

MITAC HOLDINGS CORP.

www.mitac.com

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I. Names, position, contact number and email address of the spokesman and deputy spokesman

Spokesman: Ho, Jhi-Wu / President

Deputy Spokesman: Huang, Hsiu-Ling / Vice President of Finance Center

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II. Addresses and telephone numbers for HQ, branch offices and factories

1. MiTAC Holdings Corporation

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Tel: +886-3-328-9000

2. Branch: N/A

3. Factory: N/A

4. Primary subsidiaries

(1) MiTAC International Corp.

Office and factory address: No. 1, R&D Road 2, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.

Tel: +886-3-577-9250

Linkou Branch Office: No. 200, Wenhua 2nd Road, Guishan District, Taoyuan City 33383, Taiwan, R.O.C.

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Office and factory address: 3F., No. 1, R&D Road 2, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.

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Name: China Trust Commercial Bank - Stock Agency Department

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Website: www.ctbcbank.com

Tel: 886-2-6636-5566

IV. Name of CPA, accountant firm, address, website and telephone of CPA responsible for the latest annual financial statement

CPA: Lin, Yu-Kuan, Cheng, Ya-Huei

Name of CPA firm: Pricewaterhouse Coopers

Address: 27F, No.333, Sec. 1, Keelung Rd., Xinyi Dist. Taipei City, Taiwan, R.O.C.

Website: www.pwc.tw Tel: 886-2-2729-6666

V. Foreign securities listing: N/A

VI. Company website: www.mitac.com

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One. Letter to Shareholders

Dear shareholders,

Due to the outbreak of COVID-19, 2020 was an extremely challenging year. The pandemic containment, lockdown, labor shortage, disrupted transportation, interruption of supply chains, and many other unprecedented problems thronged. Fortunately, MiTAC developed a flexible working model and culture as no mission to be missed through the multi-year training; with the efforts of implementing digital transformation, all employees of the Group were able to collaborate to respond to the ever-changing trends, overcame non-stopping challenges, and deliver on time to meet client demands. The 2020 operation result and 2021 outlook are presented as the following:

2020 operation result

In 2020, MiTAC Holdings generated consolidated revenues totaling NT\$41.146 billion (15% YoY growth) and after-tax income attributed to the parent was NT\$2.919 billion (4% YoY growth), which resulted in after-tax earnings per share of NT\$2.45.

The rapid stagnation of the global economic growth resulting from the impacts of the pandemic shocked the automotive electronics and consumer electronics industries. Although the revenue of MiTAC Digital Technology declined, the automotive products still made profit. This is an uneasy achievement. On the other hand, many “new norms” appeared in the daily working model due to the outbreak of pandemic. Remote working has become the norm in the western countries, and enterprises accelerate the integration of applications and IT structure to clouds; online commercial activities and streaming services have bloomed. Various online education, shopping, services, meetings and other activities, along with subscription services have driven the online consumer expenses higher and higher. Thus, the data center business of MiTAC Computing Technology was able to defeat the trend and grew.

Honors and innovations

1. The Company improved to be ranked in the 6%-20% range among public companies for its result of the Corporate Governance Evaluation, and was selected a constituent of the “TWSE Corporate Governance 100 Index.”
2. MiTAC was certified with ISO 27001 Information Security Management System, with significant upgrade of its information security safeguard.
3. MiTAC was awarded with ISO 14001 Plus Award-EMC Environmental Performance Benchmark.
4. The professional value and execution outcomes of MiTAC Computing Technology were recognized by an award from a multinational corporation.
5. MiTAC Digital’s bicycle navigator, “Mio Cyclo™ Discover” brings better riding experience with unique innovations, and thus won the 2021 Taiwan Excellence Award.

Outcomes of R&D

1. MiTAC Computing Technology launched the first 24G SAS JBOD and PCIe Gen4 JBOF storage system in the world, and recognized by customers.

2. MiTAC Computing Technology's TYAN launched the cloud and storage system servers support 2nd generation AMD EPYC processor for the modern data centers.
3. MiTAC Computing Technology's TYAN launched the new high-performance and AI server platform, supporting the 2nd generation Intel® Xeon® scalable processors.
4. MiTAC Computing Technology launched the edge computing solution to the 5G intelligent scenarios.
5. MiTAC Computing Technology has continued to engage and contribute to the industrial association, such as Open Compute Project (OCP) and Open Radio Access Network (O-RAN)
6. MiTAC Digital Technology's Mio launched the first 2/3" large image sensor of starlight night vision grade, and the GPS WiFi dashcam with range speed alert measuring feature.
7. MiTAC Digital Technology's quality dashcams were validated by car maker clients, and expanded to the original automotive accessory market in the U.S.
8. MiTAC Digital Technology launched 5" Android® 9.0 system, and certified by GMS as a rugged handheld mobile device.
9. The 10" rugged industrial tablets launched by MiTAC Digital Technology were certified by Google Android Enterprise Recommended.

2021 operation outlook

After the bumpy 2020, the vaccination roll out around the world has brought hopes of the global economic recovery. However, the outlook is yet uncertain, questions like whether the broad vaccination could mitigate and contain the COVID-19 pandemic; whether the relief packages around the world really boost the economies, and the confrontation between the U.S. and China, among other geopolitical tensions, will continuously drive the evolutions in the global markets. We never cease adjustment, and learn from history, internal lessons, clients' feedbacks, or external experience. We stimulate various scenario and responding strategies, to seek to analyze and research the valuable internal digital information and data, combining with variables, to make our commercial plans respond to changes rapidly.

Looking forward, the boom of internet services and 5G introduction just began this year. The cloud and edge computing business of MiTAC Computing Technology have growth momentums. Other than the FANNG, we will see more opportunities in decentralization applications and rapid growth in regions. The automotive electronics and AIoT services of MiTAC Digital Technology have satisfactory progress, expanding the sales industry and geographic coverage, while seeking to strengthen the growth momentum again. We will keep advancing the digital transformation, by actively applying data to enhancing the Company's value. On the path of transformation, we will implement RPA, AI, and digital transformation projects, to restructure the organization and culture. We will stay true to the highly flexible, accountable, and responsible manner, and stand firm, to embrace the more challenging future. MiTAC is grateful for all the support and encouragement of our shareholders. The management and employees will keep on making all possible efforts, to create higher growth and value.

Best regards

Chairman : Miao, Matthew Feng Chiang

President : Ho, Jhi-Wu

Two. Company profile

I. Date of establishment: 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, MiTAC Holdings Corporation was established under a resolution of the shareholders meeting of MiTAC Inc. on June 24, 2013, through share swap in accordance with pertinent laws. The company's contributed capital came to NT\$ 7,555,674,710. After the share swap, MiTAC International Corp. became a subsidiary under MiTAC Holdings Corporation with 100% of its shares. The Company became listed in TWSE with the stock code 3706.
- Mio MiVue™ R25 rear view Automobile Data Record won the "ITMonth, Top 100 Innovative Products – Gold Award". MiVue M300 motorcycle data record also won the "ITMonth Top 100 Innovative Products Award".
 - Magellan® Echo smart running watch won the "Summer Exhibition of USA with two best products".
- 2014 • Magellan® Echo smart running watch won the 2014 CES Innovations, Design and Engineering Award
- Mio won the championship again in 2014 as the No. 1 consumer choice 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 Supplier Excellence Award for Tier 1 Suppliers of automotive makers.
 - Won the 2013 Supplier Award from a Japanese multinational corporation.
 - Mio has been rated the No. 1 Consumer Ideal Brand for seven consecutive years.
 - The Group pushed forward professional job-division with the objective to achieve organizational upgrade and enhance the Company's overall competitiveness. As a part of the organizational restructuring plan, MiTAC International Corp. span off the Cloud Computing Business Group to MiTAC Computing Technology Corporation (MCT) and MCT was formally established and begun commenced operation on September 1, 2014 After the spinoff, the Company has two subsidiaries, namely, MiTAC International Corp. and MiTAC Computing Technology Corp..
- 2015 • Wellness Band, Mio MiVue™ 540 Drive Video Recorder, MioCARE™/MioWORK™ A335 industrial tablet received iF Design Award 2015.
- Mio MiVue™ R30 Drive Video Recorder won the "Best Choice of Computex 2015" award.
 - Mio was named as the No.1 brand of GPS products in the 2015 Consumers' Ideal Brand organized by Management Magazine, Taiwan.
 - Mio MiVue™ 658 WIFI Drive Video Recorder and Classic 630 Traffic PND with Smart Alert won the "Innovation Award in ICT Month of 2015".
 - Won the "Distinguished Partner Award" from a Japanese multinational corporation.
 - Construction of MiTAC Corporate HQ in Hwa Ya Technology Park in Taoyuan City commenced.
- 2016 • Magellan® RoadMate 7670T-LM DashCam Navigator received the "2016 CES Innovations, Design and Engineering Award".
- Mio was recognized as the Best Brand of Drive Video Recorder and GPS Products in the 2016 Consumers' Ideal Brand organized by Management Magazine, Taiwan.

- Magellan® Xplorist TRX7 off-road navigator won the prestigious TU-Automotive award as the 2016 Best Aftermarket Telematics Product/Service.
 - MiCor A100 electrocardiograph wristband received EU's CE marking.
 - MiCor A100 electrocardiograph wristband received medical device license from TFDA.
 - MiTAC International Corp. invested in HEC/COMPUCASE Enterprise Co., Ltd. to boost both parties' integrated competitiveness in products, data center and healthcare industry through strategic alliance.
 - Completion of MiTAC Corporate HQ in Hwa Ya Technology Park in Taoyuan City.
- 2017
- Consecration ceremony of the building at Kunshan, China
 - Investment in the Infopower Technologies Ltd. of India for manufacturing of electronic products in India.
 - Mio was recognized as the Best Brand of Drive Video Recorder and GPS Products in the 2017 Consumers' Ideal Brand organized by Management Magazine, Taiwan.
 - MiCor A100 electrocardiograph wristband and MiVue Drive Video Recorder received iF Design Award 2017.
 - The Megellan® navigation app for IoT was officially launched to market.
 - MiTAC International Corp. was awarded with "2017 Supplier Quality Zero Defect Award 2017" for Tier 1 Suppliers of automotive makers.
 - Mio MiVue™ 792 WiFi dashcam has received the IT Month Top 100 Innovative Elite Award.
 - The return trip navigation solution of Megellan® was adopted by the Department of Health of New York City Government for installing at all the salt dispensing snow clearer trucks.
 - MiTAC Computing Technology Corp.(MCT) received a award from a multinational corporation to recognize its organization's exemplary performance for datacenter execution and operations.
 - MCT received the "2016 Supplier Award." from a Japanese multinational corporation for its outstanding contribution and performances.
 - MCT and MiTAC Information Systems Corp. received the "2016 Outstanding China Award" from a Chinese multinational corporation.
 - Received the "2016 Supplier Quality Award" from a famous U.S. IT security company in recognition of MiTAC team's outstanding accomplishments.
 - MiTAC/TYAN released the new generation server platform supporting Intel® Xeon® Scalable Processors.
 - TYAN of MCT announced the AMD EPYC server for NVMe flash memory storage application service.
- 2018
- MiTAC International Corp. span-off its mobile communication product division for the establishment of MiTAC Digital Technology Corporation, which was opened for business on January 1, 2018. After the spinoff, the Company has three subsidiaries, namely, MiTAC International Corp., MiTAC Computing Technology Corporation and MiTAC Digital Technology Corporation
 - Mio won the duo-championship of the 2018 Consumer Preferred Brand for GPS and Dashcam Recorder.
 - MiTAC Computing Technology Corporation (MCT) was awarded the Work-Life Balance Award-Employee Assistance Award by Ministry of Labor in 2018.
 - MiTAC Digital Technology Corporation (MDT) "mobile device management system" won the "Bronze Medal Award" for terminal products and spare parts of the Taipei International Automobile Electronics Show.
- 2019
- MiTAC Computing Technology Corporation was granted the 2018 Best Supplier Award by its client, and was awarded Best Partner Award of the 2019 Open Data

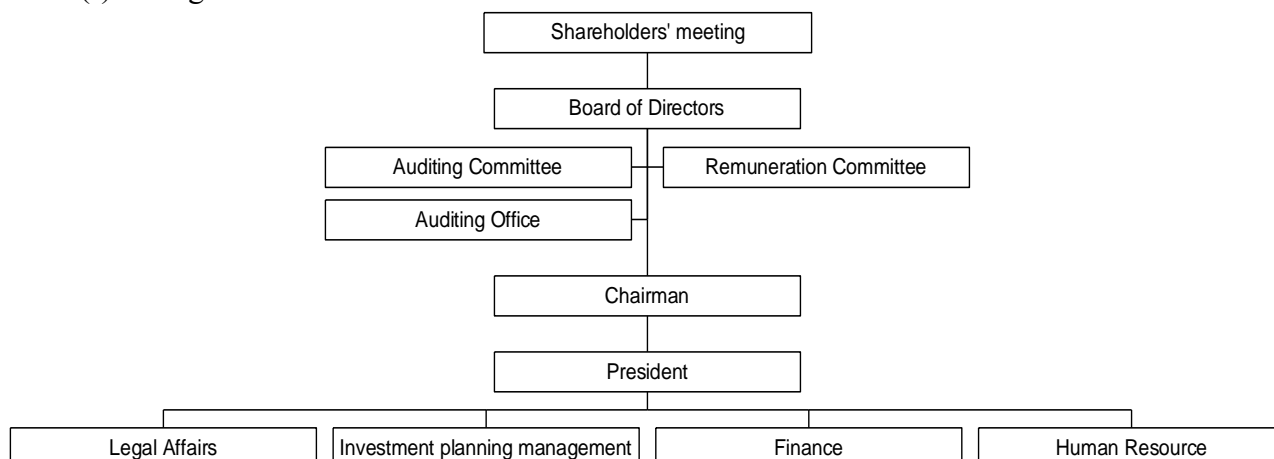
- Center Summit.
- MiTAC Computing Technology Corporation took over as co-chair of Open Compute Project Taiwan (OCP).
 - Mio MiVue™ Dash Cam Series was chosen as “Best Choice” from Najdidevice, a Russian media, “Editor’s Best Choice” from IT-Expert, an Russian media, and “2019 Best IT Products Award” from Channelworld.cz in Czech Republic, and got high scores in the test performed by Which? in UK.
 - MiTAC offered high energy-saving benefits and was awarded the EMS Environmental Performance of the ISO Plus Awards by SGS.
- 2020
- MiTAC is certified by the ISO 27001 Information Security Management System to significantly improve its information security protection.
 - MiTAC Digital Technology Corporation established factory in the Hsinchu Science Park and developed the automotive electronics, AIoT, and professional tablet products.
 - MiTAC Computing Technology Corporation’s professional value and results have been recognized by special awards from multinational corporations.
- 2021
- MiTAC’s Mio Cyclo™ Discover Series won the Taiwan Excellence Award of 2021 for bringing rich and unique riding experience to cycling navigation.

For further information on The Company, please visit our official website at: www.mitac.com.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational Chart



(II) Departmental Business Operation

Departments	Principal business operation
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.
Finance	<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, Presidents, Vice Presidents, Assistant Vice Presidents, and managers of each department and division

(I) Background of Directors

Unit: share; % ; March 31, 2021

Title	Country or place of registration	Name	Sex	Elected/appointed date	Term	Date First Elected	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at MiTAC or other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Chairman	US	Miau, Matthew Feng Chiang	Male	May 30, 2019	3 Years	Jun. 24, 2013	9,869,815	1.05%	12,174,721	1.01%	0	0.00%	0	0.00%	Honorary Ph.D., National Chiao Tung University MBA, Santa Clara University BSEE, University of California, Berkeley Laureate of Industrial Technology Research Institute (ITRI) President, UPC Technology Corp. President, Linde Lienhwa Industrial Gases Co., Ltd. Chairman, Synnex Corporation Independent Director, Galileo International, Inc. Independent Director, The BOC Group Plc. Independent Director, Linde AG Delegate, APEC Business Advisory Council (ABAC) Convener, Civil Advisory Committee of National Information & Communications Initiatives (NICI)	CSO, MiTAC Holdings Corporation Chairman and CSO, Lien Hwa Industrial Holdings Corporation Chairman and CSO, UPC Technology Corp. Chairman and Overseas Operation CEO, Synnex Technology International Corporation Chairman and CEO, MiTAC Inc. Director, Getac Technology Corp. Director, MiTAC Information Technology Corp. Director, Linde Lienhwa Industrial Gases Co., Ltd. Independent Director, Cathay Financial Holding Co. Ltd. Independent Director, Cathay Century Insurance Co., Ltd. Independent Director, Cathay United Bank Company Limited Director, Synnex Corporation Director, CTCI Foundation	None	None	None	
Director	Republic of China	Ho, Jhi-Wu	Male	May 30, 2019	3 Years	Jun. 24, 2013	2,485,337	0.27%	2,438,953	0.20%	13,111	0.001%	0	0.00%	Master in Computer Science, Fairleigh Dickinson University Master in Science of International Economics, San Diego State University Marketing Manager, Pao Hwa Trading Co., Ltd.	President, MiTAC Holdings Corporation Director and President, MiTAC Inc. Chairman and CEO, MiTAC Computing Technology Corp. Chairman and CEO, MiTAC Digital Technology Corp. Chairman, Tsu Fung Investment Corporation Director, 3-Probe Technologies Co., Ltd. Director, Loyal Fidelity Aerospace Corp. Director, Promise Technology, Inc. Director, Whetron Electronics Co., Ltd.	None	None	None	
Director	Republic of China	Chiao, Yu-Cheng	Male	May 30, 2019	3 Years	Jun. 24, 2013	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MSEE, Washington University, USA MS in Telecommunication Engineering, Chiao Tung University Chairman, Walsin Lihwa Chairman, Nuvoton Technology Corporation	Chairman and CEO, Winbond Electronics Corp. Director, Walsin Lihwa Director, Walsin Technology Corp. Director, Nuvoton Technology Corporation Independent Director, Synnex Technology International Corporation Independent Director, Taiwan Cement Corporation	None	None	None	
Director	Republic of China	UPC Technology Corp.	-	May 30, 2019	3 Years	Jun. 24, 2013	77,486,490	8.27%	99,802,598	8.27%	0	0.00%	0	0.00%	None	None	None	None	None	

Title	Country or place of registration	Name	Sex	Elected/ appointed date	Term	Date First Elected	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at MiTAC or other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor			Notes
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
	Republic of China	Rep: Way, Yung-Do	Male	May 30, 2019	3 Years	Jun. 24, 2013	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA of Georgia University BA of Accountancy, Soochow University Senior Auditor, Deloitte Haskins & Sells, USA CEO, Deloitte	Independent Director, Synnex Technology International Corporation Independent Director, Far Eastern Dept. Stores Ltd. Independent Director, Cathay Financial Holding Co. Ltd. Independent Director, Cathay United Bank Company Limited Independent Director, Cathay Securities Corporation Director, Vanguard International Semiconductor Corporation Director, Iron Force Industrial Co., Ltd. Chairman, Wincome Industrial Co.	None	None	None	
	Republic of China	Rep: Chang, Kwang-Cheng	Male	May 30, 2019	3 Years	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 in Theology, Dallas Baptist University, 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 Independent Director, Taiwan Power Company	None	None	None		
Director	Republic of China	MiTAC Inc.	-	May 30, 2019	3 Years	Jun. 24, 2013	73,199,606	7.81%	104,431,091	8.66%	0	0.00%	0	0.00%	None	None	None	None	None	
	Republic of China	Rep: Hsu, Tzu-Hwa	Male	May 30, 2019	3 Years	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, LFE Aerospace Industry Corp. Vice Chairman of Board of East Tender Optoelectronics Corp. Independent Director of LuxNet Corporation	None	None	None	None	
	Republic of China	Rep: Su, Liang	Male	May 30, 2019	3 Years	2018.07.03	0	0.00%	0	0.00%	11	0.00%	0	0.00%	Master, Institute of Information Management, Tamkang University Bachelor, Department of Computer Science, National Chiao Tung University EMBA, National Chengchi University	Vice Chairman and President, MiTAC Inc. Chairman and President, MiTAC Information Technology Corp. Independent Director, Mao Bao Inc. Independent Director, Whetron Electronics Co., Ltd. Director, Easycard Corporation Director, Far Eastern Electronic Toll Collection Co., Ltd. Director, MiTAC Hikari Corp. Director, CECI Engineering Consultants, Inc. Director, FETC INTERNATIONAL CO., LTD. Managing Director, Institute for Information Industry Supervisor, EasyCard Investment Holdings Co., Ltd.	None	None	None	

Title	Country or place of registration	Name	Sex	Elected/ appointed date	Term	Date First Elected	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at MiTAC or other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor			Notes
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Lu, Shyue-Ching	Male	May 30, 2019	3 Years	Jun. 21, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	University of Hawaii, Department of Electrical Engineering, Ph.D BS, Department of Engineering Science, National Cheng Kung U. Department of Engineering Science, BS Managing Director, Telecommunication Laboratories, Ministry of Transportation and Communication, ROC Director, Department of Posts and Telecommunications Ministry of Transportation and Communication Deputy Director, General, Directorate-General of Telecommunication President, Chunghwa Telecom Co., Ltd. Chairman, Chunghwa Telecom Co., Ltd.	Independent Director, Radium Life Tech. Co., Ltd. Director, Sercomm Corporation Director, CTCI Advanced Systems Inc. Director of XRSpace Co., Ltd	None	None	None	
Independent Director	Republic of China	Ma, Shaw-Hsiang	Male	May 30, 2019	3 Years	Jun. 21, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	BBA, Hitotsubashi University Chairman, MACISCO Ltd. Director & General manager, Federal Corp. General Manager, Jiangsu Jiaguo Construction Materials Processing Warehouse Co., Ltd.	Chairman, MAXON Corp.	None	None	None	
Independent Director	Republic of China	Tsai, Ching-Yen	Male	May 30, 2019	3 Years	May 30, 2019	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate, National Central University Post-doctoral fellow, Harvard University PhD. Atmospheric Science, University of Utah Bachelor, Department of Atmospheric Sciences, National Taiwan University Director, Loftechnology, Inc. Chairman, Golden Asia Fund Taiwan Ltd. Chairman, ITRI Managing Director (Independent Director), China Development Financial Holding Corporation Managing Director (Independent Director), CDIB Capital Group Remuneration Committee Member, MiTAC Inc. Chairman, Science and Technology Committee, Association of East Asian Relations Chairman, Association for Taiwan-Japan Cooperation on Industrial Technology Minister without portfolio and Convener of Science and Technology Advisory Group Vice Chairman, National Science Council Director General, Civil Aeronautics Administration, MOTC Director General, Central Weather Bureau, MOTC Professor of and Head of Atmospheric Science Department, National Taiwan University	None	None	None		

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

Note 2: Served as the representative of institutional supervisor from July 3, 2018 to April 17, 2019, and elected as the representative of institutional director on May 30, 2019.

Table 1: Dominant shareholders of institutional shareholders

March 31, 2021

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
UPC Technology Corp. (Note 3)	Lien Hwa Industrial holdings Corp.	31.89
	Synnex Technology International Corporation	5.18
	Yi Yuan Investment Co., Ltd.	1.62
	Liberty Stationery Corp.	1.55
	Mei An Investment Co., Ltd.	1.34
	Tong Da Investment Corp.	1.24
	Tsu Fung Investment Corporation	1.23
	MiTAC International Corp.	1.21
	Fubon Life Insurance Co., Ltd.	1.20
	Investment account of Norges Bank entrusted for custody to Citibank Taiwan	1.16
MiTAC Inc. (Note 3)	Lien Hwa Industrial holdings Corp.	35.24
	Synnex Technology International Corporation	18.36
	Mei An Investment Co., Ltd.	10.54
	MiTAC International Corp.	8.69
	Tsu Fung Investment Corporation	5.36
	Hsu, Ai-Chen	1.97
	Hua Cheng Investment Co., Ltd.	1.92
	Bao Hsin International Investment Co., Ltd.	1.18
	Miau, Matthew Feng Chiang	1.08
	Yih Feng Investment Corp.	0.75

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

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

Note 3: As of the printing date of this annual report, as the institution shareholders have not stopped the transfer of shares on the date of 2021 Annual General Meeting, the relevant information and Note 3 of Table 2 below refers to the information on 2020 Annual General Meeting, the date on which share transfer was suspended.

Table 2: Major shareholders of dominant shareholder who is an institution

March 31, 2021

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
Lien Hwa Industrial holdings Corp. (Note 3)	UPC Technology Corp.	9.68
	Yi Yuan Investment Co., Ltd.	9.14
	Yi Feng Investment Co., Ltd.	4.86
	Jason Chow	3.32
	Miau, Matthew Feng Chiang	3.19
	Miao, Feng-Sheng	3.18
	Miao, Feng-Chuan	3.02
	Y.S. Education Foundation	3.00
	Lien Hwa Industrial Holdings Corp. Employee Welfare Committee	2.82
	MiTAC International Corp.	2.79
Synnex Technology International Corporation	MiTAC Inc.	14.91
	Fubon Life Insurance Co., Ltd.	3.34
	Morgan Stanley & Co International PLC investment account held in custody by HSBC Bank (Taiwan) Limited	3.23
	Yuanta Taiwan High Yield Fund Special Account	3.12
	Lien Hwa Industrial holdings Corp.	2.99
	Tu, Shu-Wu	2.17
	Management Board of Public Service Pension Fund	2.00
	Rongxuan Investment Corp.	1.85
	Miau, Matthew Feng Chiang	1.71
	China Life Insurance Company Limited (Investment Department)	1.69
Yih Yuan Investment Co., Ltd.	Overcome Holdings Ltd. (British Virgin Islands)	100.00
Liberty Stationery Corp.	Zhi-Jiang Investment Co., Ltd.	21.09
	Masateru Kadota	9.55
	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, Jheng	3.50
	Chang, Cheng	3.50
Mei An Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25
	JumpStart Investments Ltd.	16.67
	Others	1.08
Tong Da Investment Corp.	Ho Li Investment Co., Ltd.	19.99

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
	Chou, Te-Chien	0.05
	Synnex Technology International Corporation	19.99
	Hua Cheng Investment Co., Ltd.	19.99
	Wei Cheng Investment Co., Ltd.	19.99
	Tsu Fung Investment Corporation	19.99
Tsu Fung Investment Corporation	MiTAC International Corp.	100.00
MiTAC International Corp.	MiTAC Holdings Corporation	100.00
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100.00
Investment account of Norges Bank entrusted for custody to Citibank Taiwan	Investment account (Not applicable)	-
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial holdings Corp.	100.00
Bao Hsin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100.00
Yih Feng Investment Co., Ltd.	Rich Cycle Ltd. (British Virgin Islands)	100.00
Hong Ding Investment Co., Ltd.	Tu, Shu-Wu	
	Tu, Hai-Chen	
	Tu, Ying-Rong	
	Tu, Ying-Hsuan	

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

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

Note 3: Information as of the date of share transfer suspension of 2020 Annual General Meeting.

Information on the directors

March 31, 2021

Name	Qualifications	Whether this person has more than five years of work experience and the following professional qualifications			Compliance with independence requirements (Note 1)												The number of public companies where the person concurrently 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	11	12	
Chairman Miau, Matthew Feng Chiang			✓		-	-	-	-	-	✓	-	-	✓	✓	✓	✓	2 (Note 2)
Director Ho, Jhi-Wu			✓		-	-	-	-	✓	✓	-	-	✓	✓	✓	✓	
Director Chiao, Yu-Cheng			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Director MiTAC Inc. Rep: Hsu, Tzu-Hwa			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Director MiTAC Inc. Rep: Su, Liang			✓		✓	✓	✓	✓	-	✓	-	✓	✓	✓	✓	-	2
Director UPC Technology Corp. Rep: Way, Yung-Do		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	4 (Note 2)
Director UPC Technology Corp. Rep: Chang, Kwang-Cheng	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director Lu, Shyue-Ching			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Ma, Shaw-Hsiang			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director Tsai, Ching-Yen			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 1: Place a “✓” in the box if the director 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 the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).
- (5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (6) Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).
- (7) Not the same person as the Company’s Chairman, President or person with equivalent position, or the director, supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as of its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NTD 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Remuneration Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to relative regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act.
- (10) The member was or is not in a spousal relationship nor a relative within the second degree of kinship.
- (11) The provisions of Article 30 of the Company Act are not applicable.
- (12) Not elected to the government, institution or their representatives under Article 27 of the Company Act.

Note 2: In accordance with Article 4 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, no independent director of a public company may concurrently serve as an independent director of more than three other public companies. Where an independent director of a financial holding company or of a TWSE listed or TPEX listed investment holding company concurrently serves as an independent director of more than one wholly owned subsidiary of that company, the number of such subsidiaries beyond one shall be included in the calculation of the number of subsidiaries at which the independent director concurrently serves under the preceding paragraph.

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

Unit: share; % ; March 31, 2021

Title	Nationality	Name	Sex	Elected/ appointed date	Shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Concurrent duties in other companies	Manager who is the spouse or kin within the 2nd tier.			Note
					Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
President	ROC	Ho, Jhi-Wu	Male	2013.09.12	2,438,953	0.20%	13,111	0.001%	0	0.00%	Master in Computer Science, Fairleigh Dickinson University Master in Science of International Economics, San Diego State University Marketing Manager, Pao Hwa Trading Co., Ltd.	Director and President, MiTAC Inc. Chairman and CEO, MiTAC Computing Technology Corp. Chairman and CEO of MiTAC Digital Technology Corp. Chairman, Tsu Fung Investment Corporation Director, 3-Probe Technologies Co., Ltd. Director, Loyal Fidelity Aerospace Corp. Director, Promise Technology, Inc. Director, Whetron Electronics Co., Ltd.	None	None	None	
Vice President and Head of Finance	ROC	Huang, Hsiu- Ling	Female	2013.09.12	324,583	0.03%	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. Vice President of the Finance Center, MiTAC Digital Technology Corporation, Director, Loyal Fidelity Aerospace Corp. Supervisor, Tsu Fung Investment Corp.	None	None	None	
CSO	US	Miau, Matthew Feng Chiang	Male	2020.05.12	12,174,721	1.01%	0	0.00%	0	0.00%	Honorary Ph.D., National Chiao Tung University MBA, Santa Clara University BSEE, University of California, Berkeley Laureate of Industrial Technology Research Institute (ITRI) President, UPC Technology Corp. President, Linde Lienhwa Industrial Gases Co., Ltd. Chairman, SYNEX Corporation Independent Director, Galileo International, Inc. Independent Director, The BOC Group Plc. Independent Director, Linde AG Delegate, APEC Business Advisory Council (ABAC) Convener, Civil Advisory Committee of National Information & Communications Initiatives	Chairman and CSO, Lien Hwa Industrial Holdings Corporation Chairman and CSO, UPC Technology Corp. Chairman and Overseas CEO, Synnex Technology International Corporation Chairman and CEO, MiTAC Inc. Director, Getac Technology Corp. Director, MiTAC Information Technology Corp Director, BOC Lien Hwa Industrial Gases Co., Ltd. Independent Director, Cathay Financial Holding Co. Ltd. Independent Director, Cathay Century Insurance Co., Ltd. Independent Director, Cathay United Bank Company Limited Director, Synnex Corporation	None	None	None	
Chief Corporate Governance Officer	ROC	Hsu, Che- Hsien	Male	2020.08.11	14,445	0.001%	0	0.00%	0	0.00%	MS Program in Technology Management, Fu Jen Catholic University Bachelor, Department of Business Administration, Soochow University Senior Manager of Stock Administration Dep., MiTAC International Corp.	None	None	None	None	

III. Remunerations to Directors, Presidents, and Vice Presidents

Remunerations to Directors and Independent Directors

2020

Unit: In thousands of New Taiwan Dollars/ thousand shares

Title	Name	Remuneration to the Directors								Total of A, B, C, and D in proportion to earnings after taxation (%)		Remuneration from holding employee positions								Total of A, B, C, D, E, F and G in proportion to earnings after taxation		Remuneration from investees other than subsidiaries, or from the parent company (H)	
		Compensation (A)		Pension (B) (Note 1)		Director remuneration (C) (Note 2)		Business expenses (D)				Salaries, bonus, and special expenses (E)		Pension (F) (Note 1)		Employee remuneration (G) (Note 3)							
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements		
Chairman	Miau, Matthew Feng Chiang	552	552	-	-	3,500	3,500	160	160	0.14%	0.14%	-	14,404	-	-	2,400	-	2,400	-	0.23%	0.72%	106	
Director	Ho, Jhi-Wu																						
Director	Chiao, Yu-Cheng																						
Director	MiTAC Inc. Rep: Hsu, Tzu-Hwa Rep: Su, Liang																						
	Director																						UPC Technology Corp. Rep: Way, Yung-Do Rep: Chang, Kwang-Cheng
Independent Director		Lu, Shyue-Ching	216	216	-	-	1,500	1,500	84	84	0.06%	0.06%	-	-	-	-	-	-	-	0.06%	0.06%	-	
Independent Director	Ma, Shaw-Hsiang																						
Independent Director	Tsai, Ching-Yen																						

Note 1: Retired 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: The amount of remuneration to employees planned to pay in the most recent year.

Note 4: The policy and system of remuneration to independent directors : The independent directors' remuneration of the Company is recommended by the Remuneration Committee with reference to the evaluation results of the directors' performance evaluation, the Company's operating performance, and the normal level of peer support, then the comments would be proposed to the Board of Directors to make a resolution.

Note 5: The total remuneration, as a percentage of net income stated in the parent company only financial statements, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The remuneration to the directors is determined on the basis of the Articles of Incorporation of the Company through authorization to the Board and at the suggestion of the Remuneration Committee, with reference to industry standards, and in consideration of the risk in the future. In addition, the remuneration to the directors and supervisors is governed by Article 25 of the Articles of Incorporation of the Company whereby the Company shall appropriate no more than 1% of its earnings, if applicable, as the remuneration to the directors.

The Company established the Audit Committee on May 30, 2019 in place of supervisors and increased the number of directors. Therefore, the 2020 proportion of total remuneration in net profit after tax was 0.2060%, which was slightly increased from the 0.1934% of 2019. No remuneration to supervisors applicable in 2020.

Note 6: The Company does not disclose the name and remuneration of particular director. Therefore, the disclosure of remunerations was presented on a salary scale with the names of all concerned.

Note 7: Further to the aforementioned disclosure, the remunerations received by the Directors of the Company for rendering service to all companies included in the financial statements (like a consultant): None.

