energy saving, and sensing technology.

b. Mobile communication products:

Regarding consumer products, we see that PNDs have evolved into personalized navigation service. Combined with LBS data, such service can integrate smart phones and internet connection functions, retrieve cloud data in a timely manner, and perform individualized service. In the outdoor application of PNDs, the trend is moving toward the area of outdoor sport and leisure use. Professionals are increasingly adopting them for bicycle and running applications. At this moment, digital drive recorders have become popular in Asia-Pacific markets, while in-car application is prevalent in Europe and the U.S. When used for “field of view support” (such as rear view cameras or panoramic support systems) or “image identification” (i.e. detecting obstacles and road lanes in Lane Centering Assist or Automatic High Beam system), digital drive recorders can form part of the vehicle safety system. In the product competition of professional PND products, we not only need competence in the GPS units, the brightness of monitors, energy saving design, and waterproof design all require intensive technology integration from upstream to downstream. Additionally, smart phones with Apps will chip away some consumers. How we can compete with various software companies is another problem we face in consumer products.

Mobile health products could be classified into two major categories: mobile care and long-term care. Mobile care products are designed to consolidate information needed by medical personnel, and help them complete clinical works with greater efficiency, thereby providing patients with better quality care. Information gathered from portable devices will be stored permanently using the same format as digital charts in a database designated specifically for clinical data. This database will facilitate data mining for various purposes such as solution for clinical problems,

development of clinical knowledge bank, and decision support. However, these products will still be prone to price competition from digitized conventional healthcare information systems.

In terms of long-term care, MiTAC offers dynamic evaluation systems for use within medical institutions, as well as wearable devices for long-term care outside medical institutions. The wearable devices will enable data collection over a longer period, thus provide caregivers with continual information to make more appropriate decisions. However, the Chinese market currently offers limited prospect for this product due to policy constraints.

(III) Technology and R&D overview

1. Committed R&D expense

In thousands of New Taiwan Dollars		
Item \ Year	2015	2016 first quarter (Note)
Research and development expense	2,356,604	570,767

Note: up to the quarter before the publication of the annual report.

2. Successfully developed technology or product in the latest year or up to the publication date of the annual report

As a response to the development trends of global wireless communications, mobile communications, and cloud computing, MiTAC's main R&D strategy is controlling the development schedule of new technology and products, and launching new technology products whenever possible with the R&D talent pool in Taiwan, China, and the US. We follow the product specification set by technology leaders in mainstream markets and create our own technology through R&D. We can also roll out products that meet market demand to control business opportunities. The diversity and comprehensiveness of MiTAC products combined with the support of a well-integrated supply chain and globalized manufacturing locations is our advantage over the competition.

(1) Significant achievements are as follows:

- a. TYAN joined OpenPOWER Foundation in January 2014 and became one of its founding members. Later in April, TYAN joined IBM in the announcement of world's first OpenPOWER CRB (Customer Reference Board), which allows software and hardware developers to test their products for compatibility and optimization on the OpenPOWER platform. TYAN has also been working with IBM to develop a high-performance server for IBM's data center. The high-performance server began its deployment in June 2015, and was later commissioned into service in December 2015. TYAN is currently developing a dual-processor OpenPOWER platform that supports NVIDIA's latest NVLink technology (high-speed connection for multiple GPUs); the product is scheduled to be released to the public in August 2016.
- b. We formed corporate cooperative alliance with leading brands in the industry. We introduce high efficiency processor technology and provide servers and workstations so that we can become a leading brand in channel sales.
- c. We integrate cloud smart solutions and Smart GPS device and integrate our brand-new SoLoMo (Social, Local, Mobile) user experience into navigation service. We offer these products to users eager to discover local information. Meanwhile, such smart solution is also a solution designed to integrate on-board education, entertainment, and mobile internet service platform.
- d. By participating in Microsoft's "Azure Certified for IoT Launch Partners" introduced toward the end of the previous year, the Company expects to offer IoT

solutions that run on Microsoft Azure, which will enable big data analysis and bring more value-adding services to customers.

(2) Products


a. Cloud Computing products series





- ① Servers: Following the uprise of cloud computing and demand for data centers, MiTAC has launched a series of single, duo, and quad processor servers by leveraging on the R&D capability and team it has built up over the years. By applying system integration, MiTAC was able to develop high capacity yet energy-efficient servers that conform with ongoing demands for greenness and energy conservation, and thereby lower customers' Total Cost of Ownership (TCO) when constructing server farms. Apart from x86, the Company will also devote resources into IBM's OpenPOWER architecture and system-on-chip servers.
- ② Storage device: As a response to the increasing demand for massive data transmission and storage brought about by cloud computing, and growth opportunities presented in the storage market, MiTAC continues to commit its R&D team to the development of new storage technologies and products. This includes high-density, SBB2.0-compliant JBOD/RBOD products with SAS12G interface.
- ③ Total system solutions: Total system solution has revolutionized the ways servers used to be designed. Not only does it optimize the use of space and computing power, it also makes server configurations more flexible and energy-efficient. OCP and Scorpio 2.0 designs, for example, have the potential to increase node height by 5% and internal width by 11%, which increase overall space utilization by 31% and allow as much as 2 times the hardware density. The additional space also creates more possibilities for node designs. In light of market's new trend and customers' new demands, MiTAC committed its R&D team into the development of total system solutions, and eventually sold its products to Japanese ISPs for data center construction.
- ④ At Computex, TYAN unveiled a full range of high-capacity, power-saving, and energy-efficient products for cloud application, including: the TYAN Yellow River series (for intensive cloud computing), TYAN TN series (storage solution for cloud computing), the TYAN FM65 series micro servers (cloud computing solution that offers even greater energy efficiency).
- ⑤ During SC'15, TYAN showcased its solutions for high-performance computing (HPC) and Cloud Computing that are increasingly popular enterprise users. TYAN's solutions in this area include a general server that supports the latest Intel® Xeon® E5-2600 v3 processor, a high-end 2-DIMM/4-DIMM server that supports Intel Xeon Phi® processor, and a high-performance server that supports IBM's OpenPOWER architecture.
- ⑥ Medium and high-end workstations: Powered by Intel® (or AMD) processors, these workstations support 1-DIMM/2-DIMM and feature at least one PCI-E Gen.3 x16 socket with high-performance graphics card and audio chipset to give users an excellent work environment.
- ⑦ All-In-One integrated LCD PC in 21.5" and 23.6" variations with convenient user interface features such as embedded touch screen, webcam, and VoIP communication.

- ⑧ In 2012, MiTAC was engaged in a strategic joint venture with Intel for the launch of Thin Mini-ITX, the very first standard platform exclusively designed and manufactured for channel customers. A new, innovative version was introduced soon after in 2013 featuring an independent graphic display card and simple trendy design, which allowed easy and cost-effective customization for use in distribution channels. The innovative design manifests itself in multimedia, green/energy saving, and sensing technology. Later in 2014, a portable version was introduced with long battery life that makes it suitable for many applications. Its high level of integration has set new standards for the next generation of products. In 2015, a new model featuring wireless charging was launched in conjunction with Intel.
- ⑨ Mini PC: These are highly integrated PCs featuring fan-less designs, legacy connectors, and support for Intel's high-performance chipset - Baytrail. Their simplistic design makes them widely popular in commercial and office applications.
- ⑩ Embedded industrial systems: Depending on customers' needs, MiTAC develops BOX PCs and Panel PCs that operate in wide temperature ranges for industrial use. Their support for multiple connector options makes them versatile in a broad range of applications.
- ⑪ Embedded industrial main board: in a strategic joint venture with Intel, the Company pushed the Atom platform into embedded industrial applications and introduced new generation of wide temperature products to satisfy different terminal applications. In 2015, MiTAC's new-generation products are gradually being introduced into customers' applications.
- ⑫ POS (point-of-sale) system: To address customers' demand for lightweight and better utilization of space, MiTAC has been developing a series of tablets with dual operating systems and varying screen sizes. Some of which even have payment features built-in to satisfy the needs of commercial users. These innovations have been rated favorably by ODM customers.

b. Mobile communication products

- ① Mio launched the 6-series of digital drive recorder products in 2015. The MiVue 6 emphasized on ease of backup, giving users the ability to backup recorded videos using either WIFI connection or the proprietary dual-memory card design. A MiVue App has been designed to pair exclusively with MiVue 658 WIFI, thus allowing users to backup video onto cellphone while recording, all with the touch of a button. The 6-series is also the first digital drive recorder to have front and back cameras built in at the same time. Both cameras feature 1080P resolution, 30FPS and large aperture, which make the product the number one choice to the most demanding consumers.

Product Name	Region	Media	Award	Logo
MiVue 698	Russia	Megaobzor	Editors choice	

MiVue 658	Russia	Megaobzor	Editors choice	
MiVue 688	Russia	Almodi.org	Recommended buy	
MiVue 658 Touch	BLX	ANWB	ANWB award	
MiVue 685 WIFI	Taiwan	IT month	100 innovative	

- ②Mio's Mivue 568 Wifi features the latest "one-touch backup" function that backs up recorded videos onto cellphone simply with a touch of button (when paired with an exclusive APP). The unit also has a 4M-pixel lens built-in to record video at 1296p Extreme HD resolution, instead of the usual 1080p Full HD. The unit uses its built-in GPS function to detect cruising speed and sensors to detect tyre pressure, and sends corresponding notifications for driver's safety.
- ③Magellan SmartRV and SmartFleet: A successor to the Company's revolutionary personalized navigation service, the SmartGPS technology has been further expanded and applied to sports utility vehicles and fleets. The service not only allows users to receive LBS data and access their personalized navigation over cloud, but also enables fleet managers to coordinate vehicles wirelessly over the cloud system.
- ④ORV (Off-road Recreation Vehicle) SmartECO System: This system allows users to receive LBS (Location-based Service) information and access personalized navigation data stored on cloud, which can then be used to plan recreational routes. It combines the functionalities of cloud system, smartphone, PC, and navigation device.
- ⑤Connected Car Tablet: Designed exclusively for enterprise customers with vehicle management requirements, the tablet has 3G/BT/WiFi connectivity built in and transmits real-time vehicle data back to the cloud, thus enable communication and interaction between the despatch center and the driver. These tablets have been tested under more rigorous conditions for vehicle use.
- ⑥During Computex 2015, Mio showcased its rearview mirror DVR that also records video through the rearview mirror. The product received overwhelming praises for its excellent image quality and wide recording angle.
- ⑦During Comutex 2015, MiTAC introduced wellness wearable solutions and sports watches to help people record and analyze biological data and keep track of sleep and exercises in their busy lifestyle, so that actions can be taken to achieve work-life balance. The product has been scheduled to launch in mid-2016.

⑧Industrial use tablet PC and portable devices: The Company launched the very first portable tablet PC exclusively designed for mobile healthcare in 2012, which won the “Best of Computex” award. In an attempt to deliver efficient “patient safety” in mobile healthcare, the Company worked in conjunction with the healthcare system and developed a total solution for administration of chemotherapy medication, which later won the National Quality Award. In 2013, a complete product line was introduced during “Medica” in Germany, which won the Company the "IF" Award in 2014 and 2015.

⑨Mobile healthcare solution:

I.Mobile Nursing Information System: Unlike ordinary nursing information systems, the mobile feature aims to provide nursing staff with the most relevant information depending on the time, place, and works involved. The system also works to ensure patients' safety, as information such as barcodes, images or picture aids are used to help identify patients and control procedures such as drug administration, blood transfusion, and blood collection. Smart features such as task scheduling, notifications and data entry help nursing staff focus on their jobs and reduce time spent on activities unrelated to nursing. By adopting international standard phrases and codes, new medical staff can rapidly search for relevant knowledge from database to assist their decisions. Lastly, the system provides real-time data on performance and costs that would prove useful in hospital administration.

II.Long term Care Assessment System: The system is developed to generate assessment reports on-demand. Featuring a unique interface design, users can quickly complete the assessment questions (and skip irrelevant questions, as prompted) to receive immediate feedback of the assessment result. The system is also connected to a set of clinical nursing guides that suggests standardized nursing programs for the user, and thus save time on assessments while improve quality of nursing care.

(IV)Long- and short-term business development plan

1. Cloud Computing products series

(1)Short-term business development plan: In terms of product strategy, we continue with cooperative development and production plans with existing customers or chip manufacturers in workstations, servers, and storage device. Demand for servers in China has been growing in recent years. To capture this trend, MiTAC is actively looking for system integration service providers to cooperate in a long-term relationship, or local firms that can provide cash flows and logistics management to serve customers in a timely manner.

(2)Long-term business development plan: In terms of product strategy, we continue to develop new products in servers and storage device markets and make such development our dynamism for business growth for the next three years. In terms of business strategy, the Company aims to expand its cooperation with leading server customers in the world, and supply products from modules to full-systems, from low-end to high-end, and from single to multiple product lines. In order to maintain long-term, stable relationship, the Company needs to improve the capacity and speed of product development, control production quality and delivery, integrate supply chains throughout the world, and maintain a global logistics and service network that would secure MiTAC's position as a major ODM/OEM for servers

and systems.

2. Mobile communication products

(1) Short-term business development plan

- 1.1 Mobile handheld and digital family markets are at the initial growing stage. In the short run, our company will operate with market development condition and focus on channels and ODM operation in European and US markets. We will actively develop niche products and explore customers in different areas. The Company's future strategies in this area will involve: combining the SoLoMo (Social, Location, Mobile) experience to develop revolutionary and competitive products; bringing high added-value to customers through innovative and professional product planning, R&D, design, and production capability; improving overall effectiveness and for higher customer satisfaction; raising brand loyalty of existing customers; and combining personal information such as cloud data, social networking and Point of Interest to develop niche products for different customers.
- 1.2 Industrial use tablet PC and portable devices: The Company will be launching portable devices with equal emphasis in proprietary brand, ODM and OEM. In Europe, MiTAC's primary focus is to promote the proprietary brand. In USA, the Company will focus primarily on OEM, whereas in Japan, both OEM and ODM services will progress concurrently. In China, the Company will emphasize on introducing total mobile healthcare solutions via its distribution network and by providing integrated software at key medical centers.
- 1.3 Mobile healthcare solutions: Judging by the market's demands and level of saturation, MiTAC will focus its efforts on promoting Mobile Nursing Information System and exploring new clinical applications as its short-term strategy. Meanwhile, improvements will be made to the products to enhance user experience, and thereby achieve marketing effects through the most economical way - the word of mouth. Furthermore, MiTAC will actively engage distributors for higher product exposure, and provide customers with trial versions of the product to eliminate their doubts about how the products may assist in their cause. Lastly, MiTAC will aim to introduce integrated solutions to add value to individual software/hardware.

(2) Long-term business development plan

- 2.1 Mobile handheld and digital home market: Our long-term business development strategy calls for expanding our scope and exploring emerging markets in Asia-Pacific, China, Russia, and the Middle East. We will adapt to the changes and needs of different age groups with diversified products. Through our brands and B2B strategy and integrating user experience of Mio, Magellan, and Navman products, we integrate life, health, sports and leisure, and navigation service products to allow customers access to real-time information whether they are moving, running, or driving. This strategy will guide MiTAC to the field of cloud service.
- 2.2 Industrial use tablet PC and portable devices: Sales are being expanded into Russia, Central Asia, South Asia, and South America. Meanwhile, the Company is continually working on expanding mobile healthcare solutions into Europe and America. Apart from mobile healthcare, other applications such as in-car tablets and Mobile POS are currently being developed.
- 2.3 Mobile healthcare solutions: Over the long run, MiTAC plans to promote its

mobile healthcare solutions to more users including inpatients, outpatients and healthy consumers, instead of just medical staff. By combining the use of wearable devices with the Mobile Nursing Information System, the big data knowledge bank, and a cloud-based health platform, people would begin to prevent diseases instead of treating them, and hence create immeasurable value.

II. Market and an overview of production and sales

(I) Market analysis

1. Geographic location of the sales of the company's major products

In thousands of New Taiwan Dollars

Regions	2015
Taiwan	493,401
US	28,538,674
Europe	12,048,256
Others	8,974,434
Total	50,054,765

2. Market share

According to the survey and research conducted by DIGITIMES Research, MiTAC ranked 5th among Taiwanese ODM service providers in terms of system and main board shipments in 2015. With regards to mobile communication products, MiTAC's auto electronics brand ranks firmly among the top 3 in the world.

3. Future supply and demand in this market and growth outlook

(1) Cloud Computing product

As the U.S. economy continues its recovery, businesses will be more willing to invest in IT equipment, and thus contribute to additional demands for server products. Combined with trends such as big data analysis and IoT, server shipments in 2016 are expected to increase compared to 2015.

In light of increased shipment and declining average sales price, recently major international server firms committed themselves to lower production cost and increase product competitiveness and market share. As a result, energy efficiency and lower cost have become the opportunity for future products of these firms. In addition to Intel's next-generation Atom and energy-efficient Xeon processors, other chip manufacturers are also trying to capture a piece of the server market with ARM-based SoCs, and technological advancements have been made to reduce energy consumption and costs. As computing continues to shift towards the server end, customers will inevitably become more concerned with energy consumption of future server products. MiTAC offers a broad variety of x86 servers through its TYAN brand. From entry-level to high-end models, all TYAN products feature the latest 14nm production and Multi-core, Multi-thread technology with DDR4 support; some products can even support high-end GPUs. TYAN has also been successful in the development of 1U and 2U servers based on IBM's OpenPOWER architecture; both of which have already been adopted by IBM for use as data centers, and therefore present new selections for enterprise users. TYAN is professed to work in cooperation with the customers in full effort, and will provide better service for professional IT personnel. Continued effort will be made in innovation for developing solutions with flexibility, reliability, high performance, high utility and low cost in operation to help the customers installing an ideal IT infrastructure. This is the optimal feedback to the changeable commercial environment and opportunities for the enterprises. Therefore, MiTAC has suitable products to satisfy hardware requirements of any user from general enterprises, large computing centers, data

centers, cloud computing centers, public infrastructures, to government projects. These are the markets where the group will be promoting its X86 and OpenPOWER servers.

(2) Mobile Communication product business

As cloud computing grows, more smart features are needed, which in turn contributes to the rapid development of smart terminal devices. Whether its is smartphones, tablet PCs, or any product with a display screen (e.g. in-car AV, watches, glasses), they could all be turned into smart terminals and provide enormous market opportunities. Applications of mobile terminals will broaden as more users connect to the cloud, bringing in billion dollars of business opportunities! Based on the SoLoMo concept, MiTAC has developed applications across different platforms and services to satisfy consumers' diverse tastes.

Embedded system, with its high level of integration, is more difficult in design than the traditional Wintel setup and incurs enormous expenses during the R&D stage. MiTAC not only has abundant experience in the design and shipment of consumer GPS systems, its embedded system design team also possesses the expertise to analyze users' behaviors in specific areas and integrate system functions to deliver customers' requirements. In the future, MiTAC will continue shifting its business focus towards industrial/commercial applications that present high growth potentials.

4.Competitive niche, positive and negative factors for the prospects of our development, and our corresponding strategy

As cloud applications grow, MiTAC not only possesses the ability to design and manufacture cloud hardware, it has also been integrating hardware, software, engineering automation, manufacturing design, and after-sale services around the world to develop a new business model that would accomplish higher customer satisfaction and competitive advantage, in order to break free of the low-margin PC OEM business.

In terms of wireless communication, MiTAC will take initiative in developing niche products that target specific needs in the market, while at the same time improve its capacity in terms of R&D, innovation, hardware/software integration, cost control, quality control, yield control, mass production, inventory management, access to key components, logistic support, regional distribution, and financial strength.

(1) Competitive niche

A.Customer demand and control of the market: We grow with location based service markets. MiTAC jointly explore and invest in markets with regional software and hardware customers to understand terminal demand. MiTAC is also negotiating cooperation plans with various world-class information and communication firms so that it can fully grasp market trends, seize fluctuations in the market, and explore new products.

B.Cooperation with world-class software and hardware firms to secure the supply of material: This advantage includes the support of software firms in software development and the source of key components.

C.Research and development capability: Many of our products lead the market and win international awards, earning “number one” ranks.

D.Ceaseless advancement of quality and the expansion of production capacity: We have accumulated years of embedded product software-hardware integration technology, which is a major advantage in design and manufacturing.

E.Through the use of existing regional channels and the group's global logistics and service network, MiTAC is able to provide more complete services to customers.

(2) Favorable factors in development

A.A supply chain that integrates internet infrastructure

MiTAC has revised its sales and distribution model to conform with growing e-commerce throughout the world. Many of the high-priced products are being

produced and distributed directly to customers for greater efficiency, lower cost, and higher customer satisfaction.

B. Global e-manufacturing model

After a few years of trials with our logistics model, MiTAC's e-manufacturing structure is becoming more and more adequate. We have formed a global manufacturing model with division of labor: Taiwan, Australia, and the US concentrate on R&D and design, combined with the modules and semi-finished goods produced by production bases in Mainland China, and joined by the BTO/CTO assembly centers in the US. This combination is our global manufacturing model with division of labor. Components and systems with low level and long transportation time are manufactured in China; main components with high unit price are procured from production bases worldwide. This globalized division of labor has turned MiTAC from a regional organization to an international conglomerate with well coordinated functions including R&D, engineering, manufacturing, and distribution.

C. Expand the development of products with high added-value

To follow the future trend of wireless IP communication-computer synthesis, MiTAC will continue to form strategic alliances with leading international firms to jointly explore markets. MiTAC has strong capacity in differentiated innovative design, research and development, production and manufacturing integration in GPS market, and is the leader in launching different models of GPS communication products and mobile healthcare products. MioCARE is unlike any chemo drug administration system used in conventional hospitals; it has been built based on BCMA to better tend to the needs of nursing staff.

Continued effort will be made for advanced integration of the embedded products. RFID and bio-identification system will be integrated into portable devices further to existing Bar Code Scanner and NFC. In addition, effort will be made in the development of the MDM (Mobile Device Management) software with a view to providing software integration partners faster and complete full-range service.

D. Maintaining growth momentum in the market

Other than continuing to invest resources in major markets such as North America and Europe, intensified exploration of markets with enormous growth potential in GPS, such as Asia-Pacific, and emerging markets such as China, Japan, and Eastern Europe will be focus points of development. The mobile health market in North America is the best developed market so far. In the market of equipment of the future, Asia-Pacific, including China, Japan, Taiwan, and Korea, will be very promising.

E. E-supply chain

Several adjustments have been made to MiTAC's globalized productions to accommodate local customers' needs. One of these adjustments is to adopt modular designs for main components, while another is to integrate MiTAC's e-commerce capacity with those of upstream suppliers for just-in-time shipment and delivery, which minimizes operational risks and inventory.

(3) Negative factors for the prospects of our development and our corresponding strategy

A. Competition comes from cell phones and on-board navigation and a/v systems.

After all major firms successively committed themselves to the R&D, manufacturing, and production of GPS products, the pressure on the price grew fiercer by the day. The average retail price of PND after 2010 has dropped to below US\$ 100. Additionally, PND has been integrated with wireless communication products, and smart phones with built-in GPS have become the norm for retail sales. This feature will steal the market away from PNDs more decisively. Our corresponding strategies are as follows:

- (a) Improve the integration between PNDs and on-board information application. Differentiate our PNDs from smart phones with GPS functions.

- (b) Emphasize R&D and innovation. Improve our result from R&D. Reduce product development cycle. Maintain our ability to launch new products. In addition, we will localize our products, and make them more diversified, differentiated, mass-produced to ensure we have an edge in our products and profit.
 - (c) Improve the satisfaction of our customer from design in the upstream to mass-production to logistics. We seek strategic alliance with major firms in the world.
 - (d) We use our global logistics model and establish an entire set of material planning, value chain, and logistics infrastructure.
- B. The embedded system products confront the problems of small quantity in large variety, extremely high cost of development, and the strict requirements of quality and application environment. Most of the customers are small and medium enterprises in wide dispersion geographically. Marketing of these products is tough and the counter-measures are:
- (a) Integration of all products to a single platform, compress the lead-time for development of new products and customized products.
 - (b) Continue the development of high-level integrative solution with equal weight in hardware and software research and development.
 - (c) Global marketing in a wide array of business mode.
 - (d) Launch a total solution for enhancing added value. Acquire Domain Knowledge of the industry for continued development of leading brands in technologies.
- C. Key components are still controlled by overseas manufacturers. We need further experience in the integration of software and hardware. Our corresponding strategies are as follows:
- (a) Maintain good supply chain relationship with overseas manufacturers of key components. We will also do our best to develop talent that is capable of integrating software and hardware in operating platform and communication components.
 - (b) Diversify the supply channel of key components: we seek more sources of suppliers and secure the source of our suppliers and competitive pricing. We seek to establish good interaction with domestic firms that are already producing or planning to produce key components to maximize our choices.
 - (c) Advantage through quantity: Popular demands for the Company's products have helped us win businesses of major OEM/ODM customers, which enables cost reduction through bulk purchase.
- D. Uncertainty inherent to the newly emerged market of mobile health
- (a) Rapidly changing needs: Prospects of medical/nursing software are heavily dependent upon government policies, insurance terms and hospital ratings, as users' demands are likely to vary due to changes in the above factors.
 - (b) Diversity of commercial models: The user is not necessarily the one who pays for the product; it can be individuals, hospitals, pharmaceutical companies, or insurance companies.
 - (c) Non-standardized specifications: It is difficult for users to express clearly what they need in an information tool. Furthermore, wide differences of products available in the market makes systems more costly to develop, implement and maintain. As a result, it may take time for costs to become acceptable to users.
 - (d) Longer sale cycle: Medical systems take more time to sell than consumer products. Sale cycles may vary depending on product pricing, target users, return on investment and payback period, whereas issues concerning software or hardware may drag on even longer, up to 12-18 months. This prolonged sale cycle alone gives rise to even more uncertainties.

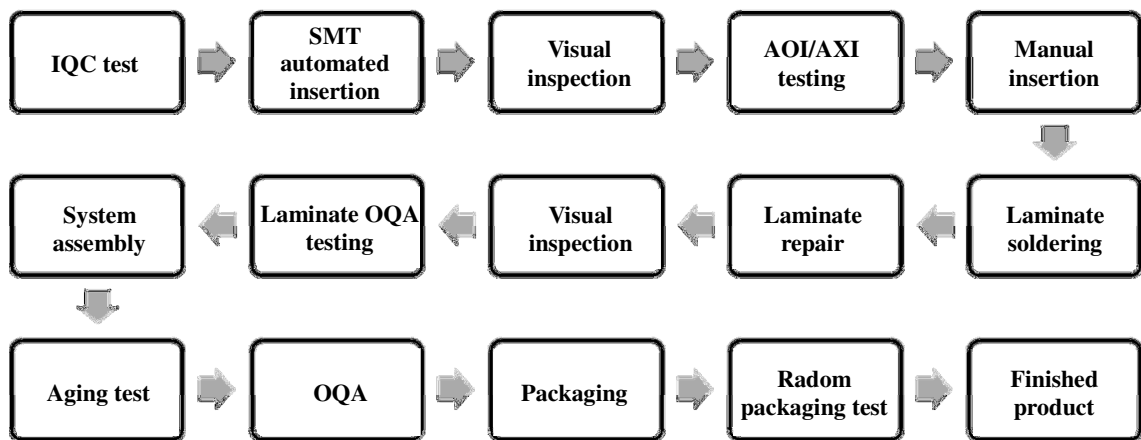
- (e)Users' interaction with wearable devices: Data gathered from wearable devices takes time to develop usefulness, therefore the challenge lies not in arousing users' interests, but keeping them interested in the product.
- (f)In light of the above problems, MiTAC will aim to expand strategic partnership and create a full-fledged network that is operated using medical tablets. Partners such as developers of complementary medical products, medical instrument distributors, medical information system distributors etc may all play vital roles in this network, for they provide MiTAC with access to their customers and help reduce future maintenance costs. Furthermore, MiTAC will continually monitor changes in the healthcare market and future government policies, so that product features can be improved to maintain competitiveness.

(II) Important applications and production process for main products

1. The functions of major products

Product type	Major purpose and functions
Workstations	Graphical computing tool for designers
Servers	Data computing tool for businesses
Storage devices	Data storage tool for businesses
Desktop PCs	A necessary tool for individuals, households, schools, companies, and merchants.
Mobile Communication Devices	Vehicle-mounted GPS audiovisual system, consumer electronics (outdoor, physical fitness, driver navigation), fleet management system, mobile health related products and application of cloud technology, and embedded system, industrial use tablet PC system.