Salary Scale

Bracket of salaries paid to directors of the Company	Name of director			
	Total of first 4 items (A+B+C+D)		Total of (A+B+C+D+E+F+G)+(H)	
	The Company	All companies in the financial statements	The Company	All investees
Less than NT\$1,000,000	Miau, Matthew Feng Chiang/Ho Jih-Wu/Chiao, Yu-Cheng/Ho, Jhi-Wu/MiTAC Inc./Hsu, Tzu-Hwa/Su, Liang/UPC Technology Corp./Way, Yung-Do/Chang, Kwang-Cheng/Lu, Shyue-Ching/Ma, Shaw-Hsiang/Tsai, Ching-Yen	Miau, Matthew Feng Chiang/Ho Jih-Wu/Chiao, Yu-Cheng/Ho, Jhi-Wu/MiTAC Inc./Hsu, Tzu-Hwa/Su, Liang/UPC Technology Corp./Way, Yung-Do/Chang, Kwang-Cheng/Lu, Shyue-Ching/Ma, Shaw-Hsiang/Tsai, Ching-Yen	Chiao, Yu-Cheng/ MiTAC Inc./Su, Liang/Hsu, Tzu-Hwa/UPC Technology Corp./Way, Yung-Do/Chang, Kwang-Cheng/Lu, Shyue-Ching/Ma, Shaw-Hsiang/Tsai, Ching-Yen	Chiao, Yu-Cheng/ MiTAC Inc./Su, Liang/Hsu, Tzu-Hwa/UPC Technology Corp./Way, Yung-Do/Chang, Kwang-Cheng/Lu, Shyue-Ching/Ma, Shaw-Hsiang/Tsai, Ching-Yen
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)			Miau, Matthew Feng Chiang/Ho, Jhi-Wu	
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)				Miau, Matthew Feng Chiang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				Ho, Jhi-Wu
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	12	12	12	12

Remuneration to President and Vice Presidents

2020

Unit: 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 3)				Total of A, B, C, and D in proportion to earnings after taxation (%)		Remuneration from investees other than subsidiaries, or from the parent company (E)
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
President	Ho, Jhi-Wu	-	9,541	-	167	-	9,570	2,800	-	2,800	-	0.10%	0.76%	116
Vice President and Head of Finance	Huang, Hsiu- Ling													
CSO	Miau, Matthew Feng Chiang (Note 1)													

Note 1: Held the position on May 12, 2020. (The former CEO resigned on April 14, 2020.)

Note 2: Retired Pension as stated is the amount of appropriation.

Note 3: The amount of remuneration to employees planned to pay in the most recent year.

Note 4: The total remuneration, as a percentage of net income stated in the parent company only financial statements, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to President and Vice President, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

The remunerations to the President and the Vice Presidents are commensurate with their personal contribution to the overall operation performance of the Company at the recommendation of the Remuneration Committee, peer levels, and the possible risks in the future. In consideration of the increase in net income of 2020, the total remuneration to the Presidents and Vice Presidents was raised accordingly. The total remuneration, as a percentage of net income, as paid by the Company and by each other company included in the consolidated financial statements in 2020 was also higher than that of 2019.

Salary Scale

Brackets of salaries to the President and all Vice Presidents	Name of President and Vice Presidents	
	Total of (A+B+C+D)+(E)	
	The Company	All investees
Less than NT\$1,000,000	Huang, Hsiu-Ling	
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Miau, Matthew Feng Chiang/Ho, Jhi-Wu	
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		Miau, Matthew Feng Chiang/Huang, Hsiu-Ling
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		Ho, Jhi-Wu
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	3	3

Names of managers entitled to employee remuneration and amount entitled

2020

Unit: In thousands of New Taiwan Dollars/ thousand shares

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total amount in proportion to earnings before taxation (%)
Manager	President	Ho, Jhi-Wu	0	2,880	2,880	0.10%
	Vice President and Head of Finance	Huang, Hsiu-Ling				
	CSO	Miau, Matthew Feng Chiang (Note 1)				
	Chief Corporate Governance Officer	Hsu, Che-Hsien (Note 2)				

Note 1: Held the position on May 12, 2020. (The former CEO resigned on April 14, 2020.)

Note 2: Held the position on Aug.11,2020.

Note 3: The amount of remuneration to employees planned to pay in the most recent year.

IV. Corporate governance

- (I) The function of the Board: The Board convened for 6 instances (A) in 2020. The attendance of the Directors to the meetings is shown below:

Title	Name	Attendance in person B	Attendance by proxy	Percentage of actual attendance (%) [B/A]	Note
Chairman	Miau, Matthew Feng Chiang	6	0	100.00%	
Director	Ho, Jhi-Wu	6	0	100.00%	
Director	Chiao, Yu-Cheng	5	1	83.33%	
Director	UPC Technology Corp. Rep: Way, Yung-Do	6	0	100.00%	
Director	UPC Technology Corp. Rep: Chang, Kwang-Cheng	6	0	100.00%	
Director	MiTAC Inc. Rep: Hsu, Tzu-Hwa	6	0	100.00%	
Director	MiTAC Inc. Rep: Su, Liang	5	1	83.33%	
Independent Director	Lu, Shyue-Ching	6	0	100.00%	
Independent Director	Ma, Shaw-Hsiang	6	0	100.00%	
Independent Director	Tsai, Ching-Yen	6	0	100.00%	

Special notes:

- I. If any of the following circumstances was noted in the Board of Directors' meeting, the date, term, subject matter, all the opinions of the independent directors and the Company's response towards said opinions shall be stated:

(I) Pursuant to Article 14-3 of the Securities and Exchanges Act

Board of Directors' meeting			Opinions of the Independent Directors	The Company's response towards independent directors' opinions
Date	Term	Subject Matter		
2020.01.21	3 rd Board 4th Meeting	The review of the year-end bonus for the managers in 2019 for resolution	None	None
		Ratification of added limit of endorsement/guarantee for others	None	None
2020.02.27	3 rd Board 5th Meeting	Capitalization of earnings into share capital against issuance of 129,273,942 new common shares.	None	None
		Replacement of the independent auditors	None	None
		Replacement of the Chief Internal Auditor of the Company	None	None
		Additional limit of financing for subsidiary – MiTAC Computing Technology Corp.	None	None
		Partial amendments to the "Procedures for Loaning Funds to Others" and "Procedures for Endorsements/Guarantees"	None	None
2020.05.12	3 rd Board 6th Meeting	Additional limit of financing for subsidiaries – MiTAC International Corp. and MiTAC Digital Technology Corporation	None	None
		Appointment of CSO of the Company	None	None
		Termination of the ban on managers about concurrent positions and competition	None	None
2020.08.11	3 rd Board 8th Meeting	Review the salary adjustment of managers in 2020 for resolution.	None	None
		Review of the remuneration of employees to the managers in 2019 and the mid-year bonus of 2020 for resolution.	None	None
		Amendments to the Company's "Internal Control System", "Internal Audit Implementation Rules" and "Regulations Governing Procedure for Preparation of Financial Statements".	None	None
2020.11.13	3 rd Board 9th Meeting	Ratification of added and removed limit of endorsement/guarantee for others	None	None

(II) Further to the aforementioned matters, other adverse or qualified opinions of the Independent Directors on the resolutions of the Boards on record or in written declaration: None.

- II. Regarding the situation of directors' conflict of interest recusal, the name of the director with potential conflict of interest, subject matter, reason for conflict of interest recusal and deliberation participation shall be recorded:

Board of Directors' meeting Date	Term	Avoid the conflict of interest Name of director	Subject Matter	Reasons for the avoidance of the conflict of interest	Participation in deliberation
2020.01.21	3 rd Board 4th Meeting	Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the year-end bonus for the managers in 2019 for resolution.	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.
109.05.12	3 rd Board 6th Meeting	Miau, Matthew Feng Chiang	Appointment as CSO of the Company	The decision directly involved him	Passed unanimously as proposed by all attending directors entitled to vote.
			Lift the ban on managers holding positions in potential conflicts of interest	The decision directly involved him	Passed unanimously as proposed by all attending directors entitled to vote.
2020.08.11	3 rd Board 8th Meeting	Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the salary adjustment for the managers in 2020 for resolution.	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.
		Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the remuneration of employees to the managers in 2019 and the mid-year bonus of 2020 for resolution.	Concurrently serving as manager	Passed unanimously as proposed by all attending directors entitled to vote.

III. Status of Board evaluation:

Cycle	Period	Scope	Method	Contents
Once a year	January 1, 2020~December 31, 2020	1. The Board 2. Individual Board members 3. Remuneration Committee 4. Audit Committee	1. Board self-evaluation 2. Board member self-evaluation 3. Functional Committee member self-evaluation	<p>I. Performance evaluation of the Board:</p> <ol style="list-style-type: none"> Participation in the operation of the Company Improvement of the quality of the board of directors' decision making. Composition and structure of the board of directors. Election and continuing education of Directors Internal control <p>II. Performance evaluation on individual Board members:</p> <ol style="list-style-type: none"> Alignment of the goals and missions of the Company's Awareness of the duties of the duties of a director Participation in the operation of the Company Management of internal relationship and communication. The directors' professionalism and continuing education Internal control <p>III. Functional committees (Remuneration Committee and Audit Committee) Performance evaluation:</p> <ol style="list-style-type: none"> Participation in the operation of the Company Awareness of the duties of the functional committee Improvement of quality of o decisions made by the functional committee Makeup of the committee and election of its members Internal control.

IV. 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 the "Rules of Procedure for Board of Directors Meeting" 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.
- The Company has passed the motion for the establishment of the "Regulations for the Evaluation of the Performance of the

Board” in the Board session thereby performance of the Board shall be subject to internal evaluation at least once a year and report to the Board.

4. 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.

(II) The operation of the Audit Committee:

1. The Company has established the Audit Committee consisting of all independent directors in place of the supervisors since May 2019. The Audit Committee shall operate in accordance with the Company's "Charter of Audit Committee" and primarily supervise the following work:
 - (1) Fair presentation of the Company's financial statements
 - (2) Selection (release) of CPAs and their independence and evaluation
 - (3) Effective implementation of internal control
 - (4) The Company's compliance with relevant laws and regulations
 - (5) Management control of the Company's existing or potential risks
2. The Committee's main duties are stated as following:
 - (1) Adoption of or amendments to the Internal Control System pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Effectiveness Evaluation of the Internal Control System.
 - (3) Adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others pursuant to Article 36-1 of the Securities and Exchange Act.
 - (4) Matters in which a director is an interested party.
 - (5) Derivatives trading of a material nature.
 - (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
 - (7) The offering, issuance, or private placement of equity-type securities.
 - (8) The hiring or dismissal of a certified public accountant and their compensation.
 - (9) The appointment or discharge of a financial, accounting, or internal audit officer.
 - (10) Annual financial reports that are duly signed or sealed by the Chairman, managerial officer, and accounting officer.
 - (11) Other matters of material nature as prescribed by the Company or competent authority.
3. The Audit Committee held 5 (A) meetings in 2020. The record of the Independent Directors' attendances is shown below:

Directors' Attendance is shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Percentage of actual attendance (%) (B/A)	Note
Audit Committee (Convener)	Lu, Shyue-Ching	5	0	100%	
Audit Committee	Ma, Shaw-Hsiang	5	0	100%	
Audit Committee	Tsai, Ching-Yen	5	0	100%	

Special notes:

I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all Audit Committee members, and the Company's response to the opinions proposed by the Audit Committee members:

(I) On issues stated in Article 14-5 of the Securities and Exchange Act:

Board of Directors' meeting			The opinions of Audit Committee members	The Company's response to such Audit Committee members' opinions
Date	Term	Subject Matter		
2020.01.21	3rd Board 4th Meeting	Ratification of added limit of endorsement/guarantee for others	The motion was approved by all present members unanimously.	None
2020.02.27	3rd Board 5th Meeting	Completed preparation of the Company's 2019 business report and financial statements	The motion was approved by all present members unanimously.	None
		Proposal for the Company's 2019 earnings distribution	The motion was approved by all present members	None

			unanimously.	
		New share issue through capitalization of earnings	The motion was approved by all present members unanimously.	None
		Replacement of the Company's independent auditors	The motion was approved by all present members unanimously.	None
		Evaluation on validity of the Company's internal control system design and implementation, and "Declaration of Internal Control"	The motion was approved by all present members unanimously.	None
		Change of the Chief Internal Auditor of the Company.	The motion was approved by all present members unanimously.	None
		Partial amendments to the "Procedures for Loaning Funds to Others" and "Procedures for Endorsements/Guarantees".	The motion was approved by all present members unanimously.	None
		Additional limit of financing for subsidiary – MiTAC Computing Technology Corp.	The motion was approved by all present members unanimously.	None
2020.05.12	3rd Board 6th Meeting	Addtopma; limit of financing for subsidiaries – MiTAC International Corp. and MiTAC Digital Technology Corporation	The motion was approved by all present members unanimously.	None
2020.08.11	3rd Board 8th Meeting	Amendments to the Company's "Internal Control System", "Internal Audit Implementation Rules" and "Regulations Governing Procedure for Preparation of Financial Statements".	The motion was approved by all present members unanimously.	None
		Partial amendments to the Company's "Charter of Audit Committee"		
2020.11.13	3rd Board 9th Meeting	Formulation of the Company 2021 audit plan	The motion was approved by all present members unanimously.	None
		Ratification of added and removed limit of endorsement/guarantee for others		

(II) In addition to the aforementioned motions, other motions without approval by the Audit Committee but passed by the Board with 2/3 of the Directors: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. The communications between the independent directors, chief internal auditor and external auditors (e.g., the financial position, operation, and issues involved, and method and result of communication, etc.)

(I) Communications between the Independent Directors, and internal audit officer: The internal audit officer regularly (at least once per quarter) conducts audit business reports on the Audit Committee.

Date	Nature	Focus of communication	Suggestions and implementation
		Report on the operation of the Auditing Office.	None
2020.02.27	4th Meeting of 1st Audit Committee	The findings of the internal audit of the internal control system in 2019 indicated no material defect with the issuance of the "Declaration of Internal Control" for proof of the effectiveness in the design and implementation of the internal control system of the Company.	Propose to the Board after approval
2020.05.12	5th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
2020.08.11	6th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
2020.11.13	7th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
		2021 auditing plan	Propose to the Board after approval

(II) Communications between the Independent Directors and CPAs: The communication meetings should be held at least once every half year by the independent directors of the Audit Committee to commute with CPA. The CPA may use written forms of communication when necessary.

Date	Nature	Focus of communication	Suggestions and implementation
2020.02.24	Communication meetings between the Audit Committee members and CPAs	Communication with the governance body after the 2019 audit (I) Scope of audit <ul style="list-style-type: none"> Audit on the financial statements of the group Materiality and audit opinions (II) Matters for communication <ul style="list-style-type: none"> Changes in accounting principles Significant accounting estimate Key audit matter - Explanatory notes to alternative procedures for 2019 audit in response to the COVID-19 epidemic 	None

			<ul style="list-style-type: none">Major adjustment of listing (III)Recent updates to laws and accounting standards	
2020.08.11	6th Meeting of 1st Audit Committee	Communication with the governance body after the audit and at planning stage of the Q2 2020 audit (I) Scope and findings of the Q2 2020 audit (II) Recent updates to laws (III)Communication plan (IV)Role and responsibility of CPA in charge (V) Auditing plan (VI)Independence of audit personnel	None	
2020.11.13	7th Meeting of 1st Audit Committee	Communication with the governance body after the audit and at planning stage of the Q3 2020 audit (I) Scope of the Q3 2020 audit (II) Findings of the Q3 2020 audit (III)Annual cross-border audit planning (IV)Recent updates to laws	None	

(IV) Corporate governance practices, and deviation from Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof:

Assessment criteria	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.	Compliant 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?	✓		The Company has appointed a designated company spokesperson for responding to the recommendations, queries, and disputes from the shareholders.	
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		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?	✓		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 equality and fairness, and they are bound by related rules and regulations governing business and financial transactions among the entities.	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		The Company has established a set of "Material Internal 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, managers and all parties who come into contact with material insider information, whether due to identity, job role or controlling interest.	

Assessment criteria	Corporate governance in action																			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																																																																																																																																																																																																																																																								
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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?	✓		<div>1. The Board of Directors discloses the diversified policies on the composition of its members on the Company's website and MOPS.</div> <div>2. The current Board consists of 7 directors and 3 independent directors. The management objectives and achievement of the diversified policies on the Board members are stated as follows: (1)The Company focuses on the operational judgment ability, operational and management ability, and crisis management ability. A majority of the Board members ought to possess the ability required by the core indicators: Operational judgment ability: 10/10 (100%), operational and management ability: 5/10 (50%), crisis management ability: 10/10 (100%) (2)A majority of the independent directors are not allowed to be reelected for more than 3 terms consecutively, in order to maintain the independence: Proportion of independent directors: 3/10 (30%), two serving less than two terms of office, and one serving less than one term of office; therefore, none having served for more than three terms. (3)A majority of directors shall not serve as employees or managers concurrently, for the purpose of supervision: Proportion of the Company's directors serving as employees concurrently: 2/10 (20%).</div> <div>3. The Board members have rich experience and professionalism in the fields of finance, commerce, and management. The relevant implementation situation is as follows:</div> <table><thead><tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Core Item</th><th rowspan="2">Sex</th><th rowspan="2">Age</th><th rowspan="2">Nationality</th><th rowspan="2">Serving as employees concurrently</th><th colspan="3">Seniority of Independent Director</th><th rowspan="2">Experience Background</th><th rowspan="2">Operational judgment ability</th><th rowspan="2">Accounting and financial analysis ability</th><th rowspan="2">Operational and management ability</th><th rowspan="2">Crisis management ability</th><th colspan="4">Knowledge of Industry</th><th rowspan="2">Understanding of International Markets</th><th rowspan="2">Leadership</th><th rowspan="2">Decision Making</th></tr><tr><th>Less than 3 years</th><th>3-9 years</th><th>More than 9 years</th><th>Technology</th><th>Telecommunication</th><th>Venture capital</th><th>Finance</th></tr></thead><tbody><tr><td>Chairman</td><td>Miao, Matthew Feng Chiang</td><td></td><td>Male</td><td>>50</td><td>US</td><td></td><td></td><td></td><td></td><td>Industry</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Director</td><td>Ho, Jhi-Wu</td><td></td><td>Male</td><td>>50</td><td>Republic of China</td><td>✓</td><td></td><td></td><td></td><td>Industry</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Director</td><td>Hsu, Tzu-Hwa</td><td></td><td>Male</td><td>>50</td><td>Republic of China</td><td></td><td></td><td></td><td></td><td>Industry</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Director</td><td>Chiao, Yu-Cheng</td><td></td><td>Male</td><td>>50</td><td>Republic of 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Yung-Do		Male	>50	Republic of China					Finance Accountant	✓	✓		✓			✓		✓	✓	✓	Director	Chang, Kwang-Cheng		Male	>50	Republic of China					Academic	✓		✓	✓					✓	✓	✓	Director	Su, Liang		Male	>50	Republic of China					Industry	✓		✓	✓	✓				✓	✓	✓	Independent Director	Lu, Shyue-Ching		Male	>50	Republic of China			✓		Industry	✓			✓		✓			✓	✓	✓	Independent Director	Ma, Shaw-Hsiang		Male	>50	Republic of China			✓		Industry	✓			✓	✓				✓	✓	✓	Independent Director	Tsai, Ching-Yen		Male	>50	Republic of China		✓			Industry	✓	✓		✓			✓		✓	✓	✓
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(II)Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	Other functional committees will be introduced as needed by the Company.																																																																																																																																																																																																																																																																									
(III)Has the Company established methodology	✓		The Company has established regulations for evaluating the performance of its Board of Directors, and the performance evaluation is conducted at least once a year. The 2020 performance evaluation report has been submitted to the 2021 Board Meeting, and relevant results of																																																																																																																																																																																																																																																																									

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meeting and used as reference for remuneration and the nomination for re-election?			the evaluation are disclosed on the “Corporate Governance” Sector of the Company’s website. According to the Article 25 of the Company's Article of Incorporation, the Company shall set aside no higher than 1% of the earnings as the remuneration to Directors, and distribute reasonable remunerations taking account the Company's operating results, and the Director’s contribution to the Company's performance. The procedure for determining remuneration is based on the Company's “Regulations for the Evaluation of the Performance of the Board”. In addition to the Company's overall operating performance, industry risks, and development trends, the Company also takes into consideration the individual performance and contribution to Company to determine a reasonable remuneration. The remuneration system is reviewed at any time in accordance with the actual operation status of the Company and relevant laws to ensure the Company's sustainable operation and risk control.	
(IV) Are CPAs’ independence assessed on a regular basis?	✓		The Company assesses the independence and suitability of CPAs at least once a year, with regard to their professional qualifications, their seniority in audit services, whether they are involved in the Company’s interest (such as investing in the Company or serving as the Company's executive), and whether they have kinship relations to the Company's responsible person or managers, whether there is regular trainings for evaluation, and after obtaining the CPA's statement, the evaluation results will be submitted to the Audit Committee and the Board of Directors for approval.	
IV. Does the TWSE/TPEX Listed company have an adequate number of corporate governance personnel with appropriate qualifications to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings?	✓		<p>I. In order to implement corporate governance and promote the effective function of the Board, the Company has approved the appointment of Mr. Hsu, Che-Hsien as Chief Corporate Governance Officer of the Company on August 11, 2020 by the Board. The Chief Corporate Governance Officer is the highest executive in charge of corporate governance related matters. The corporate governance personnel responsible for the corporate governance business of each relevant unit are responsible for various matters of corporate governance. The Company's Chief Corporate Governance Officer has more than 10 years of working experience at public offering companies engaged in financial, shareholders service affairs or deliberations management.</p> <p>II. Implementation of major duties in 2020:</p> <ol style="list-style-type: none"> 1. Board, Remuneration Committee, Audit Committee: <ol style="list-style-type: none"> (1) Summarize the meeting agenda, state the reason for the meeting, sent meeting notice to the members of the Committee or members of the Board seven days before the meeting, prepare sufficient meeting materials and send them together with the meeting notice. (2) Notify the personnel of relevant departments or subsidiaries to attend the meeting depending on the contents of the meeting. Invite CPAs, lawyers or other professionals to attend the meeting and explain, if required. (3) Meeting agenda and matters of interest to the directors themselves or their legal representatives, and remind the Directors that interest should be avoided (4) The meeting minutes will be sent within 20 days after the meeting. 2. Shareholders’ Meeting: <ol style="list-style-type: none"> (1) Register the date of the shareholders' meeting according to law. (2) Prepare and publish the meeting notice, the meeting manual and the meeting minutes within the time limit. 3. Assist Directors in continuing training: Provide information about Directors’ continuing training, reminding them to complete the training hours and completing the application process in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. 4. According to the Company's “Regulations for the Evaluation of the Performance of the Board”, the performance of the Board and the functional committees is regularly evaluated to strengthen the efficiency of the Board and functional committees. 5. Provide Directors with information required for business operation. 	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”

Assessment criteria	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>6. Assist Directors in compliance with laws and regulations, and make matters such as declaration of shareholding changes according to law.</div> <div>7. Other matters as required by the Company’s Article of Incorporation or contract.</div> <div>III. 2020 Continuing Education Training<table><tr><th>Organizer</th><th>Course name</th><th>Study hours</th></tr><tr><td>Taiwan Institute of Directors</td><td>Annual Forum of Twiod</td><td>3</td></tr><tr><td>Taiwan Corporate Governance Association</td><td>ase Studies of contests for corporate control</td><td>3</td></tr><tr><td>Taiwan Stock Exchange Corporation (TWSE)</td><td>2020 Corporate Governance and Ethical Corporate Management Propaganda for Directors and Supervisors</td><td>3</td></tr><tr><td>Taiwan Corporate Governance Association</td><td>Antitrust Case Analysis: Hewlett-Packard Company v. Quanta Storage, Inc and Quanta Storage America, Inc.</td><td>3</td></tr></table></div>	Organizer	Course name	Study hours	Taiwan Institute of Directors	Annual Forum of Twiod	3	Taiwan Corporate Governance Association	ase Studies of contests for corporate control	3	Taiwan Stock Exchange Corporation (TWSE)	2020 Corporate Governance and Ethical Corporate Management Propaganda for Directors and Supervisors	3	Taiwan Corporate Governance Association	Antitrust Case Analysis: Hewlett-Packard Company v. Quanta Storage, Inc and Quanta Storage America, Inc.	3	
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Taiwan Institute of Directors	Annual Forum of Twiod	3																	
Taiwan Corporate Governance Association	ase Studies of contests for corporate control	3																	
Taiwan Stock Exchange Corporation (TWSE)	2020 Corporate Governance and Ethical Corporate Management Propaganda for Directors and Supervisors	3																	
Taiwan Corporate Governance Association	Antitrust Case Analysis: Hewlett-Packard Company v. Quanta Storage, Inc and Quanta Storage America, Inc.	3																	
V. Does the Company have established a communication channel for the stakeholders (including but not limited to stockholders, employees, customers and suppliers), set the stakeholder section on the Company’s website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	✓		<div>The Company has created a stakeholders section on its website and assigned dedicated personnel to communicate, handle and reply to stakeholders' queries. The corporate sustainability report has been made available on the website, which stakeholders may access and download at any time.</div> <div>Stakeholders section: https://www.mitac.com/zh-TW/stakeholders/index</div> <div>The corporate sustainability report may be downloaded from https://www.mitac.com/zh-TW/csr_reports/index.</div>	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”															
VI. Does the Company have commissioned a professional stock service agent to handle shareholders affairs?	✓		<div>The Company has commissioned Chinatrust Bank as the share administration agency, which is responsible for handling shareholder meeting affairs.</div>	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”															
VII.Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		<div>The Company has a website (www.mic-holdings.com) that discloses financial, business and corporate governance information in the investor and corporate governance sections.</div> <div>Investor section: https://www.mitac.com/zh-TW/investors_overview/index</div> <div>Corporate governance section: https://www.mitac.com/zh-TW/corporate_governance/index</div>	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	✓		<div>The Company has Simplified Chinese, Traditional Chinese and English versions on their 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.</div>																

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
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)?			Presentation materials of investor conferences are made publicly accessible on the Company's website and MOPS.	
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline?	✓		The Company has announced and reported the annual financial report within two months after the end of the fiscal year, and has, as early as possible, announced and reported the Q1, Q2, Q3 financial reports and the operating status of each month in advance of the prescribed deadline.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
VIII.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 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> <ol style="list-style-type: none"> 1. Policies: <ul style="list-style-type: none"> (1) Labor/health insurance, pension contribution, employee training, safety and health measures, equal gender opportunities etc. (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, subsidy for continuing education, parenting care and support for employees' religious diversity. 2. Implementation: <ul style="list-style-type: none"> (1) Duly observe applicable legal rules for the protection of the rights of employees. (2) Employee welfare is managed by designated personnel. (3) Designated employee relation personnel are appointed to respond to the personal needs of the employees. This service system is running well. <p>(II) Concern for employees</p> <ol style="list-style-type: none"> 1. Policies: MiTAC has appointed designated personnel for managing employee relations. These personnel are responsible for caring for the employees. Scope of service: Emergency aid, employee complaint, handling complaints, response to whistleblowing and protection of whistleblowers, employee health and hospitalization care, coordination of employee problems, prevention of sexual harassment at workplace, handling complaints and consultation in career development. MiTAC introduced the Employee Assistant Program in cooperation with an external consulting firm. Through psychological counseling and assistance from financial and legal experts, MiTAC helps its employees to relieve any psychological and life problems. 2. Implementation: There were 45 cases involving Taiwanese employees' use of the staff assistance program during the year. The topic of consultation is mainly on family counseling, personal health care, legal assistance, and psychological counseling. According to the result of the satisfaction feedback of individual cases, employees are able to receive adequate help through this channel and have highly praised 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 recover from their ailment and get back to 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>(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 discloses its state of operation and financial position to shareholders. With the establishment of the spokesperson and acting spokesperson system, the Company has performed its obligation in disclosure under due diligence. The Company has set up a "Investor section" in its website. Specialists and electronic mailbox have been made available to handle investors' suggestions and questions.</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 shareholders on the Company's website, in the "Stakeholder section", and thereby protect their interests.</p>	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies."

Assessment criteria	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>(V) Continuing education of the Directors and Supervisors: All the Directors and Supervisors of the Company have respective professional background in the industry. Information on the continuing education of the Directors and Supervisors is shown at MOPS in the section of “Corporate Governance” for the reference of the investors at any time: 2020 Continuing Education Training</p> <p>(VI)Risk management policies, practices, and risk assessment standards: The Company has established internal policies and performs risk management and evaluation accordingly.</p> <p>(VII)Execution of customer policy: The group maintains sound relationship with customers to secure profitability.</p> <p>(VIII)Professional liability insurance for the protection of Directors and Manager: As per the requirement of the “Corporate Governance Best Practice Principles for TWSE/GTSM-listed Companies”, MiTAC has taken professional liability insurance to protect the directors and the supervisors. Information is being disclosed at the “corporate governance” section of MOPS.</p> <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 managers</td><td>Fubon Insurance Co., Ltd.</td><td>NT\$348,720 thousand</td><td>November 15, 2020 ~November 14, 2021</td></tr></table> <p>(IX)Licensing and certification of the internal auditors of the group:</p> <p>1. IIA: 4 persons</p> <p>2. CPA of the ROC:1 person</p>	The insured	The insurer	The amount insured	Term of policy (starting and ending)	All directors and managers	Fubon Insurance Co., Ltd.	NT\$348,720 thousand	November 15, 2020 ~November 14, 2021	
The insured	The insurer	The amount insured	Term of policy (starting and ending)									
All directors and managers	Fubon Insurance Co., Ltd.	NT\$348,720 thousand	November 15, 2020 ~November 14, 2021									

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	

IX. The improvement status for the result of Corporate Governance Evaluation announced by the Taiwan Stock Exchange and priority improvement plan and measures for areas to be improved.

(I) Response to the 2020 Corporate Governance Evaluation Result:

Evaluation Indicators in 2019	Improvement status
If the Chairman and President, or any other equivalents (senior management) are the same person, or spouse or relative within 1st degree of kinship with each other, whether the number of independent directors is increased and a majority of directors do not work as employees or managers of the Company?	Not applicable since 2020.
Are the Regulations for the Evaluation of the Performance of the Board set forth by the Company approved by a Board meeting and does the Company regularly (at least once a year) carry out an evaluation of the performance of the Board of Directors and disclose the evaluation results on its website or in its annual report?	The Company's evaluation on the performance of Board in 2019 has covered the functional committees.
Has the Company called for institutional investors conference for at least 2 instances on request (voluntarily more), and whether the interval between first and last conferences is more than three months?	The Company has convened the institutional investors conferences on August 14, 2020 and December 17, 2020, respectively.
Has the Company set up dedicated (concurrent) unit in charge of promotion of the Company's ethical corporate management practices and responsible for establishment, supervision and execution of the ethical management policies and prevention programs, and disclosed the unit's operation and performance of duty on the Company's website and in the annual report, and reported to the Board periodically?	The Company's website and annual report have made the disclosure honestly. The status of implementation in 2020 was also reported to the Board of Directors.
Whether the Company's website or annual report discloses the ethical management policy passed by the Board of Directors, and prescribes the concrete practices and unethical conduct prevention programs?	The Company's website and annual report have made the disclosure honestly.
Whether the Company established and disclose on the Company's website the internal rules prohibiting the insiders, such as directors or employees, from using the information inaccessible from the market to seek profit, and the status of implementation thereof?	The Company's website has made the disclosure honestly.

(II) Matters required further improvements as stated in the 2020 Corporate Governance Evaluation Result and the measures to be taken:

Evaluation Indicators in 2019	Priority improvement plan and measures
Has the Company on its website or the MOPS disclosed the mid-term financial reports in English (including financial statements and notes)?	The Company plans to disclose the mid-term financial reports in English since 2021.

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

1. The Company established the Compensation consisting of 3 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) Review and revise the committee charter on a regular basis, and make necessary suggestions
 - (2) Stipulate and regularly review the performance of the Company's Directors and managers, as well as the annual and long-term performance goal, compensation policies, systems, standards and structure.
 - (3) Regularly evaluate the achievement of the Company's Directors and managers' performance goals, and determine the content and amount of their individual remuneration based on the evaluation results obtained from the performance evaluation.

2. Profiles of the Remuneration Committee members

Member Type	Qualifications	Whether this person has more than five years of work experience and the following professional qualifications			Compliance with independence requirements (Note 1)										If the member is also a member of the remuneration of other public companies, specify the number of these public companies.	Note
		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		
Independent director and member of the Remuneration Committee	Ma, Shaw-Hsiang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director and member of the Remuneration Committee	Lu, Shyue-Ching			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent director and member of the Remuneration Committee	Tsai, Ching-Yen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.
- (4) Not a manager of (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of (2) or (3).
- (5) Not a director, supervisor, or employee of a institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or ranks as of its top five shareholders, or was appointed pursuant to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (6) Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary).
- (7) Not the same person as the Company's Chairman, President or person with equivalent position, or the director,

supervisor or employee of company or institution of the spouse thereof. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director supervisor, or employee of that other company (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)

- (8) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as of its top five shareholders. (The same does not apply, however, in cases where the corporate/institution holds 20% or more and no more than 50% of the total number of issued shares of the Company, or the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company in the most recent 2 years with an accumulated service compensation of less than NTD 500 thousand, or a spouse thereof. This restriction does not apply to any member of the Remuneration Committee, public tender offers Audit Committee or mergers and acquisition special committee, who exercises powers pursuant to relative regulations of the Securities and Exchange Act and Business Mergers and Acquisitions Act.
- (10) The provisions of Article 30 of the Company Act are not applicable.

3. The Operation of the Remuneration Committee

- (1) The Remuneration Committee of MiTAC consists of 3 members.
- (2) Duration of service: May 30, 2019~May 29, 2022 The Remuneration Committee held 3 meetings (A) in 2020. Details of members' eligibility and attendance are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Percentage of actual attendance (%) (B/A)	Note
Convener	Ma, Shaw-Hsiang	3	0	100.00%	
Members	Lu, Shyue-Ching	3	0	100.00%	
Members	Tsai, Ching-Yen	3	0	100.00%	

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.
- III. Discussion matters and resolutions of Remuneration Committee meetings, and the Company's response to members' opinions:

Date	Term	Subject Matter	Resolution Result	The Company's response to members' opinions
2020.01.21	1st meeting in 2020	Review of the year-end bonus for the managers in 2019 for resolution.	No objection	None
		Review of the 2019 remuneration to directors for resolution.	No objection	None
		Review of amendments to "Chart of the Remuneration Committee".	No objection	None
		Review of the 2019 Board performance evaluation indicators for resolution.	Suspended Discussion	None
2020.02.24	2nd meeting in 2020	Review of the 2019 Board performance evaluation indicators for resolution.	No objection	None
		Review of the partial amendments of the Company's "Regulations for the Evaluation of the Performance of the Board" for resolution	No objection	None
2020.08.11	3rd meeting in 2020	Review of the salary adjustment for the managers in 2020 for resolution.	No objection	None
		Review of the remuneration of employees to the managers in 2019 and the mid-year bonus of 2020 for resolution.	No objection	None
		Review of amendments to the "Regulations for the Evaluation of the Performance of the Board" and "Chart of the Remuneration Committee" for resolution.	No objection	None

4. Explanation of the link between performance evaluation and remuneration of directors and managers

According to Article 25 of the Articles of Incorporation, when the Company has a profit (i.e. pre-tax profit after distribution of employees' and directors' remuneration) for any fiscal year, the Company shall allocate at least 0.1% of the profit as bonus to be issued to its employees and not in excess of 1% of the profit as remuneration to directors of the Company.

Directors and managerial officers' remuneration are recommended by the remuneration committee with reference to the evaluation results of the performance evaluation, the team's operating performance, personal performance, and the normal level of peer support, then the comments would be proposed to the Board of Directors to make a resolution.

The performance evaluation indicators of directors and managerial officers are as follows:

Scope	Directors	Manager
Indicator	Their grasp of goals and missions. Their recognition of director's duties. Level of participation in the operation of the Company Their management of internal relationships and communication. Directors' professionalism and continuing training Internal control	Financial indicators (revenue, profit target) Non-financial indicators (key performance indicators responsible for functions)

(VI) Fulfillment of social responsibility, and deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof:

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies																									
	Yes	No	Summary																										
I. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>Based on the principle of materiality, the Company gathers opinions from stakeholders and corporate governance levels, identifies major issues at the environmental, social and economic levels, exposes them in the corporate social responsibility (CSR) report, and conducts risk assessments, formulates policies and performance indicators to ensure a sound management and response to issues. The important issues and strategies 2020 are stated as following. For details, please refer to "Identification of Stakeholders" in the Company's CSR report.</p> <table><tr><th></th><th>Important Issue</th><th>Risk</th><th>Risk Management Strategy</th></tr><tr><td>Economy</td><td>Business Strategy and Performance</td><td>Loss of Order Caused by Failure of Operational Orientation to Satisfy Customers' Requirements or Peer Level.</td><td>Execute the Company's strategies and business meetings periodically.</td></tr><tr><td></td><td>Corporate Governance</td><td>Defective governance practices result in increase in operating costs, or violations of the government laws and regulations causing economic losses.</td><td>Delegation of the Audit Committee and Chief Corporate Governance Officer, and related units' review on the related laws and regulations.</td></tr><tr><td></td><td>Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles</td><td>The relevant standards are not communicated or executed completely, thus resulting in personnel's violations posing the monetary loss/loss of reputation/fine by the competent authority to the Company.</td><td>Establish the "Ethical Management Best-Practice Principles," and include the same into the personnel's training program and the Articles of Incorporation, and post them on the official website.</td></tr><tr><td></td><td>Risk Management</td><td>Failure to re-assess the plan/system periodically, thus causing the risk management to become invalid.</td><td>Establish the "Risk Management Policy and Procedure" to conduct annual assessment and report it at the Board of Directors' meeting.</td></tr><tr><td></td><td>Society</td><td>Talent attraction and retention</td><td>The salary, management philosophy, or welfare policy without competitiveness result in the brain drain movement/obstruction in brain</td><td>MiTAC Employee Welfare Committee and HR unit organize various activities, and disclose the employee welfare and management philosophy on the talent recruitment page and in the CSR report</td></tr></table>		Important Issue	Risk	Risk Management Strategy	Economy	Business Strategy and Performance	Loss of Order Caused by Failure of Operational Orientation to Satisfy Customers' Requirements or Peer Level.	Execute the Company's strategies and business meetings periodically.		Corporate Governance	Defective governance practices result in increase in operating costs, or violations of the government laws and regulations causing economic losses.	Delegation of the Audit Committee and Chief Corporate Governance Officer, and related units' review on the related laws and regulations.		Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles	The relevant standards are not communicated or executed completely, thus resulting in personnel's violations posing the monetary loss/loss of reputation/fine by the competent authority to the Company.	Establish the "Ethical Management Best-Practice Principles," and include the same into the personnel's training program and the Articles of Incorporation, and post them on the official website.		Risk Management	Failure to re-assess the plan/system periodically, thus causing the risk management to become invalid.	Establish the "Risk Management Policy and Procedure" to conduct annual assessment and report it at the Board of Directors' meeting.		Society	Talent attraction and retention	The salary, management philosophy, or welfare policy without competitiveness result in the brain drain movement/obstruction in brain	MiTAC Employee Welfare Committee and HR unit organize various activities, and disclose the employee welfare and management philosophy on the talent recruitment page and in the CSR report	Compliant with the rationale and practices of "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies".
	Important Issue	Risk	Risk Management Strategy																										
Economy	Business Strategy and Performance	Loss of Order Caused by Failure of Operational Orientation to Satisfy Customers' Requirements or Peer Level.	Execute the Company's strategies and business meetings periodically.																										
	Corporate Governance	Defective governance practices result in increase in operating costs, or violations of the government laws and regulations causing economic losses.	Delegation of the Audit Committee and Chief Corporate Governance Officer, and related units' review on the related laws and regulations.																										
	Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles	The relevant standards are not communicated or executed completely, thus resulting in personnel's violations posing the monetary loss/loss of reputation/fine by the competent authority to the Company.	Establish the "Ethical Management Best-Practice Principles," and include the same into the personnel's training program and the Articles of Incorporation, and post them on the official website.																										
	Risk Management	Failure to re-assess the plan/system periodically, thus causing the risk management to become invalid.	Establish the "Risk Management Policy and Procedure" to conduct annual assessment and report it at the Board of Directors' meeting.																										
	Society	Talent attraction and retention	The salary, management philosophy, or welfare policy without competitiveness result in the brain drain movement/obstruction in brain	MiTAC Employee Welfare Committee and HR unit organize various activities, and disclose the employee welfare and management philosophy on the talent recruitment page and in the CSR report																									

Assessment criteria	Corporate governance in action						Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary				
					gain.	on the official website.	
				Customer Service	Failure to respond to customers' needs timely or satisfactorily poses negative comments about the products.	QBR communication with customers per quarter	
			Environmen	Compliance with laws	Failure to update the latest laws and requirements timely constitutes the deficiency.	Each responsible unit will identify the corporate governance, labors' ethics and environmental safety and health laws and regulations periodically to ensure the compliance with laws internally.	
II. 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?	✓		The Company appoints the President Office and relevant corresponding units to be responsible for the presentation and implementation of corporate social responsibility policies, systems, or related management policies and specific promotion plans, and prepare the CSR report on a regular basis.				Compliant with the rationale and practices of “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.
III. Environmental issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	✓		The Company has set up an the platform for the management of restricted use of chemical substances, and the control of hazardous substances under ISO Environmental management system and management system for hazardous substances.				Compliant with the rationale and practices of “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.
(II)Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	✓		1. Enhance the efficient use of all resources, such as the use of photovoltaic energy, renovation for green lighting, the use of T5 energy efficient light bulbs, renovation of the air-conditioner compressors, optimization of electrical devices, the use of variable-frequency devices and green electrical appliances, the recycled use of heat from air compressor for water heating, renovation of fuel boilers, and the automated control of air-conditioning system. 2. Use the best effort to promote the supplies for general affair falling in the scope of green procurement; procure the products with environmental protection mark and energy conservation mark, and paper products certified by FSC/PEFC; attaining the overall achievement rate 97%. 3. In order to cherish the Earth's resources and reduce the impact on the environment, MiTAC pursues paperless e-process. For paper, the Company encourages double-sided printing. The Company also encourages the use of recycled toner cartridges and recycled plastic garbage bags.				
(III)Does the Company assess the potential risks and possibilities of climate changes to the Company now and in the future, and take measures to respond to	✓		Based on GRI guidelines and materiality principles, the Company gathers opinions from stakeholders and corporate governance levels. Among the environmental issues, the Company identifies “climate change” as Mitac’s core sustainable issues, and sets up carbon reduction targets in the plants, and introduces green design and green manufacturing. For details, please refer to the "Causes of climate change and global				

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
climate-related issues?			warming" in the Company's CSR report.	
(IV) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	✓		<p>1. 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.</p> <p>(1) In environmental protection, the Company strictly requires no unusual emission of industrial wastewater and air pollution, and reduction of industrial solid wastes and emission of greenhouse gases.</p> <p>(2) For the mitigation of global warming and energy saving, the Company requires the administrative unit to replace the obsolete T5 lights with LED light. The lighting of big office area was changed to zone control and the strip power supply previously used was replaced with zone control switch. Insofar as there is no concern about safety, regular light turn-off should be set in the office space, and the temperature of air-conditioning in the office space has been adjusted upward to 26°C to save unnecessary energy consumption.</p> <p>(3) Installation of rainwater collection system for irrigation and reduced use of running water from tape for plantation.</p> <p>(4) Introduction of ice water motors equipped with variable-frequency device to cut the electricity bill by 30%.</p> <p>(5) Installation of IR sensor to lighting system for automatic control of the power switch to save unnecessary consumption of energy.</p> <p>(6) Installation of duct-type energy-saving fans in the office area to improve the air-conditioning efficiency and achieve the power-saving effect.</p> <p>2. For information on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, please refer to the Company's CSR report on "Climate Change and Global Warming".</p>	
IV. Social issues (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?	✓		<p>The Group duly observes the "United Nations Universal Declaration of Human Right", "United Nations Guiding Principles on Business and Human Right", and the "United Nations International Labor Organization" and practices the requirements defined by Responsible Business Alliance ("RBA"), respects internationally recognized basic human right, including the prohibition of hiring minors, elimination of force labor in any form, and elimination of discrimination in employment. Meanwhile, it also establishes the regulations and rules governing employees' right and obligation, including the "Declaration of Employment Policy", "Prohibition of Child Labors and Corrective Action Policy" and "Standard Operating Procedure for Humane Treatment and Non-Discrimination" in accordance with local laws governing labors, and update the same in a timely manner, in response to amendments to policies, if any.</p> <p>In order to promote the employees' understanding in the legal labor human rights, the Company has incorporated human rights education into the compulsory training for all employees, and compiled textbooks that cover the government laws and regulations, ethical management best-practice principles, and code of conduct of the Responsible Business Alliance (RBA) norms. In addition to the compulsory training for new employees, all employees are also scheduled to participate in online retraining.</p>	
(II) Does the Company formulate and implement reasonable employee benefits measures (including	✓		In addition to complying with the "Labor Standards Act" and relevant regulations, MiTAC conducts salary and welfare policy surveys every year, which is used as a reference for formulating reasonable and market competitive employee welfare measures and providing salary and compensation policies. In addition,	Compliant with the rationale and practices of "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies".

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?			performance evaluation is conducted every six months. Based on the individual's performance, MiTAC provides two-track promotion opportunities and adjusts salary and performance bonuses to share the business results shared with its employees.	
(III) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>The Group also duly observes the Occupational Safety and Health Act with the enforcement of the following rules and regulations:</p> <ol style="list-style-type: none"> 1. Perform the necessary workplace environment tests (lighting, CO2, noise & organic solvent) every six months, and carry out the bacteria count test on drinking water every three months. 2. Carries out fire prevention, building security inspection and other safety procedures every year, and immediately implement improvements for prevention and correction projects that require correction. 3. Carry out health check-up on every employee every two years as healthy employees are important assets of the Company; in addition to health check-up items defined under the labor health protection rules, there are also a number of cancer screenings and ultrasound examination, etc., to take care of employees with benefits superior to the laws and regulations. 4. Organize the weight-loss and health promotion activities, advocate the importance of regular exercising and healthy diet, enhance the workers' physical health; obtain the accreditation badge for a healthy workplace from Ministry of Health and Welfare, and build a healthy friendly workplace. 5. Carry out routine training on safety and health of the new employees, and organizes civil defense annually, firefighting teams with routine training and drill every six months. 6. Arrange re-training courses for labor and security personnel on a regular basis, as well as re-training courses for first-aid personnel, fire management personnel, organic solvent operation supervisors, radiation safety operators, and high-pressure gas specific equipment operators, etc. every three years. 7. For the prevention of accident and response to emergency, automatic non-invasive AED was placed at the main hall of the facilities a Hsinchu and Hwa Ya. 8. Post the safety precaution notice in the work areas of the production area, and provide the employees with trainings regarding work safety. 	
(IV) Does the Company have an effective career capacity development training program established for the employees?	✓		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.	
(V) Does the Company comply with relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer protection policies and complaint procedures?	✓		The Group 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 on the web page (at https://www.mitac.com/zh-TW/stakeholders).	Compliant with the rationale and practices of "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies".
(VI) Does the Company formulate a	✓		All suppliers of the Company must pass supplier evaluation and comply with the supplier code of conduct.	Compliant with the rationale

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			<ul style="list-style-type: none"> Raw material suppliers related to process: Must pass ISO9001 Quality Management System certification Factory and operation related contractors: Must obtain ISO 45001 Occupational Health and Safety Assessment Series certification Local suppliers: Must obtain effective factory registration certificate and ISO14001 Environmental management certification issued by local government according to business type. 	and practices of “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.
V. Does the Company prepare its non-financial reports such as Corporate Social Responsibility Report in accordance to the internationally-used reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?		✓	The Company has prepared the CSR report with reference to the internationally accepted GRI standards, but has not obtained the confidence or assurance opinions of the three-party verification unit. Obtaining of such certification will be planned in the future.	The CSR report has not obtained the confidence or assurance opinions of the three-party verification unit. Obtaining of such certification will be planned in the future.
VI. In the event the Company has established its own CSR principles in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please describe the differences between the actual implementation of CSR and the Company’s own CSR principles: The Company has established its own CSR principles, which conform to the rationale and practices of “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies.”				
VII. Other information useful to the understanding of corporate social responsibilities: <ol style="list-style-type: none"> Responsibility of environmental protection <ol style="list-style-type: none"> Systems and measures <ol style="list-style-type: none"> In response to the requirement of RoHS/WEEE Directives and REACH, we have installed the green product platform with the organization of the green supply chain management. For conflict minerals, the Company evaluated the supply at least once a year, and through the power of purchasing, the Company urges upstream suppliers to cooperate. Status of implementation <ol style="list-style-type: none"> For performing the corporate responsibility to environmental protection in the electronics industry, MiTAC upgrades its capacity in speeding up the procurement of green items for its products and parts through greenprocurement from the suppliers in order to supervise the suppliers to reduce or ban the use of hazardous substances in the production. A conflict minerals investigation system has been constructed to understand the response of complex supply chains in a transparent and traceable manner. Contribution to society: <ol style="list-style-type: none"> Systems and measures <ol style="list-style-type: none"> Sponsorship of the Y.S. Creative Award, which helps develop local design talents and improve industry competitiveness. Organize forums on campus to exchange with the university students and share with them the experience in industry. Participation in all kinds of industry seminars to share management and industry experience. Status of implementation <ol style="list-style-type: none"> MiTAC sponsors the Y.S. Award of Creativity, an event that awards outstanding software designs, industrial designs, and micro film productions. Upon outbreak of the COVID-19 epidemic in 2020, a lot of campus propaganda and conferences were cut. Notwithstanding, MiTAC still uses its best effort to support the activity by participating in the review and guidance online. Social charity: <ol style="list-style-type: none"> Systems and measures <ol style="list-style-type: none"> Organize charity events from time to time and encourage the employees to take care of the social vulnerable groups within their means. Donate our own products and services to the charity groups in need. Status of implementation <ol style="list-style-type: none"> Organize the blood donation activity, sponsor Export Cup Multiethnic Baseball Game and art gallery of Sheda Community in Linkou, transfer sacrificial offerings to “Huashan Social Welfare Foundation’s Gueishan Angel’s Service Station”, and donate the raised fund and supplies to “White Kite Garden” Orphanage in Taoyuan. The related charity activities were attended by a total of 973 persons in 2020, which spent 575 hours and raised the donated fund NT\$617,000. Consumers’ rights and privileges: 				

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
(1) Systems and measures (2) Status of implementation			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. The Mio/NAVMAN/MAGELLAN brands of MiTAC unveiled the following to the consumers. a. "Online Repair Service" allows the customers to request for repairs without the constraints of time and place. b. "Mio Online Service" offers round-the-clock question and answer for Mio product information. c. "Mio Online Update" allows for online product update through simple procedures. d. "Mio Quick Map" allows the consumers to update their map through the facilitation of the selected Industry in Taiwan.	
5. Human rights:				
(1) Systems and measures (2) Status of implementation			a. Under the Employment Policy of MiTAC, local employees and the physically and mentally impaired in respective countries and regions where MiTAC has its facilities will be considered for employment at the top priority. 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 code of conduct defined by the Responsible Business Alliance ("RBA") and relevant labor regulations in countries where it operates. It strictly prohibits employment of child labors less than 16 years old and never employs any child labors. Protect the employees' human rights, irrespective of race, skin color, gender, language, religion, political affiliation or opinion, nationality, social background, wealth, birth, or any other identity differences, from any discriminative treatment in employment or work. Any form of forced labor is strictly forbidden, including contract labor and bonded labor. Meanwhile, MiTAC insists on the humane treatment toward employees, and stop any violence, corporal punishment, mental or physical threat and public humiliation. c. MiTAC is dedicated to maintaining gender equality among gender diversity in workplace, and strives to ensure equal opportunities and protect employees' dignity by strictly prohibiting against sexual harassment in the workplace. 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 has been 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 is 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. For any sexual harassment problem that has occurred in the workplace, these policies and practices have been soundly enforced so far.	
6. Safety and health:				
(1) Systems and measures (2) Status of implementation			MiTAC has been certified for ISO 14001 - Environmental Management System and transferred to the certification under the new occupational safety and health management system, ISO 45001. These certifications are regularly validated by third-party institutions and properly enforced throughout the organization. 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) Fulfillment of ethical corporate management, and deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, and causes thereof:

Assessment criteria	Corporate governance in action			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
I. With business integrity policy and action plan in place (I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the senior management team demonstrated their commitments to implement the policies?	✓		MiTAC has implemented "Integrity Code of Conduct Board of Directors", reported it to the Board and was approved, 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 annually to enhance the ethical values of employees and 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) Has the Company established an evaluation mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope, and formulate a plan to prevent dishonesty behaviors, which at least covers Paragraph 2 of Article 7 in the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	✓		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. For the prevention plan within business activities with a high risk of dishonesty in the business scope, MiTAC has established management measures such as preventing bribery and bribery, prohibiting the provision of illegal political contributions, prohibiting inappropriate charitable donations or sponsorship, and prohibiting inside transactions.	
(III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews of the relevant procedures, guidelines, punishment for violation, and rules of appeal, provided in the policies?	✓		"Business Integrity" has always been the cornerstone of the MiTAC's sustainable operation. MiTAC adheres to operational transparency, implements internal management, and sets various anti-corruption management policies as the basis for business operations. MiTAC has the "Procedures for Ethical Management and Guidelines for Conduct", "Employee Code of Conduct" and "Anti-corruption Policy" in place to provide whistle-blowing channels, 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 rigorously enforced. In the event of law amendments or poor implementation results, such policy will be adjusted timely to suit the present requirements.	
II. Realization of business integrity (I) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		All procurement personnel of MiTAC has signed the "Letter of Integrity" and further promoted such self-requests to partner manufacturers. MiTAC signs an "Integrity Commitment Agreement" when dealing with important suppliers, for systematically tracking, identification and implementation of regulations, in aim to become a trustworthy partner of the stakeholders.	Compliant with the rationale and practices of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies."
(II) Has the Company set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics, and report to the Board about any operation policies, and plans and supervision on honesty and integrity and prevention of dishonesty on a regular	✓		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. The report on the 2020	

Assessment criteria	Corporate governance in action			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
basis (at least once a year)?			compliance status has been submitted to the Board on March 8, 2021. The Board of Directors of MiTAC will exercise the due care as prudent administrators 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?	✓		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 established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation result of dishonesty risks, and audit such execution and compliance, or hire external auditors to audit such execution and compliance?	✓		MiTAC has established an effective accounting system and internal control system for operating procedures that are potentially at high risk of dishonest behaviors. The internal audit also conducts various audits based on the annual audit plan prepared by the risk assessment results. The implementation of the audit plan and follow-up improvement plans are reported the Audit Committee and the Board to ensure the effectiveness of audit implementation. In addition, through the annual corporate internal control self-assessment, all departments and subsidiaries of the Company must self-examine the effectiveness of the design and implementation of the internal control system.	
(V) Does the Company organize internal or external training on a regular basis to maintain business integrity?	✓		In order to implement the concept of business integrity, the Company has, on its internal and external official websites, strengthened the policy that all employees must complete online courses including the “Integrity Code of Conduct”, “Employee Code of Conduct”, “Anti-corruption Policy”, and “Prohibition of Insider Trading”. In addition to new employees, all employees are also scheduled to participate in online retraining annually. Through announcements and reminders, the Company ensures that employees understand the Company's emphasis on ethics and implement the spirit of integrity in daily work. A total of 1816 persons have completed the training by spending 6401 man hours in 2020.	Compliant with the rationale and practices of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”
III. Reporting of misconducts (I) Does the Company provide a whistleblower and reward system for employees to report misconduct? Does the Company assign dedicated personnel to investigate the reported misconducts?	✓		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.	
(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	✓		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	

Assessment criteria	Corporate governance in action			Discrepancy from Ethic Corporate Management Best Practice Principles for TWSE/GTSM-listed Principles and the reasons
	Yes	No	Summary	
			process and safekeeping of audit-related documents.	
(III) Has the Company provided proper whistleblower protection?	✓		In order to protect the safety of the whistleblowers, the whistleblower or related documents are kept strictly confidential, to prevent the whistleblowers from being retaliated against, and also to establish a competent whistleblower system, so that no whistleblowers shall be treated unfavorably.	
IV. Increasing disclosure of information Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	✓		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): The Board has approved the amendments to the “Integrity Code of Conduct” on Nov. 7, 2019, in compliance to the regulations of the competent authority and the needs of practical operations.				

(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 the understand 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 8, 2021

Based on the findings of a self-assessment, MiTAC Holdings Corporation states the following with regard to its internal control system during 2020:

- I. The Company understands that the establishment, implementation and maintenance of internal control system are the responsibility of the Board of Directors and managers of the Company. The Company already established such system. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance regarding the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may be altered as a result of changes in the environment and circumstances. However, a self-monitor mechanism is installed in the internal control system of the Company. The Company will make corrections once the deficiencies are identified.
- III. The Company judges the effectiveness of the design and implementation of internal control based on the criteria for the effectiveness of internal control system provided in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Regulations"). The criteria for the effectiveness of internal control adopted by the Regulations divide internal control system into five elements based on the process of management control: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, 5. Monitoring activities. Each of the elements in turn contains certain audit items, Please refer to the Regulations for aforementioned items.
- IV. The Company has adopted the aforementioned judgment items to evaluate the effectiveness of the design and implementation of internal control system.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement of Declaration will be the major content of the annual report and prospectus of the Company and to be publicly disclosed. If the aforementioned disclosed content contains misrepresentation or nondisclosure, the Company is subject to the liability of Article 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement of declaration has been unanimously approved by the Board on March 8, 2021 with presence of 10 directors.

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) The punishments received by the Company and its internal personnel in accordance with laws, the punishment, material deficiencies and improvement by the Company against its internal personnel in the most recent fiscal year and as of the publish date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices: None.

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

1. Shareholders' Meeting

Date of meeting	Summary of important motions	Resolutions	Status of implementation
2020.05.28	1. Ratification of the Business Report and Financial Statements of 2019.	Voted and approved as proposed	Act in accordance with the resolution
	2. Ratification of the proposal for distribution of earnings in 2018 (the cash dividend to be distributed as resolved by the Board, and also reported to a shareholders' meeting) Shareholder Bonus: Cash dividends at NT\$1.0 per share. Shareholder Bonus: Stock dividend NT\$1.2 per share	Voted and approved as proposed	Set July 20, 2020 as the cash dividend distribution record date, the record date for new share issue through capitalization of earnings, and shares distribution record date, and distribute cash dividends on August 12, 2020.
	3. Discussion on new share issue through capitalization of earnings	Voted and approved as proposed	
	4. Discussion on partial amendments to the "Procedures for Loaning Funds to Others" and "Procedures for Endorsements/Guarantees".	Voted and approved as proposed	Act in accordance with the amended "Procedures for Loaning Funds to Others" and the "Procedure for Guarantee and Endorsement".
	5. Discussion on partial amendments to the Company's "Rules of Procedure for Shareholders' Meeting".	Voted and approved as proposed	Act in accordance with the amended "Rules of Procedure for Shareholders' Meeting".

2. Board of Directors

Date of meeting	Term	Important resolutions
2020.01.21	3 rd Board 4th Meeting	Passed the motion of remuneration to Directors and Supervisors in 2019 amounting to NT\$4.8 million.
2020.02.27	3 rd Board 5th Meeting	1. Resolved to pass the motion of remuneration to employees in 2019 amounting to NT\$2,859 thousand.
		2. Pass the financial statements 2019.
		3. Pass the motion for distribution of earnings 2019. Shareholder Bonus: Cash dividend at NT\$1.00 per share and stock dividend at NT\$1.20 per share.
		4. Pass the capitalization of earnings into share capital against issuance of 129,273,942 new common shares.
		5. To cope with the internal transfer within the financial statement accounting firm, the Board passed the resolution that starting 2020 Q1, the certified public accountants of PwC Taiwan would be changed from Wen, Fang-Yu and Cheng, Ya-Huei to Lin, Yu-Kuan and Cheng, Ya-Huei and evaluated that certified public accountants meet the criteria of independence and eligibility.
		6. Pass the change of internal audit officer of the Company.
		7. Pass the partial amendments to the "Procedures for Loaning of Company Funds", "Procedures for Endorsements and Guarantees", "Rules of Procedure

Date of meeting	Term	Important resolutions
		for Shareholders' Meeting", and "Rules of Procedure for Board of Directors Meeting".
		8. Pass the date and agenda for the Company's 2020 annual general meeting.
		9. Passed a loan of NT\$3 billion to the subsidiary - MiTAC Computing Technology Corporation
2020.05.12	3 rd Board 6th Meeting	1. Pass the motion for financing subsidiaries within the limit of NT\$2 billion and NT\$1 billion, respectively – MiTAC International Corp. and MiTAC Digital Technology Corp.
		2. Pass the motion for appointment of Chairman, Miao, Matthew Feng Chiang, as the CSO.
		3. Pass the motion for termination of the ban on managers about concurrent positions and competition.
2020.06.23	3 rd Board 7th Meeting	Pass the motion for setting July 20, 2020 as the cash dividend distribution basis date, the basis date for new share issue through capitalization of earnings, and shares distribution basis date.
2020.08.11	3 rd Board 8th Meeting	Pass the motion for change of the Chief Corporate Governance Officer from Ms. Crystal Yang to Mr. Hsu, Che-Hsien.
2020.11.13	3 rd Board 9th Meeting	Pass the motion for partial amendments to the "Ethics Guidelines", "Corporate Governance Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles" of the Company.
2021.01.28	3 rd Board 10th Meeting	Passed the motion of remuneration to Directors and Supervisors in 2020 amounting to NT\$5 million.
2021.03.08	3 rd Board 11th Meeting	1. Resolved to pass the motion of remuneration to employees in 2020 amounting to NT\$2,937 thousand.
		2. Pass the financial statements 2020.
		3. Pass the motion for distribution of earnings 2020. Shareholder Bonus: Cash dividend at NT\$1.00 per share.
		4. To cope with the internal transfer within the financial statement accounting firm, the Board passed the resolution that starting 2021 Q1, the certified public accountants of PwC Taiwan would be changed from Lin, Yu-Kuan and Cheng, Ya-Huei to Liu, Chien-Yu and Cheng, Ya-Huei and evaluated that certified public accountants meet the criteria of independence and eligibility.
		5. Passed a loan of NT\$3 billion to the subsidiary - MiTAC Computing Technology Corporation
		6. Pass the motion for partial amendments to the Company's "Rules of Procedure for Shareholders' Meeting" and "Regulations Governing Election of Directors".
		7. Pass the motion for termination of the ban on directors about competition.
		8. Pass the date and agenda for the Company's 2021 annual general meeting.

(XIII) Please specify if any director has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration in the most recent fiscal year or as of printing date of the annual report: None.

(XIV) Summary of resignation or dismissal of the Company's Chairman, president, accounting manager(s), financial manager(s), internal audit manager(s), corporate governance manager(s) and R&D manager(s) during the most recent FY or as of the date on which the annual report was printed:

2021.03.31

TITLE	NAME	DATE OF ASSUMING OFFICE	DATE OF RESIGNATION OR REMOVAL FROM OFFICE	REASON FOR RESIGNATION OR REMOVAL FROM OFFICE
Internal audit officer	Chien, Chih-Hung	2017.01.18	2020.02.27	Personnel relocation
Chief Corporate Governance Officer	Crystal Yang	2019.08.12	2020.08.11	Personnel relocation

V. Information of CPA Regarding Fee

Range of Information Regarding Fee

Name of CPA firm	Name of CPA		CPA Auditing Period	Note
PwC Taiwan	Lin, Yu-Kuan	Cheng, Ya-Huei	January 1, 2020~December 31, 2020	

Unit: In thousands of New Taiwan Dollars

Range of Amount \ Fee Item		Audit Fee	Non-audit fee (Note)	Total
1	Less than NT\$2,000,000		✓	
2	NT\$2,000,000 (inclusive) ~NT\$4,000,000	✓		✓
3	NT\$4,000,000 (inclusive) ~NT\$6,000,000			
4	NT\$6,000,000 (inclusive) ~NT\$8,000,000			
5	NT\$8,000,000 (inclusive) ~NT\$10,000,000			
6	More than NT\$10,000,000 (inclusive)			

Note: The fee for non-auditing service amounted to NT\$232 thousand and was incurred from processing the registration for change in business licensing and tax project services.

- (I) When professional fees paid to a certified public accountant or the accounting firm of a certified public accountant or its affiliate enterprises for non-auditing services account for a proportion equal to one-quarter or more of the fees paid for auditing, the amount of fees paid for both auditing and non-auditing service as well as the nature of the non-auditing services performed shall be disclosed: None.
- (II) When the Company changes its accounting firm and the amount of fees paid for auditing services during the year in which the change is made are lower than for the previous year, the amount by which the fees decreased, the proportional decrease, and the reasons therefor shall be disclosed: None.
- (III) When the amount of fees paid for auditing services is lower than for the previous year by ten percent or more, the amount by which the fees decreased, the proportional decrease, and the reasons therefor shall be disclosed: None.

VI. Information for changing CPA

(I) 1. Ex-CPA

Date of change	February 27, 2020			March 8, 2021		
Reason and description for the change	To cope with the internal transfer within the financial statement accounting firm, the Board passed the resolution that starting 2020 Q1, the certified public accountants of PwC Taiwan would be changed from Wen, Fang-Yu and Cheng, Ya-Huei to Lin, Yu-Kuan and Cheng, Ya-Huei.			To cope with the internal transfer within the financial statement accounting firm, the Board passed the resolution that starting 2021 Q1, the certified public accountants of PwC Taiwan would be changed from Lin, Yu-Kuan and Cheng, Ya-Huei to Liu, Cheng, Ya-Huei and Cheng, Ya-Huei.		
Description is that the appointer or CPA terminates or refuse appointment.	Participants		Circumstance	CPA		Appointer
	Voluntarily terminate appointment			Not applicable		Not applicable
	Appointment is no longer accepted (continued)		Not applicable		Not applicable	
If issued any audit report with other than an unqualified opinion during the preceding two years, the opinion and the reason:	None					
Have different opinions With the issuer	Have		Accounting principle or practice			
			Disclosure of financial report			
			Audit scope or steps			
			Others			
	None	✓				
	Description: none					
Other disclosures (Matters that shall be disclosed provided from Item 1-4 to 1-7, paragraph 6, Article 10 of these Guidelines)	None					

2. About the successor CPA

Name of CPA firm	PwC Taiwan	PwC Taiwan
Name of CPA	Lin, Yu-Kuan/Cheng, Ya-Huei	Liu, Chien-Yu/Cheng, Ya-Huei
Date of appointment	February 27, 2020	March 8, 2021
Inquired with such accountant about the accounting treatment method of a specific transaction or the applicable accounting principle and his/her possible opinion on the financial report before appointment	None	
Written opinion of the successor certified public accountant in connection with any discrepancy of opinion between him/her and the former CPA	None	

3. Reply letter from former CPA on matters provided in item 1 and matter No. 3 in item 2, paragraph 6, Article 10 of these Guidelines: None.