2. Production process



(III) Supply of key materials

Component name	Origin	Supply status
CPU/ CHIPSET	Suppliers: USA, Korea, China, Malaysia, Thailand	Good
HDD	Suppliers: USA, Japan, Thailand	Good
DRAM	Suppliers: Taiwan, USA, Korea	Good
Flash	Suppliers: Taiwan, USA, Japan, Korea, China	Good
PCB	Suppliers: Taiwan, USA, China, Korea	Satisfactory
LCD panels	Suppliers: Taiwan, Korea, China	Good
DVD-RW	Suppliers: Taiwan, Korea, China	Good
LAN	Suppliers: Taiwan, USA	Good
Camera Module	Suppliers: Taiwan, China	Satisfactory

Battery Pack	Suppliers: Taiwan, Japan, China	Satisfactory
PCI Card	Suppliers: Thailand, Israel, Singapore, China, Malaysia	Good
PSU	Suppliers: USA, China, Thailand	Good
Chassis	Suppliers: China, Malaysia	Good

(IV) Major customers and suppliers in the latest two years

1. The names of the suppliers in the last two years that accounted for more than 10% of the total purchase in any of these years, the purchase amount and percentage to total purchase, and give reasons for any change thereof, if applicable.

In thousands of New Taiwan Dollars

Item	2014				2015				2016 first quarter			
	Name	Amount	As a percentage of full-year Net purchase (%)	Relationship with the issuer	Name	Amount	As a percentage of full-year Net purchase Ratio (%)	Relationship with the issuer	Name	Amount	As a percentage of 2016 first quarter net purchase (%)	Relationship with the issuer
1	Supplier A	4,746,432	13	None	Supplier A	6,475,666	15	None	Supplier A	968,800	13	None
2	Supplier B	3,460,408	9	None	Supplier B	6,412,992	15	None	Supplier B	851,619	11	None
3	Others	28,817,181	78		Others	30,664,503	70		Others	5,840,296	76	
	Net purchase	37,024,021	100		Net purchase	43,553,161	100		Net purchase	7,660,715	100	

Note: All variations had taken into consideration production/sales policies, raw material demands, suppliers' prices, actual delivery and quality of the respective years.

2. The names of the suppliers in the last two years that accounted for more than 10% of the total sales in any of these years, the sales amount and percentage to total sales, and give reasons for any change thereof, if applicable.

In thousands of New Taiwan Dollars

Item	2014				2015				2016 first quarter			
	Name	Amount	As a percentage of full-year Net sales Ratio (%)	Relationship with the issuer	Name	Amount	As a percentage of full-year Net sales Ratio (%)	Relationship with the issuer	Name	Amount	As a percentage of 2016 first quarter net sales (%)	Relationship with the issuer
1	Customer E	21,205,664	50	None	Customer E	29,663,727	59	None	Customer E	4,496,623	49	None
2	Others	20,854,678	50		Others	20,391,038	41		Others	4,644,442	51	
	Net sales	42,060,342	100		Net sales	50,054,765	100		Net sales	9,141,065	100	

Note: All variations have taken into account factors such as future market trends, product demands, industry prospects, R&D technologies, sales margins, and customers' contracts.

(V) Production volume and value in the latest two years

In thousands of New Taiwan Dollars/ unit

Year Main products	2014			2015		
	Capacity	Volume	Value	Capacity	Volume	Value
Computer & communication products	21,214,255	15,504,233	37,024,022	22,592,497	16,477,087	43,553,161

(VI) Sales volume and value in the last two years

In thousands of New Taiwan Dollars/ unit

Year Main items	Sales volume & value	2014				2015			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Capacity	Value	Capacity	Value	Capacity	Value	Capacity	Value
Computer & communication products		127,128	367,000	15,991,517	41,693,342	206,119	493,401	17,270,920	49,561,364

III. Employee information in the last two years up till the publication date of this annual report

Year		2014	2015	Year-to-date May 15, 2016
Employee Count	Direct Labor	0	0	0
	Indirect Labor	1,216	1,160	1,178
	Total	1,216	1,160	1,178
Average age		38.70	39.61	39.77
Average Years of service		7.54	8.18	8.22
Academic Qualification (%)	Ph.D.	0.29	0.23	0.23
	Master's degree	33.61	33.82	33.73
	College	64.71	64.43	64.61
	Senior High School	1.32	1.45	1.35
	Schools at the Senior Secondary Level and Below	0.07	0.08	0.08

Note: Due to the difficulties involved in surveying the entire group, the above table only presents employees of main subsidiaries, namely MiTAC International Corp. and MiTAC Computing Technology Corporation.

IV. Expenditure on Environmental Protection

The group did not suffer any loss or penalty due to pollution of environment in the last year up till the publication date of this annual report. Below is a description of relevant practices adopted by MiTAC:

MiTAC specializes in assembly. Its production process comprises entirely of assembly works, and hence does not produce any controlled substances that would constitute air pollution, water pollution, or toxicity pollution. In 1992, MiTAC received Certificate of Excellence during the 1st Environmental Evaluation for Top-500 Businesses organized by Environmental Protection Administration. In 1997, MiTAC attained ISO14001 certification and continues to devote itself to preventing pollution. In 1999, MiTAC received from the Council of Labor Affairs a 2-year certification for having passed the Safety and Health System Evaluation. MiTAC will continue to enforce its environmental protection and work safety policies, and strive to sustain an operation that is free of pollution and hazard.

(I) Background

MiTAC is a provider of PC/server products including workstations, enterprise servers, storage, and mobile communication devices. MiTAC has great respect for environmental protection requirements in Europe, and has adopted WEEE (Directives on Waste Electrical and Electronic Equipment) to redesign its products with environmental features such as recyclability, ease of disassembly, and use of renewable materials. Where power supply is involved, designs are made where appropriate to ensure optimal utilization of resources (e.g. ACPI combined with operating system for power saving; use of low-power CPU; modular design; IPMI software etc). With regards to the RoHS (Restriction of Hazardous

Substances) Directive, MiTAC exercises stringent control over hazardous substances such as Pb, Cd, Hg, Cr⁶⁺, PBBs and PBDEs, and makes SVHC declarations in accordance with EU REACH. Meanwhile, actions such as design review, supplier management and materials certification are adopted as part of the Company's green product management. A Green Product portal has been created on the intranet with SOPs and strategies outlined to facilitate regular review of the Company's compliance with EU regulations. For workers, an occupational health and safety system has been created to minimize the threat of accidents and health-related hazards, which saves cost over the long term. In addition, improvement of the work condition helps promote ethical conducts and raise productivity among employees.

(II) Environmental safety and health strategy

MiTAC has developed the following policies based on the environmental protection rationale mentioned above:

■ Environmental safety and health policy

- Compliance: Comply with the government's environmental safety and health laws, and commit to standards that are more stringent than what the law requires.
- Resources: Achieve optimal efficiency in resource utilization and promote energy conservation.
- Green production: Design products with "environmental" and maintenance-friendly features, thereby minimize pollution during production, usage and maintenance.
- Safe and health environment: Ensure employees' safety and health; prevent occupational hazards, illnesses and potential harms, while at the same time involve employees in making improvements toward a safe and healthy work environment.
- Ongoing improvement to environmental safety and health performance: Conduct regular audits and assess suitable investments to continually improve the environmental safety and health management system.

■ Hazardous substance free policy

- 1 Earth: respect the uniqueness of Earth's resources
 - Devote attention to climate changes; participate in the reduction of greenhouse gases and lessen the environmental burden of the Company's activities.
- 2 Principles: comply with environmental laws and satisfy customers' requirements
 - Monitor the latest changes in environmental regulations such as RoHS, WEEE, REACH etc; ensure product compliance with environmental requirements.
 - Adhere to the clean production principle; develop a green product platform and green supply chain management to satisfy customers' demands.
- 3 Commitments: maintain performance through management system; convey environmental information and fulfill social responsibilities
 - Implement a hazardous substance management system and initiate HSF monitoring procedures.
 - Develop a communication system that addresses stakeholders publicly on information concerning environmental protection.
 - Devote attention to preserving natural habitat while seeking business growth; assume social responsibilities as a corporate citizen.
- 4 Accomplishments: Provide green products that are characterized by low pollution, energy-efficiency, lesser packaging, recyclability, and environmental friendliness
 - Choose environmental-friendly materials such as those that meet the requirements of RoHS, and plastic casings that are free of BFRs.
 - Design products that meet international energy standards, such as Energy Star.
 - Improve packaging towards lightweight, optimal size, and least variety of materials.
 - Aim to achieve at least 75% product recycling rate (Reuse+Recycling+Recovery).

We believe "sustainability" to be the common challenge for all businesses. Since 2003, MiTAC had been collaborating with Ministry of Economic Affairs in an Industry

Technology Development Program (ITDP) to develop assembly technologies that are free of lead and halogen. The project was executed over 4 years, and successfully delivered its results in 2005. MiTAC's internal quality system comprises of two parts:

(a) Product management: MiTAC was first certified for ISO9001 in 1993; since then, the Company has been validating this certification on a yearly basis. Towards the end of 2009, MiTAC developed a TL9000 management system based on ISO 9001 and successfully completed certification of its communication products.

(b) Environmental management: MiTAC had prepared itself for the certification of ISO 14001:2004 since as early as 1997, and conformed with the regular review requirements of OHSAS 18001:2007 since as early as 1999. In 2007, MiTAC adopted IECQ QC080000 and began making adjustments to comply with IECQ terms. Extensive discussions were made with various departments and functions to revise existing procedures before undergoing a 3-stage validation process by SGS. On 12/7/2006, MiTAC was declared by SGS to have passed the validation, and IECQ has since been adopted as part of our internal procedures. We are dedicated to the protection of natural environment, and hope to preserve life over the course of our growth. We also recognize the importance of employees' safety and health to our operations, for which we commit every resource available at our disposal to maintain a work environment that is free of safety and health concerns. Meanwhile, we pace our business activities in harmony with nature, and adopt the highest standard to protect Earth's environment. By maintaining optimal balance between growth and nature, we strive to fulfill our duties as Earth's citizen and set good example for others to follow.

(III) Strategies for prohibited substances

In response to RoHS requirements, MiTAC group has been implementing Project G initiated by the Department of Industrial Technology, Ministry of Economic Affairs, to provide guidance for suppliers. All level-1 suppliers are being audited on-site to ensure compliance with RoHS, whereas level-2 suppliers are required to furnish information relating to RoHS at MiTAC's request. By controlling materials at the source, MiTAC has been able to minimize RoHS risks that are caused by change of design or supply in the upstream.

MiTAC group itself has accomplished halogen-free production, and is constantly conducting integrated tests on suppliers' parts for halogen contents, which enables it to develop full systems that are free of halogen. MiTAC group continues to improve its green production capacity according to customers' requirements, and has successfully marketed its products to Europe. As a result, MiTAC experiences no adverse impacts whatsoever from EU environmental directives.

Leveraging on the foundation of digital supply chain management, MiTAC has implemented a systematic process for suppliers to make RoHS & halogen-free reports. This new process solved much of the complexity that suppliers encountered when making reports on multiple products or production sites, and enhance improved the exchange of RoHS & halogen-related information.

Furthermore, to ensure that the delivered parts are compliant with RoHS & halogen-free requirements, the material inspection department has been fitted with ICP and GCMS equipment with supporting laboratory since 2010 so that it may conduct its own tests for hazardous substances such as Pb, Cd, Hg, Cr⁶⁺, PBBs, PBDEs, Br and Cl.

EU regulations on restricted substances are increasingly stringent (with the expiry of exclusion clauses); in response to this challenge, MiTAC's Environmental Protection Committee convenes meetings on a quarterly basis to devise suitable solutions and exchange knowledge on feasible technologies.

(IV) Response to EU environmental directives

Judging by the way s EU environmental regulations have progressed, it is apparent that the underlying requirements are becoming mandatory, while product declarations no longer suffice. Take ERP directives, for example, EU nations are starting to implement

policies relating to this directive. For MiTAC, DfE (Design for Environment)/Eco-design has already been adopted as one of the product design guidelines since 2008. Currently, MiTAC's DfE SOP requires R&D personnel to achieve the energy consumption requirements stated in ErP directives when designing products. To conform with EU REACH, MiTAC has made its declaration of conformity for SVHC (Substances of Very High Concern). Meanwhile, MiTAC's suppliers are being demanded to issue their own declarations regarding REACH SVHC for all components supplied, which is one of the compulsory requirements for their eligibility as suppliers. As of December 2015, ECHA had announced a total of 168 SVHC across 14 categories under REACH. This list of chemicals, along with new environmental standards for product design, have already been updated to MiTAC's green product platform, where suppliers can check for compliance and disclose chemical substances accordingly. Furthermore, following the 2011/65/EU(RoHS2.0) announced by European Commission on July 1, 2011, existing RoHS directives are expected to be superseded by the new version in the near future. In the meantime, MiTAC is updating its environmental protection standards to conform with the new RoHS directives, and requesting suppliers to provide new RoHS information accordingly.

(V) GHG (Greenhouse Gas) measures

In light of the global warming phenomenon and tightening GHG controls throughout the world, MiTAC initiated an ongoing GHG Inventory Program in August 2007 that covered all production sites in China. With the help of SGS Taiwan, the Company started adopting the GHG survey methodology and introducing training courses for internal surveyors, while at the same time developed GHG emission records and internal procedures in accordance with ISO14064-1 to provide useful references that would help reduce GHG emission in the future. Several energy-saving measures have since been taken to reduce GHG emission (particularly CO₂), including: use of renewable energy (solar power), resource recycling, and energy conservation (lighting control, air-conditioning control during summer etc).

MiTAC has been gathering data and validating GHG emission based on The Greenhouse Gas Protocol; it conducts annual surveys of previous year's GHG emission, and the 2015 results are as follows:

- Direct GHG emission (Scope 1): 1,420 tons CO₂e/year, which accounted for approximately 5% of total emission.
- Indirect GHG (Scope 2): 29,911 tons CO₂e/year, which accounted for approximately 95% of total emission. Sources of indirect emission were mostly purchased electricity and steam.

MiTAC is utterly concerned about the world's changing climate. To protect Earth's resources and fulfill the Company's duties as a corporate citizen, MiTAC will continue reducing GHG emission and operating costs while at the same time achieve more efficient use of resources and energy and adopt sustainable energy sources that are friendly to the environment, and ultimately contribute to a low-carbon economy.

(VI) Environmental protection expenditure

1. Environmental protection expenditure refers to all expenses related to environmental protection activities. It represents how dedicated a company is to the environment, and serves as a key indicator to the quality of environmental management. However, the definition and scope of environmental expenditure still differ from country to country.
2. MiTAC has been gathering data on environmental expenditure since 2015, and disclosures will be made from this report onwards. Below are statistics regarding environmental protection expenditure:

- Environmental costs associated with the Company's operations (direct cost) amounted to NTD\$1,325,444; this included expenses spent on: prevention of

air/effluent/soil/groundwater pollution, efficient use of resource, and disposal/treatment/recycling/reuse of commercial waste.

- Costs associated with administration of environmental activities (indirect cost) amounted to NTD\$640,347; administration costs included personnel expenses spent on: environmental education, system management and validation, environmental monitoring, and environmental protection-related activities.
- Other environmental costs totaled approximately NTD\$2,257,392, which included R&D expenses (for studying on the mitigation/control of environmental impacts), social activity expenses (e.g. sponsoring of environmental organizations, promotion of environmental information etc), taxes (e.g. energy levies) and other expenses (e.g. water treatment expenses).
- Losses (including damage compensations) and fines incurred due to pollution of environment in the year of report up till the publication date of this annual report: The Company has not incurred any losses (including damage compensations) or fines due to pollution of environment; hence the sum is zero.

V. Employer and employee relationships

Driven by a humane management approach, MiTAC is dedicated to creating a work environment that facilitates two-way communication between line managers, subordinates, and coworkers. The Company takes initiative in creating communication channels and gathering employees' thoughts as a means of ensuring harmonic labor-management relations and achieving win-win between the Company and its employees.

(I) Communication and inspiration

1. Communication

MiTAC organizes general assembly, management meetings and employee satisfaction surveys on a regular basis. An employee relations unit has been created within the Human Resource Department, where dedicated personnel are assigned to implement employee care measures and communication policies/channels. A digital mailbox named "speak-out" has been set up to receive employees' suggestions and opinions. Upon receiving messages, members of the employee relations unit would respond with discretion and, if necessary, assemble a special panel to handle, respond and make improvements to employees' opinions in an anonymous and timely manner.

Furthermore, the Company has robust policies and measures in place to convey and enforce the Act of Gender Equality in Employment and the Sexual Harassment Prevention Act. Employees are trained to respect and communicate with people of different gender, while guidelines and grievance channels are created all for the purpose of an equal-gender environment.

Being a multinational conglomerate, MiTAC has offices in many parts of the world. In order to facilitate communication and conferences between different parts of the Company or across regions, MiTAC has spent nearly NTD\$10 million to install video-conferencing equipment in 9 office locations including Taiwan, China, USA, and UK. This advanced equipment delivers high image quality and stable audio stream, which enhances the efficiency of conferences and minimizes the need to have employees travel between office locations. Meanwhile, MiTAC employees are able to learn the Company's business performance and latest product information through internal channels such as intranet, monthly/quarterly publications, and the general assembly. Together, these measures ensure the completeness of internal communication within the Company.

2. Inspiration

MiTAC offers a broad variety of incentives to commend individual and team performance in all areas of expertise, and thereby encourage employees to seek continual growth and improvement that would contribute to the Company's

competitiveness. Some of the incentives offered to employees include:

- Employee of the year award: Winners of this award are commended personally by the President during year-end gathering; in addition, the Company prepares commendation letters and offers bonuses and extra leaves as a show of gratitude to employees and their families.
- Department/individual patent award: This award is intended to encourage employees in creating patents that are relevant to their jobs. Incentives are provided from proposal, application to approval stage of a patent application; at the end of each year, departments and individuals are assessed for the patents created, and those who exhibit outstanding performance are commended with department/individual awards.
- Long-time service award: As an appreciation for employees' long-time contribution and commitment to this company, senior employees with 5-year, 10-year, 15-year, 20-year and 25-year service history are commended personally by the Chairman and President with the long-term service award during year-end gatherings.
- Employee stock options and performance bonuses: These monetary benefits are provided to reward employees' contributions and inspire them to further achievements. By aligning employees' interests directly with those of shareholders, these benefits deliver a three-win between the Company, shareholders, and employees. The amount of stock options and bonuses granted to employees is determined by their responsibilities, contributions, and performance.

(II) Welfare and training

1. Welfare

MiTAC views employees as critical capital to the organization. All employees are entitled to labor insurance, national health insurance, group insurance, and travel insurance; together, they cover employees for death, health, and safety during overseas business trips, and thereby provide them with added comfort both in work and in life.

MiTAC has an Employee Welfare Committee formed with employee representatives elected from various departments. The committee holds regular meetings to discuss and organize benefits and activities for employees; it offers a variety of social clubs and gives employees free access to gym, aerobic classes, and massage services (with masseurs and masseuses hired from outside the organization). Meanwhile, Linkou and Hsinchu Offices have been active in promoting recreational activities, and have designated indoor space exclusively for table tennis, where employees may develop bonds with each other.

MiTAC has a library center that opens all day to all employees. Much of the data is stored on discs and managed in the method recommended by "Interlibrary Cooperation Association" to help employees find the information they need.

To ensure employees' physical and mental health, MiTAC has been collaborating with professional consultants from outside the organization for the launch of "Employee Assistance Program." The program gathers experts of various professions including psychiatrists, lawyers, nutritionists, and financial consultants to assist employees and their family members on matters such as work stress, interpersonal relationships, family, marriage, intimacy, law, finance and healthcare, so that employees may achieve balance between work, life and health.

2. Employees' training and continuing education

We place great emphasis on the improvement of employees' skills, which is why a robust training system has been implemented to train employees systematically from orientation, on-job skills, to management skills. In addition, other learning resources such as online courses, work mentors, life counselors and ongoing education subsidies are being offered to provide employees with an environment that supports continual learning and growth. In 2015, for example, the Company organized 528 courses and received more than 7,000 enrollments, delivering 11,000 hours of training in total.

(III) Retirement policy

The group has established a robust retirement system in accordance with the Labor Standards Act and the Labor Pension Act. For employees who are subject to the retirement system under the Labor Standards Act (the old system), all contributions made to the system are being held in a dedicated pension reserve account and managed by a supervisory committee that comprises of representatives from the labor and the management. Furthermore, monthly contributions are made to the pension reserve account using actuarial estimates produced by an impartial third party. For employees who are subject to the retirement system under the Labor Pension Act (the new system), monthly contributions are made into employees' pension accounts in the amounts specified by law. So far, the two systems have been running properly as they are expected to.

(IV) Labor-management communication

MiTAC has always taken care of its employees and maintained sound labor-management relationship by sharing its gains and through communication. In the future, MiTAC shall commit to its humane management and aim to strengthen labor-management relationship further by creating more variety of communication channels.

(V) Work environment and employees' safety

MiTAC has been certified for ISO 14001 - Environmental Protection System and OHSAS 18001 - Occupational Health and Safety Advisory Services System since November 6, 2003. These certifications were attained as reinforcements to the safety and health of employees at workplace, and to protect employees from occupational injury, death, and prevent protest that arise as a result. These certifications are regularly validated by third-party institutions and properly enforced throughout the organization.

(VI) Employee code of conduct

The Company has created a set of "Integrity Code of Conduct" to establish integrity as part of its corporate culture, and a set of "Employee Code of Conduct" to ensure the consistency of employees' behaviors. There are four main focuses in the Employee Code of Conduct: service principles, confidentiality and prohibition against competing business involvements, network usage and information security, and interaction with suppliers. These codes have been published on the Company's intranet where employees may access at any time, and serve as a regular reminder not to commit violations. Below are terms of the employee service principles:

1. Employees shall obey the instructions and assignments given by their managers.
Managers shall have the duty to guide and supervise their subordinates.
2. Employees are expected to work diligently and commit themselves to improving work performance and quality, and achieve the expected productivity.
3. Employees are not allowed to leave their posts during work hours except for urgent matters, which are subject to approval of the line manager.
4. Employees must not carry contrabands, flammable or explosive substances, or hazardous objects unrelated to work into the workplace.

To enforce discipline and fairness within the Company, a set of "Employee Reward and Disciplinary Policy" has been created to serve as guidelines for rewarding excellence and penalizing violators. The Company has a set of "Anti-corruption Policy" policy in place to prevent illegal conducts and organized fraud. An investigation panel has been assembled to investigate suspicious conducts, and thereby ensure the soundness of the Company's operations.

(VII) Losses arising as a result of employment disputes in the most recent year up till the publication date of this annual report; disclose current and possible losses and any responsive actions taken; state reasons in cases where losses can not be reasonably estimated:

MiTAC did not suffer any losses due to employment dispute in the most recent year up till the publication date of this annual report. The Company currently maintains sound

labor-management relationship and expects very low probability of encountering any losses due to employment dispute in the future.

VI. Major Contracts

Contract nature	Participants	Contract start/end date	Main contents	Restrictions
Master Supply Agreement Restatement	Customer E	From July 1, 2014 to June 30, 2017; automatically renewable on a yearly basis.	To outline terms concerning the production, delivery, payment and warranty of computer-related products.	None
Purchasing Agreement	Customer F	From July 1, 2011 to June 30, 2016; renewable under the consensus of all participants.	To outline terms concerning the production, delivery, payment and warranty of computer-related products.	None
Design & Manufacturing Services Agreement	Customer G	From June 4, 2008 to June 3, 2011; automatically renewable on a yearly basis.	To outline terms concerning the production, delivery, payment and warranty of computer-related products.	None

Six. Financial Position

- I. **Summary balance sheet and statement of comprehensive income for the last 5 years:** The Company was founded on September 12, 2013 through a share exchange, hence information prior to 2012 (inclusive) is unavailable.

(I) Condensed Balance Sheet – IFRSs (consolidated)

In thousands of New Taiwan Dollars

Item \ Year		Financial information for the last 3 years			March 31, 2016 (reviewed by CPA)
		December 31, 2013	December 31, 2014	December 31, 2015	
Current assets		22,701,124	25,753,781	21,840,171	21,733,550
Property, Plant and Equipment		5,194,586	5,211,314	5,467,908	5,674,043
Intangible assets		593,892	316,694	119,005	122,521
Other assets		15,620,810	16,922,075	17,735,606	17,360,742
Total assets		44,110,412	48,203,864	45,162,690	44,890,856
Current liabilities	Before dividend	12,963,641	15,421,096	10,954,621	10,863,550
	After dividend	13,415,230	15,954,342	Unappropriated	Unappropriated
Non-Current liabilities		592,442	631,149	653,660	613,251
Total liabilities	Before dividend	13,556,083	16,052,245	11,608,281	11,476,801
	After dividend	14,007,672	16,585,491	Unappropriated	Unappropriated
Attributable to the shareholder's equity of the parent company		30,554,029	32,151,619	33,554,409	33,414,055
Share capital		7,609,488	7,694,106	7,778,113	7,794,252
Additional paid-in capital		21,803,383	22,122,720	22,352,475	22,364,445
Retained earnings	Before dividend	563,114	829,877	2,017,858	2,181,186
	After dividend	111,525	296,631	Unappropriated	Unappropriated
Other equity		1,187,810	2,011,794	1,928,412	1,596,621
Treasury Stock		(609,766)	(506,878)	(522,449)	(522,449)
Non-Controlling Interest		300	0	0	0
Total equity	Before dividend	30,554,329	32,151,619	33,554,409	33,414,055
	After dividend	30,102,740	31,618,373	Unappropriated	Unappropriated

(II) Condensed Balance Sheet – IFRSs (individual)

In thousands of New Taiwan Dollars

Year Item		Financial information for the latest 3 years		
		December 31, 2013	December 31, 2014	December 31, 2015
Current assets		111,379	2,892,086	2,743,234
Property, Plant and Equipment		3,609	2,875	2,141
Intangible assets		0	0	0
Other assets		30,442,311	29,266,776	31,017,134
Total assets		30,557,299	32,161,737	33,762,509
Current liabilities	Before dividend	3,270	10,118	208,100
	After dividend	454,859	543,364	Unappropriated
Non-Current liabilities		0	0	0
Total liabilities	Before dividend	3,270	10,118	208,100
	After dividend	454,859	543,364	Unappropriated
Attributable to the shareholder's equity of the parent company		30,554,029	32,151,619	33,554,409
Share capital		7,609,488	7,694,106	7,778,113
Additional paid-in capital		21,803,383	22,122,720	22,352,475
Retained earnings	Before dividend	563,114	829,877	2,017,858
	After dividend	111,525	296,631	Unappropriated
Other equity		1,187,810	2,011,794	1,928,412
Treasury Stock		(609,766)	(506,878)	(522,449)
Non-Controlling Interest		0	0	0
Total equity	Before dividend	30,554,029	32,151,619	33,554,409
	After dividend	30,102,440	31,618,373	Unappropriated

(III) Condensed Comprehensive Income Statement – IFRSs (consolidated)

In thousands of New Taiwan Dollars

Item \ Year	Financial information for the latest 3 years			2016 first quarter (reviewed by CPA)
	September 12 to December 31, 2013	2014	2015	
Revenue	11,896,934	42,060,342	50,054,765	9,141,065
Gross profit	1,756,994	5,703,906	5,583,864	1,139,367
Operating income (loss)	(129,831)	(360,929)	296,470	(66,191)
Non-Operating Income and Expenses	774,675	1,411,752	1,717,633	277,749
Pre-Tax Income (loss)	644,844	1,050,823	2,014,103	211,558
Continuing department Net Income - current (loss)	644,844	760,920	1,754,092	163,328
Loss from the discontinued department	0	0	0	0
Net Income – current (loss)	570,796	760,920	1,754,092	163,328
Other current comprehensive income (net, after-tax)	171,708	782,609	(116,247)	(331,791)
Total current comprehensive income or loss	742,504	1,543,529	1,637,845	(168,463)
Net income attributable to: Parent company shareholders	571,287	761,086	1,754,092	163,328
Net income attributable to: Non-Controlling Interest	(491)	(166)	-	-
Total comprehensive income Attributable to parent company shareholders	742,995	1,543,695	1,637,845	(168,463)
Total comprehensive income Attributable to non-controlling shareholders	(491)	(166)	-	-
EPS	0.78	1.03	2.32	0.22

(IV) Condensed Comprehensive Income Statement – IFRSs (individual)

In thousands of New Taiwan Dollars

Item \ Year	Financial information for the latest three years		
	September 12 to December 31, 2013	2014	2015
Revenue	582,398	784,493	1,771,352
Gross profit	582,398	784,493	1,771,352
Operating income (loss)	570,793	757,113	1,743,184
Non-Operating Income and Expenses	494	9,495	19,581
Pre-Tax Income (loss)	571,287	766,608	1,762,765
Continuing department Net Income - current (loss)	571,287	761,086	1,754,092
Loss from the discontinued department	0	0	0
Net Income - current (loss)	571,287	761,086	1,754,092
Other current comprehensive income (net, after-tax)	171,708	782,609	(116,247)
Total current comprehensive income or loss	742,995	1,543,695	1,637,845
EPS	0.78	1.03	2.32

(V) Names and audit opinions of CPAs in the latest five years

Year	Name of CPA firm	Name of CPA	Auditing opinions
2013	PricewaterhouseCoopers Taiwan	Liu, Yin-Fei, Wen, Fang-Yu	Modified unqualified opinion
2014	PricewaterhouseCoopers Taiwan	Liu, Yin-Fei, Wen, Fang-Yu	Modified unqualified opinion
2015	PricewaterhouseCoopers Taiwan	Liu, Yin-Fei, Wen, Fang-Yu	Modified unqualified opinion

II. Financial analysis for the last 5 years: The Company was founded on September 12, 2013 through a share exchange, hence information prior to 2012 (inclusive) is unavailable.