VII. Whether the Chairman, president, or manager responsible for finance or accounting has held a position at a firm belonging to a certifying CPA firm or any affiliated enterprise within the preceding year: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

(I) Transfer of equity by a director, manager or major shareholder

Title	Name	2020		As of March 29, 2021	
		Change in Shareholding	Increase (decrease) on Pledged Shares	Change in Shareholding	Increase (decrease) on Pledged Shares
Chairman and CSO	Miau, Matthew Feng Chiang	1,304,434	0	0	0
Director and President	Ho, Jhi-Wu	261,316 (600,000)	0	0	0
Director	Chiao, Yu-Cheng		0	0	0
Director	UPC Technology Corp.	10,693,135	0	0	0
	Rep: Way, Yung-Do	0	0	0	0
	Rep: Chang, Kwang-Cheng	0	0	0	0
Director	MiTAC Inc.	20,251,545	0	0	0
	Rep: Hsu, Tzu-Hwa	0	0	0	0
	Rep: Su, Liang	0	0	0	0
Independent Director	Lu, Shyue-Ching	0	0	0	0
Independent Director	Ma, Shaw-Hsiang	0	0	0	0
Independent Director	Tsai, Ching-Yen	0	0	0	0
Vice President and head of finance	Huang, Hsiu-Ling	34,776 (125,000)	0	0	0
Chief Corporate Governance Officer	Crystal Yang (Date of discharge: August 11, 2020)	0	0	0	0
Chief Corporate Governance Officer	Hsu, Che-Hsien (Date on board: August 11, 2020)	0	0	0	0

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

(II) Information of equity transfer: Not applicable

(III) Information of equity pledge: Not applicable

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

March 29, 2021

Name	Shares held in own name		Shares currently held by spouse or dependents		Shares held in the names of others		Disclosure of names and relationships between the top ten shareholders including spouses, relatives within 2nd degree of kinship, or the relationships		Note
	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Name	Relationship	
MiTAC Inc. Rep: Miao, Matthew Feng Chiang	104,431,091	8.66%	0	0.00%	0	0.00%	UPC Technology Corp.	Same as the Chairman	
							Lien Hwa Industrial Holdings Corp.	Same as the Chairman	
							Miao, Matthew Feng Chiang	The company's chairman	
							Getac Technology Corporation	The representative of institutional director is that company's chairman.	
							Tsu Fung Investment Corporation	The chairman of the parent company is that company's chairman.	
UPC Technology Corp. Rep: Miao, Matthew Feng Chiang	99,802,598	8.27%	0	0.00%	0	0.00%	MiTAC Inc.	Same as the Chairman	
							Lien Hwa Industrial Holdings Corp.	Same as the Chairman	
							Miao, Matthew Feng Chiang	The company's chairman	
							Getac Technology Corporation	The representative of institutional director is that company's chairman.	
							Tsu Fung Investment Corporation	The chairman of the parent company is that company's chairman.	
Lien Hwa Industrial Holdings Corp. Rep: Miao, Matthew Feng Chiang	85,941,944	7.12%	0	0.00%	0	0.00%	MiTAC Inc.	Same as the Chairman	
							UPC Technology Corp.	Same as the Chairman	
							Miao, Matthew Feng Chiang	The company's chairman	
							Getac Technology Corporation	The representative of institutional director is that company's chairman.	
							Tsu Fung Investment Corporation	The chairman of the parent company is that company's chairman.	
An Mei Investment Co., Ltd. Rep: Hsu, Ai-Chen	28,592,586	2.37%	0	0.00%	0	0.00%	Miao, Matthew Feng Chiang	Spouse of the company's chairman	
							Hua-Jeou Enterprise Co., Ltd. Rep: Hsu, Ai-Chen	Same as the Chairman	
JPMorgan Chase Bank N.A. Taipei Branch entrusted for custody to Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	12,824,901	1.06%	0	0.00%	0	0.00%	None	None	
JPMorgan Chase Bank entrusted for custody to Vanguard Total International Stock Index Fund	12,514,570	1.04%	0	0.00%	0	0.00%	None	None	
Miao, Matthew Feng Chiang	12,174,721	1.01%	0	0.00%	0	0.00%	MiTAC Inc.	Chairman	
							UPC Technology Corp.	Chairman	
							Lien Hwa Industrial Holdings Corp.	Chairman	

Name	Shares held in own name		Shares currently held by spouse or dependents		Shares held in the names of others		Disclosure of names and relationships between the top ten shareholders including spouses, relatives within 2nd degree of kinship, or the relationships		Note
	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Name	Relationship	
							An Mei Investment Co., Ltd.	Chairman's spouse	
							Getac Technology Corporation	Representatives of institutional directors	
							Tsu Fung Investment Corporation	The parent company's chairman	
							Hua-Jeou Enterprise Co., Ltd.	Chairman's spouse	
Getac Technology Corporation Rep.: Huang Ming-Han	10,299,987	0.85%	0	0.00%	0	0.00%	MiTAC Inc.	Chairman is the representative of institutional director of that company	
							UPC Technology Corp.	Chairman is the representative of institutional director of that company	
							Lien Hwa Industrial Holdings Corp.	Chairman is the representative of institutional director of that company	
							Tsu Fung Investment Corporation	Chairman of the parent company is the representative of institutional director of that company.	
Tsu Fung Investment Corporation Rep.: Ho, Jhi-Wu	9,250,594	0.77%	0	0.00%	0	0.00%	MiTAC Inc.	The Chairman is the chairman of its parent company.	
							UPC Technology Corp.	The Chairman is the chairman of its parent company.	
							Lien Hwa Industrial Holdings Corp.	The Chairman is the chairman of its parent company.	
							Miau, Matthew Feng Chiang	Chairman of the parent company	
							Getac Technology Corporation	The representative of institutional director is the parent company's chairman.	
Hua-Jeou Enterprise Co., Ltd. Rep: Hsu, Ai-Chen	7,708,917	0.64%	0	0.00%	0	0.00%	An Mei Investment Co., Ltd.	Same as the Chairman	
							Miau, Matthew Feng Chiang	Spouse of the chairman of this company	

X. Number of Shares Held by the Company or the Company's Directors and Managers, as Well as the Number of Shares Held by the Company for the Reinvestment Businesses That it Directly or Indirectly Controls, and Combined to Calculate the Comprehensive Shareholding Ratio

March 29, 2021; Unit: share; %

Investee (Note)	Holdings of the Company		Holdings of the directors, managers, and the Company for the reinvestment businesses that it directly or indirectly controls		Total investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
MiTAC International Corp..	2,222,013,187	100.00	-	-	2,222,013,187	100.00
MiTAC Computing Technology Corporation	232,757,102	100.00	-	-	232,757,102	100.00
MiTAC Digital Technology Co., Ltd.	103,099,000	97.17	466,000	0.44	103,565,000	97.61
Infopower Technologies Ltd.	6,774,199	33.33	-	-	6,774,199	33.33

Note: Investee accounted for under the equity method

Four. Fund raising

I. Capital and Shares

(I) Sources of capital

1. Outstanding shares

Unit: share; NTD

Date	Issuance price	Authorized capital		Paid-in capital		Note		
		Shares held	Amount	Shares held	Amount	Sources of capital	Investment by properties other than cash	Effective date (approval date) of new capital and approval document number
2020.08	10	1,500,000,000	15,000,000,000	1,206,556,789	12,065,567,890	Capitalization of earnings into share capital, NT\$1,292,739,420		2020.08.18 Ching-Shou-Shang-Tzi No. 10901147930

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

March 29, 2021/ Unit: share

Share category	Authorized capital			Note
	Outstanding	Unissued	Total	
Registered common shares	1,206,556,789	293,443,211	1,500,000,000	Listed companies' stocks

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

(II) Composition of shareholders

March 29, 2021/ 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	14	300	386	128,475	0	129,177
Qty of shareholding	29	15,307,130	386,044,555	127,904,284	677,300,791	0	1,206,556,789
Percentage	0.00%	1.27%	32.00%	10.60%	56.13%	0.00%	100.00%

(III) Equity distribution

1. Common share

March 29, 2021

Level of holding	No. of shareholders	Qty of shareholding	Percentage
1 ~ 999	48,761	11,779,788	0.98%
1,000 ~ 5,000	55,149	123,824,629	10.26%
5,001 ~ 10,000	12,271	91,892,845	7.62%
10,001 ~ 15,000	4,603	56,388,389	4.67%
15,001 ~ 20,000	2,526	44,827,454	3.72%
20,001 ~ 30,000	2,195	54,163,767	4.49%
30,001 ~ 40,000	1,054	36,986,284	3.07%
40,001 ~ 50,000	666	30,415,648	2.52%
50,001 ~ 100,000	1,109	77,706,203	6.44%
100,001 ~ 200,000	489	66,961,564	5.55%
200,001 ~ 400,000	210	54,696,169	4.53%
400,001 ~ 600,000	52	25,345,031	2.10%
600,001 ~ 800,000	23	15,896,972	1.32%
800,001 ~ 1,000,000	13	11,632,326	0.96%

Level of holding	No. of shareholders	Qty of shareholding	Percentage
More than 1,000,001 shares	56	504,039,720	41.77%
Total	129,177	1,206,556,789	100.00%

2. Preferred stocks: None.

(IV) List of major shareholders

March 29, 2021/ Unit: share

Name of major shareholder	Shareholding	Qty of shareholding	Shareholding percentage
MiTAC Inc.		104,431,091	8.66%
UPC Technology Corp.		99,802,598	8.27%
Lien Hwa Industrial holdings Corp.		85,941,944	7.12%
Mei An Investment Co., Ltd.		28,592,586	2.37%
JPMorgan Chase Bank N.A. Taipei Branch entrusted for custody to Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds		12,824,901	1.06%
JPMorgan Chase Bank entrusted for custody to Vanguard Total International Stock Index Fund		12,514,570	1.04%
Miau, Matthew Feng Chiang		12,174,721	1.01%
Getac Technology Corporation		10,299,987	0.85%
Tsu Fung Investment Corporation		9,250,594	0.77%
Hua-Jeou Enterprise Co., Ltd.		7,708,917	0.64%

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

Item			2019		2020		As of March 31, 2021 (Note 4)
			Before adjustment	After adjustment	Before adjustment	After adjustment	
Per-share Market price	Highest		32.70	27.13	36.00	31.25	31.45
	Lowest		23.90	19.48	23.25	19.87	27.80
	Average		28.99		30.79		29.47
Per-share Net worth	Before dividend		37.21		35.74		-
	After dividend		32.26		34.73		-
Per-share earnings	Weighted average shares (thousand shares)		1,061,382	1,188,748	1,193,649		-
	EPS		2.65	2.37	2.45		-
Per-share dividend	Cash dividends		1.00		1.00		-
	Stock dividend	Shares obtained from retained earnings	1.20		0		-
		Shares obtained from capitalization of surplus	0		0		-
	Accumulated unpaid dividend		0		0		-
Investment return analysis	Price/Earnings ratio (Note 1)		11.03		12.18		-
	Price/Dividend ratio (Note 2)		29.23		29.84		-
	Cash dividend yield (Note 3)		3.42%		3.35%		-

Note 1: Price/Earnings ratio = Yearly average closing price/Earnings per share.

Note 2: Price/Dividend ratio = Yearly average closing price /Cash dividend per share.

Note 3: Cash dividend yield rate = Cash dividend per share/ Yearly average closing price.

Note 4: 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.

(VI) Dividend policy and its implementation

1. Dividend policy stipulated in Articles of Incorporation:

When allocating the earnings, the Company shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at 10% of the remaining earnings, and allocate or reverse special reserve pursuant to relevant laws and regulations. If there is a surplus, the balance and the accumulated undistributed surplus will be determined by the Board for distribution. In circumstances of distributing in forms of issuance of new shares, such matter shall be first submitted to the Shareholders' Meeting for resolution before distribution. In circumstances of distributing in form of cash, pursuant to Paragraph 5, Article 240 of the Company Act, the distribution shall be determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors, and then reported to the Shareholders' 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%.

The Company may distribute all or part of the legal reserve and capital reserve stipulated by Article 241 of the Company Act in form of cash and report to the Shareholders' Meeting, after such matter has been determined by a majority of the Directors at a meeting attended by two-thirds or more of the total number of Directors.

2. The Company will maintain a stable dividend policy and distribute no less than 30% of the current year earnings as the shareholder dividend.

3. The proposal of dividend distribution in this Shareholders' Meeting

Under the above principle, the Company prepared the motion for 2020 earnings distribution on March 8, 2021. The cash dividend amounting to NT\$1.00/share may be distributed after the Board resolution pursuant to the Company Act and the Company's Article of Incorporation. The motion will be reported to the annual general meeting on May 27, 2021.

4. Anticipated significant changes in dividend policy: none.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at this shareholders' meeting

The 2020 earnings distribution of the Company does not contain this proposal. Therefore, this is not applicable

(VIII) Remuneration to employees/directors

1. The percentages or ranges with respect to remuneration to employees and directors, as set forth in Articles of Incorporation

Annual profits concluded by the Company (i.e. pre-tax profit before distribution of employees'/directors' remuneration) shall be subject to employee remuneration of no less than 0.1% and director remuneration of no more 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' and directors' remuneration and share-based remuneration; and accounting treatments for any discrepancies between the amounts estimated and the amounts paid:

(1) The basis for the estimation of remunerations to employees and directors in

current period: The Company shall appropriate at least 0.1% of the EBT before the deduction of remuneration to employees and Directors as remuneration to employees in 2020. The estimation of the remuneration to directors shall be based on the expected amount of payment.

- (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) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: Dispose based on the accounting estimated changes.
3. Board of Directors passed remuneration distribution:
- (1) The amount of remuneration employees and directors distributed in cash or shares. If there is a difference between the estimated amount and the actual amount of expense, disclose the value, the reason for the difference and response: The Board resolved to appropriate NT\$2,937 thousand as remuneration to employees and NT\$5,000 thousand as remuneration to Directors. There is no difference between the estimated amount and the actual amount.
 - (2) The amount of stock dividend paid to employees in proportion to the sum of the net income as stated in the parent company only or separate financial statements and the total remunerations to employees: Not applicable, as the Company did not pay out any stocks as remunerations to employees in 2020.
4. The actual distribution of employee bonuses and director/supervisor compensation for the previous fiscal year (with an indication of the number, dollar amount, and stock price, of the shares distributed). If there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor compensation, additionally the discrepancy, cause, and how it is treated:

	The actual distribution of amount in cash
Employee bonuses	2,859 thousand
Director/supervisor compensation	4,800 thousand

Note: The actual distribution and the recognized employee bonuses and director/supervisor compensation is consistent.

(IX) Buy-back of the Company's shares by the company: None.

II. Issuance of corporate bonds: None.

III. The issuance of preferred shares: None

IV. The issuance of GDR: None

V. Status of employee stock option certificates: None.

VI. Status of restricted stock award (RSA): None.

VII. M&A or acceptance of new shares from assignment of other companies: None

VIII. Implementation of the fund allocation plan: None.

Five. Operation Overview

The Company is a holding company that specializes in investment, with subsidiaries involved primarily in the development, design, manufacturing and distribution of computers and ancillary equipment as well as communication related products. And as such, overview of the Company's operation will be based on the businesses of its subsidiaries.

I. Business Activities:

(I) Scope of business

1. Principal business activities

- (1) Cloud computing products: General-purpose servers/workstation products series, including the x86-based (Intel) and AMD) single-/dual-/quad-way servers/workstations, and customized servers/workstation platforms, storages, network and server devices for customer R&D; in response to the trend of AI application development, the high-performance computing computers (HPC servers) are developed; to meet the growing demands of edge computing, the industry-compliant open EDGE server has been developed; to meet the demands for large data centers, rackmount server system design and assembly services are offered for storage solutions integrating computing, networking and optimization. In response to the trend of open design architecture, MiTAC Computing Technology Corporation is committed to contributing more Open Computer Project (OCP)-compliant design coverage after becoming a platinum member of Open Computer Project (OCP). Such designs include: racks, servers, storage, and CORD (Central Office Re-Structure as Datacenter). The big 5G bandwidth, low-latency, and IoE have revolutionized the information and telecommunication industries. MiTAC has continued its long-term advantages over servers. In addition to the original cloud computing solutions which have extend to the product lineup of edge computing, it has joined O-RAN Alliance, a 5G open wireless access organization, worked with its hardware and software partners, and developed servers using this open architecture to apply them to public and private 5G cells. Additionally, for the industrial automation, IoT applications, and smart store applications, the All-In-One LCD PC, Mini PC, POS system, Panel PC, BOX PC, and embedding motherboard product lineup are offered to meet the demand for diverse vertical market applications.
- (2) Automotive electronics and AIoT products: Including telematic products (i.e. in-car navigation, audio amplifier), consumer electronics (i.e. portable navigation device (PND), GPS-enabled digital drive recorder), enterprise electronics (i.e. fleet communication/navigation devices, industrial-use tablet PCs), and smart navigation and cloud-based services.

2. Business distribution

Unit: In thousands of New Taiwan Dollars

Products \ Year	2020	Ratio (%)
Computer & communication products	41,145,756	100.00

3. Major products and new products or technology under planning

- (1) Cloud computing products
 - Data center computing servers
 - Data center storage servers
 - Standard rack mount servers

- Enterprise-grade high-availability storage systems
 - High-performance computing servers (HPC servers)
 - Open Computer Project (OCP) and Open Edge servers
 - 5G wireless access networking servers
 - Rackmount server system design and assembly services for integration of computing/networking/storage solutions
 - Product series for smart store applications (self-checkout system, AI recognition device)
 - Interactive Kiosk/ Kiosk Panel PC
 - Industrial Panel PC
 - Wide temperature and pressure 3.5/2.5 inch main board for industrial use
 - Industrial/medical use COM Express motherboard module
 - Quasi system (Box PC) for railway transport use (IEC50155).
 - Wide-temperature and wide-voltage fan-less Box PC
 - Industrial ICS Gateway
 - Industrial/commercial NVR
- (2) Automotive electronics and AIOT business
- Portable navigation device (PND)
 - Carplay Display Audio & Connected Car Tablet & Navigation Box and telematic products
 - Car Amplifier
 - Bike Computer
 - Outdoor Lighting Control
 - Consumer electronic product, fitness navigation device for outdoor use
 - Enterprise electronics
 - Mobile cloud storage

(II) Industry overview:

1. Current status of the industry and its development

According to the analysis and research of customer demands in major markets, as the fifth generation mobile communication technology (5G), artificial intelligence (AI), AI Internet of Things (AIoT), Edge Computing have been emerging, demand for HPC & GPU Servers and Edge Servers has been rising annually, in addition to traditional enterprise server market, enterprise storage market, and infrastructure of large cloud data centers. In addition, as HPC & GPU servers and 5G transmission are more and more popular among computing based on the AI model training, demand for high-performance, low-latency edge computing servers starts rising. For the server market where the x86-based architecture is mainstream, the release of each new Intel CPU can drive the demands for upgrading servers; its major competitor, AMD, is actively competing for the mainstream server market over its 7nm manufacturing process advantage. AMD's EPYC processor features advanced technologies, such as 64 computing cores, 8 memory channels, and high-speed PCIe e 4.0 to win customers of large data centers with its highly cost-effective products. In addition, as the AI and machine learning applications are getting mature, relevant projects have driven the demands for high-performance computing (HPC) servers. For data centers applications focusing on energy saving and high-density computing, in addition to standard rack-mount unit products, OCP servers have been gradually adopted by hyperscale data centers, serving a new alternative when building data centers. In recent years, because of the new opportunities brought up by 5G, OCP has been committed to promoting CORD (Central Office Re-Structure as Datacenter) and Open Edge Servers. The concept that general-purpose servers are used to run visualization software for open architecture has been adopted gradually

in the cloud, central office, and access.

Customers of large data centers focus on the Total Cost of Ownership (TCO).

Despite of high product customization, the product specifications in the mainstream product still dominates the design. Further to the stability, availability, user friendliness, easy management and easy maintenance of the system, the energy efficiency will be more important. In terms of logistics, customers of large data centers reduce their overall cost with the business model where the direct order with ODM vendors in customization will help to boost up growth of shipment under the ODM Direct. Medium-to-small sized data center operators utilize standard products for limited customization, while reducing Total Cost of Ownership (TCO) with the rackmount server system design and assembly services for integration of computing/networking/storage solutions provided by ODM vendors.

On the other hand, as the IoT issues and applications are more popular, the application of industrial tablet PCs has been getting mature. Its application scope covers the retailing, healthcare, governmental agencies, military, logistics, factory automation, warehousing management, energy, etc. and most major markets are located in the Europe, U.S., and Japan. More and more companies are willing to introduce industrial tablet PC solutions.

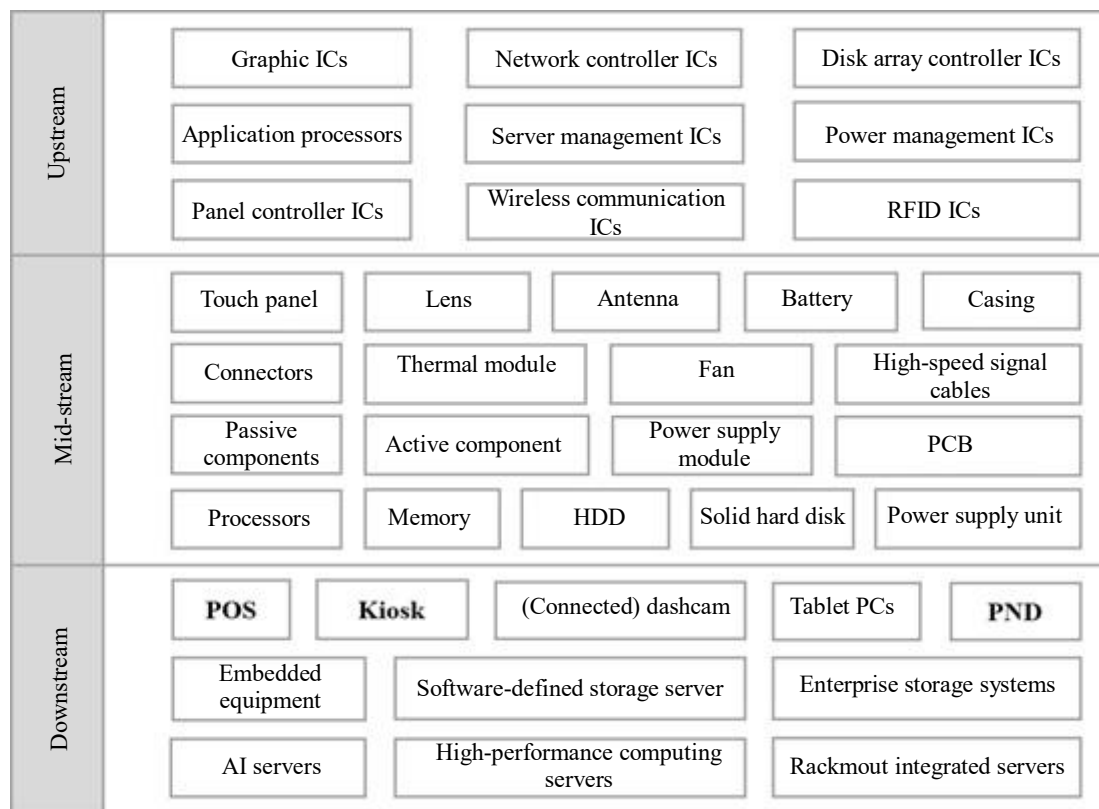
With regards to POS (point-of-sale) systems, market research companies have estimated the global demand for POS systems to be between 2 million ~ 3 million units per year, translating to a steady growth at 7~10%. Since the traditional POS system, the mobility and self-service trends has took place with more new opportunities and applications, such as the self-ordering system for restaurants, price comparison system for shopping malls, self-checkout system. According to studies by international research and consultancy institutions, there will be increasing demands for POS systems to incorporate mobile payment features.

For the industrial PC, with the advent of Industrial 4.0 and its applications, machines and tools at factories are connected and communicate with each other through the IoT architecture. Big data and cloud computing are utilized to provide feedback for better on-site production efficiency. Industrial PCs with edge computing capability are used to provide more timely on-line AI recognition and determination. As a result, factories or vertical industrial with various embedding applications have started upgrading their PC infrastructure, in the hope that their investment in industrial PCs will drive IoT and AI smart production and services. The overall global demands for industrial PCs, therefore, have grown at a rate of 10% each year. Edge Computing and AI have been mature, which will drive the overall market demand.

In terms of automotive electronics and AIoT product planning, although global sales of portable satellite navigation products have fallen over the years, related applications of satellite navigation has continued to be transferred to products such as embedded in-car navigation equipment and GPS tracker for bicycles. At the same time, new products with the same satellite tracking technologies, such as GPS sports watch, have been also developed for IoV positioning or self-driving car. These products, once integrated with the Company's existing cloud computing services and hardware/software environment, will become total solutions for customers; in the IoT segment, the Company will integrate products with GPS technology and work with customers to foray into this new industry.

2. Linkage of industry upstream, midstream and downstream

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



3. Development trends and degree of competition for our products

(1) Cloud computing products:

Standard rack-mounted servers are still mainstream, featuring Intel/AMD x86-based architecture with various hardware specifications and corresponding software (including the operating system, virtualization software, and various application software) to meet user needs in various markets (such as medium-to-small sized enterprises, large multinational corporations, and large cloud data center users). As the technology has been relatively mature and there are a large number of ODM firms, differentiation strategy emerged as the vital issue for all R&D designers. OCP servers focusing on high-density computing and high performance have been popular among hyperscale data centers. The concept that virtualization software has been run on general-purpose servers for open architecture has been adopted gradually in the cloud, central office, and access. In response to this trend, MiTAC has implemented the “Alliance” and “High Fence” strategies: For the “Alliance” strategy, we have joined the OCP and O-RAN Alliance to keep pace with the latest industry trends and seek for partnerships. We keep driving the demands for the open architecture through partnerships in the industry. For the “High Fence” strategy, in addition to getting a head start, we have researched and developed the new generation servers in the industry and introduce unique value-added functions, such as: flexible scalability and cybersecurity to stand out among open architecture and stay competitive.

As the software technology specifications advance, data storage has not

relied on the traditional RAID adapters to provide data redundancy. The Software-Defined methodology has been utilized to provide low-cost, high-availability, high-efficient and easy-to-scale storage architecture. The demands for storage servers has begun emerging. After installing the Distributed File System on their available servers, customers can quickly re-purpose them as storage servers for storage of big data. Traditional enterprise storage devices focus on the high availability of data and devices, and most of them feature dual SAS controllers combined with dual-port SAS HDDs to provide stable data access for enterprise customers. As the amount of data has been increasing enormously and the storage media technology evolves, the types of enterprise storage equipment has changed from SAS storage to NVMe featuring PCIe, which not only reduces the overhead for protocol conversion, but also improves the throughput and read/write performance of the overall data.

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 PCs have also evolved from traditional micro independent cases to All-In-One, industria and Panel PC/Box PC for retail applications. In terms of platforms, SOC integrated chips have been developed from x86 architecture. The embedded application in industry expanded from the use of particular industry to the domain of different public applications (e.g.: Smart Retailing). As such, product design tended to incline to multiple-function and small in dimension in the design. In addition, the physical appearance also becoming a concern.

(2) Automotive electronics and AIoT products:

For automotive electronics and AIoT products, we focus on the three areas: automotive electronics, smart connected devices, and professional tablet PCs. The bread-winning products for automotive electronics include the dashcam, advanced driver assistance system, navigation hardware and software solutions, and outdoor recreation navigation. For the dashcam, not only its video resolution and night vision sensing do constantly evolve, but also it is used with the advanced driver assistance system (such as the forward collision, lane departure, driver fatigue detection, pedestrian impact, go alert), GPS speed camera alert, blindspot detection, anti-thief features to improve the driver safety; in addition, its Wi-Fi features enable quick video transmission to the cloud for storage to provide real-time message and remot control. The navigation hardware and software solution is integrated with GPS, Wi-Fi, and Bluetooth features and can be tailored for certain vehicles to implement route planning and fleet management to effectively improve driving safety and working efficiency. We have launched the product with cycling navigation for outdoor leisure lovers. It is anit-shock and waterproof, and suitable for outdoor environment. It also features GPS, Wi-Fi, and Bluetooth and allows you to plan your route, share it with your friends, and upload it to the cloud platform.

For the field of smart connected devices, we focus on the VoT, implementing cloud file storage, remote system control, driving behavior analysis (speeding, braking, and accelerating), which has been extended to the smart lighting system, or even system installations for smart cities.

The professional tablet PCs and device management platform has been tailored for the environment where special industries operate. The device is

rugged, durable, drop-proof, and water-proof. When combined with the 4G, LTE, Wi-Fi, NFC, and Bluetooth features, it can be used in the fields of logistics, retailing, tourism, healthcare, and industry and takes the place of human with low efficiency to improve working efficiency, reduce costs, and improve service quality.

(III) Technology and R&D overview

1. Committed R&D expense

Unit: In thousands of New Taiwan Dollars

Item \ Year	2020
Research and development expense	2,436,592

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. Our competitiveness rested with the diversity of products, the complete series, a complete vertical supply system, and globalized production sites.

(1) Only information about the number of patents obtained for the last year and up until the publication date of this annual report is shown.

Taiwan	Mainland China	Europe and U.S.
285	344	281

(2) Product development and brand strength:

- A. TYAN organized several online exhibitions in 2020 and launched many server platforms with support for Intel second-generation scalable Xeon processors and AMD second-generation EPYC processors. The Company provides flexible system options and high-performance computing server system for AI, in-depth learning, high-performance computing, high-density storage, and cloud computing. TYAN also worked in cooperation with industrial system integration firms to provide server motherboard for embedded application at high temperature to satisfy the needs for high-performance computing and high reliability under special environment.
- B. TYAN also exhibited a wide array of optimized GPGPU server platform for enterprises and data center at the SC' 20 to boost up the momentum for growth in the HPC market. The diversity of application of TYAN HPC platform provides high-performance computing users to meet the diversity of needs in different computing frameworks.
- C. The Magellan Fleet Management System provides effective functionality for the management of professional fleets from the provision of all functions required to plan the route for drivers, maintenance of the driver schedule and plans, to compliance with (U.S.) governmental mandatory electronic logging regulation. It provides software from fleet management navigation and EDL-compliant HOS as well as Return to Route. Magellan's new portfolio provides a scalable set of basic services that satisfy growing demands for fleet and urban transportation.
- D. ORV (Off-road Recreation Vehicle) SmartECO System: This system not

only allows users to receive LBS (location-based service) data but also enables access to personalized navigation data stored on cloud, which can be used to plan recreational routes. It integrates the functionalities of cloud system, smart phone, PC and navigation device.

- E. Connected Car Tablet: Designed specially for enterprise customers with vehicle management needs, the tablet has 3G/LTE/BT/WiFi connectivity built in and transmits real-time vehicle data to the cloud in order to achieve communication and interaction between the dispatch center and the driver. These tablets have been tested under more rigorous conditions for vehicle use.
- F. Industrial/medical use COM Express motherboard module: the separate design of motherboard module and serial interface module is suitable for the diversity of flexible design in small quantity. (high technology entrance barrier and high margin market)
- G. The Box BC for railway transport (IEC50155): the Box PC compatible with the IEC50155 standard for railway transport worldwide can ensure the stable running of computer system for railway transport under changeable and challenging environment and high demand. (high technology entrance barrier and high margin market)
- H. Highly expandable Kiosk Panel PC: In response to the rapid growth of automated equipment for the retailing industry, the Company will launch touch panel models of different sizes. The design of this series is a breakthrough from the traditional design frame with thin frame for easy fitting into a variety of peripheral devices (e.g.: MSR, Smart Card Reader, Camera, Barcode Reader) .
- I. MiTAC Digital Technology Corporation launched its first dual-lens driving recorder with analog to digital conversion, first radar driving recorder and the first detachable dual-lens driving recorder for motorcycles. It also released 7-inch and 10-inch Android®9.0 system and passed GMS certification of rugged industrial tablet.
- J. Awards of Mio brands in 2020:

Product Name	Region	Media	Award	Logo
MiVue798 Dual	Czech	Computerworld. cz	Product of the Year	
Cyclo Discover Series	Taiwan	TAITRA	Taiwan Excellence Award	
MiVue i85	Russia	Candoru.ru	Editor's choice	
MiVue i95	Russia	Megaobzor.com	Editor's choice	
MiVue i95	Russia	Greentechreviews.ru	Editor's choice	

Product Name	Region	Media	Award	Logo
MiVue C550	Russia	Megaobzor.com	Editor's choice	
MiVue J86	Russia	Greentechreviews.ru	Editor's choice	
MiVue C530	Russia	Megaobzor.com	Editor's choice	
MiVue C530	Russia	Greentechreviews.ru	Editor's choice	

(IV) Long and short-term business development plans

1. Cloud computing product series

- (1) Short-term business development plan: In terms of product strategy, the Company will continue to cooperate with existing customers and chip manufacturers in the development of work stations, servers and storage devices. To provide a variety of end-to-end options for customers, we also actively seek for partners and system integrators who can work with us in the long run.
- (2) Long-term business development plan: In terms of product strategy, the Company will continue to develop new server and storage device products to function as the propelling force to drive sales growth in the next three years. With regards to business strategy, the Company will expand its cooperation with leading server customers around the world and deliver products from modules to full-systems, from low-end to high-end and from single to multiple product lines. In order to maintain stable collaboration over long-term, the Company has to improve its capacity and speed for product development, control production quality and delivery, integrate supply chains throughout the world and maintain a global logistics and service network in order to consolidate Group's position as a major ODM/OEM for server systems. In summary, MiTAC has launched servers with several specifications for cloud deployment and edge computing. It can also provide various end-to-end products for several smart application fields, such as: smart store, smart factory, smart cities, etc. Continuous innovations allows the Company to well prepare for red oceans while discovering blue oceans.

2. Automotive electronics and AIoT products

- (1) Short-term business development plan:
 - A. In terms of mobile handheld and vehicle navigation devices, although global sales of portable satellite navigation products have fallen over the years, related applications of satellite navigation has continued to be transferred to products such as embedded in-car navigation equipment and GPS tracker for bicycles. At the same time, new products with the same satellite tracking technologies have been developed as well. In addition, we planned IoV devices, smart image recognition, and self-driving system, combined with our existing HW/SW products, technologies, and services, to provide the total solution for customers. The IoV products incorporate satellite positioning and we work with customers to enter this new industry.
 - B. 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 will be the promotion of proprietary brand; in USA, the Company will focus primarily on OEM whereas in Japan, ODM and OEM will receive equal attention.

(2) Long-term business development plan:

- A. Automotive electronics and IoV products: Our mid- and long-term business development strategies 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 for vehicle driving, image analysis and recognition, and IoV. In addition, through our brands and B2B strategy and experience of Mio Magellan as well as Navman products, we integrate life, safety, sports and leisure, and navigation service products to allow customers to take advantage of product features and services in real time, whether they are moving, running, or driving. This strategy will guide MiTAC toward the leader of hardware and software integration for IoV and automotive electronics products.
- B. Professional tablet PCs and device management platform: The marketing region expands to Russia, Middle East, South Asia, and South America. We continue development of the vehicle tablet PC and Mobile POS. In addition, the professional tablet PCs have been tailored for the environment where special industries operate. The device is rugged, durable, drop-proof, and water-proof. When combined with the 4G, LTE, Wi-Fi, NFC, and Bluetooth features, it can be used in the fields of logistics, retailing, tourism, healthcare, and industry and takes the place of human with low efficiency to improve working efficiency, reduce costs, and improve service quality. Thus, more product applications are covered for higher business and sales performance.

II. Market and an overview of production and sales

(I) Market analysis

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

Unit: In thousands of New Taiwan Dollars

Regions	2020
Taiwan	1,157,516
US	23,009,897
Europe	4,403,958
Others	12,574,385
Total	41,145,756

2. Market share

According to the surveys and research findings of DIGITIMES Research, MIC was ranked the 5th place by shipment volume of all ODM firms in whole system in 2020. With regards to automotive electronics and AIoT products, MiTAC's auto electronic 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 businesses for cloud data centers continue growing, the enterprise data amount has been increased significantly. Due to the unexpected COVID-19 pandemic in 2020, the capital expenditure of companies stagnate, which in turns, leads to enormous growth of the cloud servers and software-defined storage markets. With the emergency of the new markets of big data analysis usage, AI, IoT and 5G edge computing, the demand for global cloud servers is expected to grow in 2021. However, the intense impact caused by China-United States trade war and pandemic has resulted in material shortage for the supply chain of key components and parts. For this reason, we have to keep an eye on the situation and respond to it actively.

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 the future, computing will be converged at the server and energy efficiency will be the rule. Customers will appeal to low achieve the energy consumption or high-performance of the server. The TYAN brand launched several x86-based server products featuring latest AMD 7nm(AMD EPYC)/Intel 10nm (Intel Xeon Scalable) Multi-core; Multi-thread) processors from the entry-level cloud computing servers to AI servers with support for high-end graphic processors (GPU) to satisfy the comprehensive applications. The mission of the Group is to cooperate with our customers to provide IT professionals with the latest products. 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.

The concept that general-purpose servers are used to run visualization software for open architecture has been adopted gradually in the cloud, central office, and access. This trend represents that the server demand will continue to grow in different forms of specifications. We should keep a close eye on the lifecycle of each product and timely launch new products to meet the market

demands.

(2) Automotive electronics and AIoT products

As the cloud industry develops and the IoV era comes, the number of vehicle connected devices will rapidly increase to ensure driving safety and change driving behavior. Through the B2B business model, more driving information and records are provided for drivers. For 5G applications in daily life, smart cities will be the infrastructure each country seeks for while smart mobility will be the most profitable market for smart cities. The key to smart mobility is the connected vehicles. The business model for the vehicle market include the factory-installed products and aftermarket installed products. The solutions for aftermarket installed products are the key to dominance. MiTAC will provide appropriate solutions once the time is ripe.

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 but has also been integrating hardware, software, engineering automation, manufacturing design, and after-sales services around the world to develop a new business model that would accomplish higher customer satisfaction and competitive advantages in order to break free of the low-margin PC OEM business.

In terms of automotive electronics and AIOT, MiTAC will take the 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 explores and invests 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. Provide full-range service to the customers through the partners in the market of regional channels and the global logistics system of the Group.

(2) Favorable factors for prospects of 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 eManufacturing model

After the trial running of the logistics model, the eManufacturing system of MiTAC is well-developed. 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 form of the integration of global division of labor allowed Mitac to grow from a regional organization to an international manufacturer with global division of labor in R&D, engineering, manufacturing, and distribution .

- C. Intensify the development of products of high added-value
In response to the trend of development in the integration of wireless Internet communication and computer , MiTAC will continue to form strategic alliance with international leading firms for joint development of market. MiTAC possesses spectacular innovative design, R&D, production, and manufacturing integration capabilities in the GPS market and launched various mobile navigation/communication products ahead of the market. 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
In addition to continuing to invest resources in major markets such as North America and Europe, intensified cultivation of markets with enormous growth potential in GPS, such as Asia-Pacific and emerging markets such as China, Japan, and Eastern Europe will be our focal point of development.
- E. Full-range of eSupply Chain
As dictated by the needs of global production, and the regional products of customer and segmentation, MiTAC is engaged in the design of key component modules and integration with the eCommerce of the upstream firms for timely delivery of goods worldwide and reduce the operation risk, cut down the inventory level, and provide timely delivery service to the customers.

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

- A. Since large auto makers and high-tech companies in each country have invested in the development of self-driving vehicles. AI applications will be the focus of the future IoV. The AI applications and familiarization with the IoT platform pose the challenge to the future vehicle business development. Our corresponding strategy are shown below:
 - (a) Enhance the integration with the telematics and focus on the development of connection capability of devices and AI application technologies.
 - (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) Modular design shortens 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) Invest in development of AI software applications. Launch a total solution for enhancing added value. Acquire Domain Knowledge of the industry for continued development of leading brands in technologies.
 - (e) Work with strategic partners to maximize the margin benefits and satisfy the most diverse shipping needs.
- 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) Achieve the advantage of support by quantity: the promotion sale of product series helped to secure voluminous OEM/ODM orders, which could help to reduce the cost of purchase substantially.

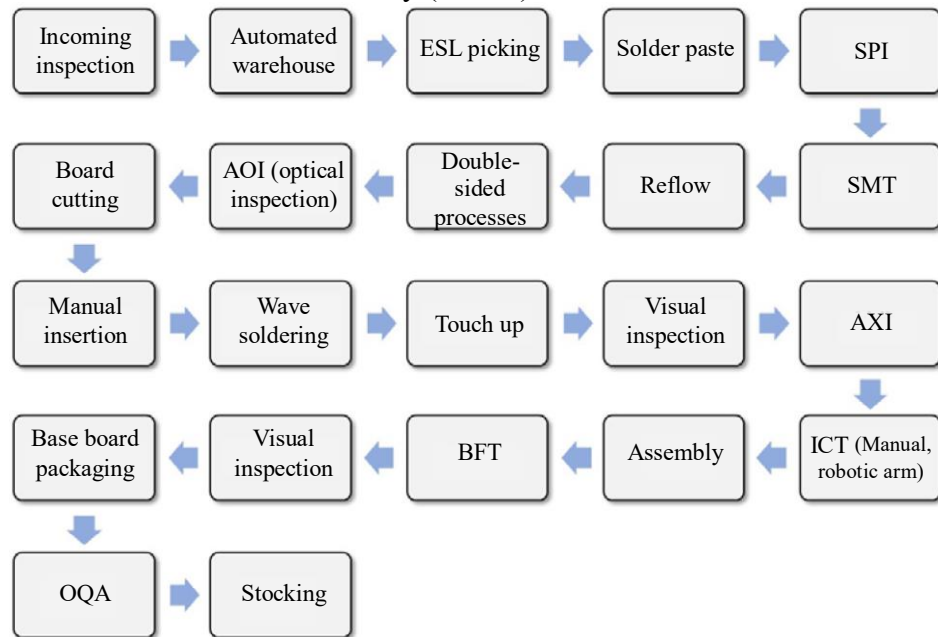
(II) Important applications and production process for main products

1. The functions of major products

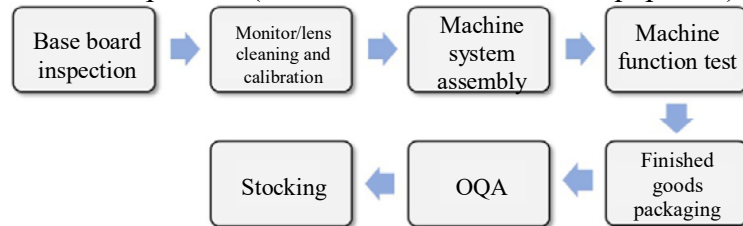
Product categories	Major usage and functions
Servers	Commercial and connected data computing tools
Storage	Commercial and connected data storage tools
Industrial PC	PC and peripherals for IoT applications.
Automotive electronics and AIoT products	Consumer electronics (outdoor, physical fitness, driver navigation), fleet management system, smart cloud IoV, and embedded system, industrial use tablet PC system.

2. Production process

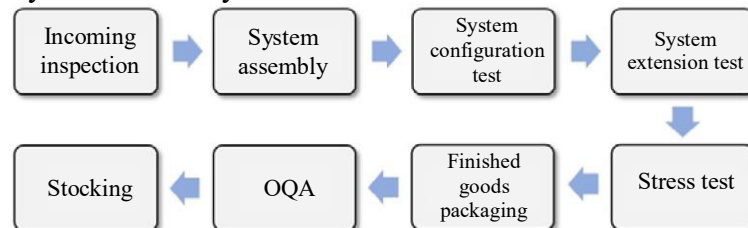
(1) Printed Circuit Board Assembly (PCBA)



(2) Whole set process (AIO, tablet PC, on-board equipment)



(3) System Assembly



(III) Supply of key materials

Component name	Sourde
CPU/ CHIPSET	Original manufacturers: USA, Japan, Taiwan, Korea, China
HDD	Suppliers: USA, Japan, Thailand
DRAM	Suppliers: Taiwan, USA, Korea
PCB	Suppliers: Taiwan, USA, China, Korea
LOGIC IC	Suppliers: Taiwan, USA, Japan, China
PSU	Suppliers: USA, China, Thailand
Availability: The above suppliers are mostly famous international companies that have good track records in the industry close with us for many years. In such a challenging pandemic, they still can supply goods to us permanently and stably.	

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

1. The name of the supplier that accounted for more than 10% of the total purchase in any of the last two years, and the proportion of the purchase amount, the reason for the changes:

In thousands of New Taiwan Dollars

Item	2019				2020			
	Name	Amount	Ratio to net annual purchase (%)	Relation with the issuer	Name	Amount	Ratio to net annual purchase (%)	Relation with the issuer
1	Supplier B	1,901,961	6	None	Supplier B	5,020,208	13	None
2	Others	30,013,842	94		Others	32,861,823	87	
	Net purchase	31,915,803	100		Net purchase	37,882,031	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 name of the customer that accounted for more than 10% of the total sale in any of the last two years, and the proportion of the sale amount, the reason for the changes:

In thousands of New Taiwan Dollars

Item	2019				2020			
	Name	Amount	Ratio to net annual sales (%)	Relation with the issuer	Name	Amount	Ratio to net annual sales (%)	Relation with the issuer
1	Customer A	5,355,068	15	None	Customer A	4,618,786	11	None
2	Customer B	5,321,094	15	None	Customer B	11,717,045	28	None
3	Customer C	4,349,024	12	None	Customer C	4,656,177	11	None
4	Customer D	3,781,545	11	None	Customer D	4,347,822	11	None
5	Others	17,025,229	47		Others	15,805,926	39	
	Net sales	35,831,960	100		Net sales	41,145,756	100	

Note: The changes are the responses to market trend, product needs, prospect of the industry, R&D technology, sale profit, and the contracts with customers.

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

In thousands of New Taiwan Dollars/ unit

Main items	Year	2019			2020		
	Production volume & value	Capacity	Volume	Value	Capacity	Volume	Value
	Computer & communication products	52,718,623	44,424,933	31,915,803	55,449,372	40,718,672	37,882,031

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

In thousands of New Taiwan Dollars/ unit

Main items	Year	2019				2020			
	Sales volume & value	Import		Export		Import		Export	
		Capacity	Value	Capacity	Value	Capacity	Value	Capacity	Value
	Computer & communication products	297,467	827,127	44,235,672	35,004,833	429,148	1,157,516	40,178,189	39,988,240

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

Year		2019	2020	Up to March 31, 2021 for the year
Number of employees	Direct Labor	3,654	3,436	3,433
	Indirect Labor	3,979	3,809	3,708
	Total	7,633	7,245	7,141
Average age		32.65	34.21	35.25
Average years of service		5.74	6.10	6.54
Education levels (%)	Ph.D.	0.16	0.14	0.12
	Master's degree	9.80	10.66	10.49
	College	40.08	42.11	45.65
	Senior High School	37.07	33.11	29.33
	Schools at the Senior Secondary Level and Below	12.89	13.95	14.40

IV. Environmental Disclosure

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

The Group is a professional assembly firm and the operation is mostly assembly works. As such, the problem of air pollution, water pollution and contamination of toxic substances for control is not found. 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 ISO 14001 Environmental Management System 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.

For expenditure regarding environmental protection, the Group classifies it into three categories: Direct environmental cost, indirect environmental cost, and others. It is

compiled based on the local investment amount or spending of the year. In addition to the requirements of local regulations which cost us necessary fees, the energy saving programs are conducted for the GHG (Greenhouse Gas) issues. For example, the renewable energy - solar/waste recycling/electricity saving - lighting management, summer air-conditioning management have been introduced to reach the goal of reducing CO2 emission. The energy efficiency improvement is considered the main expenditure item of the direct environmental cost. The electricity usage at factories and offices accounts for the largest portion of the energy consumption. Therefore, the Shanghai office buildings in Mainland China followed the Headquarter in Taiwan to introduce the Comismart environmental control system to control the energy consumption of buildings effectively and optimize the energy efficiency.

(II) Environmental protection expenditure

1. Environment 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 the group's environmental expenditure since 2020, with new statistics on environmental protection expenditure covered as follows:
 - Environmental costs associated with the Company's operations (direct cost) amounted to NT\$ 11,115,751, which included expenses on the prevention of air/effluent/soil/groundwater pollution, efficient use of resources and disposal/treatment/recycling/reuse of commercial wastes.
 - Environmental management activity costs (indirect cost) amounted to NT\$ 3,362,911. The administrative costs included personnel expenses on environmental education, system management and validation, environmental monitoring and environmental protection-related activities.
 - Other environmental costs totaled NT\$ 2,300,858, which included social activity expenses (i.e., sponsoring environmental organizations, promotion of environmental information and so forth), taxes (i.e., energy levies) and other expenses (i.e., water treatment expenses).
 - Losses (including damage compensations) and fines incurred due to pollution of environment in the year of report up until the publication date of this annual report: The Company has not incurred any losses (including damage compensations) or fines due to environmental pollution; 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, their subordinates and their peers. The Company has also taken initiative in creating communication channels and gathering employees' thoughts as a means of ensuring harmonious labor-management relations and achieving win-win between the Company and its employees.

(I) Communication and reward

1. Labor communication

The Group holds cross-level meetings, communication meetings for managers at each level, and labor-management committee to establish a good two-way communication mechanism. The current group agreement and labor union coverage are 66.8%. In addition, the HR unit has established the employee relationship and dedicated management rules. The employees can propose advice through multiple

channels, including the employee feedback box at offices, hotlines and Speak out email address, etc. The escalation process is absolutely confidential and deeply trusted by our employees. We are committed to building a fair and gender-friendly working environment.

For daily work and communications, 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 NT\$10 million to install video-conferencing equipment in 9 offices 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 publications, and the general assembly. Together, these measures ensure the completeness of internal communication within the Company.

2. Employee incentives

MiTAC offers a 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 the 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-term service award: As an appreciation for employees' long-time contribution and commitment to the Company, senior employees with 5, 10, 15, 20, 25, and 30-year service seniority are commended personally by the senior management with the long-term service award and bonus as reward.
- Short-term and long-term rewards: Provide short-term and long-term rewards including performance bonuses, profit sharing, employee stock options and treasury stocks based on the operating performance and personal performance of the company and the leadership team.

(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, these insurance cover employees for death, health, and safety during overseas business trips and thereby provide them with additional security both in work and life. On the other hand, when our employees suffer an accident and cannot support their family, or lose their life and property due to natural disasters, the Company will provide proper assistance for them through "emergency financial aid" to help them and their families restore health and to increase their engagement.

We deeply believe that happy families are the foremost support to our employees. The creation of an environment with proper balance between workload and daily lives will be the only way to allow for physical and psychological health of

the employees so that they could indulge in their work, which in turn contribute to the sustainable development of the organization. For this end, the Group support the employees in taking care of their families thereby a hearty “temporary nursery care space” has been arranged in the office area. Employees who have the needs for day care of children may take their children to the workplace for reading and resting at a safe place. In so doing, the employees could take care of their children nearby and could have the peace of mind in concentrating on their works. In addition, the Company allocates the budget “for no-interest subsidy on car purchase *with advance salary and wages*” to help the employees to improve their commute. Nearly NT\$ 1.5 million are issued in 2020.

To ensure employees’ physical and mental health, MiTAC has been collaborating with professional external consultants to launch our “Employee Assistance Program.” The program features a pool of experts including psychiatrists, lawyers, nutritionists and financial consultants to assist employees and their family members on matters such as work stress, interpersonal relationships, family, marriage, romantic relationship, law, finance and healthcare so that employees may achieve balance between work, life and health.

In addition, a well-organized Employee Welfare Committee also provides a variety of benefits for the employees. Each department nominated their representative to the committee. The Committee convenes regularly and organizes a diversity of benefits and events for the employees. It also established different social functions, a free gymnasium, aerobic dance room, and massage room. Professional massage therapists were recruited from outside to help employees to release their pressure. Subsidy will also be granted for employees in different occasions such as marriage, funerals, and other festivities to express the concern of the Company. In addition to trip subsidies and year-end part lotteries, bonus will be given in Spring Festival, Dragon Boat Festival and Mid-Autumn Festival as reward to the employees for their effort. In this year, for example, subsidizes of nearly NT\$ 20 million were released by the committee.

2. Employees' training and continuing education

We place great emphasis on the improvement of employees skills and implement employee training 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 2020, for example, the Company organized 600 courses and received more than 85,000 enrollments, delivering 270,000 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. All contributions made to the system are being held in a dedicated pension reserve account and managed by a supervisory committee that comprises labor and management representatives. 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 adequate communication with its employees. The labor-management committee is held quarterly and invites employees to

discuss labor conditions and benefits. 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 Management System and ISO 45001 Occupational Health and Safety Management System. 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 contraband, 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) List any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

MiTAC did not suffer any losses due to employment dispute in the most recent year up until 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. Important contracts

Contract nature	Participants	Contract start/end date	Main contents	Restrictions
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Business agreements	Customer C	From July 1, 2015 to July 1, 2018; automatically renewable.	To outline terms concerning the production, delivery, payment and warranty of computer-related products.	None
Master Supply Agreement Restatement	Customer A	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 D	From July 1, 2011 to June 30, 2016; renewable under the consensus of all participants.	The clauses of the production and manufacturing, delivery, payment and warranty of computer products as agreed.	None

Six. Financial Position

I. Condensed balance sheets and comprehensive income statements covering the last 5 years:

(I) Condensed Balance Sheet – IFRSs (consolidated)

Unit: In thousands of New Taiwan Dollars

Item \ Year		Financial information covering the last 5 years				
		Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
Current assets		25,553,342	20,499,461	19,033,549	23,189,327	21,981,509
Property, Plant and Equipment		6,030,530	6,697,711	7,154,611	7,810,995	7,753,087
Intangible assets		96,980	134,987	102,788	89,448	75,904
Other assets		18,383,086	19,853,104	21,755,203	24,320,612	27,361,235
Total assets		50,063,938	47,185,263	48,046,151	55,410,382	57,171,735
Current liabilities	Before dividend	14,887,395	11,651,825	9,437,584	14,102,831	12,521,697
	After dividend	16,910,093	12,706,471	10,842,736	15,180,114	13,728,254
Non-Current liabilities		660,130	784,822	805,240	1,752,805	1,888,543
Total liabilities	Before dividend	15,547,525	12,436,647	10,242,824	15,855,636	14,410,240
	After dividend	17,570,223	13,491,293	11,647,976	16,932,919	15,616,797
Attributable to the shareholder's equity of the parent company		34,516,413	34,748,616	37,803,327	39,489,824	42,712,994
Share capital		8,156,048	8,190,022	9,367,677	10,772,829	12,065,568
Additional paid-in capital		22,446,436	22,537,691	23,370,899	23,400,002	23,582,411
Retained earnings	Before dividend	3,159,137	3,691,113	4,968,926	4,998,381	5,561,608
	After dividend	1,136,439	1,419,568	2,158,622	2,628,359	4,355,051
Other equity		1,277,241	852,239	448,912	671,699	1,743,283
Treasury Stock		(522,449)	(522,449)	(353,087)	(353,087)	(239, 876)
Non-Controlling Interest		0	0	0	64,922	48,501
Total equity	Before dividend	34,516,413	34,748,616	37,803,327	39,554,746	42,761,495
	After dividend	32,493,715	33,693,970	36,398,175	38,477,463	41,554,938

Note: Proposal for cash dividend distributed from earnings 2020, \$1,206,557, passed upon resolution by the Board of Directors' meeting

(II) Condensed Balance Sheet – IFRSs (individual)

Unit: In thousands of New Taiwan Dollars

Item \ Year		Financial information covering the last 5 years				
		Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020
Current assets		3,432,107	2,510,868	640,871	246,615	1,671,206
Property, Plant and Equipment		1,407	673	3,980	3,184	2,388
Intangible assets		0	0	0	0	0
Other assets		32,236,183	33,909,252	37,671,545	40,470,219	44,612,687
Total assets		35,669,697	36,420,793	38,316,396	40,720,018	46,286,281
Current liabilities	Before dividend	1,153,284	1,672,177	513,069	1,230,194	3,573,287
	After dividend	3,175,982	2,726,823	1,918,221	2,307,477	4,779,844
Non-Current liabilities		0	0	0	0	0
Total liabilities	Before dividend	1,153,284	1,672,177	513,069	1,230,194	3,573,287
	After dividend	3,175,982	2,726,823	1,918,221	2,307,477	4,779,844
Attributable to the shareholder's equity of the parent company		34,516,413	34,748,616	37,803,327	39,489,824	42,712,994
Share capital		8,156,048	8,190,022	9,367,677	10,772,829	12,065,568
Additional paid-in capital		22,446,436	22,537,691	23,370,899	23,400,002	23,582,411
Retained earnings	Before dividend	3,159,137	3,691,113	4,968,926	4,998,381	5,561,608
	After dividend	1,136,439	1,419,568	2,158,622	2,628,359	4,355,051
Other equity		1,277,241	852,239	448,912	671,699	1,743,283
Treasury Stock		(522,449)	(522,449)	(353,087)	(353,087)	(239,876)
Non-Controlling Interest		0	0	0	0	0
Total equity	Before dividend	34,516,413	34,748,616	37,803,327	39,489,824	42,712,994
	After dividend	32,493,715	33,693,970	36,398,175	38,412,541	41,506,437

Note: Proposal for cash dividend distributed from earnings 2020, \$1,206,557, passed upon resolution by the Board of Directors' meeting.

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

Unit: In thousands of New Taiwan Dollars

(EPS in NT\$)

Item \ Year	Financial information covering the last 5 years				
	2016	2017	2018	2019	2020
Revenue	48,341,745	48,760,514	30,751,819	35,831,960	41,145,756
Gross profit	5,553,540	5,665,177	4,787,868	5,189,724	4,625,061
Operating income (loss)	683,344	739,881	333,896	500,960	74,383
Non-Operating Income and Expenses	2,377,593	2,162,407	3,138,818	2,581,948	2,905,693
Pre-Tax Income (loss)	3,060,937	2,902,288	3,472,714	3,082,908	2,980,076
Continuing department net income - current (Loss)	2,718,568	2,581,014	3,296,249	2,773,789	2,850,785
Loss from the discontinued department	0	0	0	0	0
Net Income - current (Loss)	2,718,568	2,581,014	3,296,249	2,773,789	2,850,785
Other current comprehensive income □ (loss) (net after tax)	(688,788)	(451,342)	(304,397)	244,200	1,085,269
Total current comprehensive income or loss	2,029,780	2,129,672	2,991,852	3,017,989	3,936,054
Net income attributable to the shareholder's equity of the parent company	2,718,568	2,581,014	3,296,249	2,817,880	2,918,705
Net income attributable to the non-controlling equity	0	0	0	(44,091)	(67,920)
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	2,029,780	2,129,672	2,991,852	3,063,366	4,004,833
Comprehensive profit and loss attributable to the non-controlling equity	0	0	0	(45,377)	(68,779)
EPS	3.44	2.81	3.11	2.37	2.45

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

Unit: In thousands of New Taiwan Dollars
(EPS in NT\$)

Item \ Year	Financial information covering the last 5 years				
	2016	2017	2018	2019	2020
Revenue	2,736,021	2,636,880	3,301,845	2,861,497	2,968,036
Gross profit	2,736,021	2,636,880	3,301,845	2,861,497	2,968,036
Operating income (loss)	2,702,751	2,602,340	3,270,650	2,827,265	2,934,156
Non-Operating Income and Expenses	19,038	28,695	35,068	13,053	(4,888)
Pre-Tax Income (loss)	2,721,789	2,631,035	3,305,718	2,840,318	2,929,268
Continuing department net income - current (Loss)	2,718,568	2,581,014	3,296,249	2,817,880	2,918,705
Loss from the discontinued department	0	0	0	0	0
Net Income - current (Loss)	2,718,568	2,581,014	3,296,249	2,817,880	2,918,705
Other current comprehensive income □ (loss) (net after tax)	(688,788)	(451,342)	(304,397)	245,486	1,086,128
Total current comprehensive income or loss	2,029,780	2,129,672	2,991,852	3,063,366	4,004,833
EPS	3.44	2.81	3.11	2.37	2.45

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

Year	Name of CPA firm	Name of CPA	Auditing opinions
2016	PwC Taiwan	Wen, Fang-Yu, Cheng, Ya-Huei	Unqualified opinion plus other matters section
2017	PwC Taiwan	Wen, Fang-Yu, Cheng, Ya-Huei	Unqualified opinion plus other matters section
2018	PwC Taiwan	Wen, Fang-Yu, Cheng, Ya-Huei	Unqualified opinion plus other matters section
2019	PwC Taiwan	Wen, Fang-Yu, Cheng, Ya-Huei	Unqualified opinion plus other matters section
2020	PwC Taiwan	Lin, Yu-Kuan/Cheng, Ya-Huei	Unqualified opinion plus other matters section

II. Financial analysis covering the last 5 years:

(I) Financial analysis – IFRSs (consolidated)

Analysis items		Year	Financial analysis in the latest five years				
			2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio		31.05	26.35	21.31	28.61	25.2
	The ratio of long-term funds to property, plant and equipment		583.30	530.53	539.63	528.83	575.9
Debt servicing capability (%)	Current ratio		171.64	175.93	201.67	164.43	175.54
	Quick ratio		124.95	119.35	127.37	105.95	99.44
	Interest Coverage ratio		178.24	86.80	266.53	56.14	65.11
Operating efficiency	A/R turnover rate (times)		6.13	6.66	6.16	6.01	6.87
	Average collection days		59.54	54.80	59.25	60.73	53.12
	Inventory turnover rate (times)		5.59	5.71	3.50	3.7	3.75
	Payable turnover ratio (times)		5.78	5.93	4.89	5.47	5.82
	Average days in sales		65.29	63.92	104.28	98.64	97.33
	Property, plant, and equipment turnover rate (times)		8.40	7.66	4.43	4.78	5.28
	Total assets turnover (time)		1.01	1.00	0.64	0.69	0.73
Profitability	Return on assets (%)		5.74	5.36	6.94	5.45	5.14
	Return on equity (%)		7.98	7.45	9.08	7.17	6.92
	Pre-tax income to paid-up capital (%)		37.52	35.43	37.07	28.61	24.69
	Net profit margin (%)		5.62	5.29	10.71	7.74	6.92
	Earnings per share (NT\$)		3.44	2.81	3.11	2.37	2.45
Cash flow	Cash flow ratio (%)		4.98	27.34	11.11	1.65	21.32
	Cash flow adequacy ratio (%)		82.50	87.81	73.06	59.52	47.39
	Cash reinvestment ratio (%)		-	2.95	0.02	-	3.17
Leverage ratios	Operating leverage ratios		9.21	8.80	17.97	14.22	92.18
	Financial leverage ratios		1.02	1.04	1.04	1.12	2.66
Root causes of changes in each financial ratio in the last two years (the changes under 20% are exempt from analyses)							
1. The increase in cash flow ratio mainly resulted from the increase in cash inflow from operating activities.							
2. The decrease in cash flow adequacy ratio (%) mainly resulted from the decrease in inventories for the most recent five years.							
3. The increase in cash reinvestment ratio mainly resulted from the increase in net cash inflow from operating activities.							
4. The increase in operating leverage ratio mainly resulted from the decrease in operating profit.							
5. The increase in financial leverage ratio mainly resulted from the decrease in operating profit.							

(II) Financial analysis – IFRSs (parent company only)

Analysis items		Year	Financial analysis in the latest five years				
			2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio		3.23	4.59	1.33	3.02	7.71
	Ratio of long-term capital to property, plant and equipment		2,453,192.11	5,163,241.60	949,832.33	1,240,256.72	1,788,645.36
Debt servicing capability (%)	Current ratio		297.59	150.15	124.90	20.04	46.76
	Quick ratio		297.49	150.11	124.72	19.96	46.74
	Interest Coverage ratio		NA	NA	14,008.27	1,364.2	337.6
Operating efficiency (Note)	A/R turnover rate (times)		NA	NA	NA	NA	NA
	Average collection days		NA	NA	NA	NA	NA
	Inventory turnover rate (times)		NA	NA	NA	NA	NA
	Payable turnover ratio (times)		NA	NA	NA	NA	NA
	Average days in sales		NA	NA	NA	NA	NA
	Property, plant and equipment turnover ratio (times)		NA	NA	NA	NA	NA
	Total assets turnover (time)		NA	NA	NA	NA	NA
Profitability	Return on assets (%)		7.83	7.16	8.82	7.13	6.72
	Return on equity (%)		7.98	7.45	9.08	7.29	7.10
	Pre-tax income to paid-up capital (%)		33.37	32.12	35.28	26.36	24.27
	Net profit margin (%)		99.36	97.88	99.83	98.47	98.33
	EPS (\$)		3.44	2.81	3.11	2.37	2.45
Cash flow	Cash flow ratio (%)		72.56	40.07	135.25	33.48	5.21
	Cash flow adequacy ratio (%)		175.53	107.64	99.31	42.67	41.19
	Cash reinvestment ratio (%)		-	-	-	-	-
Leverage ratios	Operating leverage ratios		1.00	1.00	1.00	1.00	1.00
	Financial leverage ratios		1.00	1.00	1.00	1.00	1.00
<p>Root causes of changes in each financial ratio in the last two years (the changes under 20% are exempt from analyses)</p> <ol style="list-style-type: none"> 1. The increase in the debt to asset ratio mainly resulted from the increase in other payables - related party. 2. The increase in the ratio of long-term capital to property, plant and equipment mainly resulted from the increase in the capital of common stock. 3. The increase in current ratio and quick ratio mainly resulted from the increase in other receivables - related party. 4. The decrease in interest coverage ratio mainly resulted from the increase in interest expenses. 5. The decrease in cash flow ratio mainly resulted from the decrease in net cash inflow from operating activities and increase in current liabilities. 							

Note: Not applicable, as the Company is an investment holding company.

1. Financial structure
 - (1) Debt to asset ratio = total liabilities / total assets
 - (2) The ratio of long-term capital to property, plant and equipment = (total equities + non-current liabilities) / net amount of 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 capacity
 - (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. The Audit Committee' Review Report on the financial statement of the most recent year: refer to page 106.

IV. Financial report in the most recent year: refer to page 107-209 for further information.

V. The Parent Company only financial statement for the most recent fiscal year, certified by a CPA: See from page 210 to 251.

VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

Seven. A review and analysis of the Company's financial status and operating results, and risk management

I. Review and analysis of the Company's financial status

Unit: In thousands of New Taiwan Dollars

Item \ Year	Dec. 31, 2019	2020.12.31	Difference	
			Amount	%
Current assets	23,189,327	21,981,509	(1,207,818)	-5%
Property, Plant and Equipment	7,810,995	7,753,087	(57,908)	-1%
Intangible assets	89,448	75,904	(13,544)	-15%
Other assets	24,320,612	27,361,235	3,040,623	13%
Total assets	55,410,382	57,171,735	1,761,353	3%
Current liabilities	14,102,831	12,521,697	(1,581,134)	-11%
Non-Current liabilities	1,752,805	1,888,543	135,738	8%
Total liabilities	15,855,636	14,410,240	(1,445,396)	-9%
Share capital	10,772,829	12,065,568	1,292,739	12%
Additional paid-in capital	23,400,002	23,582,411	182,409	1%
Retained earnings	4,998,381	5,561,608	563,227	11%
Other equity	671,699	1,743,283	1,071,584	160%
Treasury Stock	(353,087)	(239,876)	113,211	-32%
Attributable to the shareholder's equity of the parent company	39,489,824	42,712,994	3,223,170	8%
Non-Controlling Interest	64,922	48,501	(16,421)	-25%
Total equity	39,554,746	42,761,495	3,206,749	8%
<p>The main reasons for any material change in the Company's assets, liabilities, or equity during the past two fiscal years:</p> <ol style="list-style-type: none"> 1. Other equity: mainly due to the increase in unrealized gains from financial assets at fair value through other comprehensive income. 2. Treasury Stock: mainly due to disposal of the treasury stock in 2020. 3. Non-controlling Interest: mainly due to exclusion of Hyve Design Solutions Corporation into the consolidated financial statements in Q3 2020, as MiTAC lost the controlling power over it at that moment. 				

II. Review and analysis of the Company's financial performance

Unit: In thousands of New Taiwan Dollars

Item \ Year	2019	2020	Difference	
			Amount	%
Revenue	35,831,960	41,145,756	5,313,796	15%
Gross profit	5,189,724	4,625,061	(564,663)	-11%
Operating Income	500,960	74,383	(426,577)	-85%
Non-Operating Income and Expenses	2,581,948	2,905,693	323,745	13%
Net profit before tax	3,082,908	2,980,076	(102,832)	-3%
Income tax expense	(309,119)	(129,291)	179,828	-58%
Net Income - current	2,773,789	2,850,785	76,996	3%
Other current comprehensive income	244,200	1,085,269	841,069	344%
Total current comprehensive income or loss	3,017,989	3,936,054	918,065	30%
Net income attributable to the shareholder's equity of the parent company	2,817,880	2,918,705	100,825	4%
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	3,063,366	4,004,833	941,467	31%
<p>(I) The main reasons for any material change in operating revenues, operating income, and income before tax during the past two fiscal years:</p> <ol style="list-style-type: none"> 1. The decrease in operating profit compared to the same period in the previous year mainly resulted from the change in product portfolio. The decrease in gross profit and gross profit margin compared to the same period in the previous year. 2. The increase in other current comprehensive income, current comprehensive income or loss and comprehensive profit and loss attributable to the shareholder's equity of the parent company compared to the same period in the previous year mainly resulted from the increase in unrealized gain from financial assets at fair value through other comprehensive income compared to the same period in the previous year. <p>(II) Expected sales volume and basis of estimate: No applicable, as the Company does not prepare financial forecasts.</p> <p>(III) The possible effect upon the Company's financial operations as well as measures to be taken in response: No material effect.</p>				

III. Cash flow review and analysis

(I) Analysis of cash flow for the year

Unit: In thousands of New Taiwan Dollars

Opening cash balance	Net cash flow from operating activities for the year Cash flow from operating activities	Net cash flow from investing activities for the year Cash flow from operating activities	Net cash flow from financing activities for the year Cash flow from operating activities	Ending cash balance
6,664,566	2,670,771	(594,391)	(3,065,779)	5,805,297

- (1) Operating activities: The amount of net cash inflow from operating activities was NT\$2,670,771 thousand. This was mainly due to operating profits and the change in net assets and net liabilities related to operating activities.
- (2) Investing activities: The amount of net cash outflow from investing activities was NT\$594,391 thousand. This was mainly due to the plant renovation and purchase of equipment.
- (3) Financing activities: The amount of net cash outflow from financing activities was NT\$3,065,779 thousand. This was mainly due to repayment of bank loans and distribution of cash dividend.

- (II) Improvement plans for cash deficit: Not applicable.
- (III) Cash liquidity analysis for the next fiscal year

Unit: In thousands of New Taiwan Dollars

Opening cash balance	Net cash flow from operating activities for the year Cash flow from operating activities	Annual cash outflow	Cash surplus (deficit) amount	Financing of cash deficits	
				Investment plans	Finance plans
5,805,297	1,933,512	(2,069,029)	5,669,780	-	-

1. Analysis of cash flow for the year:
 - (1) Operating activities: Net cash inflow is expected from operating activities in 2021, which is mainly due to the net change in assets and liabilities related to profit and operating activities.
 - (2) Full-year cash outflow: The outflow is expected to be spent on plant renovation, purchase of equipment, and payment of cash dividends.
2. Improvement plans for cash deficit: Not applicable.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

- (I) The reinvestment policy for the most recent fiscal year: The reinvestments of the Group are long-term strategic planning for future business demands, hoping to increase revenues and profits.
- (II) The main reasons for the profits/losses generated from reinvestments and the plan for improving re-investment profitability: Profits were mainly caused by the stable growth of business and proper control of costs. The loss was mainly caused by the reason that it is still on the stage of developing new products or the sales of products fell short of expectation. In addition, MiTAC will consider elements from all perspectives and make proper management policy for non-operating reinvestees or investees with poor performance to improve management performance and control investment losses.
- (III) Investment plans for the coming year: The Company will follow the operating strategy to execute the global investment plans.

VI. Risk management issues

(I) Organization structure for risk management

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) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The influence of the changes in interest rate and exchange rate, and inflation in 2020 on the profits (loss) of the Company:

Unit: In thousands of New Taiwan Dollars

Item	2020	
	Amount	As a percentage of revenues %
Interest income (expense)	(1,997)	(0.005)
Exchange gains (losses) (including gains/losses on valuation of financial instruments)	81,089	0.20

Note: The influence of inflation on the profits (loss) of the Company is insignificant.