(I) Financial analysis – IFRSs (consolidated)

Analysis items \ Year		Financial analysis for the last 3 years			2016 first quarter (reviewed by CPA)
		2013	2014	2015	
Financial structure (%)	Debt to asset ratio	30.73	33.30	25.70	25.56
	Ratio of long-term capital to property, plant and equipment	599.60	629.06	625.61	599.70
Debt servicing capability (%)	Current ratio	175.11	167.00	199.36	200.05
	Quick ratio	122.96	118.03	139.50	141.00
	Interest Coverage ratio	91.35	24.80	63.83	120.72
Operating efficiency (Note)	A/R turnover rate (times)	6.68	5.93	7.32	6.53
	Average collection days	54.64	61.55	49.86	55.89
	Inventory turnover rate (times)	4.25	4.55	5.60	4.36
	Payable turnover ratio (times)	5.43	5.11	6.74	5.89
	Average days in sales	85.88	80.21	65.17	83.71
	Property, plant, and equipment turnover rate (times)	7.55	8.08	9.37	6.56
	Total assets turnover (time)	0.90	0.91	1.07	0.81
Profitability	Return on assets (%)	1.33	1.71	3.81	0.36
	Return on equity (%)	1.89	2.42	5.33	0.48
	Pre-tax income to paid-up capital (%)	8.47	13.65	25.89	2.71
	Net profit margin (%)	4.79	1.80	3.50	1.78
	Earnings per share (NT\$)	0.78	1.03	2.32	0.22
Cash flow	Cash flow ratio (%)	6.70	-	30.75	-
	Cash flow adequacy ratio (%)	566.41	48.93	136.43	122.96
	Cash reinvestment ratio (%)	2.32	-	7.13	-
Leverage ratios	Operating leverage ratios	-	-	22.40	-
	Financial leverage ratios	-	-	1.12	-
Root causes of changes in each financial ratio in the last two years (the changes under 20% are exempt from analyses)					
1. Debt-to-asset ratio decreased mainly due to repayment of short-term borrowings in 2015.					
2. Interest coverage ratio and profitability ratios increased mainly due to revenue growth and profit growth in 2015.					
3. Accounts receivable turnover increased mainly due to a 19% revenue growth in 2015 over 2014, combined with proper collection efforts.					
4. Inventory turnover and accounts payable turnover increased mainly due to a 19% revenue growth in 2015 over 2014, which resulted in fast sale of inventory and lower closing balance of inventory and accounts payable compared to the previous year.					
5. Cash flow adequacy ratio increased mainly because of profit growth in 2015, which generated higher cash inflow from operating activities.					

Note: The operating capacity has been converted to capacity for the full year for comparison purposes.

(II) Financial analysis – IFRSs (individual)

Analysis \ Year		Financial analysis for the last 3 years		
		2013	2014	2015
Financial structure (%)	Debt to asset ratio	0.01	0.03	0.61
	Ratio of long-term capital to property, plant and equipment	846,606.51	1,118,317.18	1,567,230.68
Debt servicing capability (%)	Current ratio	3,406.08	28,583.57	1,318.22
	Quick ratio	3,367.88	28,573.05	1,317.65
	Interest Coverage ratio	190,430.00	NA	NA
Operating efficiency (Note)	A/R turnover rate (times)	NA	NA	NA
	Average collection days	NA	NA	NA
	Inventory turnover rate (times)	NA	NA	NA
	Payable turnover ratio (times)	NA	NA	NA
	Average days in sales	NA	NA	NA
	Property, plant, and equipment turnover rate (times)	NA	NA	NA
	Total assets turnover (time)	NA	NA	NA
Profitability	Return on assets (%)	1.89	2.42	5.32
	Return on equity (%)	1.89	2.42	5.33
	Pre-tax income to paid-up capital (%)	7.50	9.96	22.66
	Net profit margin (%)	98.09	97.01	99.02
	EPS (\$)	0.78	1.03	2.32
Cash flow	Cash flow ratio (%)	-	29,704.76	26.44
	Cash flow adequacy ratio (%)	-	660.17	309.61
	Cash reinvestment ratio (%)	-	7.94	(1.42)
Leverage ratios	Operating leverage ratios	1.00	1.00	1.00
	Financial leverage ratios	1.00	1.00	1.00
Root causes of changes in each financial ratio in the last two years (the changes under 20% are exempt from analyses)				
1.Profitability ratios and ratio of long-term capital to property, plant and equipment increased mainly due to profit growth in 2015.				
2.Debt to asset ratio increased while solvency ratios decreased; this was mainly due to the increase of other payables.				
3.Cash-flow related ratios decreased mainly because of lesser dividend income received in 2015, which resulted in a reduction of cash inflow from operating activities.				

Note: The Company is an investment holding company, hence not applicable.

1. Financial structure

- (1) Debt to asset ratio = total liabilities / total assets
- (2) Long-term capital to property, plants and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Debt servicing capability

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory-prepayments) / current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period

3. Operating efficiency

- (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales / average receivables balance (including accounts receivable and notes receivable from business activities).
- (2) Average days of collection = 365 / Receivables turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory amount
- (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales / average payables balance (including accounts payable and notes payable for business activities).
- (5) Average days in sales = 365 / Inventory turnover
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment balance.
- (7) Total assets turnover = Net sales / Average total assets

4. Profitability

- (1) Return on assets = [Net Income or Loss + Interest expense \times (1 - tax rate)] / Average total assets
- (2) Return on equity = after tax net profit/ average total equity
- (3) Net profit margin = after tax net profit/net sales
- (4) Earnings per share = (attributable to the shareholder's profit and loss of the parent company) - Preferred dividends) / Weighted average number of shares issued

5. Cash flow

- (1) Cash flow ratio = Cash flow from operating activities / current liabilities
- (2) Cash flow adequacy ratio = net cash flow from operating activities in the latest five years / (capital expenditure inventory + increase + cash dividends) in the latest five years.
- (3) Cash flow reinvestment ratio = (Cash flow from operating activities-Cash dividends) / (Property, Plant and Equipment + long term investments + Other non-current assets + working capital)

6. Degree of leverage

- (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.
- (2) Degree of financial leverage = operating income / (operating income - interest expense).

III. Latest financial statements: See pages 107 to 199.

IV. The company and its affiliated companies should state any financial difficulties occurred during the most recent year up to the date of printing of this annual report and disclose the associated impact on the finances of the company: None.

Seven. Review and Analysis of Financial Status and Performance and Associated Risks

I. Review and Analysis of Financial Status

In thousands of New Taiwan Dollars

Item \ Year	December 31, 2014	December 31, 2015	Variation	
			Amount	%
Current assets	25,753,781	21,840,171	(3,913,610)	-15%
Property, Plant and Equipment	5,211,314	5,467,908	256,594	5%
Intangible assets	316,694	119,005	(197,689)	-62%
Other assets	16,922,075	17,735,606	813,531	5%
Total assets	48,203,864	45,162,690	(3,041,174)	-6%
Current liabilities	15,421,096	10,954,621	(4,466,475)	-29%
Non-Current liabilities	631,149	653,660	22,511	4%
Total liabilities	16,052,245	11,608,281	(4,443,964)	-28%
Share capital	7,694,106	7,778,113	84,007	1%
Additional paid-in capital	22,122,720	22,352,475	229,755	1%
Retained earnings	829,877	2,017,858	1,187,981	143%
Other equity	2,011,794	1,928,412	(83,382)	-4%
Treasury Stock	(506,878)	(522,449)	(15,571)	3%
Attributable to the shareholder's equity of the parent company	32,151,619	33,554,409	1,402,790	4%
Non-Controlling Interest	0	0	0	0%
Total equity	32,151,619	33,554,409	1,402,790	4%
Material changes in assets, liabilities, and shareholders' equity in the last two years (variations above 20% and amounting to at least NT\$10 million):				
1. Intangible assets: Mainly due to amortizations in the current period.				
2. Current and total liabilities: Mainly due to repayment of short-term borrowings and decrease in accounts payable.				
3. Retained earnings: Mainly due to increase in current net income.				

II. Review and Analysis of Financial Performance

In thousands of New Taiwan Dollars

Item \ Year	2014	2015	Variation	
			Amount	%
Revenue	42,060,342	50,054,765	7,994,423	19%
Gross profit	5,703,906	5,583,864	(120,042)	-2%
Operating income (loss)	(360,929)	296,470	657,399	-182%
Non-Operating Income and Expenses	1,411,752	1,717,633	305,881	22%
Pre-Tax Income (loss)	1,050,823	2,014,103	963,280	92%
Income tax expense	(289,903)	(260,011)	29,892	-10%
Net Income - current (loss)	760,920	1,754,092	993,172	131%
Other current comprehensive income	782,609	(116,247)	(898,856)	-115%
Total current comprehensive income or loss	1,543,529	1,637,845	94,316	6%
(I) Significant changes in operating revenues, operating income and pre-tax income in the last two years and the underlying causes (unnecessary for variations less than 20%):				

1. Operating income, pre-tax income and current net income: The increase in profits was mainly contributed by revenue growth and effective cost control.
 2. Non-operating income and expense: This was due to increased losses recognized from equity-accounted associated companies and joint ventures, plus impairment of intangible assets recognized in 2014.
 3. Other current comprehensive income: This was due to lesser translation differences arising from the conversion of financial statements of foreign operations.
- (II) Expected sales volume and basis of estimate: The Company does not produce financial forecasts, hence not applicable.
- (III) Possible financial impacts and responsive plans: Not applicable.

III. Review and Analysis of Cash Flow

In thousands of New Taiwan Dollars

Opening cash balance	Net cash flow from operating activities for the year	Annual cash outflow	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Finance plans
8,494,325	3,368,873	(4,616,322)	7,246,876	-	-

(I) Analysis of cash flow for the year

1. Operating activities: The Company produced net cash outflow from operating activities due to an increase in profitability.
2. Full-year cash outflow: The outflow was mainly caused by repayment of short-term borrowings, plant construction, purchase of equipment, and payment of cash dividends.

(II) Improvement plans for cash deficit: Not applicable.

(III) Liquidity analysis for the next year

In thousands of New Taiwan Dollars

Opening cash balance	Net cash flow from operating activities for the year	Annual cash outflow	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Finance plans
8,786,787	399,967	(4,046,785)	5,139,970	-	-

1. Analysis of cash flow for the year:

- (1) Operating: The Company expects to produce net cash income from operating activities in 2016.
- (2) Full-year cash outflow: The outflow is expected to be spent on plant construction, purchase of equipment and payment of cash dividends.

2. Improvement plans for cash deficit: Not applicable.

IV. Impact of major capital expenditure in the year on the financial operations of the company:

None.

V. The main causes of profit or loss from reinvestment policies in the most recent year, improvement plan and investment plans in the next year:

- (I) Investment policies in the most recent year: MiTAC's investments are planned in accordance with future business requirements and long-term strategies, and are primarily intended to increase revenues and profits.
- (II) Causes of profits or losses incurred by invested businesses and any improvement plans taken: Profits were mostly attributed to growing sales and cost control, whereas losses were mainly due to underwhelming sales or extra expenses incurred during the new product development stage. For invested businesses that do not deliver the expected results or have become idle, MiTAC will undertake proper measures by taking into consideration factors from various perspectives to improve performance and contain losses.

(III) Investment plans for the coming year: Investment plans will be devised according to the Company's business strategies and in conformity with the global deployment plan.

VI. Risk management issues

(I) The risk management framework

Responsible departments	Tasks and duties
Finance	Responsible for operational decision planning, assessment of medium/long-term investments, funding, treasury, hedging, reliability of financial reports, monitoring of performance and efficiency, and compliance matters relating to the above. The department's goals are to minimize financial, taxation and strategic risks.
Information Management	Responsible for the planning, establishment, maintenance, security and protection of the Company's information network, hardware, software and systems, as well as ongoing monitoring of network/system quality in order to minimize security risks of existing networks and systems.
Legal Affairs	Responsible for the management of legal risks, including compliance with government supervision and resolution of contractual disputes and litigation.
Human Resource	Responsible for the management of personnel risks and real estate property risks, and compliance with government regulations to ensure sustainability of the Company's operations and security of real estate properties.

(II) Impacts of interest rates, exchange rates, and inflation to the Company's earnings, and future responsive measures:

1. Impacts of interest rates, exchange rates, and inflation to the Company's earnings in 2015 and up till March 31, 2016:

Item	2015		2016 first quarter (reviewed by CPA) (Note 1)	
	Amount	As a percentage of Operating revenues %	Amount	As a percentage of Operating revenues %
Interest income (expense)	67,375	0.13	12,702	0.14
Exchange gains (losses) (including gains/losses on valuation of financial instruments)	60,709	0.12	(37,152)	(0.41)

Note 1: Up till the quarter before publication of the annual report.

Note 2: Inflation has immaterial impact on the Company's profits.

2. Responsive measures against changes in interest rates, exchange rates, and inflation:
 - (1) Accounts receivables and payables are primarily denominated in USD, with minority amounts denominated in a basket of currencies. Since most receipts and payments are denominated in the same currency, the Company is able to minimize exchange rate impacts on overall income.
 - (2) All derivative transactions the Company has currently undertaken are intended to hedge against foreign currency assets and liabilities shown on the balance sheet. As required by "Derivatives Trading Procedures," the Company transacts financial instruments with banks and evaluates gains and losses on a regular basis to ensure that hedges remain

- effective in minimizing interest rate and exchange rate impacts on income.
- (3)The Company maintains close interactions with banks and conducts regular assessments to secure the best borrowing rates, and therefore reduces impact of interest rate variations on income.
 - (4)The Company gathers regular information on exchange rate, interest rate, and the financial market. Meetings are held where appropriate to discuss the best course of action. In the occurrence of extreme market events, the executive management will be notified immediately for proper actions.
 - (5)In light of recent disasters caused by extreme weather conditions and rapid changes of interest rates and exchange rates around the world, it is increasingly important for businesses to source supplies that are stable and reasonably priced. To address this challenge, MiTAC has been monitoring changes in the market and making procurement plans in advance so that suppliers have ample time to find alternative materials or make advance purchases at their discretion. Since most of the supply chain are commonly affected by prolonged delivery, it has become apparent that the Company must devote greater attention to create demands, explore ways to reduce risks, manage uncertainties involving prolonged delivery and shortage of labor, relax inventory control and adjust cost control of non-production materials. Meanwhile, distributors shall carry additional inventory to avoid impact on earnings due to disruption of supply or volatile costs.
- (III)Policies on high-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and trading of derivatives; describe the main causes of profit or loss incurred and future responsive measures:
1. The group does not engage in any high-risk or highly leveraged investments.
 2. Loans to third parties are conducted in accordance with "Third Party Lending Procedures." Outstanding loans to third parties (by the Company and subsidiaries) amounted to NT\$9,476,730,000 at the end of 2015 and NT\$9,143,072,000 as at April 30, 2016.
 3. Guarantees/endorsements to third parties are conducted in accordance with "Third Party Guarantee/Endorsement Procedures." Outstanding guarantees/endorsements to third parties (by the Company and subsidiaries) amounted to NT\$4,308,950,000 at the end of 2015 and NT\$4,078,464,000 as at April 30, 2016.
 4. Trading of derivatives is conducted in accordance with "Derivatives Trading Procedures."
- (IV)Future research and development plans and projected expenses:
1. Research and development expenses for the current year (2016) are estimated at NT\$2.42 billion.
 2. Future R&D plans
 - (1) Cloud Computing products series
 - Development of cloud computing servers
 - Optimized virtual server
 - Development of high-performance GPU servers.
 - Communication server
 - Network switch
 - Total system solutions
 - Development of storage devices and related technologies
 - System protocols and integration of Thin Client computers & servers
 - R&D of All-In-One LCD computer technologies
 - POS system (computer point of sale management system): including the development of integrated technologies for the RPOS (Retail POS) and the MPOS (Mobile POS)

- R&D of embedded industrial use main board for terminal application
- (2) Mobile communication products
- Cloud computing applications and technologies
 - Integrated data capture, voice, and wireless broadband communication
 - Global positioning system (GPS), electronic navigation technologies and mobile positioning services
 - Compact portable electronic devices; technological development for green energy products.
 - Development of mobile healthcare hardware, software, products and services
- (V) Financial impacts and responsive measures in the event of changes to local and foreign regulations: None.
- (VI) Financial impacts and responsive measures in the event of technological or industrial changes:
1. Following a recent amendment to EU REACH (an environmental protection regulation), manufacturers are now being required to keep concerned substances below 1000ppm per component, instead of 1000ppm per system as it used to be. This change will bring challenges and costs to supply chain management, and the Company has been actively looking for solutions by engaging third-party consultants and platforms to help suppliers conform with EU REACH requirements on Substances of Very High Concern in the most cost-efficient manner.
 2. Wage rise in China combined with U.S. manufacturers' return to home country will affect the Company's existing global deployment and investment strategies. The best response to this change would be to introduce automated production lines. In addition, MiTAC will try to incorporate the concept of manufacturing 4.0 and enhance supply chain management with an intelligent system. By integrating automated machinery with the production system, the Company would be able to produce broad variety of products in small quantities at a faster rate.
 3. Cloud services, as described in previous chapters, would require many more medium and large-sized data centers. Customers will tend to avoid big brands and instead approach manufacturers directly with the required specifications. In other words, we see ODM Direct as the business model of the future, one that requires intensive investments in total system solutions. One of the Company's most important problems in the future would be to integrate existing technologies for faster product launch.
- (VII) Crisis management, impacts, and responsive measures in the event of a change in corporate image: None.
- (VIII) Expected benefits, risks and responsive measures of planned mergers or acquisitions: None.
- (IX) Expected benefits, risks and responsive measures associated with plant expansions: None.
- (X) Risks and responsive measures associated with concentrated sales or purchases:
- Purchases: MiTAC adopts a policy to diversify purchases from at least two suppliers for every type of raw material. The Company maintains long-term relationship with its suppliers to ensure the continuity of materials supplied.
- Sales: MiTAC's strong R&D and manufacturing capability has enabled it to maintain long-term relationship with existing customers while at the same time explore new customers to diversify revenue sources. There should not be any concentration in sales that would impact the Company's growth.
- (XI) Impacts, risks and responsive measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:
- The Company is constantly aware of the identity of its controlling shareholders, and the name of the ultimate controller of its major shareholders. Shareholdings of directors,

supervisors and major shareholders (more than 10% ownership interest) are reported regularly in accordance with the Securities and Exchange Act.

(XII) Impacts, risks and responsive measures associated with a change of management: None.

(XIII) Litigation and non-contentious cases:

In the last year up till the publication date of this annual report, there had been no litigations, non-contentious cases, or administrative litigations involving the Company, the Company's director, supervisor, President, person-in-charge, any shareholder with more than 10% ownership interest, or any subsidiary of the Company that would have significant impact on shareholders' equity or securities prices, as described in Subparagraph 12, Paragraph 6, Article 20 of "Regulations Governing Information to be Published in Annual Reports of Public Companies."

(XIV) Other significant risks and responsive measures:

Suppliers' profit-oriented strategies: The IT industry supply chain continues to consolidate and form new strategic alliances for competitive advantage. The uprise of Chinese suppliers coupled with rising wages in China, volatile commodity prices, and shift of focus towards hand-held devices and cloud applications all pose additional pressure to material costs and stability of supply. In response to this threat, MiTAC will discuss with its suppliers regularly on the choice and supply of materials and changes in the market, and adjust its procurement strategies accordingly.

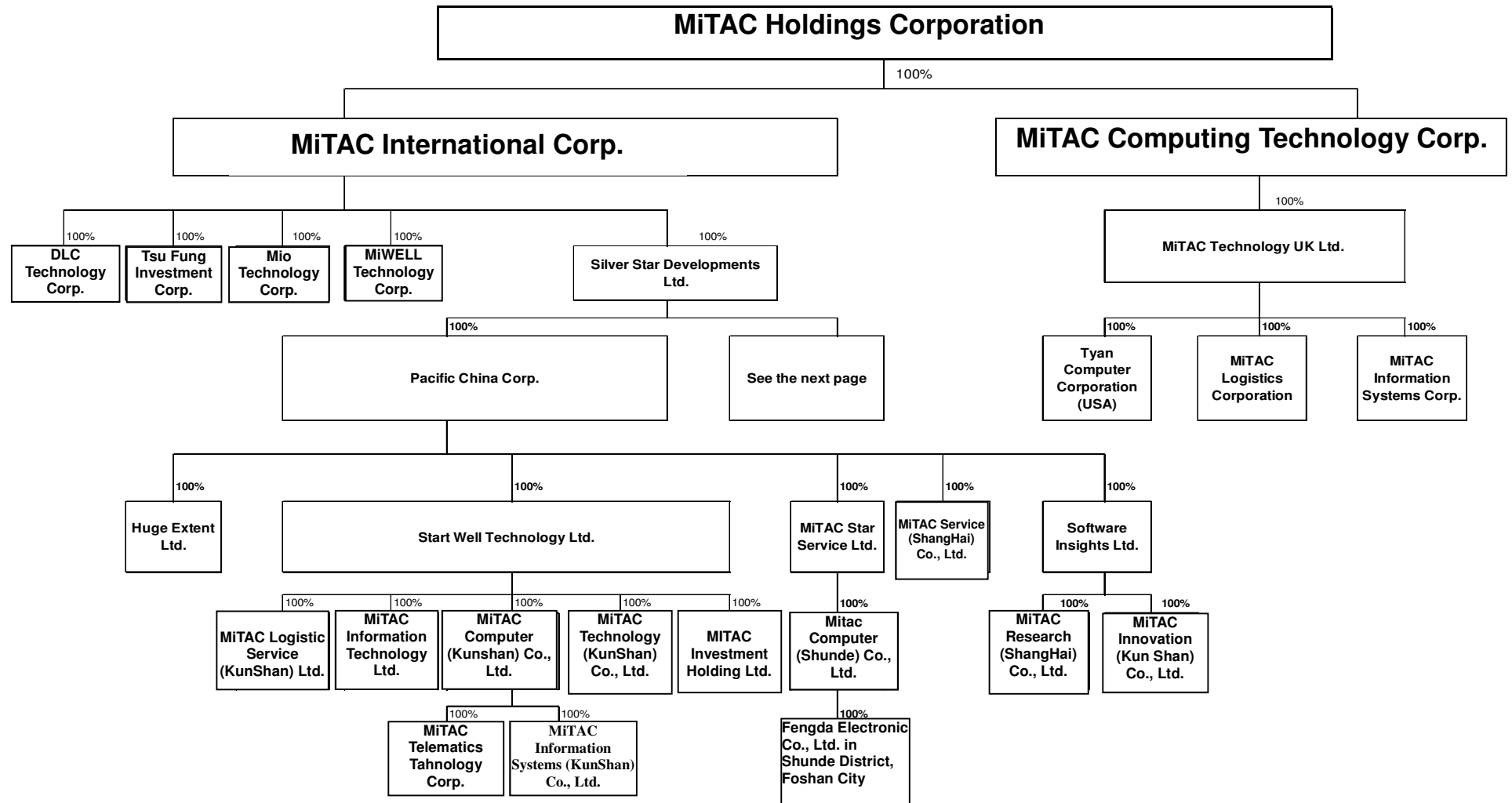
VII.Other significant events: None.