2. The response measures taken by the Company for interest and exchange rate fluctuations and changes in the inflation rate:
 - (1) The pricing, collection and payments for trade receivables and payables are mainly in USD along with one-basket currencies to reduce the effect of exchange rate fluctuation on the overall revenues.
 - (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 "Procedures for Derivatives Trading," 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 chains 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) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
1. MiTAC does not engage in high-risk and highly leveraged investments.
 2. Financing third parties was undertaken in accordance with the "Procedures for Loaning of Company Funds". As of the end of 2020 and March 31, 2021, the Company and subsidiaries had balance of loans to third parties amounting to NT\$17,926,578 thousand and NT\$17,636,691 thousand, respectively.
 3. Endorsement/guarantees in favor of third parties were undertaken in accordance with the "Procedures for Endorsements/Guarantees". As of the end of 2020 and March 31, 2021, the Company and subsidiaries had balance of endorsements/guarantees undertaken in favor of third parties amounting to NT\$866,972 thousand and NT\$1,382,276 thousand, respectively.
 4. Derivatives transactions are conducted in accordance with "Procedures for Derivatives Trading"
- (IV) Research and development work to be carried out in the future, and further expenditures expected for research and development work:
1. This year (2021), the Company planned to appropriate NT\$2 billion in R&D.
 2. Future R&D plans
 - (1) Cloud computing product series
 - AI and in-depth learning optimal design server platform
 - Industrial grade embedded server platform
 - High-performance GPU computing server
 - Development of the new generation of Intel core Embedded Motherboard
 - R&D of embedded industrial use main board for terminal application
 - Development of Industrial Interactive Kiosk in different sizes
 - Development of Panel Mount/Open Frame Panel PC in medium to small sizes
 - Development of Kiosk Panel PC in different sizes
 - Development of the new generation of Intel core Embedded Motherboard

- Development of Industrial use wide temperature and voltage range 3.5” motherboard.
 - Development of Industrial use wide temperature and voltage range 2.5” motherboard.
 - Development of Industrial/Medical use COM Express motherboard module.
 - Development of quasi system Box PC for railway transport (IEC50155).
 - Wide-temperature and wide-voltage fan-less Box PC
 - ARM framework embedded motherboard and Box PC
 - Industrial ICS Gateway
 - Industrial/commercial NVR
- (2) Automotive electronics and smart IoT product series
- 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.
- (V) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:
- MiTAC Group (MiTAC) has global presence and has production sites in China and the USA. Subject to the development condition, the Company will seek the optimal production model based on the production cost, logistic cost and customer needs, and will also make good use of the production base in the USA to engage in assembly and production to mitigate the tariff impact. The production line installation project of the Hsinchu Science Park factory was initiated in 2018. A part of the production capacity in the mainland China has been transferred back to the factory in Hsinchu in the middle of 2019. Therefore, no material impact should be imposed on the Company’s financial position. Meanwhile, the ISO quality, environment and safety certification has been completed in 2020. This year, the in-vehicle certification is scheduled to be completed. Meanwhile, for the consistency in the corporate social responsibility, MiTAC has taken the responsibility for the Validity Audit Procedure (VAP) under Responsible Business Alliance (“RBA”) Code of Conduct since 2020. The Procedure is scheduled to be completed this year.
- (VI) Financial impacts and responsive measures in the event of technological or industrial changes:
1. MiTAC has engaged in joint ventures with the supply chain for the development of substitute non-high-melting-point soldering materials. Through supply chain management, MiTAC demands its upstream suppliers to proceed to application for waiver and development of substitute new materials without the waiver clause so that the products could meet the requirements of the RoHS waiver clause under the optimal cost structure and mode of operation.
 2. The impact of the COVID-19 epidemic and the future situation of the Sino-US trade treaty are expected to have effects the global strategy planning and investment strategy. The best response to this change would be to continue in the introduction of automated production lines in all factories. 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, MiTAC would be able to produce broad variety of products in small quantities at a faster rate.
 3. Due to COVID-19, the demand for teleworking and other related services has increased, resulting in a large demand for medium-to-large data center for cloud

services, and the proportion of completely built unit and full container load shipments are expected to increase. Thus, strengthening logistics operations and financial scheduling capabilities will effectively turn the challenges into business opportunities.

4. In order to protect the information assets of customers, companies, and individuals from internal or external deliberate or accidental damage, and to protect and manage the data stored or transmitted, to prevent incidents such as damage, theft, leakage, tampering, abuse, and infringement, the company clearly declares the importance of maintaining information security and implements it, through the formulation of information security policy, so that all units can truly understand the information security policy. The Company follows the relevant control procedures to continuously improve the confidentiality, integrity and availability of all operations of each information service system, so as to maintain the information security and sustainable business philosophy of all business of the Company.

(VII) Crisis management, impacts, and responsive measures in the event of a change in corporate image: None.

(VIII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(IX) Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken: None.

(X) Risks associated with any consolidation of purchasing or sales operations, and mitigation measures being or to be taken:

Purchasing: Main raw material procurement policy is based on the principle of maintaining two suppliers or more and distribution of purchasing and establishing safe stock with major suppliers and instantly updating changes in demand to maintain a long-term and close collaboration relationship and to ensure the sources of all materials. 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) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

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

(XII) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XIII) Litigation and non-contentious matters:

In the most recent fiscal 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, 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 the subparagraph 12, Paragraph 6, Article 20 of "Regulations Governing Information to be Published in Annual Reports of Public Companies."

(XIV) Other important risks, and mitigation measures being or to be taken:

1. Suppliers' profit-oriented strategy: Integration continues to be conducted in IT

industry and further strategic alliance mode is adopted in the hope for finding the niche of the industry chain. The rise 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.

2. The sound financial position of the suppliers will be a key issue for control thereby surveys and analysis have been conducted on the financial reports of the suppliers at regular intervals.

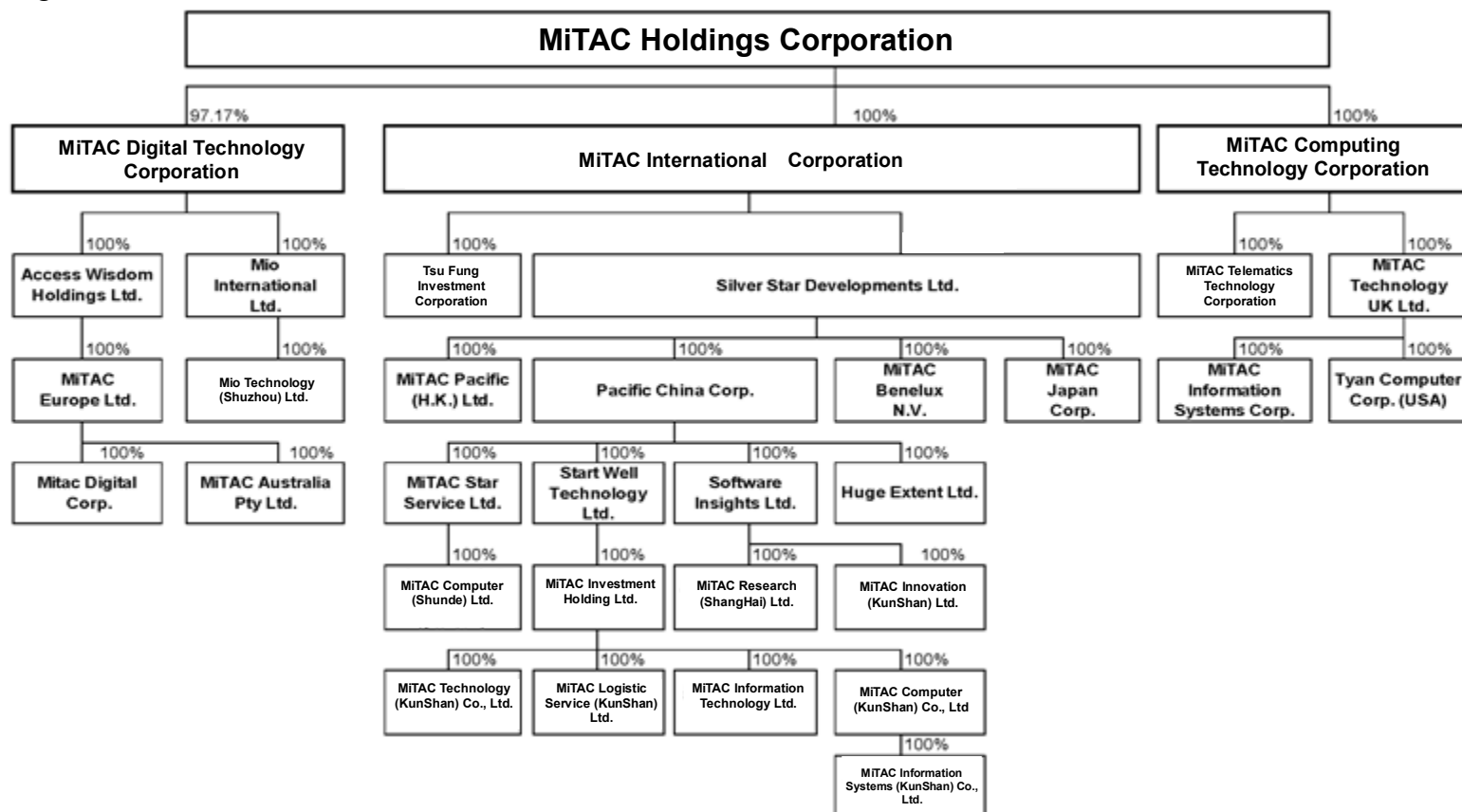
VII. Other important matters: None.

Eight. Important Notice

I. Information on affiliates

(I) The consolidated business reports of affiliates

1. Organizational Chart of Affiliates



2. Basic information of each affiliate

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, Yan-Fa 2nd Rd., Hsinchu Science Park, Hsinchu City, Taiwan, R.O.C.	NTD22,220,132	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
MiTAC Computing Technology Corporation	Jul. 25, 2014	3F, No.1, Yan-Fa 2nd Rd., Hsinchu Science and Industrial Park, Hsinchu City, Taiwan, R.O.C..	NTD2,327,571	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
Tsu Fung Investment Corporation	Feb. 16, 1998	10F, No. 77, Sec. 3, Minsheng E. Rd., Zhongshan Dist. Taipei City, Taiwan, R.O.C.	NTD1,428,847	General Investment
Silver Star Developments Ltd.	Jun. 05, 1990	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD176,299	General Investment
MiTAC Japan Corp.	Apr. 30, 1983	Yasuda Shibaura-building No2 3F, Kaigan 3-2-12, Minato-ku, Tokyo, Japan 108-0022	YEN50,000	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	EUR1,618	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	USD10	Import and export service
Pacific China Corp.	Dec. 27, 1996	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD89,910	General Investment
MiTAC Computer (Shunde) Ltd.	Jan. 18, 1993	No .1, Shunda Road, Lunjiao Street, ShunDe District, Foshan City, Guangdong Province, China	CNY416,705	Production of mainframe, motherboard, interface cards, displays, power supply, keyboards and related metal/plastic parts, and motherboard repair services.
Start Well Technology Ltd.	Apr. 20, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD29,900	General Investment
MiTAC Computer (KunShan) Co., Ltd	Nov. 01, 2000	No.269, No.2 Avenue2nd Road, Export Processing Zone, Changjiang South Road, Kunshan, Jiangsu, P.R.C	CNY510,505	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
Software Insights Ltd.	Jul. 18, 2000	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD5,200	General Investment
MiTAC Star Service Ltd.	Jan. 12, 2001	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD44,601	General Investment
MiTAC Technology (KunShan) Co., Ltd.	Jan. 28,2002	No.269, No.2 Avenue2nd Road, Export Processing Zone, Changjiang South Road, Kunshan, Jiangsu, P.R.C	CNY8,277	Testing, maintenance, and technical consultation and after-sale service of computer parts and related products.
Mio International Ltd.	Feb. 06, 2004	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD1,275	Sales of communication related products
MiTAC Research (Shanghai) Ltd.	Nov. 23, 2004	No. 213, Jiangchang San Rd., Zabei Dist., Shanghai	CNY43,040	Research, development and technical consultation services
Huge Extent Ltd.	Jun. 22, 2006	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD8,000	General Investment

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
MiTAC Australia Pty Ltd.	Mar. 06, 2007	Unit 5,43-51 College Street, Gladesville NSW 2111 Australia	AUD6,022	Sales of communication products and related post-delivery service
MiTAC Europe Ltd.	May 10, 2001	Unit 27, Hortonwood 33, Telford, Shropshire, England, TF1 7EX	EUR18,830	Sales of communication products and related post-delivery service
Tyan Computer Corp.(USA)	Jul. 17, 1989	39660 Eureka Drive, Newark, CA 94560, USA	USD3,950	Sales of computer peripherals, software and hardware and related products
Mio Technology (Shuzhou) Ltd.	Dec. 04, 2003	No. 33, Jiefang Road, Kunshan Development Zone	CNY1,878	Sales of communication products and related post-delivery service
MiTAC Logistic Service (KunShan) Ltd.	Mar. 17, 2008	No. 269, No. 2 Avenue, Export Processing Zone, Changjiang South Road, Kunshan, Jiangsu, P.R.C	CNY6,821	Shipping agent, import/export, and warehouse service.
MiTAC Digital Corp.	Nov. 21, 2008	21660 E. Copley Drive, Suite 170 Diamond Bar, CA 91765	USD45,000	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.	CNY2,048	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	USD25,000	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.	CNY6,571	Research, development and technical consultation services
MiTAC Telematics Technology Corporation	Jul. 24, 2014	Suite 501, No. 211, Jiangchang San Road, Jin-an District, Shanghai	CNY2,000	Sale of proprietary products and provision of after-sale services
MiTAC Technology UK Ltd.	Aug. 01, 2014	Unit 27, Hortonwood 33, Telford, Shropshire, England, TF1 7EX	USD55,146	General Investment
MiTAC Information Systems (KunShan) Co., Ltd.	Sep. 17, 2015	No. 33, Jiefang Road, Kunshan Development Zone 3	CNY240,000	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
MiTAC Investment Holding Ltd.	Nov. 06, 2015	Suite 208-211, 2F, Zone B, No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province.	CNY469,292	General Investment
MiTAC Digital Technology Corporation	Sep. 01, 2017	4F, No.1, Yan-Fa 2nd Rd., Hsinchu Science Based Industrial Park, Baoshan Township, Hsinchu County	NTD1,061,000	Sales of electronic telecommunications, communications and software products and post-delivery service.
Access Wisdom Holdings Ltd.	Oct. 23, 2017	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD48,500	General Investment

Note 1: Please refer to Note 3 of the operation summary of each affiliate for the exchange rate on the date of the financial statement. (Page 103)

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 affiliates	Connection with other 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
	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
	MiTAC Digital Technology Corporation	Products sales and post-delivery service
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
	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
	Tsu Fung Investment Corporation	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
	Access Wisdom Holdings Ltd.	General Investment
Technical Service	MiTAC Research (Shanghai) Ltd.	Research, development and technical consultation services
	MiTAC Technology (KunShan) 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
Trading	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 (Shuzhou) 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 Corp.(USA)	Sale of products and provision of after-sale services
	MiTAC Digital Corp.	Sale of products and provision of after-sale services

Industry	Name of affiliates	Connection with other affiliates in business operation
	MiTAC Telematics Technology Corporation	Sale of proprietary 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 agent 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. Information of directors, supervisors, and presidents of affiliates

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
MiTAC International Corp.	Chairman	MiTAC Holdings Corporation /Rep: Miao, Matthew Feng Chiang	2,222,013,187	100%
	Director/President	MiTAC Holdings Corporation/Rep: Ho, Jhi-Wu	2,222,013,187	100%
	Director	MiTAC Holdings Corporation/Rep: Michael Lin	2,222,013,187	100%
	Director	MiTAC Holdings Corporation/Rep: Steve Chang	2,222,013,187	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%
MiTAC Digital Technology Corporation	Chairman	MiTAC Holdings Corporation/Rep: Ho, Jhi-Wu	103,099,000	97.17%
	Director	MiTAC Holdings Corporation /Rep: Miao, Matthew Feng Chiang	103,099,000	97.17%
	Director/President	MiTAC Holdings Corporation/Rep: Steve Chang	103,099,000	97.17%
	Supervisor	Tsu Fung Investment Corporation/Rep: Crystal Yang	1,000	0%
Tsu Fung Investment Corporation	Chairman	MiTAC International Corp./Rep: Ho, Jhi-Wu	142,884,651	100%
	Director	MiTAC International Corp./Rep: Crystal Yang	142,884,651	100%
	Director	MiTAC International Corp./Rep: Chung, Shu-Ling	142,884,651	100%
	Supervisor	MiTAC International Corp./Rep: Huang, Hsiu-Ling	142,884,651	100%
Silver Star Developments Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Japan Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director/ President	Toshihiko Hara	0	0%
	Supervisor	Hsiu-Ling Huang	0	0%
MiTAC Benelux N.V.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
	General manager	Ferdi.Lor	0	0%
MiTAC Pacific (H.K.) Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
Pacific China Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Star Service Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
Software Insights Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Computer (KunShan) Co., Ltd.	Chairman	Mitac Holdings Corporation/Rep: Steve Chang	N/A	100%
	Vice chairman	Mitac Holdings Corporation/Rep: J.J. Huang	N/A	100%
	Director	Mitac Holdings Corporation/Rep: Lin, Wen-Feng	N/A	100%
	Director/President	Mitac Holdings Corporation/Rep: Wu, Shun-Huang	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
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%

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Research (ShangHai) Ltd.	Chairman	Software Insights Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Director	Software Insights Ltd./Rep: Michael Lin	N/A	100%
	Director	Software Insights Ltd./Rep: Steve Chang	N/A	100%
	President	Chang, Wen-Chien	N/A	0%
	Supervisor	Cheng, Hsiao-Wen	N/A	0%
Start Well Technology Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Technology (KunShan) Co., Ltd.	Chairman	Mitac Holdings Corporation/Rep: J.J. Huang	N/A	100%
	Director/President	Mitac Holdings Corporation/Rep: Chen, Chi-Ming	N/A	100%
	Director	Mitac Holdings Corporation/Rep: Chang, Wen-Chien	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%
Huge Extent Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
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%
Mio Technology (Shuzhou) Ltd.	Chairman	Mio International Ltd./Rep: Steve Chang	N/A	100%
	Director/President	Mio International Ltd./Rep: Chao Chin	N/A	100%
	Director	Mio International Ltd./Rep: Chang, Wen-Chien	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
Tyan Computer Corp.(USA)	Director	Ho Jhi-Wu	0	0%
	Director	Danny Hsu	0	0%
	Director	Lin Chung-Liang	0	0%
MiTAC Logistic Service (KunShan) Ltd.	Chairman	Mitac Holdings Corporation/Rep: Steve Chang	N/A	100%
	Director/President	Mitac Holdings Corporation/Rep: Wu, Shun-Huang	N/A	100%
	Director	Mitac Holdings Corporation/Rep: Lin, Wen-Feng	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Digital Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
Mitac Information Technology Ltd.	Chairman	Mitac Holdings Corporation/Rep: Steve Chang	N/A	100%
	Director/President	Mitac Holdings Corporation/Rep: Chang, Wen-Chien	N/A	100%
	Director	MiTAC Investment Holding Ltd./Rep: Ho, Jhi-Wu	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	Lin Chung-Liang	0	0%
	Director/President	Charlotte C.Y. Chou	0	0%
MiTAC Innovation (KunShan) Ltd.	Chairman	Software Insights Ltd./Rep: Steve Chang	N/A	100%
	Director/President	Software Insights Ltd./Rep: Chang, Wen-Chien	N/A	100%
	Director	Software Insights Ltd./Rep: Michael Lin	N/A	100%
	Supervisor	Cheng, Hsiao-Wen	N/A	0%
MiTAC Telematics Technology Corporation	Chairman/President	MiTAC Cloud Technology Co., Ltd./Rep: Michale Lin	N/A	100%
	Director	MiTAC Digital Technology Corporation/Rep: J.J. Huang	N/A	100%
	Director	MiTAC Cloud Technology Co., Ltd./Rep: Ho, Jhi-Wu	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
MiTAC Technology UK Ltd.	Director	MiTAC Cloud Technology Co., Ltd./Rep: Ho, Jhi-Wu	55,146,138	100%
	Director	MiTAC Cloud Technology Co., Ltd./Rep: Michale	55,146,138	100%

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
	Director	Lin MiTAC Cloud Technology Co., Ltd./Rep: Crystal Yang	55,146,138	100%
MiTAC Information Systems (KunShan) Co., Ltd.	Chairman	Kunda Computer Technology (kunshan) Co., Ltd./Rep: Steve Chang	N/A	100%
	Vice chairman	Kunda Computer Technology (kunshan) Co., Ltd/Rep: J.J. Huang	N/A	100%
	Director	Kunda Computer Technology (kunshan) Co., Ltd./Rep: Micheal Lin.	N/A	100%
	Director/President	Kunda Computer Technology (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: Ho, Jhi-Wu	N/A	100%
	Director	Start Well Technology Ltd./Rep: Steve Chang	N/A	100%
	Director	Start Well Technology Ltd./Rep: J. J. Huang	N/A	100%
	Director	Start Well Technology Ltd./Rep: Wu, Shun-Huang	N/A	100%
	Supervisor	Huang, Hsiu-Ling	N/A	0%
Access Wisdom Holdings Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Chang Le-Chun	0	0%

6. Operation summary of affiliates

Unit: 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 (NT\$) (after-tax)
MiTAC International Corp.	22,220,132	40,563,022	1,462,397	39,100,625	240,075	(288,093)	2,813,362	1.27
Tsu Fung Investment Corporation	1,428,847	3,036,135	328	3,035,807	89,219	86,498	86,534	0.61
Silver Star Developments Ltd.-Consolidated	5,021,004	24,408,251	2,321,523	22,086,728	14,530,108	104,470	1,824,157	10.35
MiTAC Japan Corp.	13,815	140,874	94,654	46,220	226,653	7,141	4,310	4,310.00
MiTAC Benelux N.V.	56,669	121,439	78,106	43,333	7	7	(2,896)	(44.38)
MiTAC Pacific (H.K.) Ltd.	285	11,174	7,796	3,378	0	(597)	2	0.20
Pacific China Corp.	2,560,626	2,655,620	0	2,655,620	0	0	0	0.00
MiTAC Computer (Shunde) Ltd.	1,823,920	3,609,621	745,331	2,864,290	9,562,627	99,867	126,546	NA
Start Well Technology Ltd.	851,552	2,734,034	871,507	1,862,527	0	0	0	0.00
MiTAC Computer (KunShan) Co., Ltd	2,234,480	4,126,479	1,283,249	2,843,230	4,388,900	(10,462)	33,090	NA
Software Insights Ltd.	148,099	153,405	28,480	124,925	0	0	0	0.00
MiTAC Star Service Ltd.	1,270,229	1,286,505	0	1,286,505	0	0	1	0.00
MiTAC Technology (KunShan) Co., Ltd.	36,228	171,350	143,813	27,537	268,683	1,166	(3,312)	NA
Mio International Ltd.	36,312	51,582	0	51,582	0	(2)	612	0.48
MiTAC Research Shanghai	188,386	538,379	63,512	474,867	182,393	4,842	11,898	NA
Huge Extent Ltd.	227,840	227,840	0	227,840	0	0	0	0.00
MiTAC Australia Pty Ltd.	132,191	222,444	198,920	23,524	233,077	(17,796)	(31,377)	(5.21)
MiTAC Europe Ltd.	659,427	166,186	45,692	120,494	113,532	9,026	6,024	0.35
Tyan Computer Corporation-USA	112,505	751,682	198,996	552,686	562,216	(47,932)	(29,101)	(29,101.00)
Mio Technology (Shuzhou) Ltd.	8,219	71,559	37,849	33,710	164,792	1,009	1,694	NA
MiTAC Logistic Service (KunShan) Ltd.	29,854	223,971	184,507	39,464	850,900	1,473	1,405	NA
MiTAC Digital Corporation	1,281,600	180,085	93,920	86,165	133,415	25,315	19,624	0.44
Mitac Information Technology Ltd.	8,966	73,390	25,284	48,106	90,968	2,309	3,637	NA
MiTAC Information Systems Corp.	712,000	6,902,428	5,864,914	1,037,514	18,475,483	28,610	(5,513)	(1,837.67)
MiTAC Innovation (KunShan) Ltd.	28,760	96,057	20,317	75,740	60,673	2,623	3,858	NA
MiTAC Computing Technology Corporation	2,327,571	15,757,820	12,021,980	3,735,840	26,679,313	275,965	121,447	0.52
MiTAC Telematics Technology Corporation	8,754	29,870	13,059	16,811	738,432	3,217	7,767	NA
MiTAC Technology UK Ltd.	1,570,562	1,596,741	63,185	1,533,556	0	(3)	(34,273)	(0.62)
MiTAC Information Systems (KunShan) Co., Ltd.	1,050,480	1,385,888	341,986	1,043,902	0	(5,554)	(2,053)	NA
MiTAC Investment Holding Ltd.	2,054,091	3,384,750	278,891	3,105,859	11,744	(428)	50,733	NA
MiTAC Digital Technology Corporation	1,061,000	4,335,572	2,644,919	1,690,653	4,401,263	27,524	34,190	0.32
Access Wisdom Holdings Ltd.	1,381,280	133,177	31,379	101,798	0	(7)	(5,728)	(0.12)

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: Based on the exchange rate of 2020

	<u>Year-end</u>	<u>Average</u>
USD:	28.480	29.551
EUR:	35.020	33.713
JPY:	0.276	0.277
RMB:	4.377	4.282
AUD:	21.950	20.398

(II) Consolidated financial statements of affiliates

MiTAC Holdings Corporation

Declaration of Consolidated Financial Statements of Affiliates

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Mitac Holding Corporation (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2020 (January 1, 2020~December 31, 2020) in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Mitac Holding Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, no Consolidated FS of Affiliates are prepared separately.

Very truly yours

Company name: MiTAC Holdings Corporation

Rep: Miao, Matthew Feng Chiang

March 8, 2021

(III) Affiliation report: None.

II. The status of private place of securities in the most recent year to the date this report was printed: None.

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the recent fiscal year up to the date of printing of the annual report:

Unit: NTD thousand; share/%

Name of subsidiaries	Paid-in capital	Fund source	Shareholding ratio of the Company	Acquisition or disposal Date	Number of shares acquired and amount	Number of shares disposed and amount	Investment income (loss)	Number of shares and amount holding as of the date of printing of the annual report	Creation of pledge	Endorsement and guarantee amount by the Company for subsidiaries	Loan amount to subsidiaries from the Company
Silver Star Developments Ltd.	US\$176,299 thousand	Own funds and borrowings	100%	2020 and 2021 to the date this report was printed.	227,995 shares -	-	-	2,127,954 shares \$77,002	None	-	-
Tsu Fung Investment Corporation	\$1,428,847	Own funds and borrowings	100%	2020 and 2021 to the date this report was printed.	1,066,135 shares -	5,816,000 shares \$200,507	-	9,250,594 shares \$162,874	None	-	-

Note: The shares acquired refer to the stock dividends.

IV. Other matters that require additional description: None.

V. Events that caused significant influence on shareholders' equity or stock price pursuant to Subparagraph II, Paragraph I, Article 36 of the Securities and Exchanges Act in the most recent year to the date this report was printed: None.

MiTAC Holdings Corporation

Audit Committee's Review Report

2020 financial statements (January 1, 2020 to December 31, 2020) of MiTAC Holdings Corp. are prepared by the Board of Directors and audited by Lin Yu-Kuan and Cheng Ya-Huei, PricewaterhouseCoopers (PwC), Taiwan. These financial statements, along with 2020 business reports and earnings distribution plan, have been reviewed by us as Audit Committee of the Company and these reports and statements are indeed compliance with the related laws and regulations. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this review report for your consideration.

Submit To:

2021 Annual General Meeting, MiTAC Holdings Corporation

MiTAC Holdings Corporation

Chairman of the Audit Committee: LU, SHYUE-CHING

March 8, 2021

**MITAC HOLDINGS CORPORATION AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Declaration of Consolidated Financial Statements of Affiliated Enterprises

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Mitac Holding Corporation (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2020 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of Mitac Holding Corporation and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Mitac Holding Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,

Matthew Feng-Chiang Miao
Chairman of Mitac Holding Corporation
March 8, 2021

INDEPENDENT AUDITORS' REPORT

PWCR20000462

To the Board of Directors and Shareholders of MiTAC Holdings Corporation

Opinion

We have audited the accompanying consolidated balance sheets of MiTAC Holdings Corporation and its subsidiaries (the “MiTAC Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the *Other matter* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the MiTAC Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audit of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the MiTAC Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled

our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the MiTAC Group's 2020 consolidated financial statements are stated as follows:

Sales revenue recognition

Description

For accounting policies on sales revenue recognition, please refer to Note 4(32). Considering that the sales revenue are material to its financial statements, the types of MiTAC Group products and sales terms are various, the timing of revenue recognition can only be determined when the controls of ownership for products are transferred to the customers based on contract terms of each different customer. Thus, we identified the sales revenue recognition as a key audit matter.

How our audit addressed the matter

We conducted audit procedures, including: discussed with management and evaluated the policy of revenue recognition; assessed the effectiveness of design and implementation of internal controls over recognition of revenue; test sampled the sales transactions including their terms, performance obligations, and prices and verified the supporting documents for deliveries to ensure the proper timing and amounts of recognition; selected sales transactions for a specific period prior to and after the balance sheet date and verified transaction documents to ensure sales revenue are recorded in the proper period.

Valuation of inventory

Description

Subsidiaries accounted for using equity method were mainly engaged in manufacturing and selling computers and their peripherals and communications products. Since the industry involved rapidly changing technology and were affected by market demand, there was higher risk of incurring inventory

valuation losses or having obsolete inventory. Inventories of investees were measured at the lower of cost and net realisable value. Considering that these inventories were significant, items were voluminous and the valuation is associated with subjective judgement, we identified valuation of inventory of the subsidiaries as a key audit matter.

How our audit addressed the matter

We performed audit procedures, including: discussed with management and evaluated the policy of inventory valuation, validated inventory aging report through checking the logic of calculating aged inventories and confirming the appropriateness of categorization of aged inventories; and validated the basis in determining net realizable values of obsolete or slow-moving inventories in order to evaluate the reasonableness of allowance for inventory valuation losses.

Other matter- reference to audits of other auditors

We did not audit a certain indirectly held investment accounted for using equity method that was included in the consolidated financial statements, whose financial statements were prepared under a different financial reporting framework. We have performed necessary audit procedures on the conversion of those financial statements into financial information in accordance with 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. Those financial statements prior to conversion were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit report of the other independent auditors. Share of profit of associates and joint ventures accounted for using equity method amounted to NT\$1,604,767 thousand and NT\$1,585,642 thousand for the years ended December 31, 2020 and 2019, respectively. Investments accounted for using equity method amounted to NT\$12,693,073 thousand and NT\$11,569,372 thousand as at December 31, 2020 and 2019, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of MiTAC Holdings Corporation as at and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the MiTAC Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MiTAC Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MiTAC Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the MiTAC Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the MiTAC Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Lin, Yu-Kuan

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2021

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 independent auditors' report 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.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 5,805,297	10	\$ 6,664,566	12
1110	Financial assets at fair value through profit or loss - current	6(2)	6,107	-	99,948	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	1,232,843	2	892,050	2
1136	Financial assets at amortised cost - current	6(4)	-	-	490,770	1
1150	Notes receivable - net		31,689	-	92,751	-
1170	Accounts receivable - net	6(5) and 12(2)	4,982,050	9	6,183,075	11
1180	Accounts receivable - related parties - net	6(5), 7 and 12(2)	215,960	-	289,650	1
1200	Other receivables	7	60,168	-	131,562	-
1220	Current income tax assets		2,136	-	26,588	-
130X	Inventories	6(6)	9,123,004	16	7,761,668	14
1410	Prepayments		406,538	1	484,459	1
1460	Non-current assets held for sale - net	6(10)(14)	90,133	-	33,531	-
1470	Other current assets	6(7) and 8	25,584	-	38,709	-
11XX	Total current assets		21,981,509	38	23,189,327	42
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	6,065,749	11	4,675,838	8
1550	Investments accounted for using equity method	6(8)	19,071,689	33	17,455,704	32
1600	Property, plant and equipment - net	6(9)	7,753,087	14	7,810,995	14
1755	Right-of-use assets	6(10) and 7	359,874	1	381,487	1
1760	Investment property - net	6(12)	1,229,431	2	1,242,821	2
1780	Intangible assets	6(13)	75,904	-	89,448	-
1840	Deferred income tax assets	6(32)	504,324	1	481,086	1
1900	Other non-current assets	6(7) and 8	130,168	-	83,676	-
15XX	Total non-current assets		35,190,226	62	32,221,055	58
1XXX	Total assets		\$ 57,171,735	100	\$ 55,410,382	100

(Continued)

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(15)	\$ 1,443,851	3	\$ 3,803,871	7
2120	Financial liabilities at fair value through profit or loss - current	6(16)	11,691	-	8,637	-
2130	Contract liabilities - current	6(25)	127,866	-	274,968	1
2170	Accounts payable		6,662,560	12	5,783,558	11
2180	Accounts payable - related parties	7	20,222	-	62,992	-
2200	Other payables	7	3,366,781	6	3,362,875	6
2230	Current income tax liabilities		440,247	1	397,042	1
2250	Provisions - current	6(20)	132,169	-	142,592	-
2280	Lease liabilities - current	7	36,760	-	41,204	-
2300	Other current liabilities	6(17)	279,550	-	225,092	-
21XX	Total current Liabilities		12,521,697	22	14,102,831	26
Non-current liabilities						
2540	Long-term borrowings	6(17)	863,366	2	791,561	1
2550	Provisions - non-current	6(20)	123,905	-	109,714	-
2570	Deferred income tax liabilities	6(32)	378,872	1	382,573	1
2580	Lease liabilities - non-current	7	194,448	-	148,024	-
2600	Other non-current liabilities	6(8)(18)	327,952	1	320,933	1
25XX	Total non-current liabilities		1,888,543	4	1,752,805	3
2XXX	Total liabilities		14,410,240	26	15,855,636	29
	Share capital	6(21)				
3110	Common shares		12,065,568	21	10,772,829	19
	Capital surplus	6(22)				
3200	Capital surplus		23,582,411	41	23,400,002	43
	Retained earnings	6(23)				
3310	Legal reserve		1,451,388	3	1,167,412	2
3320	Special reserve		-	-	12,265	-
3350	Unappropriated retained earnings		4,110,220	7	3,818,704	7
	Other equity interest	6(24)				
3400	Other equity interest		1,743,283	3	671,699	1
3500	Treasury stocks	6(21)	(239,876)	(1)	(353,087)	(1)
31XX	Equity attributable to owners of the parent		42,712,994	74	39,489,824	71
36XX	Non-controlling interests		48,501	-	64,922	-
3XXX	Total equity		42,761,495	74	39,554,746	71
	Significant Contingent Liabilities And Unrecognised Contract Commitments	9(1)(2)				
	Significant Events After the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 57,171,735	100	\$ 55,410,382	100

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

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(25) and 7	\$ 41,145,756	100	\$ 35,831,960	100
5000	Operating costs	6(6) and 7	(36,520,695)	(89)	(30,642,236)	(85)
5900	Gross profit		4,625,061	11	5,189,724	15
	Operating expenses	6(30)(31) and 7				
6100	Selling expenses		(985,724)	(2)	(1,119,178)	(3)
6200	General and administrative expenses		(1,128,362)	(3)	(1,197,462)	(3)
6300	Research and development expenses		(2,436,592)	(6)	(2,372,124)	(7)
6000	Total operating expenses		(4,550,678)	(11)	(4,688,764)	(13)
6900	Operating profit		74,383	-	500,960	2
	Non-operating income and expenses					
7100	Interest income	6(26)	44,482	-	89,404	-
7010	Other income	6(27) and 7	481,886	1	406,824	1
7020	Other gains and losses	6(28)	10,416	-	(98,262)	-
7050	Finance costs	6(29) and 7	(46,479)	-	(55,905)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(8)	2,415,388	6	2,239,887	6
7000	Total non-operating income and expenses		2,905,693	7	2,581,948	7
7900	Profit before income tax		2,980,076	7	3,082,908	9
7950	Income tax expense	6(32)	(129,291)	-	(309,119)	(1)
8200	Profit for the year		\$ 2,850,785	7	\$ 2,773,789	8

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2020		2019	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss) - net					
Components of other comprehensive income(loss) that will not be reclassified to profit or loss					
8311 Gains (losses) on remeasurements of defined benefit plans	6(18)	\$ 1,151	-	(\$ 24,960)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(24)	1,644,487	4	1,263,333	3
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	6(8)(24)	162,399	-	19,993	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(32)	(230)	-	4,992	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		1,807,807	4	1,263,358	3
Components of other comprehensive income(loss) that will be reclassified to profit or loss					
8361 Exchange differences on translation of foreign financial statements	6(24)	(763,323)	(1)	(637,983)	(2)
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(8)(24)	40,785	-	(381,175)	(1)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(722,538)	(1)	(1,019,158)	(3)
8300 Other comprehensive income for the year		\$ 1,085,269	3	\$ 244,200	-
8500 Total comprehensive income for the year		\$ 3,936,054	10	\$ 3,017,989	8
Profit (loss), attributable to:					
8610 Profit, attributable to owners of parent		\$ 2,918,705	7	\$ 2,817,880	8
8620 Loss, attributable to non-controlling interests		(\$ 67,920)	-	(\$ 44,091)	-
Comprehensive income(loss) attributable to:					
8710 Comprehensive income, attributable to owners of parent		\$ 4,004,833	10	\$ 3,063,366	8
8720 Comprehensive loss, attributable to non-controlling interests		(\$ 68,779)	-	(\$ 45,377)	-
9750 Basic earnings per share	6(33)	\$ 2.45		\$ 2.37	
9850 Diluted earnings per share	6(33)	\$ 2.42		\$ 2.35	

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

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Notes	Share capital- common shares	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest		Treasury stocks	Total	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>Year 2019</u>											
Balance at January 1, 2019	\$ 9,367,677	\$ 23,370,899	\$ 837,787	\$ -	\$ 4,131,139	(\$ 62,976)	\$ 511,888	(\$ 353,087)	\$ 37,803,327	\$ -	\$ 37,803,327
Effects on adoption of IFRS 16	-	-	-	-	(50)	-	-	-	(50)	-	(50)
Balance at January 1, 2019 after adjustments	<u>9,367,677</u>	<u>23,370,899</u>	<u>837,787</u>	<u>-</u>	<u>4,131,089</u>	<u>(62,976)</u>	<u>511,888</u>	<u>(353,087)</u>	<u>37,803,277</u>	<u>-</u>	<u>37,803,277</u>
Profit (loss) for 2019	-	-	-	-	2,817,880	-	-	-	2,817,880	(44,091)	2,773,789
Other comprehensive income (loss) for 2019	-	-	-	-	(22,376)	(1,017,982)	1,285,844	-	245,486	(1,286)	244,200
Total comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,795,504</u>	<u>(1,017,982)</u>	<u>1,285,844</u>	<u>-</u>	<u>3,063,366</u>	<u>(45,377)</u>	<u>3,017,989</u>
Distribution of 2018 earnings											
Legal reserve	-	-	329,625	-	(329,625)	-	-	-	-	-	-
Special reserve	-	-	-	12,265	(12,265)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,405,152)	-	-	-	(1,405,152)	-	(1,405,152)
Stock dividends	1,405,152	-	-	-	(1,405,152)	-	-	-	-	-	-
Subsidiaries received cash dividends paid by the parent company	-	20,740	-	-	-	-	-	-	20,740	-	20,740
Change of associates accounted for using equity method	-	7,754	-	-	4,624	-	(4,624)	-	7,754	-	7,754
Proceeds from disposal of investments accounted for using equity method	6(24)	-	-	-	(341)	-	341	-	-	-	-
Increase in non-controlling interests	6(34)	-	609	-	-	(770)	-	-	(161)	109,581	109,420
Compensation cost of subsidiaries' employee stock options	6(19)	-	-	-	-	-	-	-	-	718	718
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	6(3)(24)	-	-	-	40,022	-	(40,022)	-	-	-	-
Balance at December 31, 2019	<u>\$ 10,772,829</u>	<u>\$ 23,400,002</u>	<u>\$ 1,167,412</u>	<u>\$ 12,265</u>	<u>\$ 3,818,704</u>	<u>(\$ 1,081,728)</u>	<u>\$ 1,753,427</u>	<u>(\$ 353,087)</u>	<u>\$ 39,489,824</u>	<u>\$ 64,922</u>	<u>\$ 39,554,746</u>

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent											
Notes	Share capital- common shares	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest		Treasury stocks	Total	Non-controlling interests	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>Year 2020</u>											
Balance at January 1, 2020	\$ 10,772,829	\$ 23,400,002	\$ 1,167,412	\$ 12,265	\$ 3,818,704	(\$ 1,081,728)	\$ 1,753,427	(\$ 353,087)	\$ 39,489,824	\$ 64,922	\$ 39,554,746
Profit (loss) for 2020	-	-	-	-	2,918,705	-	-	-	2,918,705	(67,920)	2,850,785
Other comprehensive income (loss) for 2020	6(24)	-	-	-	221	(721,722)	1,807,629	-	1,086,128	(859)	1,085,269
Total comprehensive income (loss)	-	-	-	-	2,918,926	(721,722)	1,807,629	-	4,004,833	(68,779)	3,936,054
Distribution of 2019 earnings											
Legal reserve	-	-	283,976	-	(283,976)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(12,265)	12,265	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,077,283)	-	-	-	(1,077,283)	-	(1,077,283)
Stock dividends	1,292,739	-	-	-	(1,292,739)	-	-	-	-	-	-
Subsidiaries received cash dividends paid by the parent company	6(22)	-	10,784	-	-	-	-	-	10,784	-	10,784
Change of associates accounted for using equity method	6(22)(24)	-	87,108	-	25,693	-	(25,693)	-	87,108	-	87,108
Increase in non-controlling interests	6(34)	-	-	-	-	-	-	-	-	90,150	90,150
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	6(3)(24)	-	-	-	(11,382)	-	11,382	-	-	-	-
Proceeds from disposal of investments accounted for using equity method	6(24)	-	-	-	12	-	(12)	-	-	-	-
Disposal of company's share by subsidiaries recognised as treasury share transactions	6(21)(22)	-	83,417	-	-	-	-	113,211	196,628	-	196,628
Loss control over the subsidiaries recognised as disposal transactions	6(34)	-	-	-	-	-	-	-	-	(33,330)	(33,330)
Cash dividends paid by subsidiaries to non-controlling interests	6(34)	-	-	-	-	-	-	-	-	(4,462)	(4,462)
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	6(22)	-	1,100	-	-	-	-	-	1,100	-	1,100
Balance at December 31, 2020	<u>\$ 12,065,568</u>	<u>\$ 23,582,411</u>	<u>\$ 1,451,388</u>	<u>\$ -</u>	<u>\$ 4,110,220</u>	<u>(\$ 1,803,450)</u>	<u>\$ 3,546,733</u>	<u>(\$ 239,876)</u>	<u>\$ 42,712,994</u>	<u>\$ 48,501</u>	<u>\$ 42,761,495</u>

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

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,980,076	\$ 3,082,908
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain on reversal in expected credit loss)	12(2)	17,494	(14,812)
Loss on inventory market value decline	6(6)	137,040	231,906
Depreciation	6(9)(10)(12)(30)	908,976	836,105
Amortization	6(13)(30)	89,722	84,614
Compensation cost of employee share-based payment transactions	6(19)	-	718
Interest income	6(26)	(44,482)	(89,404)
Interest expense	6(29)	46,479	55,905
Dividend income	6(27)	(214,428)	(190,145)
Loss (gain) of financial assets/liabilities at fair value through profit or loss	6(28)	18,855	(9,828)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(2,415,388)	(2,239,887)
Loss on disposal of investments	6(28)	6,674	5,444
Gain on disposal of property, plant and equipment	6(28)	(564)	(255)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		61,062	(539)
Accounts receivable		1,069,041	(1,478,028)
Other receivables		64,646	(52,830)
Inventories		(1,694,988)	(1,603,717)
Prepayments		34,425	39,542
Other current assets		13,223	2,321
Changes in operating liabilities			
Contract liabilities		(147,102)	109,526
Accounts payable		854,435	559,771
Other payables		165,626	30,338
Other current liabilities		9,055	(13,739)
Provisions for liabilities		3,523	(3,914)
Accrued pension liabilities		(14,827)	(3,358)
Other non-current liabilities		603	-
Cash inflow (outflow) generated from operations		1,949,176	(661,358)
Payment of interest		(51,786)	(50,117)
Receipt of interest		48,487	87,293
Cash dividend received		813,467	1,007,530
Payment of income tax		(88,573)	(150,589)
Net cash flows from operating activities		2,670,771	232,759

(Continued)

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ 89,242	\$ 109,645
Acquisition of financial assets at fair value through profit or loss		(11,148)	(78,000)
Increase in other financial assets		-	(25,078)
Acquisition of financial assets at fair value through other comprehensive income		(102,528)	(360,062)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	16,211	37,299
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	45,389
Decrease (increase) in financial assets at amortised cost		490,770	(490,770)
Acquisition of investments accounted for using equity method	6(8)	(131,207)	-
Proceeds from capital reduction of investments accounted for using equity method		-	20,307
Acquisition of property, plant and equipment	6(9)	(780,003)	(1,622,516)
Proceeds from disposal of property, plant and equipment		8,959	17,521
Increase in investment property	6(12)	-	(125,783)
Increase in intangible assets	6(13)	(76,994)	(71,351)
(Increase) decrease in refundable deposits		(6,117)	1,305
Increase in other non-current assets		(12,961)	-
Decrease in net cash from disposal of subsidiaries	6(35)	(78,615)	-
Net cash flows used in investing activities		(594,391)	(2,542,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(36)	(2,349,843)	3,834,646
Proceeds from long-term borrowings	6(36)	119,073	791,561
Decrease in guarantee deposits	6(36)	(671)	(3,250)
Repayment of principal portion of lease liabilities	6(36)	(51,255)	(44,205)
Cash dividends paid	6(35)	(1,070,961)	(1,384,412)
Investments increased by non-controlling interest	6(34)	90,150	109,420
Proceeds from disposal of treasury shares	6(21)	196,628	-
Capital surplus - expired unclaimed dividends		1,100	-
Net cash flows (used in) from financing activities		(3,065,779)	3,303,760
Effects of changes in exchange rates		130,130	(55,075)
Net (decrease) increase in cash and cash equivalents		(859,269)	939,350
Cash and cash equivalents at beginning of year	6(1)	6,664,566	5,725,216
Cash and cash equivalents at end of year	6(1)	\$ 5,805,297	\$ 6,664,566

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

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (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 investments, computers and its peripherals and communications.
- (2) In order to promote specialization of work for transforming and improving overall competitiveness of the Group, the Board of Directors of its subsidiary, MiTAC International, has resolved to divest its cloud computing products group to the newly established company, MiTAC Computing Technology Corporation (collectively referred herein as the “MiTAC Computing Technology”), as the consideration for the acquisition of 220,000 thousand newly issued ordinary shares of MiTAC Technology on the spin-off day, September 1, 2014. In addition, in 2017, the Board of Directors of MiTAC International has resolved to divest its mobile communication products group to the newly established company, MiTAC Digital Technology Corporation (collectively referred herein as the “MiTAC Digital Technology”), as the consideration for the acquisition of 100,000 thousand newly issued ordinary shares of MiTAC Digital Technology on the spin-off day, January 1, 2018. As a result, MiTAC International, MiTAC Computing Technology and MiTAC Digital Technology are the wholly-owned subsidiaries of the Company after the spin-off.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)
Note : Earlier application from January 1, 2020 is allowed by FSC.	

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

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 “Regulations 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) Financial assets and liabilities at fair value through other comprehensive income.
- (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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement 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 structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (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 (%)		Remarks
			December 31, 2020	December 31, 2019	
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 Holdings Corp.	MiTAC Digital Technology Corp.	Sales and service of electronic telecommunication, communication and software, etc	97.17%	97.17%	Note 1
MiTAC International Corp.	Tsu Fung Investment Corp.	General investments	100%	100%	
MiTAC International Corp.	Silver Star Developments Ltd.	General investments	100%	100%	
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd.	General investments	100%	100%	
MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	Sales of self-produced products and related after-sale services	100%	100%	
MiTAC Computing Technology Corp.	MiTAC Information Technology Czech s.r.o.	Assemble and sales of computer and peripheral equipment	-	100%	Note 3
MiTAC Computing Technology Corp.	Hyve Design Solutions Corporation	Assemble and sales of computer and peripheral equipment	-	50%	Note 2
MiTAC Digital Technology Corp.	Access Wisdom Holdings Ltd.	General investments	100%	100%	
MiTAC Digital Technology Corp.	Mio International Ltd.	Sale of communication and related products	100%	100%	

Investor	Subsidiary	Main activities	Ownership (%)		Remarks
			December 31, 2020	December 31, 2019	
Tsu Fung Investment Corp.	MiTAC Digital Technology Corp.	Sales and service of electronic telecommunication, communication and software, etc	0.001%	0.001%	Note 1
Silver Star Developments Ltd.	Pacific China Corp.	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%	
Access Wisdom Holdings 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%	
MiTAC Technology UK Ltd.	MiTAC Logistics Corp.	Sale of computer peripherals, hardware/software and related products	-	100%	Note 3
MiTAC Technology UK Ltd.	MiTAC Information Systems Corp.	Assembling and sale of computer peripherals, hardware/software and related products	100%	100%	
Hyve Design Solutions Corporation	Hype Design Solutions(Taiwan) Corporation	Assemble and sales of computer and peripheral equipment	-	100%	Note 2
MiTAC Europe Ltd.	MiTAC Digital Corp.	Sale of communication products and related after-sale services	100%	100%	
MiTAC Europe Ltd.	MiTAC Australia Pty Ltd.	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%	

Investor	Subsidiary	Main activities	Ownership (%)		Remarks
			December 31, 2020	December 31, 2019	
Silver Star Developments Ltd.	MiTAC Pacific (H.K.) Ltd.	Sale of computer peripherals, hardware/software and related products	100%	100%	
Start Well Technology Ltd	MiTAC Investment Holding Ltd.	Investment holdings	100%	100%	
MiTAC Investment Holding Ltd.	MiTAC Computer (Kunshan) Ltd.	Manufacture of computers, computer peripherals, hardware/software and related products and sale of own-produced products	100%	100%	
MiTAC Investment Holding Ltd.	MiTAC Technology (Kunshan) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	100%	
MiTAC Investment Holding Ltd.	MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services.	100%	100%	
MiTAC Investment Holding 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%	
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 Information Systems (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	100%	100%	

Investor	Subsidiary	Main activities	Ownership (%)		Remarks
			December 31, 2020	December 31, 2019	
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%	
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%	
Mio International Ltd.	Mio Technology (Suzhou) Ltd.	Sale of communication products and related after-sale services	100%	100%	

Note 1: On May 23, 2019, MiTAC Digital Technology Corp. increased its capital by issuing new shares amounting to 6,000 thousand shares. MiTAC Holdings Corp. acquired 3,000 thousand shares, and Tsu Fung Investment Corp. acquired 1,000 thousand shares.

Note 2: Newly established subsidiary in the third quarter of 2019, the Group has substantial control over Hyve Design Solutions Corporation, thus was listed as a consolidated entity. However, on August 19, 2020, the group lost control over it as the Group has no current ability to direct its relevant activities, thus, it was removed as a consolidated entity.

Note 3: It completed the liquidation in 2020.

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, even when 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, even when 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 realized, 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 realized 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 settle 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 settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled 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. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs.

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost (including accounts receivable or contract assets that have a significant financing component, lease receivables, loan commitments and financial guarantee contracts), at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) 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.

(13) Leasing arrangements(lessor) – operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) 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 realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable 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.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) 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 do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect 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 using 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, 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, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- 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. 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 financial year-end. 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 and structures (included utility equipment)	5 ~ 55 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	4 ~ 5 years
Leasehold improvements	2 ~ 5 years
Other equipment	2 ~ 7 years

(18) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(19) 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 20 ~ 55 years.

(20) Intangible assets

The use right of computer software was capitalised based on the acquisition cost and cost to prepare the specific software to become usable. Computer software was amortized based on the contract or on a straight-line basis over 5 years.

(21) 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 amortized historical cost would have been if the impairment had not been recognised.

(22) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized 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.

(23) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) 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.

(25) 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 realize the asset and settle the liability simultaneously.

(26) 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.

(27) 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 expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense 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. The net defined benefit 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. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal 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.

(28) 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 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. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(29) 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 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 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 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 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 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 realized or the deferred income tax liability is settled.
- D. Deferred 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 utilized. At each balance sheet date, unrecognised and recognised deferred 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 realize 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 realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward 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 utilized.

(30) 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.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved 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.

(32) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells cloud computing products and mobile communication products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales is recognised based on the price specified in the contract, net of the sales returns and sales discounts. The Group provides to customers the sales return right and sales discounts and recognises refund liability for expected sales discounts payable to customers in relation to sales by using the expected value method.
- (c) The Group's obligation to provide maintenance services for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

- (a) The Group provides technology services and installment repairs and maintenance services. Revenue from providing services is recognised in the accounting period in which the services are rendered. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the

services rendered, a contract liability is recognised.

- (b) Some contracts include multiple deliverables. Such services are accounted for as a single performance obligation as they are highly interrelated and indistinguishable.

C. Incremental costs of obtaining a contract

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The recognised asset is amortized on a systematic basis that is consistent with the transfers to the customer of the goods or services to which the asset relates.

(33) Business combinations and organization 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.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's 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

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

None.

(2) Critical accounting estimates and assumptions

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.

As of December 31, 2020, the carrying amount of inventories is described in Note 6 (6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash:		
Cash on hand and petty cash	\$ 753	\$ 655
Checking accounts and demand deposits	4,145,332	4,173,574
Cash equivalents:		
Time deposits	1,659,212	2,045,199
Repurchased bonds	-	445,138
Total	<u>\$ 5,805,297</u>	<u>\$ 6,664,566</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 has no cash and cash equivalents pledged to others.

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

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ -	\$ 78,000
Derivatives	-	-
Subtotal	-	78,000
Valuation adjustment - Beneficiary certificates	-	-
Valuation adjustment - Derivatives	6,107	21,948
Total	\$ 6,107	\$ 99,948

A. The Group recognised net loss of (\$15,747) and net gain of \$17,170 on financial assets at fair value through profit or loss for the years ended December 31, 2020 and 2019, respectively.

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

Financial Instrument	Item	December 31, 2020			
		Notional Amount		Fair Market Value	
		(in thousands)		(in thousands)	
MiTAC Computing Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	20,500	NTD	4,014
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	13,000	NTD	1,376
MiTAC Digital Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	2,500	NTD	567
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	4,000	NTD	130
MiTAC Technology (KunShan) Co., Ltd.					
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD	300	CNY	5

Financial Instrument	Item	December 31, 2019			
		Notional Amount		Fair Market Value	
		(in thousands)		(in thousands)	
MiTAC Computing Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	24,000	NTD	5,596
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	10,000	NTD	786
Swap - Sell	Advance booking USD to buy NTD	USD	27,500	NTD	8,323
MiTAC Digital Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	9,000	NTD	2,254
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	3,000	NTD	233
Swap - Sell	Advance booking USD to buy NTD	USD	17,000	NTD	4,756

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

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Current items:		
Equity instruments		
Listed stocks	\$ 800,614	\$ 718,157
Valuation adjustment	432,229	173,893
Total	<u>\$ 1,232,843</u>	<u>\$ 892,050</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 1,225,051	\$ 1,225,051
Unlisted stocks	1,794,303	1,802,315
Subtotal	3,019,354	3,027,366
Valuation adjustment	3,046,395	1,648,472
Total	<u>\$ 6,065,749</u>	<u>\$ 4,675,838</u>

A. The Group recognised \$1,644,487 and \$1,263,333 in other comprehensive income (loss) for fair value change for the years ended December 31, 2020 and 2019, respectively.

B. The Group has elected to designate the above investments, which were held mainly for medium to long-term trading purposes, as investments in equity instruments measured at fair value through other comprehensive income. As of December 31, 2020 and 2019, the fair value of investments was \$7,298,592 and \$5,567,888, respectively.

C. The Group sold \$16,211 and \$37,299 of its investments at fair value and resulted in cumulative gains (losses) on disposal of (\$11,382) and \$10,671 during the years ended December 31, 2020 and 2019, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Structured deposits	<u>\$ -</u>	<u>\$ 490,770</u>

A. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$0 and \$490,770, respectively.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Third parties	\$ 5,073,532	\$ 6,260,109
Less: Allowance for bad debts	(91,482)	(77,034)
	4,982,050	6,183,075
Related parties	215,960	289,650
	<u>\$ 5,198,010</u>	<u>\$ 6,472,725</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 5,011,648	\$ 5,304,457
Up to 90 days	248,007	1,190,641
91 to 180 days	1,680	9,085
Over 181 days	28,157	45,576
	<u>\$ 5,289,492</u>	<u>\$ 6,549,759</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of accounts receivable from contracts with customers amounted to \$5,179,203.

C. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$5,198,010 and \$6,472,725, respectively.

D. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Book value</u>	<u>Book value</u>
Raw materials	\$ 6,699,085	\$ 4,851,569
Work in process	643,449	1,030,705
Finished goods	1,780,470	1,879,394
Total	<u>\$ 9,123,004</u>	<u>\$ 7,761,668</u>

Expense and loss incurred on inventories:

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Cost of goods sold	\$ 36,383,655	\$ 30,410,330
Loss on decline in market value	137,040	231,906
	<u>\$ 36,520,695</u>	<u>\$ 30,642,236</u>

(7) Other financial assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current:		
Pledged deposits	\$ 8,754	\$ 8,761
Non-current:		
Pledged deposits	35,253	35,185
Total	<u>\$ 44,007</u>	<u>\$ 43,946</u>

A. Information relating to credit risk of other financial assets is provided in Note 12(2).

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

(8) Investments accounted for using equity method

A.

<u>Investee company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Getac Technology Corp.	\$ 5,249,079	\$ 4,891,103
3 Probe Technology Co., Ltd.	13,962	12,850
Lian Jie Investment Co., Ltd.	168,258	109,468
Lian Jie II Investment Co., Ltd.	42,467	33,239
Shen-Tong Construction & Development Co., Ltd.	86,012	86,216
Mainpower International Ltd.	240,230	211,748
Concentrix Corp.	6,677,974	-
Synnex Corp.	5,977,703	11,551,123
Suzhou MiTAC Preclusion Technology Co., Ltd.	354,254	311,984
Loyal Fidelity Aerospace Corp.	123,406	127,083
Harbinger Ruyi Venture Ltd.	18,970	20,117
Harbinger Ruyi II Venture Ltd.	49,096	26,334
Infopower Technologies Ltd.	70,278	74,439
	<u>\$ 19,071,689</u>	<u>\$ 17,455,704</u>

B. The Group's recognised share of profit from associates accounted for using equity method for the years ended December 31, 2020 and 2019 were \$2,415,388 and \$2,239,887, respectively, and recognised share of other comprehensive income (loss) from associates accounted for using equity method were \$203,184 and (\$361,182), 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, 2020	December 31, 2019		
Getac Technology Corp.	Taiwan	32.31%	32.66%	Owned over 20% ownership	Equity method
Synnex Corp.	USA	10.28%	10.19%	Significant influence	Equity method
Concentrix Corp.	USA	10.28%	-	Significant influence	Equity method

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

Balance sheet

Getac Technology Corp.		
	December 31, 2020	December 31, 2019
Current assets	\$ 19,825,742	\$ 18,561,740
Non-current assets	14,029,191	12,045,855
Current liabilities	(11,735,921)	(10,341,481)
Non-current liabilities	(4,125,717)	(3,593,374)
Non-controlling interest	(1,748,248)	(1,696,010)
Total net assets	<u>\$ 16,245,047</u>	<u>\$ 14,976,730</u>
Share in associate's net assets	<u>\$ 5,249,079</u>	<u>\$ 4,891,103</u>

Synnex Corp.		
	December 31, 2020	December 31, 2019
Current assets	\$ 209,922,862	\$ 223,440,700
Non-current assets	27,111,310	145,870,358
Current liabilities	(132,336,507)	(138,121,517)
Non-current liabilities	(46,502,998)	(117,790,970)
Total net assets	<u>\$ 58,194,667</u>	<u>\$ 113,398,571</u>
Share in associate's net assets	<u>\$ 5,977,703</u>	<u>\$ 11,551,123</u>

	Concentrix Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$ 40,537,748	\$ -
Non-current assets	106,421,273	-
Current liabilities	(28,782,657)	-
Non-current liabilities	(53,166,720)	-
Total net assets	<u>\$ 65,009,644</u>	<u>\$ -</u>
Share in associate's net assets	<u>\$ 6,677,974</u>	<u>\$ -</u>

Statement of comprehensive income

	Getac Technology Corp.	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue	\$ 27,837,743	\$ 26,952,910
Profit for the period from continuing operations	\$ 2,668,793	\$ 2,369,928
Other comprehensive gain (loss) - net of tax	95,120	(385,738)
Total comprehensive income	<u>\$ 2,763,913</u>	<u>\$ 1,984,190</u>
Dividends received from associates	<u>\$ 532,345</u>	<u>\$ 570,870</u>

	Synnex Corp.	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue	\$ 729,177,445	\$ 734,381,402
Profit for the period from continuing operations	\$ 15,514,505	\$ 14,914,583
Other comprehensive gain (loss) - net of tax	415,068	(2,498,726)
Total comprehensive income	<u>\$ 15,929,573</u>	<u>\$ 12,415,857</u>
Dividends received from associates	<u>\$ 63,107</u>	<u>\$ 242,966</u>

Note: Concentrix Corp. was established on December 1, 2020 and its fiscal year ends on November 30. Thus, the information related to its statement of comprehensive income was not available in 2020.

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, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to \$1,166,933 and \$1,013,478, respectively.

	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit for the year from continuing operations	\$ 234,673	\$ 93,262
Other comprehensive gain (loss) - net of tax	357,805	(46,530)
Total comprehensive income	<u>\$ 592,478</u>	<u>\$ 46,732</u>

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

	December 31, 2020	December 31, 2019
Getac Technology Corp.	\$ 9,310,410	\$ 8,891,537
Synnex Corp.	12,292,833	20,233,785
Concentrix Corp.	14,898,117	-
	<u>\$ 36,501,360</u>	<u>\$ 29,125,322</u>

G. The Group increased its investment in Synnex Corp. amounting to \$131,207 for the year ended December 31, 2020.

H. The Group holds 13.28% ownership in Mainpower International Ltd. but has significant influence over Mainpower International Ltd. as the Group serves as this company's corporate director.

I. The Group holds 10.28% ownership in Synnex Corp. but has significant influence over Synnex Corp. as the Group is the major shareholder of Synnex Corp. and the Company's chairman Feng Chiang Miao serves as this company's honorary chairman.

J. On December 1, 2020, Synnex Corp. completed the spin-off and established Concentrix Corp. The numbers of shares of Concentrix Corp. acquired by the shareholders of Synnex Corp. is equivalent to the numbers of shares in Synnex Corp. they held. Given that the Group is the major shareholder and one of the directors of Concentrix Corp., these indicate that the Group has significant influence over it.

K. Synnex Corp. and Concentrix Corp.'s fiscal year ends on November 30, thus, the Group uses the financial information from December 1, 2019 to November 30, 2020 as the basis for the preparation of annual consolidated financial statements; Infopower Technologies Ltd.'s fiscal year ends on March 31, thus, the Group uses the financial information from January 1 to December 31 as the basis for the preparation of annual consolidated financial statements; other associates' fiscal year all end on December 31.

L. On August 19, 2020, the Group has no current ability to direct the decisions of relevant activities on meetings of their Board of Directors of Hyve Design Solutions Corporation. Thus, the Group lost control, but has significant influence over the associate. As a result, the Group derecognised the assets, liabilities and non-controlling interest of Hyve Design Solutions Corporation in their carrying amount on the date that control ceased from the consolidated financial statements according to IAS 10. The Group recognised the retained 50% share of the investment as the investment accounted for using equity method – associate at fair value on August 19, 2020 and reclassified the other comprehensive income previously recognised into profit or loss, resulting in

a total disposal loss of \$2,044. As of December 31, 2020, the carrying amount of the associate was (\$22,604), shown as other non-current liabilities.

- M. The Group is the single largest shareholder of certain associates. Given that the Group has no majority voting rights, which indicates that the Group has no current ability to direct the decisions of relevant activities on meetings of their Board of Directors and shareholders after the comprehensive assessment. Thus, the Group has no control, but only has significant influence, over the associates.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery	Computer and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Molding equipment	Other equipment	Construction in progress and equipment under inspection	Total
<u>At January 1, 2020</u>											
Cost	\$ 1,094,943	\$ 6,425,643	\$ 2,547,343	\$ 201,072	\$ 72,293	\$ 192,175	\$ 132,544	\$ 122,834	\$ 1,083,777	\$ 937,087	\$ 12,809,711
Accumulated depreciation and impairment	-	(2,546,673)	(1,408,956)	(138,320)	(45,991)	(148,115)	(42,481)	(32,358)	(635,822)	-	(4,998,716)
	<u>\$ 1,094,943</u>	<u>\$ 3,878,970</u>	<u>\$ 1,138,387</u>	<u>\$ 62,752</u>	<u>\$ 26,302</u>	<u>\$ 44,060</u>	<u>\$ 90,063</u>	<u>\$ 90,476</u>	<u>\$ 447,955</u>	<u>\$ 937,087</u>	<u>\$ 7,810,995</u>
<u>2020</u>											
At January 1	\$ 1,094,943	\$ 3,878,970	\$ 1,138,387	\$ 62,752	\$ 26,302	\$ 44,060	\$ 90,063	\$ 90,476	\$ 447,955	\$ 937,087	\$ 7,810,995
Additions	-	6,959	210,600	16,818	8,701	9,700	36,651	57,366	175,319	257,889	780,003
Disposal	-	(1,836)	(1,297)	(263)	-	(33)	(60)	-	(4,906)	-	(8,395)
Reclassifications	-	9,825	63,288	378	-	295	6,242	-	18,213	(85,827)	12,414
Effects from disposal of subsidiaries	-	-	-	-	-	(3,925)	(10,706)	-	(16,295)	-	(30,926)
Depreciation	-	(223,466)	(313,311)	(34,016)	(9,940)	(19,595)	(26,376)	(48,156)	(160,571)	-	(835,431)
Effects of foreign exchange	(9,561)	(4,259)	14,028	228	115	46	123	-	5,051	18,656	24,427
At December 31	<u>\$ 1,085,382</u>	<u>\$ 3,666,193</u>	<u>\$ 1,111,695</u>	<u>\$ 45,897</u>	<u>\$ 25,178</u>	<u>\$ 30,548</u>	<u>\$ 95,937</u>	<u>\$ 99,686</u>	<u>\$ 464,766</u>	<u>\$ 1,127,805</u>	<u>\$ 7,753,087</u>
<u>At December 31, 2020</u>											
Cost	\$ 1,085,382	\$ 6,450,874	\$ 2,825,267	\$ 179,594	\$ 78,039	\$ 187,613	\$ 156,264	\$ 160,589	\$ 1,187,180	\$ 1,127,805	\$ 13,438,607
Accumulated depreciation and impairment	-	(2,784,681)	(1,713,572)	(133,697)	(52,861)	(157,065)	(60,327)	(60,903)	(722,414)	-	(5,685,520)
	<u>\$ 1,085,382</u>	<u>\$ 3,666,193</u>	<u>\$ 1,111,695</u>	<u>\$ 45,897</u>	<u>\$ 25,178</u>	<u>\$ 30,548</u>	<u>\$ 95,937</u>	<u>\$ 99,686</u>	<u>\$ 464,766</u>	<u>\$ 1,127,805</u>	<u>\$ 7,753,087</u>

	Land	Buildings and structures	Machinery	Computer and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Molding equipment	Other equipment	Construction in progress and equipment under inspection	Total
<u>At January 1, 2019</u>											
Cost	\$ 1,099,628	\$ 6,617,508	\$ 2,134,328	\$ 214,103	\$ 68,235	\$ 195,983	\$ 78,337	\$ 100,873	\$ 965,207	\$ 453,616	\$ 11,927,818
Accumulated depreciation and impairment	-	(2,448,102)	(1,345,283)	(167,487)	(42,882)	(144,141)	(25,180)	(42,666)	(557,466)	-	(4,773,207)
	<u>\$ 1,099,628</u>	<u>\$ 4,169,406</u>	<u>\$ 789,045</u>	<u>\$ 46,616</u>	<u>\$ 25,353</u>	<u>\$ 51,842</u>	<u>\$ 53,157</u>	<u>\$ 58,207</u>	<u>\$ 407,741</u>	<u>\$ 453,616</u>	<u>\$ 7,154,611</u>
<u>2019</u>											
At January 1	\$ 1,099,628	\$ 4,169,406	\$ 789,045	\$ 46,616	\$ 25,353	\$ 51,842	\$ 53,157	\$ 58,207	\$ 407,741	\$ 453,616	\$ 7,154,611
Additions	-	9,940	560,147	44,012	13,176	11,686	22,178	63,287	203,692	694,398	1,622,516
Disposal	-	(3)	(13,854)	(1,450)	(1,425)	(189)	-	-	(345)	-	(17,266)
Reclassifications(Note)	-	(12,414)	101,381	6,405	-	836	34,242	-	1,321	(175,934)	(44,163)
Depreciation	-	(229,838)	(259,726)	(32,391)	(10,563)	(19,632)	(19,223)	(31,018)	(153,464)	-	(755,855)
Effects of foreign exchange	(4,685)	(58,121)	(38,606)	(440)	(239)	(483)	(291)	-	(10,990)	(34,993)	(148,848)
At December 31	<u>\$ 1,094,943</u>	<u>\$ 3,878,970</u>	<u>\$ 1,138,387</u>	<u>\$ 62,752</u>	<u>\$ 26,302</u>	<u>\$ 44,060</u>	<u>\$ 90,063</u>	<u>\$ 90,476</u>	<u>\$ 447,955</u>	<u>\$ 937,087</u>	<u>\$ 7,810,995</u>
<u>At December 31, 2019</u>											
Cost	\$ 1,094,943	\$ 6,425,643	\$ 2,547,343	\$ 201,072	\$ 72,293	\$ 192,175	\$ 132,544	\$ 122,834	\$ 1,083,777	\$ 937,087	\$ 12,809,711
Accumulated depreciation and impairment	-	(2,546,673)	(1,408,956)	(138,320)	(45,991)	(148,115)	(42,481)	(32,358)	(635,822)	-	(4,998,716)
	<u>\$ 1,094,943</u>	<u>\$ 3,878,970</u>	<u>\$ 1,138,387</u>	<u>\$ 62,752</u>	<u>\$ 26,302</u>	<u>\$ 44,060</u>	<u>\$ 90,063</u>	<u>\$ 90,476</u>	<u>\$ 447,955</u>	<u>\$ 937,087</u>	<u>\$ 7,810,995</u>

Note: For the year ended December 31, 2019, the Group reclassified property, plant and equipment to investment property in the amount of \$40,965.