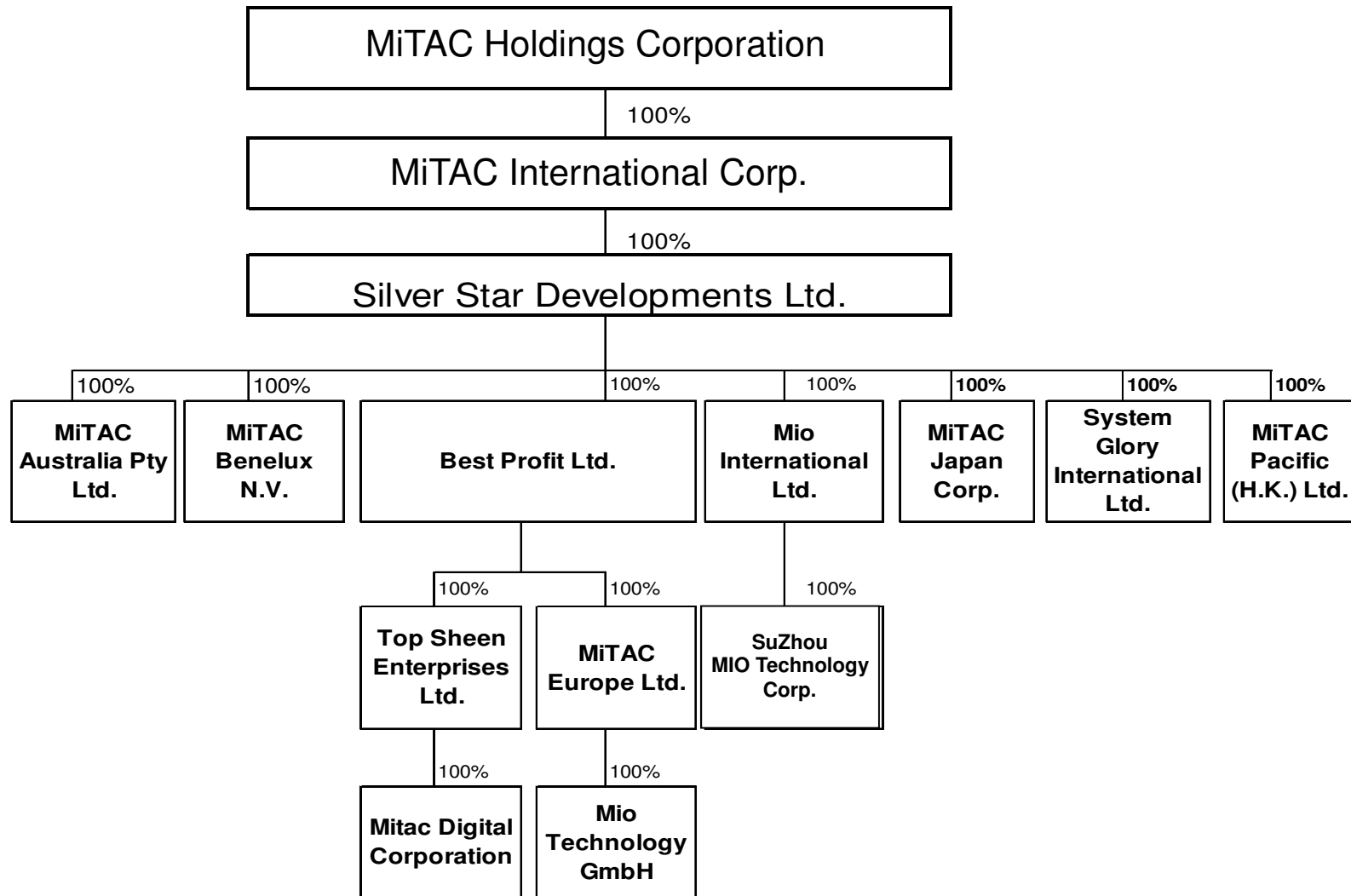
Eight. Important Notice

I. Information on subsidiaries/affiliates

(I) Consolidated report on the operation of affiliates

1. Organizational Chart of Affiliates





2. Profile of affiliated companies:

Currency: NTD 1,000

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
MiTAC International Corp.	Dec. 08, 1982	No.1, Yen-Fa 2nd Rd., Hsinchu Science Park, Hsinchu County, Taiwan, R.O.C.	NT\$14,292,183	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
MiTAC Computing Technology Corporation	Jul. 25, 2014	3F, No.1, Yen-Fa 2nd Rd., Hsinchu Science Park, Hsinchu County, Taiwan, R.O.C.	NT\$2,327,571	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
Tsu Fung Investment Corp.	Feb. 16, 1998	10/F, No. 77. MinSheng East Road Section III, Taipei	NT\$1,285,847	General Investment
Silver Star Developments Ltd.	Jun. 05, 1990	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	US\$215,495	General Investment
MiTAC Japan Corp.	Apr. 30, 1983	Yasuda Shibaura-building No2 3F, Kaigan 3-2-12, Minato-ku, Tokyo, Japan 108-0022	YEN\$ 50,000	Sales of communication, computer peripherals, software and hardware and post-delivery maintenance and repair service
MiTAC Benelux N.V.	Sep. 13, 1993	Z5 Mollem 318 - 1730 Asse (Mollem), Belgium	EUR\$ 1,618	Sales of communication products and related post-delivery service
MiTAC Pacific (H.K.) Ltd.	Jun. 13, 1991	Level 12 28 Hennessy Road, Wanchai Hong Kong	US\$10	Import and export service
Pacific China Corp.	Dec. 27, 1996	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$120,924	General Investment
MiTAC Computer (Shunde) Ltd.	Jan. 18, 1993	No .1, Shunda Road, Lunjiao Street, ShunDe District, Foshan City, Guangdong	CNY\$ 616,837	Production of mainframe, motherboard, interface cards, displays, power supply, keyboards and related metal/plastic parts, and motherboard repair services.
System Glory International Ltd.	Oct. 25, 1995	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$0	General Investment
Mio Technology Corp.	Jan. 17, 2000	10/F, No. 209, NanGang Road, Section 1, Nan Gang, Taipei	NT\$20,000	Sales of communication products and related post-delivery service
Start Well Technology Ltd.	Apr. 20, 2000	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$29,900	General Investment
MiTAC Computer (Kunshan) Co., Ltd.	Nov. 01, 2000	No.269, No.2 Avenue, Export Processing Zone Kunshan, Jiangsu	CNY\$ 304,321	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
Software Insights Ltd.	Jul. 18, 2000	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$5,200	General Investment
MiTAC Star Service Ltd.	Jan. 12, 2001	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$74,500	General Investment
MiTAC Service (ShangHai) Co., Ltd.	Oct. 11, 2001	2nd Level, Futebei Lu, No. 129, Waigaoqiao Bonded Special Zone, Shanghai.	CNY\$ 8,277	Technical service, technical support, and software design/development relating to computers
MiTAC Technology (KunShan) Co., Ltd.	Jan. 28, 2002	No.269, No.2 Avenue, Export Processing Zone Kunshan, Jiangsu	CNY\$ 8,277	Testing, maintenance, and technical consultation and after-sale service of computer parts and related products.
Mio International Ltd.	Feb. 06, 2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$1,275	Sales of communication related products
MiTAC Research (ShangHai) Ltd.	Nov. 23, 2004	No.213, Jiang Chang San Road, Zha Bei District, Shanghai	CNY\$ 43,040	Research, development and technical consultation services
Huge Extent Ltd.	Jun. 22, 2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$8,000	General Investment
MiTAC Australia Pty Ltd.	Mar. 06, 2007	Suite 2, 408 Victoria Rd, Gladesville NSW 2111 Australia	AUD\$ 127	Sales of communication products and related post-delivery service

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
MiTAC Europe Ltd.	May 10, 2001	Spectrum House, Beehive Ring Road, London Gatwick Airport, RH6 0LG, UNITED KINGDOM	EUR\$ 6,665	Sales of communication products and related post-delivery service
DLC Technology Corporation(Note 2)	Jun. 20, 2007	1F, No. 40, Wenhua 2nd Road, Guishan District, Taoyuan City	NT\$0	Research, development and technical consultation services
Tyan Computer Corporation - USA	Jul. 17, 1989	3288 Laurelview Ct., Fremont, CA 94538 U.S.A.	US\$3,950	Sales of computer peripherals, software and hardware and related products
Mio Technology GmbH	Dec. 03, 1998	Einsteinstr. 14 85716 Unterschleißheim Germany	EUR\$ 26	Sales of communication products and related post-delivery service
Top Sheen Enterprises Ltd.	Jan. 23, 2003	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$20,440	General Investment
Best Profit Ltd.	Jan. 03, 2007	Scotia Centre, 4th Floor., P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands	US\$37,131	General Investment
MiTAC Logistics Corporation	Apr. 17, 2007	3288 Laurelview Ct., Fremont, CA 94538 U.S.A.	US\$2,850	Sales of computer peripherals, software and hardware and related products
Mio Technology (Suzhou) Ltd.	Dec. 04, 2003	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province.	CNY\$ 1,960	Sales of communication products and related post-delivery service
MiTAC Logistic Service (KunShan) Ltd.	Mar. 17, 2008	No. 269, Di-er Da Dao, Kunshan Export Processing Zone	CNY\$ 6,821	Shipping agent, import/export, and warehouse service.
MiTAC Digital Corporation	Nov. 21, 2008	471 El Camino Real, Santa Clara, CA 95050 USA	US\$45,000	Sales of communication products and related post-delivery service
Mitac Information Technology Ltd.	Nov. 19, 2009	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province.	CNY\$ 2,048	After-sale maintenance, testing, consultation and technical services relating to computers, communication devices, and consumer electronics; operation of a customer service center; professional data processing, analysis and integrated services, and ERP services
MiTAC Information Systems Corp.	Jul. 08, 2010	39889 Eureka Drive Newark, CA 94560	US\$25,000	Assembly, sales of computer peripherals, software and hardware and related products
MiTAC Innovation (KunShan) Ltd.	Jan. 21, 2011	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province.	CNY\$ 6,571	Research, development and technical consultation services
Fengda Electronic Co., Ltd. in Shunde District, Foshan City	Sep. 11, 2012	4th Floor, Building S6, No. 1 Factory, Shunda Road, Lunjiao St., Shunde District, Foshan City	CNY 25,590	Production of computer motherboards, motherboards and adapter cards
MiWELL Co., Ltd.	Sep. 21, 2011	No.165, Sec. 2, Xi'an St., Beitou Dist., Taipei City	NT\$1,667	Information software services, retailing
Shanghai Shenyi Information Technology Co., Ltd.	Jul. 24, 2014	No. 211, Jiangchang 3rd Road, Zhabei District, Shanghai City	CNY\$ 2,000	Sale of proprietary products and provision of after-sale services
MiTAC Technology UK Ltd.	Aug. 01, 2014	Spectrum House, Beehive Ring Road, London Gatwick Airport, GATWICK, WEST SUSSEX, RH6 0LG, ENGLAND.	US\$62,910	General Investment
MiTAC Information Systems (KunShan) Co., Ltd.	Sep. 17, 2015	No. 33, Jiefang Road, Kunshan Development Zone	CNY\$ 1,000	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
MITAC Investment Holding Ltd.	Nov. 06, 2015	Kunshan Export Processing Zone Building, Jiangsu Province (No. 300, 1st Avenue, Kunshan Development Zone)	CNY\$ 640	Investment holding

Note1: for information on the exchange rate as of the statement date, refer to the note 3 to operation highlights of respective affiliates and subsidiaries. (Page 105)

Note 2: company liquidation.

3.Information on the same shareholder deemed as controlling or in a parent-subsidary relationship: None.

4.The industries in which the affiliates operate and the linkage between the affiliates

Industry	Name of subsidiary/affiliate	Connection with other subsidiaries/affiliates in business operation
Manufacturing and sales of PC and communication products	MiTAC International Corp.	Manufacturing and sale of products, and provision of after-sale services
	MiTAC Computer (Kunshan) Co., Ltd.	Manufacturing and sale of products
	MiTAC Computer (Shunde) Ltd.	Manufacturing and sale of products
	Fengda Electronic Co., Ltd. in Shunde District, Foshan City	Manufacturing and sale of products
	MiTAC Computing Technology Corporation	Manufacturing and sale of products, and provision of after-sale services
	MiTAC Information Systems (KunShan) Co., Ltd.	Manufacturing and sale of products
Investment and Holding Companies	Silver Star Developments Ltd.	Investment in overseas subsidiaries for the manufacturing and sales of products and provision of after-sale services
	System Glory International Ltd.	General Investment
	Pacific China Corp.	Investment in overseas subsidiaries for the manufacturing and sales of products and provision of after-sale services
	Software Insights Ltd.	Investment in overseas subsidiaries for product research and development, and provision of technical consultation services
	Start Well Technology Ltd.	Investment in overseas subsidiaries for the manufacturing and sales of products and provision of after-sale services
	MiTAC Star Service Ltd.	Investment in overseas subsidiaries for the manufacturing and sales of products
	Huge Extent Ltd.	General Investment
	Top Sheen Enterprises Ltd.	Investment in overseas subsidiaries for the sales of products and provision of after-sale services
	Best Profit Ltd.	Investment in overseas subsidiaries for the sales of products and provision of after-sale services
	Tsu Fung Investment Corp.	General Investment
	MiTAC Technology UK Ltd.	Investment in overseas subsidiaries for the sales of products and provision of after-sale services
	MITAC Investment Holding Ltd.	General Investment
Technical Service	MiTAC Research (ShangHai) Ltd.	Research, development and technical consultation services
	DLC Technology Corporation	Research, development and technical consultation services
	MiTAC Technology (KunShan) Co., Ltd.	After-sale product maintenance and repair, and provision of technical consultation services
	MiTAC Service (ShangHai) Co., Ltd.	After-sale product maintenance and repair, and provision of technical consultation services
	Mitac Information Technology Ltd.	After-sale product maintenance and repair, and provision of technical consultation services
	MiTAC Innovation (KunShan) Ltd.	Research, development and technical consultation services
	MiWELL Co., Ltd.	Information software services, retailing
	Shanghai Shenyi Information Technology Co., Ltd.	Sale of proprietary products and provision of after-sale services
Trading	Mio Technology Corp.	Sale of products and provision of after-sale services
	MiTAC Japan Corp.	Sale of products and provision of after-sale services
	MiTAC Benelux N.V.	Sale of products and provision of after-sale services
	Mio International Ltd.	Sale of products
	Mio Technology (Suzhou) Ltd.	Sale of products and provision of after-sale services
	MiTAC Australia Pty Ltd.	Sale of products and provision of after-sale services
	MiTAC Europe Ltd.	Sale of products and provision of after-sale services
	Tyan Computer Corporation -	Sale of products and provision of after-sale services

	USA	
	Mio Technology GmbH	Sale of products and provision of after-sale services
	MiTAC Logistics Corporation	Sale of products and provision of after-sale services
	MiTAC Digital Corporation	Sale of products and provision of after-sale services
Trading and assembly	MiTAC Information Systems Corp.	Assembly and sale of products, and provision of after-sale services
Shipping agency and import/export trade	MiTAC Logistic Service (KunShan) Ltd.	Shipping agent, import/export, and warehouse service.
	MiTAC Pacific (H.K.) Ltd.	Import and export service

5. Directors and Presidents of affiliated companies

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
MiTAC International Corp.	Chairman	MiTAC Holdings Corporation /Rep: Miao, Matthew Feng Chiang	1,379,638,902	100%
	Director/President	MiTAC Holdings Corporation/Rep: Ho, Jhi-Wu	1,379,638,902	100%
	Director	MiTAC Holdings Corporation/Rep: Michael Lin	1,379,638,902	100%
	Director	MiTAC Holdings Corporation/Rep: Chang, Yao-Chun	1,379,638,902	100%
	Supervisor	MiTAC Holdings Corporation/Rep: Ching, Hu-Shih	1,379,638,902	100%
MiTAC Computing Technology Corporation	Chairman	MiTAC Holdings Corporation/Rep: Ho, Jhi-Wu	232,757,102	100%
	Director	MiTAC Holdings Corporation /Rep: Miao, Matthew Feng Chiang	232,757,102	100%
	Director/President	MiTAC Holdings Corporation/Rep: Michael Lin	232,757,102	100%
	Supervisor	MiTAC Holdings Corporation/Rep: Crystal Yang	232,757,102	100%
Tsu Fung Investment Corp.	Chairman	MiTAC International Corp./Rep: Ho, Jhi-Wu	128,584,651	100%
	Director	MiTAC International Corp./Rep: Crystal Yang	128,584,651	100%
	Director	MiTAC International Corp./Rep: Chung, Shu-Ling	128,584,651	100%
	Supervisor	MiTAC International Corp./Rep: Huang, Hsiu-Ling	128,584,651	100%
Silver Star Developments Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Japan Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director/ President	Toshihiko Hara	0	0%
	Supervisor	Huang, Hsiu-Ling	0	0%
MiTAC Benelux N.V.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Pacific (H.K.) Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
System Glory International Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Pacific China Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Star Service Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Software Insights Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Computer (Kunshan) Co., Ltd.	Chairman	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Director	Start Well Technology Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Director/President	Start Well Technology Ltd./Rep: Wu, Shun-Huang	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Service (ShangHai) Co., Ltd.	Chairman	Pacific China Corp./Rep: Ho, Jhi-Wu	N/A	100%
	Director/President	Pacific China Corp./Rep: Percy Chen	N/A	100%
	Director	Pacific China Corp./Rep: Chang, Yao-Chun	N/A	100%
MiTAC Computer (Shunde) Ltd.	Chairman	MiTAC Star Service Ltd./Rep: Michael Lin	N/A	100%
	Vice chairman	MiTAC Star Service Ltd./Rep: J.J. Huang	N/A	100%
	Director/President	MiTAC Star Service Ltd./Rep: Chen, Chien-Hung	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Research (ShangHai) Ltd.	Chairman	Software Insights Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director/President	Software Insights Ltd./Rep: Yeh, Nai-Yuan	N/A	100%
	Director	Software Insights Ltd./Rep: Crystal Yang	N/A	100%
Mio Technology Corp.	Chairman	MiTAC International Corp./Rep: Ho, Jhi-Wu	2,000,000	100%
	Director/President	MiTAC International Corp./Rep: Chang, Yao-Chun	2,000,000	100%
	Director	MiTAC International Corp./Rep: Li, Hui-Ling	2,000,000	100%
	Supervisor	MiTAC International Corp./Rep: Huang, Hsiu-Ling	2,000,000	100%
Start Well Technology Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Technology (KunShan) Co., Ltd.	Chairman	Start Well Technology Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Start Well Technology Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Director/President	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
Mio International Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Huge Extent Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
MiTAC Australia Pty Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Wendy Hammond	0	0%
MiTAC Europe Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
DLC Technology Corporation		Liquidation in progress	0	100%
Mio Technology (Suzhou) Ltd.	Chairman	Mio International Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Mio International Ltd./Rep: James C. Yuan	N/A	100%
	Director	Mio International Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
	President	Yeh, Nai-Yuan	N/A	0%
Tyan Computer Corporation - USA	Director	Ho Jhi-Wu	0	0%
	Director	Robert Chen	0	0%
Mio Technology GmbH	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
Top Sheen Enterprises Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Best Profit Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Logistics Corporation	Director	Ho Jhi-Wu	0	0%
	Director	Yuan Chi-Ying	0	0%
	Director/President	Robert Chen	0	0%
MiTAC Logistic Service (KunShan) Ltd.	Chairman	Start Well Technology Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Director	Start Well Technology Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
	President	Start Well Technology Ltd./Rep: Wu, Shun-Huang	N/A	0%
MiTAC Digital Corporation	Director	Ho Jhi-Wu	0	0%
	Director/President	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
Mitac Information Technology Ltd.	Chairman	Start Well Technology Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director/President	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Director	Start Well Technology Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Information Systems Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Robert Chen	0	0%
	Director/President	Charlotte C.Y. Chou	0	0%
MiTAC Innovation (KunShan) Ltd.	Chairman	Software Insights Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director/President	Software Insights Ltd./Rep: Yeh, Nai-Yuan	N/A	100%
	Director	Software Insights Ltd./Rep: Michael Lin	N/A	100%
	Supervisor	Crystal Yang	N/A	0%
Fengda Electronic Co., Ltd. in Shunde District, Foshan City	Chairman/President	Software Insights Ltd./Rep: J.J. Huang	N/A	100%
	Vice chairman	Software Insights Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Software Insights Ltd. /Rep: James C. Yuan	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiWELL Co., Ltd.	Chairman	MiTAC International Corp./Rep: Ho, Jhi-Wu	166,667	100%
	Director	MiTAC International Corp./Rep: Chang, Yao-Chun	166,667	100%
	Director/President	MiTAC International Corp./Rep: Chang, Yuan-Hsiang	166,667	100%
	Supervisor	MiTAC International Corp./Rep: Chris Yen	166,667	100%
Shanghai Shenyi Information Technology Co., Ltd.	Chairman	MiTAC Computer (KunShan) Co., Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director/President	MiTAC Computer (KunShan) Co.,Ltd./Rep: Yeh, Nai-Yuan	N/A	100%
	Director	MiTAC Computer (KunShan) Co.,Ltd./Rep: Percy Chen	N/A	100%
	Director	MiTAC Computer (KunShan) Co.,Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Technology UK Ltd.	Director	MiTAC Computing Technology Corporation/Rep: Ho, Jhi-Wu	62,909,737	100%
	Director	MiTAC Computing Technology Corporation/Rep: Michael Lin	62,909,737	100%
	Director	MiTAC Computing Technology Corporation/Rep: Crystal Yang	62,909,737	100%

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
MiTAC Information Systems (KunShan) Co., Ltd.	Chairman	MiTAC Computer (KunShan) Co., Ltd./Rep: Percy Chen	N/A	100%
	Director	MiTAC Computer (KunShan) Co.,Ltd./Rep: Chang, Yao-Chun	N/A	100%
	Director/President	MiTAC Computer (KunShan) Co.,Ltd./Rep: Wu, Shun-Huang	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MITAC Investment Holding Ltd.	Chairman/President	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Director	Start Well Technology Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Start Well Technology Ltd./Rep: Yeh, Nai-Yuan	N/A	100%
	Director	Start Well Technology Ltd./Rep: Wu, Shun-Huang	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%

6. Business overview of affiliated companies:

In thousands of New Taiwan Dollars

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Revenue	Operating income (loss)	Earnings in current period (after tax)	EPS (NTD\$) (after-tax)
MiTAC Holdings Corporation	7,778,11	33,762,5	208,100	33,554,4	1,771,35	1,743,184	1,754,092	2.32
MiTAC International Corp.	14,292,1	32,092,8	5,328,334	26,764,4	4,639,08	(686,680)	854,637	0.60
Tsu Fung Investment Corp.	1,285,84	1,337,06	439	1,336,62	53,988	29,369	29,583	0.23
Silver Star Developments Ltd.-Consolidated	7,073.63	23,534.7	6,030,671	17,504,0	19,825,1	(187,601)	827,968	3.84
MiTAC Japan Corp.	13,635	38,529	10,523	28,006	82,904	225	476	476.00
MiTAC Benelux N.V.	58,061	158,647	101,106	57,541	45,940	(9,300)	(8,950)	(137.16)
MiTAC Pacific (H.K.) Ltd.	328	22,852	19,034	3,818	0	(305)	(1)	(0.10)
Pacific China Corp.	3,969,32	4,098,06	0	4,098,06	0	0	103	0.00
MiTAC Computer (Shunde) Ltd.	3,081,09	6,550,67	3,130,732	3,419,94	12,404,0	15,622	61,512	NA
System Glory International Ltd.	0	125,359	31,261	94,098	0	0	7,669	7,669,000.
Mio Technology Corp.	20,000	22,613	52	22,561	0	(144)	1,399	0.70
Start Well Technology Ltd.	981,468	2,211,23	28,002	2,183,23	0	0	9,941	0.33
MiTAC Computer (Kunshan) Co., Ltd.	1,520,08	3,230,06	1,184,235	2,045,82	3,868,93	(29,891)	4,122	NA
Software Insights Ltd.	170,693	176,808	32,825	143,983	0	0	0	0.00
MiTAC Star Service Ltd.	2,445,46	2,463,54	0	2,463,54	0	0	0	0.00
MiTAC Service (ShangHai) Co., Ltd.	41,345	29,370	14,471	14,899	57,506	(22,920)	(22,215)	NA
MiTAC Technology (Kunshan) Co., Ltd.	41,344	73,462	19,263	54,199	79,870	(17,977)	(11,192)	NA
Mio International Ltd.	41,852	1,548,45	1,489,681	58,771	3,175,50	0	0	0.00
MiTAC Research (Shanghai) Co., Ltd.	214,985	504,280	61,978	442,302	244,347	4,538	20,313	NA
Huge Extent Ltd.	262,600	262,600	0	262,600	0	0	0	0.00
MiTAC Australia Pty Ltd.	3,046	227,266	332,869	(105,603)	503,116	(44,230)	(44,405)	(349.65)
MiTAC Europe Ltd.	239,140	207,617	571,618	(364,001)	838,991	(70,614)	(69,709)	(3.09)
DLC Technology Corporation	0	0	0	0	0	(91)	0	NA
Tyan Computer Corporation-USA	129,669	1,013,83	364,566	649,271	1,736,80	20,688	20,012	20,012.00
Mio Technology GmbH	933	8,179	(42)	8,221	4,179	199	100	NA
Top Sheen Enterprises Ltd.	670,929	1,477,12	820,625	656,500	0	0	0	0.00
Best Profit Ltd.	1,218,83	1,872,36	857,602	1,014,76	0	0	146	0.00
MiTAC Logistics Corporation	93,552	390,522	169,194	221,328	866,159	10,288	3,321	33.21
Mio Technology (Suzhou) Ltd.	9,790	228,233	218,643	9,590	307,320	14,182	12,530	NA
MiTAC Logistic Service (KunShan) Ltd.	34,070	36,735	348	36,387	2,198	(227)	953	NA
MiTAC Digital Corporation	1,477.12	692,462	1,363,179	(670,717)	1,319,80	(33,547)	(19,156)	(0.43)
Mitac Information Technology Ltd.	10,232	164,583	98,172	66,411	286,805	9,898	16,058	NA
MiTAC Information Systems Corp.	820,625	6,587,91	5,201,565	1,386,35	29,760,3	179,634	116,812	38,937.33
MiTAC Innovation (KunShan) Ltd.	32,820	81,152	19,761	61,391	73,635	3,379	5,872	NA
Fengda Electronic Co., Ltd. in Shunde District, Foshan City	127,822	133,975	4,903	129,072	0	(37)	1,772	NA
MiWELL Co., Ltd.	1,667	621	27	594	808	103	104	0.62
MiTAC Computing Technology Corporation	2,327,57	12,941,4	8,401,619	4,539,81	28,426,3	964,511	960,370	4.13
Shanghai Shenyi Information Technology Co., Ltd.	9,990	29,933	27,551	2,382	39,446	(1,897)	(1,486)	NA
MiTAC Technology UK Ltd.	2,065,01	2,256,95	0	2,256,95	0	0	140,146	2.23
MiTAC Information Systems (KunShan) Co., Ltd.	4,995	5,518	523	4,995	0	0	0	NA
MITAC Investment Holding Ltd.	3,195	3,199	4	3,195	0	0	0	NA

Note 1: Related figures of the subsidiaries incorporated in foreign countries shall be denominated in NTD at the exchange rate between NTD and respective foreign currencies as of the day of reporting.

Note 2: The information on Silver Star Developments Ltd.-Consolidated is the consolidated information of this company and its subsidiaries.

Note 3: Converted using the following exchange rates in 2015:

	Year-end	Average
USD:	32.825	31.737
EUR:	35.880	35.241
JPY:	0.273	0.262
RMB:	4.995	5.033
AUD:	23.985	23.875

(II) Consolidated financial statement of subsidiaries

MiTAC Investment Holding Co., Ltd. And its subsidiaries

Declaration of Consolidated Financial Statements of Affiliates

Affiliated enterprises subject to the preparation of consolidated business reports under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under IFRSs¹⁰ for financial period 2015 (from January 1 to December 31, 2015). All mandatory disclosures of the consolidated business reports have been disclosed in the consolidated financial statements, therefore no separate consolidated business report was prepared.

Hereby declared

Company name: MiTAC Holdings Corporation

Representative: Miao, Matthew Feng Chiang

March 25, 2016

(III) Affiliation Report: None

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 15000434

To the Board of Directors and Stockholders of MiTAC Holdings Corporation

We have audited the accompanying consolidated balance sheets of MiTAC Holding Corporation and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain investees which are accounted for using equity in the Company's consolidated financial statements. Those financial statements were prepared in accordance with US GAAP and audited by other independent accountants. We have audited the adjusted amounts of conversion to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission. Thus, our opinion on the unadjusted amounts expressed herein is based solely on the reports of the other independent accountants. Share of profit (loss) of associates and joint ventures accounted for using equity method recognised based on the reports of the other independent accountants was NT\$929,171 thousand and NT\$780,555 thousand for the years ended December 31, 2015 and 2014, respectively. The balance of investments accounted for using equity method was NT\$8,263,353 thousand and NT\$7,363,503 thousand as of December 31, 2015 and 2014, respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MiTAC Holdings Corporation and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of MiTAC Holdings Corporation as of and for the years ended December 31, 2015 and 2014 (not presented herein), and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 25, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>2015</u>		<u>2014</u>	
<u>ASSETS</u>	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Current assets					
1100 Cash and cash equivalents	6(1)	\$ 8,786,787	19	\$ 8,494,325	18
1110 Financial assets at fair value through profit or loss - current	6(2)	5,711	-	29,460	-
1125 Available-for-sale financial assets – current	6(3)	595,826	1	606,396	1
1150 Notes receivable – net		4,644	-	4,817	-
1170 Accounts receivable – net	6(5)	5,489,355	12	7,526,653	16
1180 Accounts receivable – related parties	6(5) and 7	253,354	1	231,167	-
1200 Other receivables	7	62,601	-	86,337	-
1220 Current income tax assets		72,908	-	40,842	-
130X Inventories - net	6(6)	6,272,009	14	7,189,749	15
1410 Prepayments		286,277	1	362,423	1
1476 Other financial assets - current	6(7) and 8	<u>10,699</u>	<u>-</u>	<u>1,181,612</u>	<u>2</u>
11XX Total current assets		<u>21,840,171</u>	<u>48</u>	<u>25,753,781</u>	<u>53</u>
Non-current assets					
1523 Available-for-sale financial assets – non-current	6(3)	720,789	2	887,366	2
1543 Financial assets carried at cost – non-current	6(4)	1,143,049	3	1,117,642	2
1550 Investments accounted for under the equity method	6(8)	14,024,341	31	13,043,136	27
1600 Property, plant and equipment-net	6(9) and 8	5,467,908	12	5,211,314	11
1760 Investment property – net	6(10)	1,061,808	2	1,080,307	2
1780 Intangible assets-net	6(11)	119,005	-	316,694	1
1840 Deferred income tax assets	6(27)	456,908	1	443,352	1
1900 Other non-current assets	8	<u>328,711</u>	<u>1</u>	<u>350,272</u>	<u>1</u>
15XX Total non-current assets		<u>23,322,519</u>	<u>52</u>	<u>22,450,083</u>	<u>47</u>
1XXX Total assets		<u>\$ 45,162,690</u>	<u>100</u>	<u>\$ 48,203,864</u>	<u>100</u>

(Continued)

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			2015		2014						
LIABILITIES AND EQUITY			Note	Amount	%	Amount	%				
Current liabilities											
2100	Short-term borrowings	6(12)	\$	714,516	2	\$	3,590,577	7			
2120	Financial liabilities at fair value through profit or loss - current	6(13)		15,914	-		3,371	-			
2170	Accounts payable			5,364,344	12		7,371,117	15			
2180	Accounts payable – related parties	7		183,363	-		263,912	1			
2200	Other payables	7		3,691,058	8		3,507,921	7			
2230	Current income tax liabilities	6(27)		198,957	-		50,954	-			
2250	Provisions for liabilities - current	6(16)		350,486	1		338,376	1			
2300	Other current liabilities			435,983	1		294,868	1			
21XX	Total current liabilities			10,954,621	24		15,421,096	32			
Non-current liabilities											
2570	Deferred income tax liabilities	6(27)		331,973	1		331,912	1			
2600	Other non-current liabilities	6(14)		321,687	1		299,237	-			
25XX	Total non-current liabilities			653,660	2		631,149	1			
2XXX	Total liabilities			11,608,281	26		16,052,245	33			
Equity attributable to owners of the parent											
Share capital		6(17)									
3110	Common shares			7,778,113	17		7,694,106	16			
Capital surplus		6(18)									
3200	Capital surplus			22,352,475	49		22,122,720	46			
Retained earnings		6(19)									
	Legal reserve			132,420	-		56,311	-			
	Special reserve			52,117	-		-	-			
3350	Unappropriated retained earnings			1,833,321	4		773,566	2			
Other equity		6(20)									
3400	Other equity			1,928,412	5		2,011,794	4			
3500	Treasury shares	6(17)	(522,449)	(1)	(506,878)	(1)	
3XXX	Total equity			33,554,409	74		32,151,619	67			
Significant Contingent Liabilities And Unrecognised Contract Commitments			9(1)(2)								
Significant Events After the Balance Sheet Date		11									
Total liabilities and equity				\$	45,162,690	\$	100	\$	48,203,864	\$	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE)

		For the year ended December 31, 2015		For the year ended December 31, 2014		
	Notes	Amount	%	Amount	%	
4000	Operating revenue	6(21) and 7	\$ 50,054,765	100	\$ 42,060,342	100
5000	Operating costs	6(6) and 7	(44,470,901)	(89)	(36,356,436)	(87)
5900	Gross profit		<u>5,583,864</u>	<u>11</u>	<u>5,703,906</u>	<u>13</u>
	Operating expenses	6(25)(26)				
6100	Selling expenses		(1,357,072)	(2)	(1,671,976)	(4)
6200	General and administrative expenses		(1,573,718)	(3)	(1,473,662)	(3)
6300	Research and development expenses		(2,356,604)	(5)	(2,919,197)	(7)
6000	Total operating expenses		<u>(5,287,394)</u>	<u>(10)</u>	<u>(6,064,835)</u>	<u>(14)</u>
6900	Operating profit (loss)		<u>296,470</u>	<u>(1)</u>	<u>(360,929)</u>	<u>(1)</u>
	Non-operating income and expenses					
7010	Other income	6(22)	375,910	-	390,563	1
7020	Other gains and losses	6(23)	(7,205)	-	(148,370)	-
7050	Finance costs	6(24)	(32,053)	-	(44,146)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>1,380,981</u>	<u>3</u>	<u>1,213,705</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>1,717,633</u>	<u>3</u>	<u>1,411,752</u>	<u>4</u>
7900	Profit before income tax		<u>2,014,103</u>	<u>4</u>	<u>1,050,823</u>	<u>3</u>
7950	Income tax expense	6(27)	(260,011)	(1)	(289,903)	(1)
8200	Profit for the year		<u>\$ 1,754,092</u>	<u>3</u>	<u>\$ 760,920</u>	<u>2</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans		(\$ 33,349)	-	(\$ 42,706)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(5,185)	-	(5,929)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		<u>5,669</u>	<u>-</u>	<u>7,260</u>	<u>-</u>
8310	Components of other comprehensive loss that will not be reclassified to profit or loss		<u>(32,865)</u>	<u>-</u>	<u>(41,375)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Cumulative translation differences of foreign operations		400,893	1	889,391	2
8362	Unrealized loss on valuation of available-for-sale financial assets		(184,940)	-	(94,686)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		<u>(299,335)</u>	<u>(1)</u>	<u>29,279</u>	<u>-</u>
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(83,382)</u>	<u>-</u>	<u>823,984</u>	<u>2</u>
8300	Other comprehensive (loss) income for the year		<u>(\$ 116,247)</u>	<u>-</u>	<u>\$ 782,609</u>	<u>2</u>
8500	Total comprehensive income for the year		<u>\$ 1,637,845</u>	<u>3</u>	<u>\$ 1,543,529</u>	<u>4</u>
	Profit attributable to:					
8610	Owners of parent		1,754,092	3	761,086	2
8620	Non-controlling interest		<u>-</u>	<u>-</u>	<u>(166)</u>	<u>-</u>
			<u>\$ 1,754,092</u>	<u>3</u>	<u>\$ 760,920</u>	<u>2</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		\$ 1,637,845	3	\$ 1,543,695	4
8720	Non-controlling interest		<u>-</u>	<u>-</u>	<u>(166)</u>	<u>-</u>
			<u>\$ 1,637,845</u>	<u>3</u>	<u>\$ 1,543,529</u>	<u>4</u>
9750	Basic earnings per share	6(28)	<u>\$ 2.32</u>		<u>\$ 1.03</u>	<u>1.03</u>
9850	Diluted earnings per share	6(28)	<u>\$ 2.30</u>		<u>\$ 1.02</u>	<u>1.02</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Attributable to owners of the Company									
		Common shares	Capital surplus	Retained Earnings		Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Treasury shares	Total	Non-controlling interest	Total equity
2014	Notes			Legal reserve	Unappropriated retained earnings						
Balance at January 1, 2014		\$ 7,609,488	\$ 21,803,383	\$ -	\$ 563,114	\$ 899,611	\$ 288,199	(\$ 609,766)	\$ 30,554,029	\$ 300	\$ 30,554,329
Distribution of 2013 earnings											
Legal reserve	6(19)	-	-	56,311	(56,311)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	(451,589)	-	-	-	(451,589)	-	(451,589)
Employee stock options exercised	6(15)(18)	97,723	129,127	-	-	-	-	-	226,850	-	226,850
Compensation cost of employees' share based –payment transactions	6(15)(18)	-	66,639	-	-	-	-	-	66,639	-	66,639
Treasury stock transferred to employees	6(18)	-	1,035	-	-	-	-	77,281	78,316	-	78,316
Retirement of treasury stock		(13,105)	(12,502)	-	-	-	-	25,607	-	-	-
Subsidiaries received cash dividends paid by the parent company	6(18)	-	6,935	-	-	-	-	-	6,935	-	6,935
Net income (loss) for the year		-	-	-	761,086	-	-	-	761,086	(166)	760,920
Net other comprehensive income (loss) for the year		-	-	-	(41,375)	973,032	(149,048)	-	782,609	-	782,609
Net change of equity in associates accounted for under equity method	6(18)	-	128,103	-	(993)	-	-	-	127,110	-	127,110
Acquisition of non-controlling interest		-	-	-	(366)	-	-	-	(366)	(134)	(500)
Balance at December 31, 2014		\$ 7,694,106	\$ 22,122,720	\$ 56,311	\$ 773,566	\$ 1,872,643	\$ 139,151	(\$ 506,878)	\$ 32,151,619	\$ -	\$ 32,151,619

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Attributable to owners of the Company												
2015	Notes	Retained Earnings					Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Treasury shares	Total	Non-controlling interest	Total equity
		Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2015		\$ 7,694,106	\$ 22,122,720	\$ 56,311	\$ -	\$ 773,566	\$ 1,872,643	\$ 139,151	(\$ 506,878)	\$ 32,151,619	\$ -	\$ 32,151,619
Distribution of 2014 earnings												
Legal reserve	6(19)	-	-	76,109	- (	76,109)	-	-	-	-	-	-
Special reserve	6(19)	-	-	-	52,117 (	52,117)	-	-	-	-	-	-
Cash dividends	6(19)	-	-	-	- (	533,246)	-	-	-	(533,246)	-	(533,246)
Employee stock options exercised	6(15)(18)	127,207	175,941	-	-	-	-	-	-	303,148	-	303,148
Compensation cost of employees' share based – payment transactions	6(15)(18)	-	55,137	-	-	-	-	-	-	55,137	-	55,137
Treasury stock transferred to employees	6(18)	- (	2,472)	-	-	-	-	-	69,347	66,875	-	66,875
Retirement of treasury stock	6(18)	(43,200 ) (	41,244)	-	-	-	-	-	84,444	-	-	-
Purchase of treasury stock	6(17)	-	-	-	-	-	-	-	(169,362 ) (	169,362)	-	(169,362)
Subsidiaries received cash dividends paid by the parent company	6(18)	-	7,976	-	-	-	-	-	-	7,976	-	7,976
Net change of equity in associates accounted for under equity method	6(18)	-	34,417	-	-	-	-	-	-	34,417	-	34,417
Net income for the year		-	-	-	-	1,754,092	-	-	-	1,754,092	-	1,754,092
Net other comprehensive income (loss) for the year		-	-	-	- (	32,865)	135,865	(219,247)	-	(116,247)	-	(116,247)
Balance at December 31, 2015		<u>\$ 7,778,113</u>	<u>\$ 22,352,475</u>	<u>\$ 132,420</u>	<u>\$ 52,117</u>	<u>\$ 1,833,321</u>	<u>\$ 2,008,508</u>	<u>(\$ 80,096)</u>	<u>(\$ 522,449)</u>	<u>\$ 33,554,409</u>	<u>\$ -</u>	<u>\$ 33,554,409</u>

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 25, 2016.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the year ended December 31, 2015	For the year ended December 31, 2014
<u>Cash flows from operating activities:</u>			
Income before income tax		\$ 2,014,103	\$ 1,050,823
Adjustments to reconcile income before income tax to net cash provided by (used in) operating activities:			
Income and expenses having no effect on cash flows			
(Reversal of) bad debts expense	6(5)	6,419	(26,594)
Loss on inventory market value decline	6(6)	182,649	131,792
Depreciation	6(9)(10)(25)	534,742	486,984
Impairment loss	6(3)(11)(23)	25,902	216,198
Amortization	6(11)(25)	249,700	289,660
Amortization of long-term prepaid rent		6,804	6,569
Compensation cost of share-based payment	6(15)	55,137	66,639
Interest income	6(22)	(99,428)	(147,848)
Interest expense	6(24)	32,053	44,146
Dividend income	6(22)	(119,828)	(105,534)
Net income of financial assets/liabilities at fair value through profit or loss	6(23)	36,291	(18,362)
Share of profit of associates accounted for under equity method	6(8)	(1,380,981)	(1,213,705)
Loss (gain) on disposal of investments	6(23)	16,506	(58,609)
Gain on disposal of property, plant and equipment, net	6(23)	(12,999)	(11,227)
Gain disposal of other non current assets	6(23)	-	(15,832)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable, net		173	4,529
Accounts receivable		2,273,874	(1,103,894)
Other receivables		26,156	58,923
Inventories		840,965	(725,420)
Prepayments		76,146	(124,017)
Net changes in liabilities relating to operating activities			
Notes payable		-	(1,622)
Accounts payable		(2,245,258)	672,842
Other payables		188,253	(61,266)
Other current liabilities		141,115	68,648
Provisions for liabilities - current		13,245	(119,909)
Accrued pension liabilities		5,577	(439)
Cash provided by (used in) operating activities		2,867,316	(636,525)
Payment of interest		(37,168)	(40,808)
Receipt of interest		107,274	147,414
Payment of income tax		(167,836)	(180,688)
Cash dividend received		599,287	340,579
Net cash provided by (used in) operating activities		3,368,873	(370,028)

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		For the year ended December 31, 2015	For the year ended December 31, 2014
<u>Cash flows from investing activities:</u>			
Decrease in other financial assets		\$ 1,170,853	\$ 597,064
Proceeds from disposal of available-for-sale financial assets		33,799	82,770
Acquisition of available-for-sale financial assets		(72,340)	(45,000)
Acquisition of financial assets carried at cost		(25,000)	(25,957)
Proceeds from disposal of financial assets carried at cost		-	2,879
Proceeds from capital reduction of financial assets carried at cost		-	63,223
Acquisition of investments accounted for under the equity method		(64,237)	(7,839)
Proceeds from disposal of investment accounted for under the equity method		17,135	-
Acquisition of property, plant and equipment	6(9)	(804,950)	(452,480)
Proceeds from disposal of property, plant and equipment		16,477	48,156
Increase in intangible assets	6(11)	(52,026)	(119,239)
Decrease (increase) in refundable deposits		24,216	(22,231)
Increase in other non-current assets		(14,637)	(7,791)
Proceeds from disposal of other non-current assets		-	19,401
Net cash provided by investing activities		<u>229,290</u>	<u>132,956</u>
<u>Cash flows from financing activities:</u>			
(Decrease) increase in short-term borrowings		(2,876,061)	1,481,607
(Decrease) increase in guarantee deposits		(12,439)	20,688
Employee stock options exercised		303,148	226,850
Treasury stock transferred to employees		66,875	78,316
Purchase of treasury stock		(169,362)	-
Cash dividends paid		(525,270)	(444,654)
Acquisition of non-controlling interest		-	(500)
Net cash (used in) provided by financing activities		<u>(3,213,109)</u>	<u>1,362,307</u>
Effects of changes in exchange rates		(92,592)	178,367
Net increase in cash and cash equivalents		292,462	1,303,602
Cash and cash equivalents at beginning of year		<u>8,494,325</u>	<u>7,190,723</u>
Cash and cash equivalents at end of year		<u>\$ 8,786,787</u>	<u>\$ 8,494,325</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

(Expressed In Thousands Of New Taiwan dollars, Except As Otherwise Indicated)

1. HISTORY AND ORGANIZATION

- (1) MiTAC Holdings Corporation (the “Company”) was established by MiTAC International Corp. (“MiTAC International”) through a share conversion on September 12, 2013, and on the same date, the competent authority has approved for the Company’s shares to be listed on the Taiwan Stock Exchange (TWSE). MiTAC International became the Company’s wholly-owned subsidiary after conversion. The main business of the Company and its subsidiaries (collectively referred herein as the “Group”) is to design, manufacture and sell products related to investment, computer and its peripherals and communications.
- (2) In order to promote the Group’s specialization of work to eventually transform and improve its competitiveness, the Board of Directors of MiTAC International has resolved to divest its cloud computing products group to the newly established company – MiTAC Computing Technology Corporation as the consideration for the acquisition of 220,000 thousand newly issued ordinary shares of MiTAC Computing Technology Corporation on the spin-off day, September 1, 2014. As a result, MiTAC International and MiTAC Computing Technology Corporation are now wholly-owned by the Company after the spin-off.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRS”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognized

immediately in other comprehensive income when incurred. Past service cost will be recognized immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans. The revised standard has no significant impact on the Group's consolidated financial statements.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board.
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amounts to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016
The Group is assessing the potential impact of the new standards, or amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These consolidated financial statements are prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Available-for-sale financial assets measured at fair value.
- c) Defined benefit liabilities recognised based on the net amount of pension fund assets and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
MiTAC Holdings Corp.	MiTAC International Corp.	Computer and its peripherals: design, manufacture and sell communications products	100%	100%	
MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Computer and its peripherals: design, manufacture and sell communications products	100%	100%	
MiTAC International Corp.	Tsu Fung Investment Corp.	General investments	100%	100%	
MiTAC International Corp.	Silver Star Developments Ltd.	General investments	100%	100%	
MiTAC International Corp.	DLC Technology Corp.	Research, development and related technical advisory services	100%	100%	Note 4
MiTAC International Corp.	Mio Technology Corp.	Sale of communication products and related after-sale services	100%	100%	
MiTAC International Corp.	MiWell Technology Corp.	Information/software services and retail business	100%	100%	
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd.	General investments	100%	100%	
Silver Star Developments Ltd.	System Glory International Ltd.	General investments	100%	100%	
Silver Star Developments Ltd.	Pacific China Corp.	General investments	100%	100%	
Silver Star Developments Ltd.	Magicmate Group Ltd.	General investments	-	100%	Note 3
Silver Star Developments Ltd.	Best Profit Ltd.	General investments	100%	100%	
Pacific China Corp.	MiTAC Star Service Ltd.	General investments	100%	100%	
Pacific China Corp.	Software Insights Ltd.	General investments	100%	100%	
Pacific China Corp.	Start Well Technology Ltd.	General investments	100%	100%	
Pacific China Corp.	Huge Extent Ltd.	General investments	100%	100%	
Best Profit Ltd.	Booming Enterprises Inc.	General investments	-	100%	Note 3
Best Profit Ltd.	Top Sheen Enterprises Ltd.	General investments	100%	100%	
Best Profit Ltd.	MiTAC Europe Ltd.	Sale of communication products and related after-sale services	100%	100%	
MiTAC Technology UK Ltd.	Tyan Computer Corp. (USA)	Sales of computer peripherals, hardware/ software and related products	100%	100%	Note 1

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
MiTAC Technology UK Ltd.	MiTAC Logistics Corp.	Sale of computer peripherals, hardware/software and related products	100%	100%	Note 1
MiTAC Technology UK Ltd.	MiTAC Information Systems Corp.	Assembling and sale of computer peripherals, hardware/software and related products	100%	100%	Note 1
MiTAC Europe Ltd.	Mio Technology GMBH	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Japan Corp.	Sale of communication products, computer peripherals, hardware/software and related products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Benelux N.V.	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Pacific (H.K.) Ltd.	Sale of computer peripherals, hardware/software and related products	100%	100%	
Silver Star Developments Ltd.	Mio International Ltd.	Sale of communication and related products	100%	100%	
Silver Star Developments Ltd.	MiTAC Australia Pty Ltd.	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	Navman Technology NZ Ltd.	Sale of communication products and related after-sale services	-	100%	Note 3
Start Well Technology Ltd.	MiTAC Computer (Kunshan) Ltd.	Manufacture of computers, computer peripherals, hardware/software and related products and sale of own-produced products	100%	100%	
Start Well Technology Ltd	MiTAC Investment Holding Ltd.	Investment Holdings	100%	-	Note 5
Pacific China Corp.	MiTAC Service (Shanghai) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	100%	
MiTAC Star Service Ltd.	MiTAC Computer (Shunde) Corp.	Manufacture of computer frame, motherboard, interface card, display, power supply, keyboard, related metal stamping parts and plastic parts and maintenance of motherboard	100%	100%	
MiTAC Computer (Kunshan) Ltd.	MiTAC Telematics Technology Corp.	Sales of self-produced products and related after-sale services	100%	100%	
MiTAC Computer (Kunshan) Ltd	MiTAC Information Systems (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	100%	-	Note 5
Software Insights Ltd.	MiTAC Research (Shanghai) Ltd.	Research, development and manufacture of computer software, sale of own-produced products and related technical advisory services	100%	100%	
Star Well Technology Ltd.	MiTAC Technology (Kunshan) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	100%	Note 2
Mio International Ltd.	Mio Technology Ltd.	Sale of communication products and related after-sale services	100%	100%	
Start Well Technology Ltd.	MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services.	100%	100%	Note 2
Top Sheen Enterprises Ltd.	MiTAC Digital Corp.	Sale of communication products and related after-sale services	100%	100%	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
Start Well Technology Ltd.	MiTAC Information Technology Ltd.	After-sale maintenance, testing and technical advisory services of computers, communication products and consumer electronic products; establishment of customer service centers; customer data processing, analysis and integrated services and business administration services	100%	100%	Note 2
Software Insights Ltd.	MiTAC Innovation (Kunshan) Ltd.	Research and development of calculator, server, mobile phone, PDA and GPS, and technical transfer, technical advisory and technical services of related R&D products	100%	100%	
MiTAC Computer (Shunde) Corp.	Mitac Electronics (Foshan), Co., Ltd.	Manufacture of computer mainboard, motherboard and adapter card	100%	100%	

Note 1: In the third quarter of 2014, MiTAC International Corp. has divested its share of Foreground Technology Ltd. to MiTAC Computing Technology Corp., and Silver Star Developments Ltd. has sold Sky Universe Enterprise Ltd. to MiTAC Computing Technology Corp.. In order to simplify the investment structure, MiTAC Computer Technology Corp. has liquidated its holding companies – Foreground Technology Ltd. and Sky Universe Enterprise Ltd.. The pricing of share capital of the holding companies' original subsidiaries - Tyan Computer Corp. (USA), MiTAC Logistics Corp. and MiTAC Information Systems Corp. has been fixed by MiTAC Computing Technology Corp. in order to acquire the share capital of MiTAC Technology UK Ltd.. Tyan Computer Corp. (USA), MiTAC Logistics Corp. and MiTAC Information Systems Corp. are now wholly-owned by MiTAC Technology UK Ltd.

Note 2: Bright Crown Management Ltd. and Dynamic Star Investments Ltd. were merged into Start Well Technology Ltd. due to the reorganization in the fourth quarter of 2014. MiTAC Technology (Kunshan) Ltd., MiTAC Logistic Service (Kunshan) Ltd. and MiTAC Information Technology Ltd. are now wholly-owned by Start Well Technology Ltd.

Note 3: Subsidiaries liquidated in 2015.

Note 4: Subsidiaries in the process of liquidation.

Note 5: Subsidiaries newly established in the fourth quarter of 2015.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional

currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the spot exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period.
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former

foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets and financial liabilities at fair value through profit or loss

A. Classifications

The main purpose for holding financial assets or liabilities at fair value through profit or loss is for trading, and for selling or rebuying in a short time. Derivative financial instruments are used to hedge and also use the same classification.

B. Recognition and assessment

Trading of financial assets at fair value through profit or loss is accounted for using trade date accounting (the date that the Group promises to trade the assets). Financial assets are initially recognised at fair value, and related trading costs are recognised as expenses for the period. Financial assets are later measured at fair value, and the movement in fair value is recognised in profit or loss for the period.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Notes, accounts, and other receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (a) Significant financial difficulty of the issuer or debtor;
 - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (e) The disappearance of an active market for that financial asset because of financial difficulties;

- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- (a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - (b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - (c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights of the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

- A. The perpetual inventory system is adopted for inventory recognition. Inventories are stated at standard cost, and adjusted at the end of reporting period to approximate them to the cost calculated on a weighted average method.
- B. At the end of period, inventories are evaluated at the lower of cost or net realisable value, and the individual item approach is used in the comparison of cost and net realisable value. The calculation of net realisable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of discarded assets is derecognised when critical repairs are incurred, and other repair expenses are charged to profit or loss for the period when they incur.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings (included utility equipment)	3 ~ 55 years
Machinery and equipment	5 years
Transportation equipment	5 years
Other equipment	3 ~ 6 years

E. The Group has recognised title of assets with significant risks and compensation not yet transferred and leases to lessees as operating leases. Rental income and expenses of operating leases are recognised over the leasing period on a straight line basis.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 56 years.

(16) Intangible assets

Separately acquired patents are stated at historical cost. Patents and other intangible assets (including customers relationship and non-compete clause) obtained from business combination are recognised at fair value at the acquisition date. Basic capitalisation of computer software use right is based on the acquisition cost and cost incurred to make ready the use of the specific software. The estimated useful life of intangible assets are amortised on a straight line basis:

Computer software	In accordance with contracts or 5 years
Patent and other intangible assets	5 ~ 10 years

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

C. Employees' and directors' and supervisors' remuneration

Employees' and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the numbers of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

- A. The Group designs, manufactures and sells computer and its peripherals, communication and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.
- B. The Group offers customers volume discounts and right of return for defective products. The Group estimates appropriate discounts and returns based on regular way purchases or sales. Provisions for such liabilities are recorded when the sales are recognised.

(29) Business combinations and organisation restructuring

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the previous equity interest in the acquiree is higher than the fair value of the Group's identifiable assets acquired and obligations borne, goodwill is recognised at the acquisition-date. If the fair value of the Group's identifiable assets acquired and obligations borne is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, as well as previous equity interest in the acquire, the difference is recognised in profit or loss for the period at the acquisition date.

C. The newly established investment holding company through share swap is jointly controlled under business combination. Under regulations of competent authority, the investment holding company is recorded at the carrying value and is included in the consolidated financial statements at the date of establishment.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

A. The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below :

(1) Critical judgements in applying the Group's accounting policies

A. Financial assets - impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

B. Financial assets—fair value measurement of unlisted stocks without active market

The Group's unlisted stocks that are not traded in an active market, the fair value of the ones listed under 'financial assets measured at cost' cannot be measured reliably since no sufficient industry information of companies similar to those unlisted stocks' financial information can be obtained.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash:		
Cash on hand and petty cash (revolving funds)	\$ 1,128	\$ 1,242
Checking accounts and demand deposits	2,878,492	2,965,162
Cash equivalents:		
Time deposits	4,580,204	3,952,096
Structured deposits	-	178,220
Repurchase bonds	<u>1,326,963</u>	<u>1,397,605</u>
Total	<u>\$ 8,786,787</u>	<u>\$ 8,494,325</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's cash and cash equivalents pledged to others as collateral are described in Note 8.

(2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Financial assets held for trading		
Non-hedging derivatives	<u>\$ 5,711</u>	<u>\$ 29,460</u>

A. The Group recognised net loss of \$23,748 and net gain of \$15,296 on financial assets designated as at fair value through profit or loss for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2015					
Financial Instrument	Item	Notional Amount (in thousands)		Fair Market Value (in thousands)		
MiTAC International Corp.						
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	4,000	NTD	192	
"	Advance booking EUR to buy USD	EUR	4,447	NTD	1,109	
"	Advance booking AUD to buy USD	AUD	6,514	NTD	647	
Forward foreign exchange - Buy	Advance booking JPY to sell USD	JPY	65,000	NTD	70	
MiTAC Digital Corp.						
Forward foreign exchange - Sell	Advance booking CAD to buy USD	CAD	2,350	USD	85	
MiTAC Computing Technology Corp.						
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	5,000	NTD	254	
Silver Star Developments Ltd.						
Forward foreign exchange - Sell	Advance booking CNY to buy USD	USD	15,000	USD	19	
MiTAC Australia Pty Ltd.						
Forward foreign exchange - Sell	Advance booking NZD to buy USD	NZD	235	USD	-	

	December 31, 2014					
Financial Instrument	Item	Notional Amount (in thousands)		Fair Market Value (in thousands)		
MiTAC International Corp.						
Forward foreign exchange – Sell	Advance booking USD to buy CNY	USD	1,000	NTD	121	
"	Advance booking EUR to buy USD	EUR	6,763	NTD	8,638	
"	Advance booking AUD to buy USD	AUD	8,985	NTD	12,424	
"	Advance booking GBP to buy USD	GBP	250	NTD	16	
MiTAC Digital Corp.						
Forward foreign exchange – Sell	Advance booking CAD to buy USD	CAD	400	USD	11	
MiTAC Europe Ltd.						
Forward foreign exchange – Buy	Advance booking USD to sell EUR	USD	6,000	USD	150	
MiTAC Computer Technology Corp.						
Forward foreign exchange – Buy	Advance booking USD to sell NTD	USD	2,000	NTD	2,427	
Forward foreign exchange – Sell	Advance booking JPY to buy USD	JPY	80,000	NTD	472	
Silver Star Developments Ltd.						
Forward foreign exchange – Sell	Advance booking EUR to buy USD	EUR	1,200	USD	8	

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Listed stocks	\$ 566,624	\$ 577,053
Beneficiary certificates	<u>142,539</u>	<u>101,880</u>
Subtotal	709,163	678,933
Adjustments of available-for-sale financial assets	(<u>113,337</u>)	(<u>72,537</u>)
Total	<u>\$ 595,826</u>	<u>\$ 606,396</u>
Non-current items:		
Listed stocks	\$ 415,500	\$ 412,941
Unlisted stocks	<u>174,481</u>	<u>200,397</u>
Subtotal	589,981	613,338
Adjustments of available-for-sale financial assets	<u>130,808</u>	<u>274,028</u>
Total	<u>\$ 720,789</u>	<u>\$ 887,366</u>

- A. The Group recognized (\$207,595) and (\$77,594) in other comprehensive income (loss) for fair value change and reclassified (\$22,655) and \$17,092 from equity to profit or loss for the years ended December 31, 2015 and 2014, respectively.
- B. The Group's certain available-for-sale financial assets continuously generate loss, as a result, the fair value declined significantly below its initial investment cost. The Group, therefore recognized impairment loss of \$25,902 and \$104,593 on the financial assets for the years ended December 31, 2015 and 2014, respectively.

(4) Financial assets carried at cost

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Non-current items:		
Unlisted stocks	\$ 1,257,818	\$ 1,229,831
Accumulated impairment—Financial assets carried at cost	(<u>114,769</u>)	(<u>112,189</u>)
Total	<u>\$ 1,143,049</u>	<u>\$ 1,117,642</u>

- A. According to the Group's intention, its investment in unlisted stocks should be classified as available-for-sale financial assets. However, as the stocks are not traded in active market, and no sufficient industry information of companies similar to the unlisted stocks and related financial information on the investee can be obtained, the fair value of the investment cannot be measured reliably. The Group classified those stocks as "financial assets carried at cost".
- B. As of December 31, 2015 and 2014, no financial assets carried at cost held by the Group were pledged to others.

(5) Accounts receivable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Third parties	\$ 5,812,800	\$ 7,962,940
Less: Allowance for sales returns and discounts (	248,372)	(358,389)
Allowance for bad debts (	75,073)	(77,898)
	<u>5,489,355</u>	<u>7,526,653</u>
Related parties	<u>253,354</u>	<u>231,167</u>
	<u>\$ 5,742,709</u>	<u>\$ 7,757,820</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
1 to 90 days	\$ 353,478	\$ 292,024
91 to 180 days	13,527	12,615
Over 180 days	<u>19,876</u>	<u>162</u>
	<u>\$ 386,881</u>	<u>\$ 304,801</u>

B. Movements on the Group's provision for impairment of accounts receivable are as follows:

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
At January 1	\$ 77,898	\$ 139,584
Amount recognized (reversed) during the period	6,419 (	( 26,594)
Write-offs and effect from exchange rate during the period	(9,244)	(35,092)
At December 31	<u>\$ 75,073</u>	<u>\$ 77,898</u>

C. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Group 1	\$ 3,857,448	\$ 6,050,064
Group 2	<u>1,821,825</u>	<u>1,839,242</u>
	<u>\$ 5,679,273</u>	<u>\$ 7,889,306</u>

Group 1 - Medium-low credit risk accounts receivable: enterprises with ideal operations, high financial transparency, and approved by the headquarters' credit control manager.

Group 2 - Ordinary credit risk accounts receivable: customers other than medium-low credit risk accounts receivable.

(6) Inventories

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Raw materials	\$ 3,822,786	\$ 4,138,219
Work in process	436,850	868,856
Finished goods	<u>2,012,373</u>	<u>2,182,674</u>
	<u>\$ 6,272,009</u>	<u>\$ 7,189,749</u>

Expense and loss incurred on inventories:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Cost of goods sold	\$ 44,288,252	\$ 36,224,644
Loss on market value decline	182,649	131,792
	<u>\$ 44,470,901</u>	<u>\$ 36,356,436</u>

(7) Other financial assets

	December 31, 2015	December 31, 2014
Current:		
Time deposits – over three months	\$ -	\$ 1,152,423
Pledged deposits	10,699	29,189
	<u>\$ 10,699</u>	<u>\$ 1,181,612</u>

A. The Group recognize with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Information about other financial assets that were pledged to others as collateral are described in Note 8.

(8) Investments accounted for under the equity method

A.

<u>Investee company</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Getac Technology Corp.	\$ 4,512,388	\$ 4,377,108
3 Probe Technology Co., Ltd.	10,077	8,701
Lian Jie Investment Co., Ltd.	122,040	149,591
Lian Jie II Investment Co., Ltd.	32,474	-
Shen-Tong Construction & Development Co., Ltd.	83,018	83,190
Loyalty Founder Enterprise Co., Ltd.	381,096	367,519
Green Share Corp.	8,774	7,527
Harbinger II (BVI) Venture Capital Corp.	27,148	148,928
Mainpower International Ltd.	199,908	200,978
Synnex Corp.	8,287,761	7,373,085
Suzhou MiTAC Preclusion Technology Co., Ltd.	290,817	291,226
Harbinger Ruyi Venture Ltd.	36,010	35,283
Harbinger Ruyi II Venture Ltd.	32,830	-
	<u>\$ 14,024,341</u>	<u>\$ 13,043,136</u>

B. The Group's recognized share of profit from associates accounted for under the equity method for the years ended December 31, 2015 and 2014 were \$1,380,981 and \$1,213,705, respectively.

C. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2015	December 31, 2014		
Getac Technology Corp.	Taiwan	32.90%	32.71%	Owned over 20% ownership	Equity method
Synnex Corp.	USA	13.99%	14.07%	Significant influence	Equity method

D. The summarized financial information of the associates that are material to the Group is as below:

Balance sheet

	Getac Technology Corp.	
	December 31, 2015	December 31, 2014
Current assets	\$ 14,429,503	\$ 15,362,162
Non-current assets	8,752,458	9,176,539
Current liabilities	(7,359,061)	(8,930,858)
Non-current liabilities	(805,505)	(1,291,455)
Total net assets	<u>\$ 15,017,395</u>	<u>\$ 14,316,388</u>
Share in associate's net assets	<u>\$ 4,512,388</u>	<u>\$ 4,377,108</u>

	Synnex Corp.	
	December 31, 2015	December 31, 2014
Current assets	\$ 118,474,321	\$ 122,348,740
Non-current assets	27,508,635	26,887,143
Current liabilities	(62,963,504)	(86,142,723)
Non-current liabilities	(23,834,003)	(10,676,430)
Total net assets	<u>\$ 59,185,449</u>	<u>\$ 52,416,730</u>
Share in associate's net assets	<u>\$ 8,287,761</u>	<u>\$ 7,373,085</u>

Statement of comprehensive income

	Getac Technology Corp.	
	For the year ended December 31, 2015	For the year ended December 31, 2014
Revenue	<u>\$ 18,334,953</u>	<u>\$ 16,291,585</u>
Profit for the period from continuing operations	\$ 1,428,070	\$ 851,952
Other comprehensive income, net of tax	(147,464)	495,519
Total comprehensive income	<u>\$ 1,280,606</u>	<u>\$ 1,347,471</u>
Dividends received from associates	<u>\$ 247,516</u>	<u>\$ 190,397</u>

	Synnex Corp.	
	For the year ended December 31, 2015	For the year ended December 31, 2014
Revenue	\$ 423,325,774	\$ 419,416,387
Profit for the period from continuing operations	\$ 6,539,520	\$ 5,252,308
Other comprehensive loss, net of tax	(1,542,722)	(781,762)
Total comprehensive income	\$ 4,996,798	\$ 4,470,546
Dividends received from associates	\$ 101,314	\$ 21,031

- E. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to \$1,224,192 and \$1,292,943, respectively.

	For the year ended December 31, 2015	For the year ended December 31, 2014
Profit or loss for the period from continuing operations	\$ 114,779	\$ 361,396
Other comprehensive loss-net of tax	(132,736)	(8,539)
Total comprehensive (loss) income	(\$ 17,957)	\$ 352,857

- F. The fair value of the Group's material associates with quoted market prices is as follows:

	December 31, 2015	December 31, 2014
Getac Technology Corp.	\$ 3,817,459	\$ 3,160,589
Synnex Corp.	16,388,542	13,733,754
	\$ 20,206,001	\$ 16,894,343

- G. The Group holds 13.99% ownership in Synnex Corp. but has significant influence over Synnex Corp. as the Group is the largest shareholder of Synnex Corp. and the Company's chairman Feng Chiang Miao serves as this company's honorary chairman. In addition, the Group holds 14.76% ownership in Mainpower International Ltd. and the Group serves as this company's corporate supervisor.
- H. Synnex Corp.'s fiscal year ends on November 30, thus the Group uses the financial information on November 30 as the basis for the preparation of annual consolidated financial statements; other associates' fiscal year all end on December 31.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Computer and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Molding equipment	Other equipment	Construction in progress and equipment for inspection	Total
<u>At January 1, 2015</u>											
Cost	\$ 1,122,325	\$ 5,261,351	\$ 2,409,367	\$ 256,675	\$ 68,521	\$ 791,913	\$ 53,855	\$ 168,838	\$ 715,442	\$ 24,305	\$10,872,592
Accumulated depreciation and impairment	-	(1,918,523)	(2,205,775)	(184,524)	(39,309)	(650,290)	(46,110)	(68,890)	(547,857)	-	(5,661,278)
	<u>\$ 1,122,325</u>	<u>\$ 3,342,828</u>	<u>\$ 203,592</u>	<u>\$ 72,151</u>	<u>\$ 29,212</u>	<u>\$ 141,623</u>	<u>\$ 7,745</u>	<u>\$ 99,948</u>	<u>\$ 167,585</u>	<u>\$ 24,305</u>	<u>\$ 5,211,314</u>
<u>2015</u>											
At January 1	\$ 1,122,325	\$ 3,342,828	\$ 203,592	\$ 72,151	\$ 29,212	\$ 141,623	\$ 7,745	\$ 99,948	\$ 167,585	\$ 24,305	\$ 5,211,314
Additions	-	14,965	109,663	25,412	8,009	41,491	6,270	66,389	103,103	429,648	804,950
Disposals	-	(129)	(1,820)	(146)	(812)	(862)	-	-	291	-	(3,478)
Reclassifications	-	5,301	(5,092)	1,268	-	-	-	-	-	(1,477)	-
Depreciation	-	(173,088)	(57,186)	(37,834)	(10,381)	(48,647)	(5,482)	(124,668)	(62,138)	-	(519,424)
Effects of exchange rate changes	6,362	(25,017)	(2,945)	(795)	1,543	(2,176)	(132)	-	(1,868)	(426)	(25,454)
At December 31	<u>\$ 1,128,687</u>	<u>\$ 3,164,860</u>	<u>\$ 246,212</u>	<u>\$ 60,056</u>	<u>\$ 27,571</u>	<u>\$ 131,429</u>	<u>\$ 8,401</u>	<u>\$ 41,669</u>	<u>\$ 206,973</u>	<u>\$ 452,050</u>	<u>\$ 5,467,908</u>
<u>At December 31, 2015</u>											
Cost	\$ 1,128,687	\$ 5,217,291	\$ 2,377,298	\$ 254,967	\$ 64,008	\$ 774,885	\$ 23,968	\$ 80,285	\$ 722,369	\$ 452,050	\$ 11,095,808
Accumulated depreciation and impairment	-	(2,052,431)	(2,131,086)	(194,911)	(36,437)	(643,456)	(15,567)	(38,616)	(515,396)	-	(5,627,900)
	<u>\$ 1,128,687</u>	<u>\$ 3,164,860</u>	<u>\$ 246,212</u>	<u>\$ 60,056</u>	<u>\$ 27,571</u>	<u>\$ 131,429</u>	<u>\$ 8,401</u>	<u>\$ 41,669</u>	<u>\$ 206,973</u>	<u>\$ 452,050</u>	<u>\$ 5,467,908</u>

Information about the property, plant and equipment that were pledged to others as collateral are described in Note 8.

	Land	Buildings	Machinery	Computer and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Molding equipment	Other equipment	Construction in progress and equipment for inspection	Total
<u>At January 1, 2014</u>											
Cost	\$ 1,111,705	\$ 5,201,433	\$ 2,937,854	\$ 382,419	\$ 69,648	\$ 757,627	\$ 90,292	\$ 173,412	\$ 700,514	\$ 27,818	\$ 11,452,722
Accumulated depreciation and impairment	-	(1,755,825)	(2,841,444)	(301,691)	(45,840)	(629,421)	(61,186)	(51,734)	(570,995)	-	(6,258,136)
	<u>\$ 1,111,705</u>	<u>\$ 3,445,608</u>	<u>\$ 96,410</u>	<u>\$ 80,728</u>	<u>\$ 23,808</u>	<u>\$ 128,206</u>	<u>\$ 29,106</u>	<u>\$ 121,678</u>	<u>\$ 129,519</u>	<u>\$ 27,818</u>	<u>\$ 5,194,586</u>
<u>2014</u>											
At January 1	\$ 1,111,705	\$ 3,445,608	\$ 96,410	\$ 80,728	\$ 23,808	\$ 128,206	\$ 29,106	\$ 121,678	\$ 129,519	\$ 27,818	\$ 5,194,586
Additions	-	15,335	185,718	30,036	15,122	53,143	609	47,420	90,343	14,754	452,480
Disposals	-	(1,619)	(13,358)	(4,111)	(1,249)	(3,220)	(12,518)	-	(854)	-	(36,929)
Reclassifications	-	(43,218)	-	10,231	600	-	663	-	1,179	(18,949)	(49,494)
Depreciation	-	(168,930)	(72,321)	(44,956)	(9,540)	(40,967)	(11,660)	(69,150)	(55,670)	-	(473,194)
Effects of exchange rate changes	10,620	95,652	7,143	223	471	4,461	1,545	-	3,068	682	123,865
At December 31	<u>\$ 1,122,325</u>	<u>\$ 3,342,828</u>	<u>\$ 203,592</u>	<u>\$ 72,151</u>	<u>\$ 29,212</u>	<u>\$ 141,623</u>	<u>\$ 7,745</u>	<u>\$ 99,948</u>	<u>\$ 167,585</u>	<u>\$ 24,305</u>	<u>\$ 5,211,314</u>
<u>At December 31, 2014</u>											
Cost	\$ 1,122,325	\$ 5,261,351	\$ 2,409,367	\$ 256,675	\$ 68,521	\$ 791,913	\$ 53,855	\$ 168,838	\$ 715,442	\$ 24,305	\$ 10,872,592
Accumulated depreciation and impairment	-	(1,918,523)	(2,205,775)	(184,524)	(39,309)	(650,290)	(46,110)	(68,890)	(547,857)	-	(5,661,278)
	<u>\$ 1,122,325</u>	<u>\$ 3,342,828</u>	<u>\$ 203,592</u>	<u>\$ 72,151</u>	<u>\$ 29,212</u>	<u>\$ 141,623</u>	<u>\$ 7,745</u>	<u>\$ 99,948</u>	<u>\$ 167,585</u>	<u>\$ 24,305</u>	<u>\$ 5,211,314</u>

Information about the property, plant and equipment that were pledged to others as collateral are described in Note 8.

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 808,608	\$ 575,157	\$ 1,383,765
Accumulated depreciation and impairment	-	(303,458)	(303,458)
	<u>\$ 808,608</u>	<u>\$ 271,699</u>	<u>\$ 1,080,307</u>
<u>2015</u>			
At January 1	\$ 808,608	\$ 271,699	\$ 1,080,307
Depreciation	-	(15,318)	(15,318)
Effects of exchange rate changes	-	(3,181)	(3,181)
At December 31	<u>\$ 808,608</u>	<u>\$ 253,200</u>	<u>\$ 1,061,808</u>
<u>At December 31, 2015</u>			
Cost	\$ 808,608	\$ 496,700	\$ 1,305,308
Accumulated depreciation and impairment	-	(243,500)	(243,500)
	<u>\$ 808,608</u>	<u>\$ 253,200</u>	<u>\$ 1,061,808</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 808,608	\$ 491,625	\$ 1,300,233
Accumulated depreciation and impairment	-	(255,184)	(255,184)
	<u>\$ 808,608</u>	<u>\$ 236,441</u>	<u>\$ 1,045,049</u>
<u>2014</u>			
At January 1	\$ 808,608	\$ 236,441	\$ 1,045,049
Reclassifications	-	43,218	43,218
Depreciation	-	(13,790)	(13,790)
Effects of exchange rate changes	-	5,830	5,830
At December 31	<u>\$ 808,608</u>	<u>\$ 271,699</u>	<u>\$ 1,080,307</u>
<u>At December 31, 2014</u>			
Cost	\$ 808,608	\$ 575,157	\$ 1,383,765
Accumulated depreciation and impairment	-	(303,458)	(303,458)
	<u>\$ 808,608</u>	<u>\$ 271,699</u>	<u>\$ 1,080,307</u>

- A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Rental income from the lease of the investment property	\$ 33,368	\$ 21,568
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 15,575	\$ 12,263
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ 7,855	\$ 13,379

- B. The fair value of the investment property held by the Group on December 31, 2015 and 2014 were \$3,093,761 and \$3,103,360, respectively, which were revalued by independent appraisers and with reference to market transaction prices.

(11) Intangible assets

	<u>Patent rights</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2015</u>				
Cost	\$ 908,657	\$ 665,759	\$ 298,210	\$ 1,872,626
Accumulated amortization and impairment	(778,849)	(478,873)	(298,210)	(1,555,932)
	<u>\$ 129,808</u>	<u>\$ 186,886</u>	<u>\$ -</u>	<u>\$ 316,694</u>
<u>2015</u>				
At January 1	\$ 129,808	\$ 186,886	\$ -	\$ 316,694
Additions	-	52,026	-	52,026
Amortization	(129,808)	(119,892)	-	(249,700)
Effects of exchange rate changes	-	(15)	-	(15)
At December 31	<u>\$ -</u>	<u>\$ 119,005</u>	<u>\$ -</u>	<u>\$ 119,005</u>
<u>At December 31, 2015</u>				
Cost	\$ 908,657	\$ 717,785	\$ 298,210	\$ 1,924,652
Accumulated amortization and impairment	(908,657)	(598,780)	(298,210)	(1,805,647)
	<u>\$ -</u>	<u>\$ 119,005</u>	<u>\$ -</u>	<u>\$ 119,005</u>

	<u>Patent rights</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2014</u>				
Cost	\$ 908,657	\$ 489,002	\$ 298,066	\$ 1,695,725
Accumulated amortization and impairment	(<u>649,041</u>)	(<u>291,849</u>)	(<u>160,943</u>)	(<u>1,101,833</u>)
	<u>\$ 259,616</u>	<u>\$ 197,153</u>	<u>\$ 137,123</u>	<u>\$ 593,892</u>
<u>2014</u>				
At January 1	\$ 259,616	\$ 197,153	\$ 137,123	\$ 593,892
Additions	-	119,095	144	119,239
Amortization	(129,808)	(131,888)	(27,964)	(289,660)
Impairment loss	-	-	(111,605)	(111,605)
Effects of exchange rate changes	-	2,526	2,302	4,828
At December 31	<u>\$ 129,808</u>	<u>\$ 186,886</u>	<u>\$ -</u>	<u>\$ 316,694</u>

At December 31, 2014

Cost	\$ 908,657	\$ 665,759	\$ 298,210	\$ 1,872,626
Accumulated amortization and impairment	(<u>778,849</u>)	(<u>478,873</u>)	(<u>298,210</u>)	(<u>1,555,932</u>)
	<u>\$ 129,808</u>	<u>\$ 186,886</u>	<u>\$ -</u>	<u>\$ 316,694</u>

1. Details of amortization on intangible assets are as follows:

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Operating costs	\$ 30	\$ 67
Selling expenses	19,921	51,952
Administrative expenses	192,403	210,250
Research and development expenses	<u>37,346</u>	<u>27,391</u>
	<u>\$ 249,700</u>	<u>\$ 289,660</u>

2. During the assessment of intangible assets in 2014, the recoverable amount of customer relationship is assessed as below the carrying amount. Therefore, the Group has recognized impairment loss of \$111,605 for the year ended December 31, 2014.

(12) Short-term borrowings

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Unsecured bank borrowings	<u>\$ 714,516</u>	<u>\$ 3,590,577</u>
Interest rates	<u>0.77%~0.87%</u>	<u>0.79%~1.70%</u>

(13) Financial liabilities at fair value through profit or loss

Items	December 31, 2015	December 31, 2014
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives instruments	\$ 15,914	\$ 3,371

A. The Group recognized net loss of \$12,543 and net gain of \$3,066 for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

December 31, 2015					
Financial Instrument	Item	Notional Amount (in thousands)		Fair Market Value (in thousands)	
MiTAC International Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	9,000	(NTD	452)
"	Advance booking EUR to buy USD	EUR	4,800	(NTD	2,845)
"	Advance booking AUD to buy USD	AUD	8,413	(NTD	2,562)
MiTAC Computing Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	30,000	(NTD	4,012)
Silver Star Developments Ltd.					
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	6,500	(USD	154)
MiTAC Australia Pty Ltd.					
Forward foreign exchange - Sell	Advance booking NZD to buy USD	NZD	1,375	(USD	30)
December 31, 2014					
Financial Instrument	Item	Notional Amount (in thousands)		Fair Market Value (in thousands)	
MiTAC International Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	1,000	(NTD	194)
"	Advance booking USD to buy CNY	USD	9,000	(NTD	2,519)
"	Advance booking AUD to buy USD	AUD	1,250	(NTD	183)
Silver Star Developments Ltd.					
Forward foreign exchange - Sell	Advance booking CNY to buy USD	CNY	10,000	(USD	15)

(14) Pensions

A.(a)The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account

by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

(b)The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Present value of defined benefit obligations	(\$ 501,074)	(\$ 471,221)
Fair value of plan assets	<u>229,490</u>	<u>233,198</u>
Net defined benefit liability	(\$ <u>271,584</u>)	(\$ <u>238,023</u>)

(c)Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2015			
Balance at January 1	(\$ 471,221)	\$ 233,198	(\$ 238,023)
Current service cost	(4,460)	-	(4,460)
Interest (expense) income	(8,835)	4,459	(4,376)
	(484,516)	237,657	(246,859)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,844	1,844
Change in demographic assumptions	(10,686)	-	(10,686)
Change in financial assumptions	(18,024)	-	(18,024)
Experience adjustments	(6,483)	-	(6,483)
	(35,193)	1,844	(33,349)
Pension fund contribution	-	8,624	8,624
Paid pension	<u>18,635</u>	(18,635)	-
Balance at December 31	(\$ <u>501,074</u>)	\$ <u>229,490</u>	(\$ <u>271,584</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	(\$ 582,276)	\$ 316,851	(\$ 265,425)
Current service cost	(4,871)	-	(4,871)
Interest (expense) income	(8,262)	4,558	(3,704)
	(595,409)	321,409	(274,000)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,127	1,127
Change in demographic assumptions	(22,168)	-	(22,168)
Experience adjustments	(21,360)	-	(21,360)
	(43,528)	1,127	(42,401)
Pension fund contribution	-	8,962	8,962
Paid pension	21,786	(21,786)	-
Effect of business combination	145,930	(76,514)	69,416
Balance at December 31	(\$ 471,221)	\$ 233,198	(\$ 238,023)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

A. MiTAC International Corp.

	For the year ended December 31, 2015	For the year ended December 31, 2014
Discount rate	1.500%	1.875%
Future salary increase	2.00%	2.00%

B. MiTAC Computing Technology Corp.

	For the year ended December 31, 2015	For the year ended December 31, 2014
Discount rate	1.625%	1.875%
Future salary increase	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

A. MiTAC International Corp.

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	\$ 8,621	(\$ 8,963)	(\$ 8,763)	\$ 8,472
December 31, 2014				
Effect on present value of defined benefit obligation	\$ 8,417	(\$ 8,758)	(\$ 8,590)	\$ 8,297

B. MiTAC Computing Technology Corp.

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	\$ 5,467	(\$ 5,710)	(\$ 5,595)	\$ 5,384
December 31, 2014				
Effect on present value of defined benefit obligation	\$ 5,143	(\$ 5,378)	(\$ 5,279)	\$ 5,074

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2015 amounts to \$8,616.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 10.7~12.9 years.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The Company’s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentages of employees’ monthly salaries and wages. Other than the monthly

contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were \$80,537 and \$78,734, respectively.

(15) Share-based payment

A. As of December 31, 2015 and 2014, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Eighth stock option incentive plan	2008.10.13 and 2008.10.27	31,785 (Note)	6 years	50% can be exercised after 2 years of grant 75% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Ninth stock option incentive plan	2009.04.29 and 2009.07.03	16,894 (Note)	6 years	25% can be exercised after 2 years of grant 50% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Tenth stock option incentive plan	2009.10.05, 2010.04.19 and 2010.05.06	26,903 (Note)	6 years	30% can be exercised after 2 years of grant 60% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Eleventh stock option incentive plan	2012.10.11	19,375 (Note)	6 years	50% can be exercised after 2 years of grant 75% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Thirteenth treasury stock transfer to employees	2014.8.15	1,864.5	-	Vested immediately
Fourteenth treasury stock transfer to employees	2014.8.15	2,090.5	-	Vested immediately
Sixteenth treasury stock transfer to employees	2015.7.13	3,549	-	Vested immediately

Note: In accordance with the share conversion arrangement, the obligation of fulfilling the stock options issued by MiTAC International Corp. through the approval of authority is to be borne by the Company on the conversion date and to make adjustments to the conversion price and issuance amount in accordance with the conversion ratio.

B. A summary of the movements of the Company's stock option plans is set forth below:

	<u>For the year ended to December 31, 2015</u>		<u>For the year ended to December 31, 2014</u>	
	<u>No. of options (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>	<u>No. of options (shares in thousands)</u>	<u>Weighted average exercise price (in dollars)</u>
Options outstanding at beginning of the period	59,298	23.72	89,059	\$ 24.14
Options forfeited	(21,845)	25.64	(19,989)	23.46
Options exercised	(<u>12,721</u>)	23.49	(<u>9,772</u>)	22.91
Options outstanding at end of the period	<u>24,732</u>	21.24	<u>59,298</u>	23.72
Options exercisable at end of the period	<u>20,251</u>		<u>49,700</u>	
Options approved and not yet issued at the end of the period	<u>-</u>		<u>-</u>	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2015 and 2014 were \$25.57 (in dollars) and \$27.16 (in dollars), respectively.

D. As of December 31, 2015 and 2014, outstanding compensatory employee stock option plan is as follows:

As of December 31, 2015

	<u>Number of options outstanding at the end of the year</u>		
<u>Range of exercise price (in dollars)</u>	<u>In thousands of shares</u>	<u>Expected weighted average residual years</u>	<u>Weighted average exercise price (in dollars)</u>
\$24.2 to \$26.6	9,164	0.30	\$ 24.88
\$19.1	<u>15,568</u>	2.75	19.10
	<u>24,732</u>		

As of December 31, 2014

	<u>Number of options outstanding at the end of the year</u>		
<u>Range of exercise price (in dollars)</u>	<u>In thousands of shares</u>	<u>Expected weighted average residual years</u>	<u>Weighted average exercise price (in dollars)</u>
\$24.8 to \$26.6	15,385	0.41	\$ 25.74
\$24.8 to \$27.2	24,578	1.06	25.79
\$19.5	<u>19,335</u>	3.75	19.50
	<u>59,298</u>		

E. Information about the fair value of the Company's shared-based payment transactions:

- (1) The fair values of stock options are measured using the Black-Scholes option-pricing model:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note 1)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars) (Note 2)
Eighth employee stock options	2008.10.13	\$ 13.20	\$ 13.20	28.37%	3.47 years	0%	1.96%	3.12
	2008.10.27	11.35	11.35	28.42%	3.47 years	0%	1.89%	2.67
Ninth employee stock options	2009.04.29	14.30	14.30	34.87%	3.67 years	0%	0.93%	3.92
	2009.07.03	13.30	13.30	34.36%	3.67 years	0%	1.02%	3.62
Tenth employee stock options	2009.10.05	13.90	13.90	35.25%	3.61 years	0%	0.55%	3.75
	2010.04.19	14.45	14.45	30.04%	3.61 years	0%	0.75%	3.40
	2010.05.06	13.1	13.1	29.85%	3.61 years	0%	0.74%	3.06
Eleventh employee stock options	2012.10.11	10.15	10.15	36.14%	3.47 years	0%	0.88%	2.79

Note 1 : Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period equal as the length of the stock options' expected life, excluding obvious irregularities of changes in stock prices for the observation amount while considering the effect of the appropriation of retained earnings on the transaction price of stocks to calculate expected price volatility rate.

Note 2: Information of fair value from the original issuance by MiTAC International Corp.

- (2) The factors for the fair value of other share-based payments:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Fair value per unit (in dollars)
Treasury stock transferred to employees	2014.8.15	\$25.1	\$18.4 and \$21.5	\$6.7 and \$3.6
Treasury stock transferred to employees	2015.7.13	\$29.65	\$18.9	\$10.75

F. Expenses incurred on share-based payment transactions are shown below:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Equity-settled	\$ 55,137	\$ 66,639

(16) Provisions

Warranty - current	For the year ended December 31, 2015	For the year ended December 31, 2014
Beginning balance	\$ 338,376	\$ 458,285
Additional provisions	315,061	265,039
Used during the period	(298,697)	(318,691)
Unused amounts reversed	(3,119)	(67,571)
Effects of exchange rate changes	(1,135)	1,314
Ending balance	<u>\$ 350,486</u>	<u>\$ 338,376</u>

(17) Share capital

A. As of December 31, 2015, the Company's authorized capital was \$11,000,000, consisting of 1.1 billion shares (including 125 million shares reserved for employee stock options), and the paid-in capital was \$7,778,113 with a par value of \$10 per share.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	For the year ended December 31, 2015	Unit: in thousands of shares For the year ended December 31, 2014
Outstanding shares as of January 1	<u>749,976</u>	<u>736,249</u>
Purchase of treasury stock	(8,244)	-
Treasury stock transferred to employees	3,549	3,955
Employee stock options exercised	<u>12,721</u>	<u>9,772</u>
Changes in outstanding shares during the year	<u>8,026</u>	<u>13,727</u>
Outstanding shares as of December 31	<u>758,002</u>	<u>749,976</u>

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2015	
		Number of shares (shares in thousands)	Carrying amount
MiTAC Holding Corp.	Transferred to employees	8,244	\$ 169,362
Subsidiary- Tsu Fung Investment Corp.	Stock conversion	10,183	276,085
Subsidiary- SSDL	"	1,382	77,002

		December 31, 2014	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
Subsidiary- MiTAC International Corp.	Stock conversion	7,869	\$ 153,791
Subsidiary- Tsu Fung Investment Corp.	"	10,183	276,085
Subsidiary- SSDL	"	1,382	77,002

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and is not entitled to dividends before it is reissued to the employees.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) In accordance with the Financial Supervisory Commission, Securities and Futures Bureau, No.1010047490, the Company shall not appropriate special reserve proportionately to the shareholding ratio for the difference of ending market price below the carrying amount of the parent's stock held by the subsidiaries. If the market price reverses subsequently, the reversal amount shall be appropriated as special reserve proportionately to the shareholding ratio.

(18) Capital surplus

	Share <u>premium</u>	Treasury stock <u>transactions</u>	Net equity of associates and joint ventures accounted for under the <u>equity method</u>	Employee <u>stock options</u>	<u>Total</u>
At January 1, 2015	\$ 21,427,076	\$ 52,683	\$ 150,448	\$ 492,513	\$ 22,122,720
Employee stock options exercised	260,326	-	-	(84,385)	175,941
Changes from associates and joint ventures accounted for under the equity method	-	-	34,417	-	34,417
Employee compensation plan - employee stock options	-	-	-	55,137	55,137
Treasury stock transferred to employees	-	35,680	-	(38,152)	(2,472)
Subsidiaries received cash dividends paid by the parent company	-	7,976	-	-	7,976
Retirement of treasury shares	(120,193)	78,949	-	-	(41,244)
At December 31, 2015	<u>\$ 21,567,209</u>	<u>\$ 175,288</u>	<u>\$ 184,865</u>	<u>\$ 425,113</u>	<u>\$ 22,352,475</u>
	Share <u>premium</u>	Treasury stock <u>transactions</u>	Net equity of associates and joint ventures accounted for under the <u>equity method</u>	Employee <u>stock options</u>	<u>Total</u>
At January 1, 2014	\$ 21,276,857	\$ -	\$ 22,345	\$ 504,181	\$ 21,803,383
Employee stock options exercised	186,715	-	-	(57,588)	129,127
Changes from associates and joint ventures accounted for under the equity method	-	-	128,103	-	128,103
Employee compensation plan - employee stock options	-	-	-	66,639	66,639
Treasury stock transferred to employees	-	21,754	-	(20,719)	1,035
Subsidiaries received cash dividends paid by the parent company	-	6,935	-	-	6,935
Retirement of treasury shares	(36,496)	23,994	-	-	(12,502)
At December 31, 2014	<u>\$ 21,427,076</u>	<u>\$ 52,683</u>	<u>\$ 150,448</u>	<u>\$ 492,513</u>	<u>\$ 22,122,720</u>

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be set aside pursuant to the regulations. Appropriation of the remainder plus prior year's accumulated unappropriated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders.
- B. Earnings appropriation ratio and cash dividends ratio are decided by the Board of Directors, taking into account the Company's financial structure, future capital requirements and profitability, and cash dividends shall account for at least 10% of the total dividends appropriated. Earnings appropriation ratio and cash dividends ratio are subject to adjustments once approved by the stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 11, 2015, the appropriation of earnings for the year ended December 31, 2014 resolved by the shareholders is as follows:

	2014	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 76,109	
Special reserve	52,117	
Cash dividend	533,246	\$ 0.7
Total	<u>\$ 661,472</u>	

F. On March 25, 2016, the appropriation of earnings for the year ended December 31, 2015 proposed by the Board of Directors and to be approved by the shareholders is as follows:

	2015	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 175,409	
Special reserve	13,574	
Cash dividend	1,231,738	\$ 1.6
Stock dividend	307,934	0.4
Total	<u>\$ 1,728,655</u>	

G. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6 (26).

(20) Other equity items

	Available-for-sale investments	Currency translation	Total
At January 1, 2015	\$ 139,151	\$ 1,872,643	\$ 2,011,794
Reclassified to profit or loss upon disposal	8,467	8,208	16,675
Reclassified to impairment loss	14,188	-	14,188
Revaluation			
–Group	(207,595)	-	(207,595)
–Associates	(34,307)	-	(34,307)
Currency translation differences:			
–Group	-	393,934	393,934
–Associates	-	(266,277)	(266,277)
At December 31, 2015	<u>(\$ 80,096)</u>	<u>\$ 2,008,508</u>	<u>\$ 1,928,412</u>

	Available-for-sale investments	Currency translation	Total
At January 1, 2014	\$ 288,199	\$ 899,611	\$ 1,187,810
Reclassified to profit or loss upon disposal	(50,638)	(7,210)	(57,848)
Reclassified to impairment loss	33,342	-	33,342
Revaluation			
–Group	(77,594)	-	(77,594)
–Associates	(54,158)	-	(54,158)
Currency translation differences:			
–Group	-	889,391	889,391
–Associates	-	90,851	90,851
At December 31, 2014	<u>\$ 139,151</u>	<u>\$ 1,872,643</u>	<u>\$ 2,011,794</u>

(21) Operating revenue

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sales revenue	\$ 49,398,546	\$ 41,701,620
Other operating revenue	656,219	358,722
Total	<u>\$ 50,054,765</u>	<u>\$ 42,060,342</u>

(22) Other income

	For the year ended December 31, 2015	For the year ended December 31, 2014
Interest income:		
Interest income from bank deposits	\$ 99,428	\$ 147,848
Rental revenue	79,534	56,684
Dividend income	119,828	105,534
Other income	77,120	80,497
Total	<u>\$ 375,910</u>	<u>\$ 390,563</u>

(23) Other gains and losses

	For the year ended December 31, 2015	For the year ended December 31, 2014
Net (loss) gain on financial liabilities at fair value through profit or loss	(\$ 12,543)	\$ 3,066
Net (loss) gain on financial assets at fair value through profit or loss	(23,748)	15,296
Net currency exchange gain (loss)	97,000	(14,174)
Gain on disposal of property, plant and equipment	12,999	11,227
(Loss) gain on disposal of investments	(16,506)	58,609
Gain on disposal of non current assets	-	15,832
Impairment loss of financial assets	(25,902)	(104,593)
Impairment loss of non-financial assets	-	(111,605)
Other losses	(38,505)	(22,028)
Total	<u>(\$ 7,205)</u>	<u>(\$ 148,370)</u>

(24) Finance costs

	For the year ended December 31, 2015	For the year ended December 31, 2014
Interest expense:		
Bank borrowings	<u>\$ 32,053</u>	<u>\$ 44,146</u>

(25) Expenses by nature

	For the year ended December 31, 2015	For the year ended December 31, 2014
Employee benefit expense	\$ 5,139,127	\$ 5,132,246
Depreciation on property, plant and equipment and investment property	534,742	486,984
Amortisation charges	249,700	289,660
Total	<u>\$ 5,923,569</u>	<u>\$ 5,908,890</u>

(26) Employee benefit expense

	For the year ended December 31, 2015	For the year ended December 31, 2014
Wages and salaries	\$ 4,533,402	\$ 4,517,933
Employee stock options	55,137	66,639
Labor and health insurance fees	353,075	332,469
Pension costs	89,373	87,004
Other personnel expenses	108,140	128,201
	<u>\$ 5,139,127</u>	<u>\$ 5,132,246</u>

A. Under the Company's Articles of Incorporation, when distributing the current year's earnings, the Company shall first offset prior years' operating losses and pay all taxes, and then set aside 10% as legal reserve. Special reserve is set aside or reversed in accordance with related laws and employees' bonus shall account for at least 1% of the remainder.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on January 26, 2016 and the amended articles will be reported to and resolved by the shareholders. According to the amended articles, the profit (pre-tax profit before deduction of employees' compensation and directors' and supervisors' remuneration) of the current year shall be distributed as employees' compensation and directors' and supervisors' remuneration, which will be resolved by the Board of Directors. The ratio shall not be lower than 0.1% for employees and not be higher than 1% for directors and supervisors. If a company has accumulated deficit, earnings should be reserved to cover losses. Employees' compensation can be distributed in cash or shares and shall be distributed to the employees of subsidiaries of the Company who meet certain specific requirements. The chairman of the Board is authorized to set the qualification requirements.

- C. For the year ended December 31, 2015, employees' compensation was accrued at 0.1% of gain on pre-tax profit before deduction of employees' compensation and directors' and supervisors' remuneration. Employees' compensation recognised for the year of 2014 was accrued based on 0.1% of the net income of 2014, taking into account other factors such as legal reserve, and directors' and supervisors' remuneration were recorded at the estimated amount.
- D. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$1,767 and \$633, respectively; and directors' and supervisors' remuneration was accrued at \$2,100 and \$2,000, respectively. The aforementioned amounts were recognised in salary expenses.
- E. For the year ended December 31, 2015, the actual distributed amount of \$1,767 for employees' cash compensation and \$2,100 for directors' and supervisors' remuneration as resolved by the Board of Directors were in agreement with the accrued amounts. Employees' cash bonus of \$633 and directors' and supervisors' remuneration of \$2,000 of 2014 as resolved at the shareholders' meeting were in agreement with those amounts recognised in the profit or loss of 2014.
- F. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Current tax:		
Current tax on profits for the period	\$ 253,138	\$ 182,517
Tax on undistributed surplus earnings	5,824	5,521
Adjustments in respect of prior years	7,635	446
Total current tax	<u>266,597</u>	<u>188,484</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,586)	(77,862)
Net operating loss carryforward	<u>-</u>	<u>179,281</u>
Total deferred tax	<u>6,586</u>	<u>101,419</u>
Income tax expense	<u>\$ 260,011</u>	<u>\$ 289,903</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Actuarial losses on defined benefit obligations	(\$ 5,669)	(\$ 7,260)

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2015	For the year ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	\$ 732,278	\$ 450,135
Additional 10% income tax imposed on unappropriated earnings	5,824	5,521
Effects from items disallowed by tax regulation	(534,122)	(358,265)
Effects from foreign income	48,396	12,785
Over provision of prior year's income tax	7,635	446
Effect from net operating loss carryforward	-	179,281
Income tax expense	<u>\$ 260,011</u>	<u>\$ 289,903</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	For the year ended December 31, 2015				
	Beginning balance	Recognised in profit or loss	Recognised in other comprehensive income	Effects of exchange rate changes	Ending balance
Deferred tax assets:					
Temporary differences:					
Warranty provision	\$ 43,001	\$ 4,537	\$ -	\$ -	\$ 47,538
Loss from decline in inventory price to market value	84,106	(9,336)	-	1,557	76,327
Unrealized estimate payable	132,231	19,157	-	-	151,388
Others	<u>184,014</u>	<u>(7,711)</u>	<u>5,669</u>	<u>(317)</u>	<u>181,655</u>
Subtotal	<u>\$ 443,352</u>	<u>\$ 6,647</u>	<u>\$ 5,669</u>	<u>\$ 1,240</u>	<u>\$ 456,908</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(320,474)	-	-	-	(320,474)
Others	<u>(11,438)</u>	<u>(61)</u>	<u>-</u>	<u>-</u>	<u>(11,499)</u>
Subtotal	<u>(\$ 331,912)</u>	<u>(\$ 61)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 331,973)</u>
Total	<u>\$ 111,440</u>	<u>\$ 6,586</u>	<u>\$ 5,669</u>	<u>\$ 1,240</u>	<u>\$ 124,935</u>

For the year ended December 31, 2014					
	<u>Beginning balance</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>Effects of exchange rate changes</u>	<u>Ending balance</u>
Deferred tax assets:					
Temporary differences:					
Warranty provision	\$ 61,711	(\$ 18,710)	\$ -	\$ -	\$ 43,001
Loss from decline in inventory price to market value	166,460	(84,794)	-	2,440	84,106
Unrealized estimate payable	114,542	17,689	-	-	132,231
Others	44,402	136,743	7,260	(4,391)	184,014
Net operating loss carryforward	<u>179,281</u>	<u>(179,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 566,396</u>	<u>(\$ 128,353)</u>	<u>\$ 7,260</u>	<u>(\$ 1,951)</u>	<u>\$ 443,352</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(358,846)	38,372	-	-	(320,474)
Others	<u>-</u>	<u>(11,438)</u>	<u>-</u>	<u>-</u>	<u>(11,438)</u>
Subtotal	<u>(\$ 358,846)</u>	<u>\$ 26,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 331,912)</u>
Total	<u>\$ 207,550</u>	<u>(\$ 101,419)</u>	<u>\$ 7,260</u>	<u>(\$ 1,951)</u>	<u>\$ 111,440</u>

D. Expiration dates of unused net operating loss carryforwards of the Company and its subsidiaries and amounts of unrecognised deferred tax assets are as follows:

December 31, 2015				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2011	Assessed	\$ 172,967	\$ 172,967	2021
2012	Assessed	297,134	297,134	2022
2014	Filed	36,392	36,392	2024
December 31, 2014				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2011	Assessed	\$ 185,363	\$ 185,363	2021
2012	Assessed	297,134	297,134	2022
2013	Assessed	11,092	11,092	2023

E. The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deductible temporary differences	\$ <u>1,574,831</u>	\$ <u>1,724,577</u>

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the amounts of temporary difference unrecognised as deferred tax liabilities were \$8,686,144 and \$7,999,003, respectively.

G. Unappropriated retained earnings:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Earnings generated in and after 1998	\$ <u>1,833,321</u>	\$ <u>773,566</u>

H. As of December 31, 2015 and 2014, the balance of the imputation tax credit account were \$1,470,223 and \$1,410,191, respectively. For the year ended December 31, 2015, the Company incurred accumulated deficit, thus the creditable tax rate is estimated to be 13.26% in 2015. The creditable tax rate was 14.68% for the year ended December 31, 2014.

(28) Earnings per share

The Group's basic earnings per share is calculated by using income attributable to the ordinary shareholders of the Group's parent company divided by the amount of outstanding ordinary shares during the period less the weighted average number of treasury shares.

	<u>For the year ended December 31, 2015</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share</u>
		<u>shares outstanding</u>	<u>share</u>
		<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>1,754,092</u>	<u>755,205</u>	\$ <u>2.32</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,754,092		
Less: effect of dilutive potential common stocks issued by investee companies	(5,741)		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	4,323	
Employees' bonus	-	84	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ <u>1,748,351</u>	<u>759,612</u>	\$ <u>2.30</u>

<u>For the year ended December 31, 2014</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per</u>
	<u>after tax</u>	<u>number of ordinary</u>	<u>share</u>
		<u>shares outstanding</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 761,086	742,397	\$ 1.03
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 761,086		
Less: effect of dilutive potential common stocks issued by investee companies	(2,552)		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	4,403	
Employees' bonus	-	38	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ 758,534	746,838	\$ 1.02

(29) Operating Leases

The Group leases building assets to others under non-cancellable operating lease agreements. These leases have terms expiring between 1 and 5 years, and all these lease agreements are not renewable at the end of the lease period. Rental revenue of \$79,534 and \$56,684 were recognized for the years ended December 31, 2015 and 2014, respectively. The future aggregate minimum lease receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Not later than one years	\$ 64,401	\$ 56,156
Later than one year but not later than five years	98,358	145,126
Later than five years	6,351	10,651
	<u>\$ 169,110</u>	<u>\$ 211,933</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Operating revenue:

(a)

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Sales of goods:		
-Associates	\$ 1,242,187	\$ 1,904,012
-Other related parties	<u>20</u>	<u>571</u>
	<u>\$ 1,242,207</u>	<u>\$ 1,904,583</u>

(b) The selling price to related parties is based on market value in the region of the related party.

(c) The collection period to domestic related parties is 90 days after shipping date based on the net balance of receivables after offsetting with payable accounts.

(d) The collection period to foreign related parties is 150 days for the net amount after offsetting certain receivables and payables considering the reasonable time from shipping to collection terms to overseas and domestic related parties.

(e) The collection period for third parties is approximately 90 days after shipping date.

B. Purchases:

(a)

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Purchases of goods:		
-Associates	\$ 831,469	\$ 815,519
-Other related parties	<u>2,289</u>	<u>10,466</u>
	<u>\$ 833,758</u>	<u>\$ 825,985</u>

(b) The purchase prices from related parties are based on the international market value and the market price in the region of the related party.

(c) The payment period is 150 days after offsetting certain receivables and payables for foreign related parties; the payment period is 90 days after shipping date based on the net amount after offsetting certain receivables and payables for other related parties.

(d) The payment period to regular suppliers is approximately 90 days after purchase date.

C. Receivables from related parties:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable:		
-Associates	\$ 253,354	\$ 230,574
-Other related parties	<u>-</u>	<u>593</u>
Subtotal	<u>253,354</u>	<u>231,167</u>

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Other receivables:		
-Associates	\$ 22,279	\$ 48,429
-Other related parties	<u>2,342</u>	<u>3,031</u>
Subtotal	<u>24,621</u>	<u>51,460</u>
Total	<u>\$ 277,975</u>	<u>\$ 282,627</u>

D. Payables to related parties:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts payable:		
-Associates	\$ 181,404	\$ 263,567
-Other related parties	<u>1,959</u>	<u>345</u>
Subtotal	<u>183,363</u>	<u>263,912</u>
Other payables:		
Associates	6,903	11,090
Other related parties	<u>249</u>	<u>4,299</u>
Subtotal	<u>7,152</u>	<u>15,389</u>
Total	<u>\$ 190,515</u>	<u>\$ 279,301</u>

E. Property transactions:

Acquisition of property, plant and equipment:	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Associates	\$ 6,694	\$ 15,750
Other related parties	<u>1,923</u>	<u>1,474</u>
	<u>\$ 8,617</u>	<u>\$ 17,224</u>

Acquisition of financial assets:

				<u>Acquisition amount</u>	
	<u>Account</u>	<u>Transaction Share (Shares in thousands)</u>	<u>Item</u>	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Other related parties	Financial assets measured at cost	\$ 2,500	Investment	<u>\$ 25,000</u>	<u>\$ 25,000</u>

F. Rent revenue

For the years ended December 31, 2015 and 2014, the rental revenue collected from leasing offices and factories to associates amounted to \$31,162 and \$34,778, respectively.

G. Expenses

	For the year ended December 31, 2015	For the year ended December 31, 2014
Associates	\$ 12,311	\$ 27,922
Other related parties	56,807	66,699
	<u>\$ 69,118</u>	<u>\$ 94,621</u>

Expenses mainly pertain to rental expenditures for the lease of offices and other miscellaneous expenses.

H. Endorsements and guarantees provided to related parties:

As of December 31, 2015 and 2014, associates provided guarantees for operating leases to MiTAC International Corp. amounting to \$3,600.

(2) Key management compensation

	For the year ended December 31, 2015	For the year ended December 31, 2014
Salaries and other short-term employee benefits	\$ 37,950	\$ 34,954
Post-employment benefits	539	536
Share-based payments	1,922	5,578
Total	<u>\$ 40,411</u>	<u>\$ 41,068</u>

8. PLEGDED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2015	December 31, 2014	
Buildings	\$ 362,180	\$ 323,093	Short-term loans
Land use rights	13,422	14,076	Short-term loans
Time deposits	3,500	3,500	Guarantee deposit for the lease of land in Science Park
Time deposits	2,204	2,186	Guarantee deposit for the lease of dormitory in Science Park
Time deposits	-	7,638	Customs guarantee
Time deposits	-	9,500	Guarantee for application for letters of credit
Demand deposits	4,995	6,365	Customs guarantee
	<u>\$ 386,301</u>	<u>\$ 366,358</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Operating lease arrangement

The minimum amount payable under the Group's future non-cancellable operating lease is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Not more than 1 year	\$ 125,478	\$ 131,555
More than 1 year but not more than 5 years	147,481	67,487
Over 5 years	<u>18,255</u>	<u>21,906</u>
Total	<u>\$ 291,214</u>	<u>\$ 220,948</u>

B. Capital expenditure contracted but not provided are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Property, plant and equipment	<u>\$ 1,219,270</u>	<u>\$ -</u>

10. SIGNIFICANT DISASTER LOSS:

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current assets, short-term loans, notes payable, accounts payable and other payables, long-term loans (including due within one year or one operating cycle) and guarantee deposits (shown as other non-current liabilities) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2), 6(13)).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2015			
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 311,824	32.825	\$ 10,235,623
EUR:NTD	8,978	35.880	322,131
AUD:NTD	9,880	23.985	236,972
USD:RMB	136,420	6.572	4,477,987
<u>Non-monetary items</u>			
RMB:USD	58,222	0.152	290,800
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	267,269	32.825	8,773,105
EUR:NTD	9,656	35.880	346,457
AUD:NTD	14,927	23.985	358,024
USD:RMB	69,949	6.572	2,296,076

December 31, 2014			
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 411,890	31.650	\$ 13,036,319
EUR:NTD	6,408	38.470	246,516
RMB:NTD	189,256	5.092	963,692
AUD:NTD	9,663	25.905	250,320
USD:RMB	125,565	6.216	3,974,132
<u>Non-monetary items</u>			
RMB:USD	57,193	0.161	291,226
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	391,271	31.650	12,383,727
EUR:NTD	7,752	38.470	298,219
RMB:NTD	195,604	5.092	996,016
AUD:NTD	10,243	25.905	265,345
USD:RMB	117,743	6.216	3,726,566

- iv. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to \$97,000 and (\$14,174), respectively.
- v. When the exchange rates for USD, AUD, EUR and RMB to NTD, and USD to RMB increased or decreased by 1%, with all other factors the same at December 31, 2015 and 2014, net profit before tax would increase or decrease by \$34,991 and \$8,161 for the years ended December 31, 2015 and 2014, respectively.

Price risk

- A. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

B. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by \$13,166 and \$14,938 for the years ended December 31, 2015 and 2014, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

The Group's interest rate risk arises from borrowings. However, the Group's borrowings are all at a fixed rate, thus interest rate risk has no significant impact on the Group.

(b)Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.
- ii. No credit limits were exceeded during the years ended December 31, 2015 and 2014, and management does not expect any significant losses from non-performance by these counterparties.
- iii. The credit quality information of financial assets that are neither past due nor impaired is described in Note 6 (5).
- iv. The ageing analysis of financial assets that were past due but not impaired is described in Note 6 (5).
- v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c)Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 714,516	\$ -	\$ -	\$ -
Accounts payable	5,547,707	-	-	-
Other payables	3,691,058	-	-	-
Guarantee deposits	5,640	7,311	1,317	5,311

<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 3,590,577	\$ -	\$ -	\$ -
Accounts payable	7,635,029	-	-	-
Other payables	3,507,921	-	-	-
Guarantee deposits	5,024	24,292	779	1,410

Derivative financial liabilities

As of December 31, 2015 and 2014, the Group's derivative financial liabilities mature within one year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2015 and 2014 :

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Forward exchange contracts	\$ -	\$ 5,711	\$ -	\$ 5,711
Equity securities	<u>1,102,133</u>	<u>151,515</u>	<u>62,967</u>	<u>1,316,615</u>
Total	<u>\$ 1,102,133</u>	<u>\$ 157,226</u>	<u>\$ 62,967</u>	<u>\$ 1,322,326</u>
Financial liabilities:				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ -</u>	<u>\$ 15,914</u>

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Forward exchange contracts	\$ -	\$ 29,460	\$ -	\$ 29,460
Equity securities	<u>1,189,592</u>	<u>224,168</u>	<u>80,002</u>	<u>1,493,762</u>
Total	<u>\$ 1,189,592</u>	<u>\$ 253,628</u>	<u>\$ 80,002</u>	<u>\$ 1,523,222</u>

Financial liabilities:

Forward exchange contracts	<u>\$ -</u>	<u>\$ 3,371</u>	<u>\$ -</u>	<u>\$ 3,371</u>
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C. The methods and assumptions the Group used to measure fair value are as follows:

- (a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risk to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- D. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.
- E. The following table presents the changes in level 3 instruments as at December 31, 2015 and 2014:

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
January 1	\$ 80,002	\$ 149,334
Loss recognized in profit or loss	(4,331)	(71,251)
Loss recognized in other comprehensive income	(13,211)	(386)
Effect of foreign exchange rate	<u>507</u>	<u>2,305</u>
December 31	<u>\$ 62,967</u>	<u>\$ 80,002</u>

- F. Investment department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, and reviewing the information periodically.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes significant unobservable inputs to valuation model used in Level 3 fair value measurements:

	<u>Fair value at December 31, 2015</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 62,967	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2015			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 630	\$ 630

			December 31, 2014			
			<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
	<u>Input</u>	<u>Change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 800	\$ 800

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and (13).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's chief operating decision-maker manages business from the perspectives of cloud computing product business group and mobile communication product business group.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments and reconciliations are as follows:

<u>For the year ended December 31, 2015</u>				
<u>Item</u>	<u>Cloud computing business group</u>	<u>Mobile communications business group</u>	<u>Others</u>	<u>Total</u>
Revenue	\$ 43,061,238	\$ 5,504,762	\$ 1,488,765	\$ 50,054,765
Segment gain (loss)	1,175,122	(489,254)	(389,398)	296,470

<u>For the year ended December 31, 2014</u>				
<u>Item</u>	<u>Cloud computing business group</u>	<u>Mobile communications business group</u>	<u>Others</u>	<u>Total</u>
Revenue	\$ 33,106,750	\$ 7,484,957	\$ 1,468,635	\$ 42,060,342
Segment gain (loss)	728,770	(845,236)	(244,463)	(360,929)

(3) Reconciliation for segment income (loss)

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of loss for reportable segments to profit before tax and discontinued operations is provided as follows:

<u>Item</u>	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Profit (loss) for reportable segments	\$ 296,470	(\$ 360,929)
Unallocated:		
Share of profits and losses from affiliates and joint ventures accounted for under the equity method	1,380,981	1,213,705
(Loss) gain on disposal of investments	(16,506)	58,609
Dividend revenue	119,828	105,534
Interest revenue	99,428	147,848
Other income	133,902	(113,944)
Profit before tax and discontinued operations	<u>\$ 2,014,103</u>	<u>\$ 1,050,823</u>

(4) Information on products and services

	For the year ended December 31, 2015	For the year ended December 31, 2014
Sales	\$ 49,398,546	\$ 41,701,620
Other revenue	656,219	358,722
Total	<u>\$ 50,054,765</u>	<u>\$ 42,060,342</u>

(5) Geographical information

For the years ended December 31, 2015 and 2014, revenues and noncurrent assets from certain regions are listed below:

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Revenue	Assets-Noncurrent	Revenue	Assets-Noncurrent
Taiwan	\$ 493,401	\$ 3,120,562	\$ 367,000	\$ 2,957,166
USA	28,538,674	853,376	22,295,017	846,142
Europe	12,048,256	135,307	10,558,842	154,916
Others	8,974,434	2,830,244	8,839,483	2,938,203
Total	<u>\$ 50,054,765</u>	<u>\$ 6,939,489</u>	<u>\$ 42,060,342</u>	<u>\$ 6,896,427</u>

(6) Major customer information

For the years ended December 31, 2015 and 2014, the major customer information of the Group are listed below:

For the year ended December 31, 2015			
Customer	Revenue	Percentage of total revenue	Segment
Customer B	\$ 29,663,727	59%	Cloud computing product business group

For the year ended December 31, 2014			
Customer	Revenue	Percentage of total revenue	Segment
Customer B	\$ 21,205,664	50%	Cloud computing product business group

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2015

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	MiTAC Holdings Corp.	MiTAC International Corp.	Y	Other receivables-related parties	2,500,000	2,500,000	1,500,000	0.7577%-0.96%	2	0	Operations	0	None	0	3,362,838	6,725,675	
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Y	Other receivables-related parties	1,000,000	1,000,000	-	0	2	0	Operations	0	None	0	3,362,838	6,725,675	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	Y	Other receivables-related parties	1,000,000	1,000,000	984,750	0.8082%~0.8788%	2	0	Operations	0	None	0	2,673,595	5,347,189	
2	Silver Star Developments Ltd.	Top Sheen Enterprises Ltd.	Y	Other receivables-related parties	821,750	820,625	820,625	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	MiTAC International Corp.	Y	Other receivables-related parties	821,750	754,975	754,975	0	2	0	Operations	0	None	0	6,891,687	6,891,687	
2	Silver Star Developments Ltd.	Software Insights Ltd.	Y	Other receivables-related parties	32,870	32,825	32,825	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	MiTAC Digital Corporation	Y	Other receivables-related parties	975,000	951,925	951,925	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	Best Profit Ltd.	Y	Other receivables-related parties	858,778	857,602	857,602	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	MiTAC Europe Ltd.	Y	Other receivables-related parties	189,000	143,520	143,520	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	Mio Technology Ltd.	Y	Other receivables-related parties	103,520	74,925	74,925	0	2	0	Operations	0	None	0	14,147,273	14,147,273	

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015	Balance at December 31, 2015 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
2	Silver Star Developments Ltd.	Start Well Technology Limited	Y	Other receivables-related parties	1,004,445	1,004,445	22,977	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
2	Silver Star Developments Ltd.	MiTAC Benelux N.V.	Y	Other receivables-related parties	92,300	89,700	89,700	0	2	0	Operations	0	None	0	14,147,273	14,147,273	
3	Tyan Computer Corp.(USA)	Mitac Information Systems Corp.	Y	Other receivables-related parties	246,525	246,188	246,188	1.86%	2	0	Operations	0	None	0	259,339	259,339	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The nature of loan are as follows:

(1) Ongoing business

(2) Short-term financing

Note 3: (1) MiTAC Holdings Corp. (the Company)'s total borrowing amount of short-term financing should not exceed 20% of the net worth on the latest financial statements audited or reviewed by independent accountants.

The borrowing amount for each borrowing company should not exceed 10% of the net worth of the Company.

(2) MiTAC International Corp's total amount of short-term financing should not exceed 20% of the net worth on the latest financial statements audited or reviewed by auditors; the borrowing amount to each borrowing company should not exceed 10% of the Company's net worth.

(3) If Silver Star Developments Ltd. was lending to foreign subsidiaries owned 100% directly and indirectly by the ultimate parent company, the borrowing amount to each borrowing company and the total borrowing amount should not be higher than 200% of the paid-in capital on the latest financial statements audited by independent accountants.

(4) Silver Star Development Ltd.'s borrowing amount to each borrowing company and total borrowing amount of the parent company should not exceed 40% of the net worth on the latest financial statements audited by independent accountants.

(5) The borrowing amount and the total borrowing amount of Tyan Computer Corp. (USA) lending to the ultimate parent company's direct and indirect wholly-owned foreign subsidiaries should not exceed 200% of the paid-in capital on the latest financial statements audited by independent accountants.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2015

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	MiTAC Holdings Corp.	Tyan Computer Corp.(USA)	3	\$ 16,814,189	\$ 98,280	\$ 98,280	\$ 98,280	\$ -	0.29	\$ 16,814,189	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	2	16,814,189	1,276,120	1,089,795	1,089,795	-	3.24	16,814,189	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC Information Systems Corp.	3	16,814,189	163,500	163,500	163,500	-	0.49	16,814,189	Y	N	N	
0	MiTAC Holdings Corp.	Tsu Sung Investment Corp	3	16,814,189	100,000	100,000	-	-	0.30	16,814,189	Y	N	N	
1	MiTAC International Corp.	MiTAC Digital Corporation	3	13,367,973	223,027	209,775	16,553	-	0.78	13,367,973	N	N	N	
1	MiTAC International Corp.	MiTAC Information Systems Corp.	3	13,367,973	91,140	-	-	-	-	13,367,973	N	N	N	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	13,367,973	2,848,300	1,873,300	87,525	-	7.01	13,367,973	N	N	N	
2	MiTAC Computing Technology Corp.	MiTAC International Corp.	3	2,297,797	1,749,300	774,300	-	-	16.85	2,297,797	N	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: (1) The endorsement and guarantees amount provided by MiTAC Holdings Corp. to each entity which is directly or indirectly held 50% or more of the voting power by the company should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											

(2) MiTAC Holding Corp's total endorsements and guarantees should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.

(3) The endorsement and guarantees amount provided by MiTAC International Corp. to each entity which is directly or indirectly held 50% or more of the voting power should not exceed 50% of its net worth on the latest financial statements audited or reviewed by independent accountants.

(4) The endorsement and guarantees amount provided by MiTAC International Corp. to each entity which the ultimate parent company directly or indirectly holds 100% of the voting power should not exceed 50% of its net worth on the latest financial statements audited or reviewed by independent accountants.

(5) MiTAC International Corp.'s total endorsements and guarantees should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2015

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
MiTAC International Corp.	MiTAC International Corp.	Same board chairman	Financial assets carried at cost-non current	22,067,969	\$ 586,164	8.69	\$ 586,164	
MiTAC International Corp.	Overseas Investment & Development Corp.	None	Financial assets carried at cost-non current	1,000,000	10,000	1.11	10,000	
MiTAC International Corp.	Harbinger Venture Management Co., Ltd.	Same board chairman	Financial assets carried at cost-non current	7,727,225	34,584	14.05	34,584	
MiTAC International Corp.	Harbinger VI	Same board chairman	Financial assets carried at cost-non current	6,015,937	60,159	13.28	60,159	
MiTAC International Corp.	Harbinger VII	Same board chairman	Financial assets carried at cost-non current	7,500,000	75,000	10.73	75,000	
MiTAC International Corp.	UPC Technology Corp.	Same board chairman	Available-for-sale financial assets-non current	14,193,179	134,693	1.21	134,693	
MiTAC International Corp.	Lien Hwa Industrial Corp.	Same board chairman	Available-for-sale financial assets-non current	14,572,439	276,876	1.64	276,876	
MiTAC International Corp.	MiTAC Information Technology Corp.	The Company's chairman is MiTAC Inc.'s director.	Available-for-sale financial assets-non current	6,520,558	49,935	6.52	49,935	
MiTAC International Corp.	Linpus Technology Corp.	None	Available-for-sale financial assets-non current	2,205,020	35,532	16.33	35,532	Note 2
Tsu Fung Investment Corp.	Synnex Technology International Corp.	None	Available-for sale financial assets-current	3,297,119	105,673	0.21	105,673	
Tsu Fung Investment Corp.	UPC Technology Corp.	None	Available-for sale financial assets-current	14,351,669	136,197	1.23	136,197	
Tsu Fung Investment Corp.	Lien Hwa Industrial Corp.	None	Available-for sale financial assets-current	52,000	988	0.01	988	
Tsu Fung Investment Corp.	MiTAC Holding Corp.	Ultimate parent company	Available-for sale financial assets-current	10,183,284	253,055	1.32	253,055	Note 1

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Tsu Fung Investment Corp.	Getac Technology Corp.	None	Available-for sale financial assets-current	10,329,741	\$ 207,111	1.77	\$ 207,111	
Tsu Fung Investment Corp.	Loyalty Founder Enterprise Co., Ltd.	None	Available-for sale financial assets-current	51,331	521	0.04	521	
Tsu Fung Investment Corp.	National Aerospace Fasteners Corporation	None	Available-for sale financial assets-current	1,188	66	0.00	66	
Tsu Fung Investment Corp.	J Touch Corporation	None	Available-for sale financial assets-current	638,000	2,731	0.45	2,731	
Tsu Fung Investment Corp.	Uni-President Assets Management Corp.	None	Available-for sale financial assets-current	4,719,599	77,039	0.00	77,039	
Tsu Fung Investment Corp.	Prudential Financial Money Market Fund	None	Available-for sale financial assets-current	4,199,654	65,500	0.00	65,500	
Tsu Fung Investment Corp.	Linpus Technology Corp.	None	Available-for-sale financial assets-non current	493,516	7,952	3.66	7,952	Note 2
MiTAC International Corp.	Harbinger Venture Management Co., Ltd.	None	Available-for-sale financial assets-non current	684,316	479	19.99	479	
MiTAC International Corp.	Cirocomm Technology	None	Available-for-sale financial assets-non current	2,352,086	13,863	4.73	13,863	
MiTAC International Corp.	G. Marso Electronics, Inc.	None	Available-for-sale financial assets-non current	253,363	-	1.16	-	
MiTAC International Corp.	MiTAC Information Technology Corp.	None	Available-for-sale financial assets-non current	3,965,814	30,370	3.97	30,370	
MiTAC International Corp.	Tung Da Investment Co., Ltd.	None	Available-for-sale financial assets-non current	4,630,492	47,384	19.99	47,384	Note 3
MiTAC International Corp.	Lien Yung Investment Corp.	None	Financial assets carried at cost-non current	9,015,254	87,969	19.99	87,969	
MiTAC International Corp.	MiTAC Inc.	None	Financial assets carried at cost-non current	11,162,880	277,785	4.40	277,785	
Silver Star Developments Ltd.(SSDL) and its subsidiaries	Budworth Investments Ltd.	None	Financial assets carried at cost-non current	2,297,875	11,388	14.83	11,388	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Global Strategic Investment Inc.	None	Financial assets carried at cost-non current	245,000	\$ -	1.26	\$ -	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Gapura Inc.	None	Available-for-sale financial assets-non current	295,831	-	5.55	-	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Panasas Inc.	None	Available-for-sale financial assets-non current	13,913	-	0.04	-	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Rasilent Systems Inc.	None	Available-for-sale financial assets-non current	1,210,763	-	3.88	-	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Global Strategic Investment Inc.(SAMOA)	None	Available-for-sale financial assets-non current	434,946	15,105	1.23	15,105	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Cirocomm Technology Corp.	None	Available-for-sale financial assets-non current	2,352,086	13,863	4.73	13,863	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Physi-Cal Enterprises	None	Available-for-sale financial assets-non current	354	-	8.41	-	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	Synnex Technology International Corp.	None	Available-for-sale financial assets-non current	2,955,921	94,737	0.19	94,737	
Silver Star Developments Ltd.(SSDL)and its subsidiaries	MiTAC Holding Corp.	Ultimate parent company	Available-for-sale financial assets-non current	1,381,944	34,341	0.18	34,341	Note 1

Note 1: The Company's shares held by Tsu Fung Investment Corp. and Silver Star Developments Ltd. are accounted for as treasury stocks.

Note 2: The Company's subsidiary - Tsu Fung Investment Corp. transferred its ownership of Linpus Technology Corp. by the net worth value to MiTAC International Corp. Such disposal gain has not been realised.

Note 3: MiTAC International Corp. sold its shares of Tung Da Investment Co., Ltd. to Tsu Fung Investment Corp.,and such disposal gain has not yet been realised.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2015

Table 4

											Expressed in thousands of NTD (Except as otherwise indicated)		
Real estate acquired by	Real estate acquired	Date of the event(Note)	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
MiTAC International Corp.	Corporate Headquarters Building (booked as construction in progress)	2015.02.02	\$ 1,634,000	In accordance with the provisions of the contract	J.J.PAN AND PARTERS, Architects and Planners; Lee Ming Construction Co., Ltd.; Environetics Design Group, Inc.; Herpin Communication Engineering Co., Ltd.	Non-related party	-	-	-	-	Negotiation with each other	Based on the group's business strategy development, the corporate headquarters building will be the R&D center to strengthen our Taiwan roots and prepare for future growth.	None

Note : Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
MiTAC International Corp.	MiTAC Digital Corp.	Subsidiary	Sales	(656,186)	14.14%	Note 1	Note 3	Note 1	\$ 72,087	6.98%
MiTAC International Corp.	MiTAC Europe Ltd.	Subsidiary	Sales	(530,931)	11.44%	Note 1	Note 3	Note 1	321,128	31.11%
MiTAC International Corp.	MiTAC Australia Pty Ltd.	Subsidiary	Sales	(363,592)	7.84%	Note 1	Note 3	Note 1	236,930	22.95%
MiTAC International Corp.	MiTAC Computer (Kunshan) Ltd.	Subsidiary	Purchases	1,624,376	46.67%	Note 2	Note 3	Note 2	(1,326,202)	69.05%
MiTAC International Corp.	MiTAC Computer (Shunde) Ltd.	Subsidiary	Purchases	380,933	10.94%	Note 2	Note 3	Note 2	(298,051)	15.52%
MiTAC Computing Technology Corp.	MiTAC Information Systems Corp.	Subsidiary	Sales	(15,574,004)	54.79%	Note 1	Note 3	Note 1	3,316,499	65.62%
MiTAC Computing Technology Corp.	MiTAC Computer (Shunde) Ltd.	Affiliate	Purchases	7,688,072	32.63%	Note 2	Note 3	Note 2	(3,170,986)	73.81%
MiTAC Computing Technology Corp.	Tyan Computer Corp.(USA)	Subsidiary	Sales	(1,406,834)	4.95%	Note 1	Note 3	Note 1	246,422	4.88%
MiTAC Computing Technology Corp.	Tyan Computer Corp.(USA)	Subsidiary	Purchases	545,877	2.32%	Note 2	Note 3	Note 2	-	-
MiTAC Computing Technology Corp.	MiTAC Logistics Corp.	Subsidiary	Sales	(733,560)	2.58%	Note 1	Note 3	Note 1	103,166	2.04%
MiTAC Computing Technology Corp.	MiTAC Computer (Kunshan) Ltd.	Affiliate	Purchases	103,361	0.44%	Note 2	Note 3	Note 2	(101,534)	2.36%
MiTAC Computing Technology Corp.	Synnex Corp. and its subsidiary	Associate	Sales	(1,213,711)	4.27%	Note 1	Note 3	Note 1	252,691	5.00%
MiTAC Computing Technology Corp.	Loyalty Founder Enterprise Co., Ltd.	Associate	Purchases	667,524	2.83%	Note 2	Note 3	Note 2	(172,914)	4.03%
Silver Star Developments Ltd.(SSDL) and its subsidiary	MiTAC International Corp.	Parent Company	Sales	(2,007,905)	10.13%	Note 1	Note 3	Note 1	1,624,253	23.88%

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms		Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Silver Star Developments Ltd.(SSDL) and its subsidiary	MiTAC International Corp.	Parent Company	Purchases	1,569,776	8.67%	Note 2	Note 3	Note 2	(635,883)	15.53%
Silver Star Developments Ltd.(SSDL) and its subsidiary	MiTAC Computing Technology Corp.	Affiliate	Sales	(7,791,433)	39.30%	Note 1	Note 3	Note 1	3,315,833	48.76%
MiTAC Technology UK Ltd. And its subsidiary	MiTAC Computing Technology Corp.	Parent Company	Purchases	(547,971)	1.69%	Note 1	Note 3	Note 1	-	-
MiTAC Technology UK Ltd. And its subsidiary	MiTAC Computing Technology Corp.	Parent Company	Sales	17,714,398	55.76%	Note 2	Note 3	Note 2	(3,666,088)	69.39%

Note 1: The Group's credit term for foreign related parties is to collect within 5 months based on the net amount of receivables after offsetting against payables, which takes into consideration the reasonable amount of time for the Company to ship products to each company and for the companies to sell the products and collect the sales. The Group's credit term for domestic related parties is 3 months from the date of shipment for the collection of the net amount of receivables after offsetting against payables; the credit term for third parties is an average of 3 months after the date of shipment.

Note 2: The Group's payment term for foreign related parties is within 5 months for the collection of the net amount of receivables after offsetting against payables, which is in accordance with the Group's credit policies of accounts receivable with foreign related parties, the Group's payment term for domestic related parties is 3 months from the date of shipment from the counterparty for the net amount of receivables after offsetting against payables; the payment term for third parties is an average of 3 months after the date of shipment from the counterparty.

Note 3: The selling price to related parties is based on market value.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2015

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Amount receivables	Other receivables		Amount	Action taken		
MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Subsidiary	\$ -	\$ 195,495	-	\$ -	Not Applicable	\$ -	\$ -
MiTAC International Corp.	MiTAC Europe Ltd.	Subsidiary	321,128	648	1.96	51,334	Not Applicable	59,662	-
MiTAC International Corp.	MiTAC Australia Pty Ltd.	Subsidiary	236,930	2,013	1.49	-	Not Applicable	59,058	-
MiTAC International Corp.	MiTAC Holdings Corp.	Parent Company	-	114,883	-	-	Not Applicable	-	-
MiTAC Computing Technology Corp.	MiTAC Information Systems Corp.	Subsidiary	3,316,499	-	4.08	-	Not Applicable	1,121,796	-
MiTAC Computing Technology Corp.	MiTAC Logistics Corp.	Subsidiary	103,166	250	7.14	-	Not Applicable	121,367	-
MiTAC Computing Technology Corp.	Synnex Corp. and its subsidiary	Associate	252,691	-	9.61	-	Not Applicable	253,269	-
MiTAC Computing Technology Corp.	Tyan Computer Corp.(USA)	Subsidiary	246,422	461	6.97	-	Not Applicable	274,026	-
Silver Star Developments Ltd.(SSDL) and its subsidiary	MiTAC International Corp.	Parent Company	1,624,253	9,841	1.18	-	Not Applicable	215,275	-
Silver Star Developments Ltd.(SSDL) and its subsidiary	MiTAC Computing Technology Corp.	Affiliate	3,315,833	57,321	1.89	-	Not Applicable	1,333,929	-

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2015

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MiTAC Holdings Corp.	MiTAC International Corp.	1	Other receivables	\$ 1,500,909		3.32%
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	Other income	238,486		0.48%
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	Other receivables	1,040,842		2.30%
1	MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiary	3	Sales	1,569,776	Note 4	3.14%
1	MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiary	3	Purchases	2,007,905	Note 5	4.01%
1	MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiary	3	Accounts receivable	635,883	Note 4	1.41%
1	MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiary	3	Accounts payable	1,624,253	Note 5	3.60%
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiary	3	Sales	17,714,398	Note 4	35.39%
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiary	3	Purchases	547,971	Note 5	1.09%
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiary	3	Accounts receivable	3,666,088	Note 4	8.12%
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiary	3	Purchases	7,791,433	Note 5	15.57%
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiary	3	Accounts payable	3,315,833	Note 5	7.34%
3	Silver Star Developments Ltd. and its subsidiary	MiTAC International Corp.	3	Other receivables	764,816		1.69%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Group's credit term for foreign related parties is 5 months for the collection of the net amount of receivables after offsetting against payables, which takes into consideration the reasonable amount of time for the Company to ship the products to each company and for the collection of the accounts. The company's sales price with related parties is based on the international market trends and the region the sales were made.

Note 5: The Group's payment term for foreign related parties is 5 months for the collection of the net amount of receivables after offsetting against payables after checking and the transaction price is based on the international market trends and the region the sales were made.

Note 6: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2015

Table 8

Expressed in thousands of NT\$
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares (Note)	Ownership (%)	Book value			
MiTAC Holding Corp.	MiTAC International Corp.	Taiwan	Development, design and manufacturing and sale of computers and its peripherals, telecommunication related products	\$ 26,239,187	\$ 26,239,187	1,429,218,313	100.00	\$ 26,477,089	\$ 810,982	\$ 810,982	Subsidiary
MiTAC Holding Corp.	MiTAC Computing Technology Corp.	Taiwan	Development, design and manufacturing and sale of computers and its peripherals, telecommunication related products	3,419,621	3,419,621	232,757,102	100.00	4,539,810	960,370	960,370	Subsidiary
MiTAC International Corp.	Getac Technology Corp.	Taiwan	Manufacturing and sale of notebook computers, military and industrial computer systems, etc.	1,391,549	1,391,549	190,396,939	32.90	4,512,388	1,274,281		Associate
MiTAC International Corp.	Tsu Fung Investment Corp.	Taiwan	Investment	625,000	625,000	128,584,651	100.00	1,336,768	29,583		Subsidiary
MiTAC International Corp.	3Probe Technologies Corp.	Taiwan	Information process service, sales of software and international trading.	16,839	16,839	1,086,000	23.25	10,077	5,652		Associate
MiTAC International Corp.	DLC Technology Corp.	Taiwan	Research, development and related technical advisory services	-	25,755	-	100.00	-	-		Subsidiary in the processing of liquidation
MiTAC International Corp.	Lian Jie Investment Co., Ltd.	Taiwan	Investment	113,057	113,057	11,305,650	49.98	122,040	19,020		Associate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares (Note)	Ownership (%)	Book value			
MiTAC International Corp.	Lian Jie II Investment Co., Ltd.	Taiwan	Investment	32,500	-	3,250,000	32.50	32,474	(79)		Associate
MiTAC International Corp.	Silver Star Developments Ltd.and its subsidiary	British Virgin Islands	Investment	7,073,637	7,073,637	215,495,404	100.00	17,469,022	827,968		Subsidiary
MiTAC International Corp.	Loyalty Founder Enterprise Co., Ltd.	Taiwan	Sales and manufacturing of metal and plastic electronics enclosure	150,000	150,000	36,368,453	25.24	381,096	42,274		Associate
MiTAC International Corp.	Green Share Corp.	Taiwan	Investment	85,594	85,594	8,559,400	47.55	83,018	(362)		Associate
MiTAC International Corp.	Shen-Tong Construction & Development Co., ltd.	Taiwan	Building and factory construction, leasing and sales	30,704	30,704	2,000,000	100.00	22,561	1,399		Subsidiary
MiTAC International Corp.	Mio Technology Corp.	Taiwan	Sale of communication products and related after-sale services	8,550	8,550	166,667	100.00	594	104		Subsidiary
MiTAC International Corp.	MiWell Technology Corp.	Taiwan	Information / software services and retail business	7,839	7,839	783,900	48.99	8,774	2,545		Associate
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiary	UK	Sale of computers and its peripherals, and hardware, software and related products	1,948,381	1,948,381	62,909,737	100.00	2,124,280	140,146		Subsidiary
Silver Star Developments Ltd. and its subsidiaries	Harbinger II(BVI) Venture Capital Corp.	British Virgin Islands	Investment	29,814	29,814	908,284	49.96	27,148	(10,387)		Associate
Silver Star Developments Ltd. and its subsidiaries	Mainpower International Ltd.	British Virgin Islands	Investment	180,538	180,538	5,500,001	14.76	199,908	(1,059)		Associate
Silver Star Developments Ltd. and its subsidiaries	Synnex Corp.	USA	Information process services, sales of computer peripheral, system and network products	534,592	534,592	5,551,764	13.99	8,287,761	6,539,520		Associate
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi Venture Ltd.	British Virgin Islands	Investment	32,825	32,825	1,000,000	28.57	36,010	(1,971)		Associate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares (Note)	Ownership (%)	Book value			
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi II Venture Ltd.	British Virgin Islands	Investment	32,825	-	10,000	32.26	32,830	14		Associate

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2015

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MiTAC Computer (Shunde) Corp.	Manufacturing of computer cases and monitors. Etc.	\$ 3,081,099	2	\$ 2,291,185	\$ -	\$ -	\$ 2,291,185	\$ 61,512	100.00	\$ 61,512	\$ 3,419,942	\$ -	
MiTAC Computer (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	1,520,081	2	942,078	-	-	942,078	4,122	100.00	4,122	2,045,828	-	
MiTAC Service (Shanghai) Co., Ltd.	Testing, repair and display of computer components and related products, and related technical advisory services and after-sale services	41,345	2	32,825	-	-	32,825	(22,215)	100.00	(22,215)	14,899	-	
MiTAC Technology (Kunshan) Co., Ltd.	Testing, repair and display of computer components and related products, and related technical advisory services and after-sale services	41,344	2	32,825	-	-	32,825	(11,192)	100.00	(11,192)	54,199	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MiTAC Research (ShangHai) Ltd.	Research, development and production of computer software, sales of own-produced products and related technical advisory services	\$ 214,985	2	\$ 170,690	-	-	\$ 170,690	\$ 20,313	100.00	\$ 20,313	\$ 442,302	\$ -	
Shzhou MiTAC Precision Technology Co., Ltd.	Design and manufacturing of computer chassis and its	1,633,189	2	443,138	-	-	443,138	29,120	29.91	8,754	489,343	-	
Mio Technology Ltd.	Sales of communication products and related after-sale services	9,790	2	8,206	-	-	8,206	12,530	100.00	12,530	9,590	-	
MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services	34,070	2	32,825	-	-	32,825	953	100.00	953	36,387	-	
MiTAC Information Technology Ltd.	After-sales maintenance, testing, consulting services and related support technology services	10,232	2	9,848	-	-	9,848	16,058	100.00	16,058	66,411	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MiTAC Innovation (Kunshan) Ltd.	Research and development of computer, server, mobile phone, PDA, GNSS and GPS, and related technology transfer, technical services	32,820	2	32,825	-	-	32,825	5,872	100.00	5,872	61,391	-	
CGK Zhong Shan Co., Ltd.	Manufacture and sales of optical glass, in-touch display system components and touch display mode Organizations.	\$ 252,329	2	\$ 1,828	-	-	\$ 1,828	(\$ 31,588)	0.70	\$ -	\$ 1,828	-	
MiTAC Electronics (Foshan) Co., Ltd.	Manufacture of computer mainboard, motherboard.	127,822	3	-	-	-	-	1,772	100.00	1,772	129,072	-	
Orient Optical Crystal Mfg. CO.	Manufacturing of protective cover glass	20,317	2	147	-	-	147	2,866	0.70	-	147	-	
MiTAC Telematics Technology Corporation	Sales of self-produced products and related after-sale services	9,990	3	-	-	-	-	(1,486)	100.00	(1,486)	2,382	-	
Vango Technologies Inc.	Research and development and manufacture and sales of integrated circuit and modular software, and related technology transfer, technical services	213,141	2	-	13,633	-	13,633	26,518	4.51	-	13,633	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MiTAC Investment Holding Ltd.	Investment Holdings	3,195	2	-	-	-	-	-	100.00	-	3,195	-	
MiTAC Information Systems (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	4,995	3	-	-	-	-	-	100.00	-	4,995	-	

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Invest in the investees in Mainland China through Silver Star Developments Ltd. and its subsidiaries which are located in the third area.
- (3) Others: Invest in Mainland China through investees in Mainland China.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2015' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet generated any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C..
 - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C. The financial statements were not audited and attested by independent accountants.
- (3) The basis for investment income (loss) recognition for MiTAC computer (Shunde) Corp., MiTAC Computer (Kunshan) Co., Ltd., MiTAC Research (Shanghai) Ltd., and Shzhou MiTAC Precision Technology Co., Ltd. is category B, the others are category C.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
MiTAC International Corp.	\$ 4,405,166	\$ 6,374,666	

Note 3: In accordance with the "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", MiTAC International Corp. has acquired the Business Operation Headquarter Certificate (Jing-Shou-Gong-Zi Letter No. 10220408560) issued by the Industrial Development Bureau of the Ministry of Economic Affairs, which exempts the Company from the limitation on the amount of investment in Mainland China.

B. Significant transactions conducted with investees in Mainland China:

MiTAC International Corp. and MiTAC Computing Technology Corp's delivery service expenses with investees in Mainland China for the year ended December 31, 2015 amounted to \$120,942, for details of other significant transactions, please refer to table 1 and table 5.

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