(10) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings and structures, machinery, office equipment and transportation equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Certain leased buildings with lease terms under 12 months are short-term lease agreements. Additionally, the leased office equipment were low-value assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	\$ 238,179	\$ 303,651
Buildings and structures	118,168	77,120
Machinery	389	716
Transportation equipment	3,138	-
	<u>\$ 359,874</u>	<u>\$ 381,487</u>

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation charge	Depreciation charge
Land	\$ 14,160	\$ 17,362
Buildings and structures	38,803	41,965
Machinery	334	322
Transportation equipment	897	-
	<u>\$ 54,194</u>	<u>\$ 59,649</u>

- D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$95,650 and \$1,031, respectively.
- E. The right-of-use assets reclassified to non-current assets held for sale amounted to \$56,602 for the year ended December 31, 2020. Please refer to Note 6(14)B for details.
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,143	\$ 5,768
Expense on short-term lease contracts	20,528	46,097
Expense on leases of low-value assets	4,910	8,721

- G. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases was \$80,836 and \$104,791, respectively.

(11) Leasing arrangements — lessor

- A. The Group leases various assets including buildings and structures. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2020 and 2019, the Group recognised rent income in the amounts of \$103,990 and \$119,315, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
Not later than one year	\$ 108,941	\$ 86,470
Later than one year but not later than five years	141,206	184,601
Over five years	6,211	9,502
	<u>\$ 256,358</u>	<u>\$ 280,573</u>

(12) Investment property

	Land	Buildings and structures	Total
At January 1, 2020			
Cost	\$ 954,213	\$ 598,434	\$ 1,552,647
Accumulated depreciation and impairment	-	(309,826)	(309,826)
	<u>\$ 954,213</u>	<u>\$ 288,608</u>	<u>\$ 1,242,821</u>
<u>2020</u>			
At January 1	\$ 954,213	\$ 288,608	\$ 1,242,821
Depreciation	-	(19,351)	(19,351)
Effects of foreign exchange	622	5,339	5,961
At December 31	<u>\$ 954,835</u>	<u>\$ 274,596</u>	<u>\$ 1,229,431</u>
At December 31, 2020			
Cost	\$ 954,835	\$ 609,265	\$ 1,564,100
Accumulated depreciation and impairment	-	(334,669)	(334,669)
	<u>\$ 954,835</u>	<u>\$ 274,596</u>	<u>\$ 1,229,431</u>

	Land	Buildings and structures	Total
At January 1, 2019			
Cost	\$ 829,131	\$ 613,313	\$ 1,442,444
Accumulated depreciation and impairment	-	(314,152)	(314,152)
	<u>\$ 829,131</u>	<u>\$ 299,161</u>	<u>\$ 1,128,292</u>
<u>2019</u>			
At January 1	\$ 829,131	\$ 299,161	\$ 1,128,292
Additions	125,783	-	125,783
Reclassified as non-current assets held for sale	-	(21,263)	(21,263)
Reclassifications	-	40,965	40,965
Depreciation	-	(20,601)	(20,601)
Effects of foreign exchange	(701)	(9,654)	(10,355)
At December 31	<u>\$ 954,213</u>	<u>\$ 288,608</u>	<u>\$ 1,242,821</u>
At December 31, 2019			
Cost	\$ 954,213	\$ 598,434	\$ 1,552,647
Accumulated depreciation and impairment	-	(309,826)	(309,826)
	<u>\$ 954,213</u>	<u>\$ 288,608</u>	<u>\$ 1,242,821</u>

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rental income from the lease of the investment property	<u>\$ 21,995</u>	<u>\$ 30,490</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 16,722</u>	<u>\$ 18,212</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	<u>\$ 13,180</u>	<u>\$ 10,698</u>

B. The fair value of the investment property held by the Group on December 31, 2020 and 2019 were \$3,502,285 and \$3,482,639, respectively, which were revalued by independent appraisers and with reference to market transaction prices. Valuations were made using the market approach and cost approach which is categorised within Level 3 in the fair value hierarchy.

(13) Intangible assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At January 1		
Cost	\$ 264,109	\$ 353,188
Accumulated amortization and impairment	(174,661)	(250,400)
	<u>\$ 89,448</u>	<u>\$ 102,788</u>
At January 1	\$ 89,448	\$ 102,788
Additions	76,994	71,351
Amortization	(89,722)	(84,614)
Effects of disposal of subsidiaries	(835)	-
Effects of foreign exchange	19	(77)
At December 31	<u>\$ 75,904</u>	<u>\$ 89,448</u>
At December 31		
Cost	\$ 275,844	\$ 264,109
Accumulated amortization and impairment	(199,940)	(174,661)
	<u>\$ 75,904</u>	<u>\$ 89,448</u>

Details of amortization of intangible assets are as follows:

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Operating costs	\$ 1,309	\$ 1,029
Selling expenses	16,544	18,130
Administrative expenses	13,982	12,228
Research and development expenses	57,887	53,227
	<u>\$ 89,722</u>	<u>\$ 84,614</u>

(14) Non-current assets held for sale

- A. To cooperate with the local government's urban development plan through land-use-right expropriation, the Board of Directors adopted a resolution on November 7, 2019 to dispose of the land-use-right and related buildings located in the Shunde District, Foshan City, China through public auction by the Land Arrangement and Reserve Center of Shunde District, Foshan City ("Foshan-Shunde Land Development Center") by way of land-use-right requisition on credit. The titles of land-use-right and related buildings have been transferred to and would be managed by Foshan-Shunde Land Development Center. The disposal of the land-use-right and buildings meets the criteria of sales to be highly probable, therefore the Group reclassified related assets as non-current assets held for sale in December 2019. The transaction will be completed in 2021.
- B. To cooperate with the local government's need of upgrading and reconstructing rural-level industrial park through land-use-right expropriation, the Board of Directors adopted a resolution

on December 25, 2020 to dispose of the land-use-right of certain land located in the Shunde District, Foshan City, China to Foshan-Shunde Land Development Center. The disposal of the land-use-right meets the criteria of sales to be highly probable, therefore the Group reclassified related assets from right-of-use assets as non-current assets held for sale.

Non-current assets held for the sale:

	December 31, 2020	December 31, 2019
Right-of-use assets	\$ 68,515	\$ 12,268
Investment property	21,618	21,263
	<u>\$ 90,133</u>	<u>\$ 33,531</u>

(15) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank borrowings	\$ 1,443,851	\$ 3,803,871
Interest rates	<u>0.56~0.63%</u>	<u>0.78%~2.60%</u>

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

Items	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities held for trading		
Valuation adjustment - Derivatives	<u>\$ 11,691</u>	<u>\$ 8,637</u>

A. The Group recognised net loss of (\$3,108) and (\$7,342) for the years ended December 31, 2020 and 2019, respectively.

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

Financial Instrument	December 31, 2020		
	Item	Notional Amount (in thousands)	Fair Market Value (in thousands)
MiTAC Computing Technology Corp.			
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD 14,000	(NTD 1,085)
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD 12,500	(NTD 1,562)
MiTAC Digital Technology Corp.			
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD 6,000	(NTD 1,141)
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD 3,500	(NTD 319)
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR 800	(NTD 722)
Forward foreign exchange - Sell	Advance booking AUD to buy USD	AUD 3,250	(NTD 4,471)
Silver Star Developments Ltd.			
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR 2,200	(USD 79)
Mitac Australia Pty Ltd.			
Forward foreign exchange - Buy	Advance booking USD to sell AUD	USD 100	(AUD 6)

	December 31, 2019					
Financial Instrument	Item	Notional Amount (in thousands)			Fair Market Value (in thousands)	
MiTAC Computing Technology Corp.						
Forward foreign exchange - Sell	Advance booking USD to buy JPY	USD	554	(NTD	49)	
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	17,000	(NTD	2,103)	
MiTAC Digital Technology Corp.						
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	4,000	(NTD	453)	
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	5,091	(NTD	2,062)	
Forward foreign exchange - Sell	Advance booking AUD to buy USD	AUD	6,100	(NTD	2,919)	
Silver Star Developments Ltd.						
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	2,300	(USD	35)	

(17) Long-term borrowings

Type of borrowings	Borrowing period		Interest rate range	Collateral	December 31, 2020	
	and repayment term					
Long-term bank borrowings						
Taipei Fubon Bank	The borrowing period was from October 15, 2019 to October 15, 2024 and the interest was paid monthly. The grace period was 2 years, if the grace period was over, the borrowing should be repaid monthly in 37 installments.		0.49%	None	\$	500,000
Bank of Taiwan	The borrowing period was from October 15, 2019 to October 15, 2026 and the interest was paid monthly. The grace period was 2 years, if the grace period was over, the borrowing should be repaid monthly in 60 installments.		0.50%	None		201,813
Taishin Bank	The borrowing period was from October 15, 2019 to October 15, 2024 and the interest was paid monthly. After 3 years from the date of first drawing, the borrowing should be repaid monthly in 24 installments.		0.50%	None		50,248

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2020</u>
E.SUN Commercial Bank	The borrowing period was from October 29, 2019 to October 15, 2026 and the interest was paid monthly. The grace period was 3 years, if the grace period was over, the borrowing should be repaid monthly in 48 installments.	0.50%	None	39,500
Taipei Fubon Bank	The borrowing period was from August 28, 2020 to October 15, 2026 and the interest was paid monthly. The grace period was 3 years, if the grace period was over, the borrowing should be repaid monthly in 39 installments.	0.49%	None	72,000
HSBC Bank USA	The borrowing period was from May 8, 2020 to May 7, 2022. After 6 months from the date of first drawing, the principal and interest should be repaid monthly in 18 installments. As the loan is during the moratorium period applied to the United States Government, the repayment of the principal and interest was not commenced as of December 31, 2020.	1.00%	None	47,073
				910,634
Less: Current portion (Note)				(47,268)
				\$ 863,366

Note: Shown as ‘other current liabilities’

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
Taipei Fubon Bank	The borrowing period was from October 15, 2019 to October 15, 2024 and the interest was paid monthly. The grace period was 2 years, if the grace period was over, the borrowing should be repaid monthly in 37 installments.	0.70%	None	\$ 500,000
Bank of Taiwan	The borrowing period was from October 15, 2019 to October 15, 2026 and the interest was paid monthly. The grace period was 2 years, if the grace period was over, the borrowing should be repaid monthly in 60 installments.	0.70%	None	201,813
Taishin International Bank	The borrowing period was from October 15, 2019 to October 15, 2024 and the interest was paid monthly. After 3 years from the date of first drawing, the borrowing should be repaid monthly in 24 installments.	0.75%	None	50,248
E.SUN Commercial Bank	The borrowing period was from October 29, 2019 to October 15, 2026 and the interest was paid monthly. The grace period was 3 years, if the grace period was over, the borrowing should be repaid monthly in 48 installments.	0.75%	None	39,500
				791,561
Less: Current portion				-
				<u>\$ 791,561</u>

(18) 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	(\$ 558,954)	(\$ 570,152)
Fair value of plan assets	<u>276,726</u>	<u>272,159</u>
Net defined benefit liability	<u>(\$ 282,228)</u>	<u>(\$ 297,993)</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>
2020			
Balance at January 1	(\$ 570,152)	\$ 272,159	(\$ 297,993)
Current service cost	(3,220)	-	(3,220)
Interest (expense) income	(4,276)	2,074	(2,202)
	<u>(577,648)</u>	<u>274,233</u>	<u>(303,415)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,009	9,009
Change in demographic assumptions	(124)	-	(124)
Change in financial assumptions	(14,146)	-	(14,146)
Experience adjustments	6,410	-	6,410
	(7,860)	9,009	1,149
Pension fund contribution	-	8,330	8,330
Paid pension	26,554	(14,846)	11,708
Balance at December 31	<u>(\$ 558,954)</u>	<u>\$ 276,726</u>	<u>(\$ 282,228)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	(\$ 542,954)	\$ 266,521	(\$ 276,433)
Current service cost	(3,269)	-	(3,269)
Interest (expense) income	(5,896)	2,863	(3,033)
	(552,119)	269,384	(282,735)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	7,106	7,106
Change in demographic assumptions	(1,850)	-	(1,850)
Change in financial assumptions	(19,631)	-	(19,631)
Experience adjustments	(10,585)	-	(10,585)
	(32,066)	7,106	(24,960)
Pension fund contribution	-	8,767	8,767
Paid pension	14,033	(13,098)	935
Balance at December 31	<u>(\$ 570,152)</u>	<u>\$ 272,159</u>	<u>(\$ 297,993)</u>

(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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are 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, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

A. MiTAC International Corp. :

	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rate	0.375%	0.750%
Future salary increase	2.000%	2.000%

B. MiTAC Computing Technology Corp. :

	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rate	0.500%	0.750%
Future salary increase	2.000%	2.000%

C. MiTAC Digital Technology Corp. :

	For the year ended December 31, 2020	For the year ended December 31, 2019
Discount rate	0.500%	0.750%
Future salary increase	2.000%	2.000%

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, 2020				
Effect on present value of defined benefit obligation	\$ <u>2,353</u>	(\$ <u>2,426</u>)	(\$ <u>2,347</u>)	\$ <u>2,289</u>
December 31, 2019				
Effect on present value of defined benefit obligation	\$ <u>2,737</u>	(\$ <u>2,828</u>)	(\$ <u>2,746</u>)	\$ <u>2,671</u>

B. MiTAC Computing Technology Corp. :

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	\$ <u>7,317</u>	(\$ <u>7,585</u>)	(\$ <u>7,344</u>)	\$ <u>7,123</u>
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	\$ <u>7,927</u>	(\$ <u>8,225</u>)	(\$ <u>7,984</u>)	\$ <u>7,736</u>

C. MiTAC Digital Technology Corp. :

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	\$ <u>3,325</u>	(\$ <u>3,451</u>)	(\$ <u>3,340</u>)	\$ <u>3,236</u>
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	\$ <u>3,448</u>	(\$ <u>3,585</u>)	(\$ <u>3,480</u>)	\$ <u>3,366</u>

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 for the year ending December 31, 2021 amount to \$8,467.

(g) As of December 31, 2020, the weighted average duration of that retirement plan is 7.6~10.6 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, 2020 and 2019 were \$109,786 and \$109,467, respectively.

(19) Share-based payment

A. The share-based payment arrangement of the subsidiary, MiTAC Digital Technology Corp., was as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption of 2019	2019.4.16	900 thousand shares	Not applicable	Vested immediately

B. The fair value of stock options granted by MiTAC Digital Technology Corp. on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price</u>		<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
				<u>volatility</u>	<u>option</u>				
Cash capital increase reserved for employee preemption of 2019	2019.4.16	15.95	15.5	28.31%	0.08 years	0%	0.4639%		0.7976

Note: Expected price volatility rate was the forecast of future stock price measured by the historical stock price of similar companies which the industry that MiTAC Digital Technology Corp. belongs to. Referenced to the historical price volatility rate of prior year.

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Equity settlement	\$ -	\$ 718
(20) <u>Provisions</u>		
Warranty	For the year ended December 31, 2020	For the year ended December 31, 2019
Beginning balance	\$ 252,306	\$ 257,297
Additional provisions	102,389	145,115
Used during the period	(98,866)	(149,029)
Effects of foreign exchange	245	(1,077)
Ending balance	\$ 256,074	\$ 252,306
Analysis of total provisions:		
	December 31, 2020	December 31, 2019
Current	\$ 132,169	\$ 142,592
Non-current	\$ 123,905	\$ 109,714

(21) Share capital

A. As of December 31, 2020, the Company's authorized capital was \$15,000,000, consisting of 1.5 billion shares, and the paid-in capital was \$12,065,568 with a par value of \$10 dollars per share. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Unit: in thousands of shares	
	2020	2019
Outstanding shares as of January 1	1,061,382	922,941
Disposal of the Company's treasury share by subsidiaries	5,816	-
Capital increase of earnings	129,274	140,515
Capital increase of treasury share acquired by the subsidiaries	(1,294)	(2,074)
Outstanding shares as of December 31	1,195,178	1,061,382

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, 2020	
		Number of shares (shares in thousands)	Carrying amount
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary - SSDL	"	2,128	77,002

Name of company holding the shares	Reason for reacquisition	December 31, 2019	
		Number of shares (shares in thousands)	Carrying amount
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	14,000	\$ 276,085
Subsidiary - SSDL	"	1,900	77,002

- (b) Pursuant to the R.O.C. Securities and Exchange Act, 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 realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, 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 Act, treasury shares should be reissued to the employees within five 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 "Rule No. Financial-Supervisory-Commission, Securities and Futures Bureau, 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.
- (f) In 2020, the subsidiary, Tsu Fung Investment Corp. disposed 5,816 thousand shares of the Company amounting to \$196,628.

(22) Capital surplus

	Share premium	Treasury stock trnsactions	Net equity of associates and joint ventures accounted for using equity method	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1, 2020	\$ 21,571,329	\$ 362,997	\$ 1,118,253	\$ 609	\$ 346,814	\$ -	\$ 23,400,002
Disposal of company's share by subsidiaries recognised as treasury share transactions	-	83,417	-	-	-	-	83,417
Subsidiaries received cash dividends paid by the parent company	-	10,784	-	-	-	-	10,784
Changes from associates and joint ventures accounted for using the equity method	-	-	87,108	-	-	-	87,108
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	-	-	-	-	-	1,100	1,100
At December 31, 2020	<u>\$ 21,571,329</u>	<u>\$ 457,198</u>	<u>\$ 1,205,361</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ 1,100</u>	<u>\$ 23,582,411</u>

	Share premium	Treasury stock trnsactions	Net equity of associates and joint ventures accounted for using equity method	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1, 2019	\$ 21,571,329	\$ 342,257	\$ 1,110,499	\$ -	\$ 346,814	\$ -	\$ 23,370,899
Changes in ownership interests in subsidiaries	-	-	-	609	-	-	609
Subsidiaries received cash dividends paid by the parent company	-	20,740	-	-	-	-	20,740
Changes from associates and joint ventures accounted for using the equity method	-	-	7,754	-	-	-	7,754
At December 31, 2019	<u>\$ 21,571,329</u>	<u>\$ 362,997</u>	<u>\$ 1,118,253</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ -</u>	<u>\$ 23,400,002</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 Act requires that the amount of capital surplus to be capitalized 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.

(23) 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' accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be set aside or reversed pursuant to the regulations. Appropriation of the remainder along with prior year's accumulated unappropriated retained earnings shall be proposed by the Board of Directors, and shall be resolved by the stockholders when they are appropriated by issuing new shares. If the appropriation of retained earnings was appropriated in the form of cash, the appropriation should be in line with Article 240-5 of the Company Act, as resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting.
- 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.
In line with Article 241 of the Company Act, all or part of the legal reserve and capital reserve could be appropriated as cash dividends as resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting.
- 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 May 28, 2020, the appropriation of earnings for the year ended December 31, 2019 resolved by the shareholders is as follows:

	For the year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 283,976	\$ -
Reversal of special reserve	(12,265)	-
Cash dividend	1,077,283	1.0
Stock dividend	1,292,739	1.2
Total	<u>\$ 2,641,733</u>	<u>\$ 2.2</u>

F. On March 8, 2021, the appropriation of earnings for the year ended December 31, 2020 proposed by the Board of Directors and to be approved by the shareholders is as follows:

	For the year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 293,325	\$ -
Cash dividend	1,206,557	1.0
Total	<u>\$ 1,499,882</u>	<u>\$ 1.0</u>

(24) Other equity items

	2020		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 1,753,427	(\$ 1,081,728)	\$ 671,699
Reclassified to profit or loss upon disposal			
- Group	-	6,674	6,674
Reclassified to profit or loss upon disposal			
- Group	11,370	-	11,370
- Associates	(25,693)	-	(25,693)
Revaluation			
- Group	1,644,487	-	1,644,487
- Associates	163,142	-	163,142
Currency translation differences:			
- Group	-	(769,181)	(769,181)
- Associates	-	40,785	40,785
At December 31	<u>\$ 3,546,733</u>	<u>(\$ 1,803,450)</u>	<u>\$ 1,743,283</u>

	2019		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 511,888	(\$ 62,976)	\$ 448,912
Reclassified to profit or loss upon disposal			
- Group	-	5,444	5,444
Reclassified to retained earnings upon disposal			
- Group	(39,681)	-	(39,681)
- Associates	(4,624)	-	(4,624)
Reclassified as non-controlling interest	-	(770)	(770)
Revaluation			
- Group	1,263,333	-	1,263,333
- Associates	22,511	-	22,511
Currency translation differences:			
- Group	-	(642,251)	(642,251)
- Associates	-	(381,175)	(381,175)
At December 31	<u>\$ 1,753,427</u>	<u>(\$ 1,081,728)</u>	<u>\$ 671,699</u>

(25) Operating revenue

	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from contracts with customers	<u>\$ 41,145,756</u>	<u>\$ 35,831,960</u>
A. Disaggregation of revenue from contracts with customers		
	For the year ended December 31, 2020	For the year ended December 31, 2019
Cloud computing product	\$ 32,838,299	\$ 26,624,689
Automotive electronics and AIoT product	4,747,921	5,602,184
Others	3,559,536	3,605,087
	<u>\$ 41,145,756</u>	<u>\$ 35,831,960</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019
Contract liabilities		
– sales of goods	\$ 122,771	\$ 271,321
Contract liabilities		
– others	5,095	3,647
	<u>\$ 127,866</u>	<u>\$ 274,968</u>

(26) Interest income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income from bank deposits	\$ 41,469	\$ 47,199
Interest income from financial assets measured at amortised cost	3,013	42,205
Total	<u>\$ 44,482</u>	<u>\$ 89,404</u>

(27) Other income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rental revenue	\$ 103,990	\$ 119,315
Dividend income	214,428	190,145
Other income	163,468	97,364
Total	<u>\$ 481,886</u>	<u>\$ 406,824</u>

(28) Other gains and losses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Gains on disposals of property, plant and equipment	\$ 564	\$ 255
Losses on disposal of investments	(6,674)	(5,444)
Net currency exchange gains (losses)	99,944	(34,712)
(Losses) gains on financial assets liabilities at fair value through profit or loss	(18,855)	9,828
Other losses	(64,563)	(68,189)
Total	<u>\$ 10,416</u>	<u>(\$ 98,262)</u>

(29) Financial costs

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest expense on bank borrowings	\$ 42,336	\$ 50,137
Interest expense on lease liabilities	4,143	5,768
	<u>\$ 46,479</u>	<u>\$ 55,905</u>

(30) Expense by nature

	For the year ended December 31, 2020	For the year ended December 31, 2019
Employee benefit expense	\$ 5,515,583	\$ 5,423,670
Depreciation on property, plant and equipment, investment property and right-of-use assets	908,976	836,105
Amortization charges	89,722	84,614
Total	<u>\$ 6,514,281</u>	<u>\$ 6,344,389</u>

(31) Employee benefit expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Wages and salaries	\$ 4,906,351	\$ 4,787,730
Shared-based payments	-	718
Labor and health insurance fees	326,282	341,538
Pension costs	115,208	115,769
Other personnel expenses	167,742	177,915
	<u>\$ 5,515,583</u>	<u>\$ 5,423,670</u>

- A. According to the amended Articles of Incorporation, the profit (pre-tax profit before deduction of employees' compensation and directors' remuneration) of the current year shall be distributed as employees' compensation and directors' 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. If a company has an accumulated deficit, earnings should be reserved to cover losses. Employees' compensation can be distributed by stock or dividends, and employees must be working for the Company. The Chairman of the Board is authorised to set the qualification requirements.
- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at 0.1% of gain on pre-tax profit before deduction of employees' compensation and directors' remuneration. Directors' remuneration were accrued under 1% of gain on pre-tax profit before deduction of employees' compensation and directors' remuneration.
- C. For the years ended December 31, 2020 and 2019, employees' compensation were accrued at \$2,937 and \$2,859, respectively; and directors' remuneration were accrued at \$5,000 and \$4,800, respectively. The aforementioned amounts were recognised in salary expenses. Employees' cash bonus and directors' and supervisors' remuneration of 2020 and 2019 as resolved at the Board of Directors of the Company were in agreement with those amounts recognised in the 2020 and 2019 consolidated financial statements.
- D. Information about employees' compensation and directors' 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.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current tax:		
Current tax on profits for the year	\$ 164,933	\$ 321,518
Tax on undistributed surplus earnings	9,901	19,858
Prior year income tax (over) underestimation	(12,573)	2,289
Total current tax	<u>162,261</u>	<u>343,665</u>
Deferred tax:		
Origination and reversal of temporary differences	(32,970)	(34,546)
Total deferred tax	<u>(32,970)</u>	<u>(34,546)</u>
Income tax expense	<u>\$ 129,291</u>	<u>\$ 309,119</u>

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Actuarial gain on defined benefit obligations	<u>\$ 230</u>	<u>(\$ 4,992)</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2020	For the year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	\$ 687,274	\$ 690,495
Tax on undistributed earnings	9,901	19,858
Unrecognised deferred income tax liabilities	(334,003)	(367,439)
Tax exempt income by tax regulation	(216,975)	(184,827)
Change in assessment of realisation of deferred tax assets	(4,333)	(29,996)
Effects from foreign income	-	75,141
Prior year income tax (over) underestimation	(12,573)	2,289
Income tax effect from return of dividends arising from overseas investments	-	103,598
Income tax expense	<u>\$ 129,291</u>	<u>\$ 309,119</u>

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

For the year ended December 31, 2020					
	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	\$ 44,278	\$ 3,172	\$ -	\$ -	\$ 47,450
Loss from decline in inventory price to market value	108,611	4,221	-	(1,997)	110,835
Unrealised estimate payable	124,439	28,517	-	(1,191)	151,765
Unused compensated absences	15,107	8,430	-	(174)	23,363
Accrued pension liability	82,133	(2,920)	(230)	-	78,983
Others	78,451	(36,428)	-	(542)	41,481
Loss carryforward	28,067	24,277	-	(1,897)	50,447
Subtotal	<u>\$ 481,086</u>	<u>\$ 29,269</u>	<u>(\$ 230)</u>	<u>(\$ 5,801)</u>	<u>\$ 504,324</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(377,028)	-	-	-	(377,028)
Others	(5,545)	3,701	-	-	(1,844)
Subtotal	<u>(382,573)</u>	<u>3,701</u>	<u>-</u>	<u>-</u>	<u>(378,872)</u>
Total	<u>\$ 98,513</u>	<u>\$ 32,970</u>	<u>(\$ 230)</u>	<u>(\$ 5,801)</u>	<u>\$ 125,452</u>

For the year ended December 31, 2019					
	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	\$ 43,608	\$ 670	\$ -	\$ -	\$ 44,278
Loss from decline in inventory price to market value	59,568	50,305	-	(1,262)	108,611
Unrealised estimate payable	154,203	(29,764)	-	-	124,439
Others	182,675	17,644	4,992	(1,553)	203,758
Subtotal	\$ 440,054	\$ 38,855	\$ 4,992	(\$ 2,815)	\$ 481,086
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(377,028)	-	-	-	(377,028)
Others	(1,236)	(4,309)	-	-	(5,545)
Subtotal	(378,264)	(4,309)	-	-	(382,573)
Total	\$ 61,790	\$ 34,546	\$ 4,992	(\$ 2,815)	\$ 98,513

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

December 31, 2020				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	\$ 31,991	\$ 31,991	2022
2014	Assessed	33,143	33,143	2024

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011	Assessed	\$ 15,425	\$ 15,425	2021
2012	Assessed	53,663	53,663	2022
2014	Assessed	36,388	36,388	2024

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

	December 31, 2020	December 31, 2019
Deductible temporary differences	\$ 758,760	\$ 995,072

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2020 and 2019, the amounts of

temporary difference unrecognised as deferred tax liabilities were \$15,306,892 and \$13,606,211, respectively.

G. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

(33) Earnings per share

For the year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,918,705	1,193,649	\$ 2.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,918,705		
Less: Effect of dilutive potential common stocks issued by investee companies	(26,233)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	113	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ 2,892,472	1,193,762	\$ 2.42
For the year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,817,880	1,188,748	\$ 2.37
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,817,880		
Less: Effect of dilutive potential common stocks issued by investee companies	(22,531)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	118	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ 2,795,349	1,188,866	\$ 2.35

A. Basic earnings per share is calculated with the gain or loss attributable to the shareholders of the ordinary shares issued by the Company, divided with outstanding weighted average ordinary shares during the period, and deducted with weighted average treasury shares.

B. For the year ended December 31, 2019, the outstanding weighted average shares was retrospectively adjusted based on retained earnings capitalization ratio in 2020.

(34) Transactions with non-controlling interest

A. Acquisition of subsidiary

The Group's subsidiary, MiTAC Computing Technology Corporation newly established a subsidiary, Hyve Design Solutions Corporation, in July 2019 in order to expand the market in America and acquired 50% equity interests in Hyve Design Solutions Corporation. The transaction increased non-controlling interest and equity attributable to owners of parent both by \$62,920.

B. Cash capital increase raised by subsidiaries

The Group's subsidiary, MiTAC Computing Technology Corp. and the non-controlling interest increased their investment in the subsidiary, Hyve Design Solutions Corporation, in January 2020 proportionally to their interests. The amount of \$90,150 was invested by the non-controlling interest.

C. On May 23, 2019, the Group's subsidiary, MiTAC Digital Technology Corp., increased its capital by issuing new shares. However, the Group did not subscribe to those shares proportionately, and the Group's shareholding ratio was decreased by 2.827%. This transaction increased non-controlling interest by \$46,661, equity attributable to owners of parent increased by \$609. For the year ended December 31, 2019, the effect on equity attributable to owners of parent arising from changes in the equity of MiTAC Digital Technology Corp. are listed below:

	Year ended December 31,	
	2019	
Cash	\$	46,500
Increase in the carrying amount of non-controlling interest	(46,661)
Currency translation differences		770
Capital surplus, changes in ownership interests in subsidiaries	\$	609

D. Proceeds from disposal of subsidiaries

The Group's subsidiary, MiTAC Computing Technology Corp. lost substantial control over Hyve Design Solutions Corporation (please refer to Note 4(3)B.), resulting in a decrease in non-controlling interests amounting to \$33,330.

(35) Supplemental cash flow information

A. Financing activities with partial cash payments :

	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash dividends declared but yet to be paid – the Company	\$ 1,077,283	\$ 1,405,152
Add: Cash dividends to minority interests paid by subsidiaries	4,462	-
Less: subsidiaries received cash dividends paid from parent company	(10,784)	(20,740)
Cash paid during the year	<u>\$ 1,070,961</u>	<u>\$ 1,384,412</u>

B. The Group lost control over Hyve Design Solutions Corporation on August 19, 2020 (please refer to Note 4(3)B.). The details of assets and liabilities relating to the subsidiary are as follows:

	August 19, 2020
Cash	\$ 78,615
Accounts receivable	107,066
Other receivables	2,743
Prepayments	4,776
Property, plant and equipment	30,926
Intangible assets	835
Accounts payable to related parties	(25)
Other payables	(156,412)
Other current liabilities	(1,864)
Total net assets	<u>\$ 66,660</u>
Fair value of the Group's retained equity on the date of loss of control	33,330
Book value of the non-controlling interest on the date of loss of control	<u>33,330</u>
	<u>\$ 66,660</u>

(36) Changes in liabilities from financing activities

	Short-term borrowings	Guarantee deposit received	Lease liabilities	Long-term borrowings (including current portion)	Liabilities from financing activities-gross
At January 1, 2020	\$ 3,803,871	\$ 23,645	\$ 189,228	\$ 791,561	\$ 4,808,305
Changes in cash flow	(2,349,843)	(671)	(55,398)	119,073	(2,286,839)
Impact of changes in foreign exchange rate	(10,177)	231	(2,415)	-	(12,361)
Changes in other non-cash items	-	-	99,793	-	99,793
At December 31, 2020	<u>\$ 1,443,851</u>	<u>\$ 23,205</u>	<u>\$ 231,208</u>	<u>\$ 910,634</u>	<u>\$ 2,608,898</u>

	Short-term borrowings	Guarantee deposit received	Lease liabilities	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2019	\$ -	\$ 27,195	\$ 233,433	\$ -	\$ 260,628
Changes in cash flow	3,834,646	(3,250)	(49,973)	791,561	4,572,984
Impact of changes in foreign exchange rate	(30,775)	(300)	-	-	(31,075)
Changes in other non-cash items	-	-	5,768	-	5,768
At December 31, 2019	<u>\$ 3,803,871</u>	<u>\$ 23,645</u>	<u>\$ 189,228</u>	<u>\$ 791,561</u>	<u>\$ 4,808,305</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Getac Technology Corp. and subsidiaries	Associates
Synnex Corp. and subsidiaries	Associates
Infopower Technologies Ltd.	Associates
Loyal Fidelity Aerospace Co., Ltd.	Associates
Synnex Technology International Corp. and subsidiaries	Common Chairman
Harbinger Venture Management Company Ltd.	Common Chairman
Lien Hwa Industrial Corp. and subsidiaries	Common Chairman
UPC Technology Corp.	Common Chairman
ShenTong Information Co., Ltd. and subsidiaries	The Group's Chairman was this company's director
Hyve Design Solutions Corporation and subsidiaries	Associates (Note)
Note: It became an associate of the Group since August 19, 2020.	

(2) Significant related party transactions and balances

A. Operating revenue:

(a)

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Sales of goods:		
-Associates-Synnex Corp. and subsidiaries	\$ 1,536,462	\$ 1,796,232
-Associates-Others	70,358	69,912
-Other related parties	5,499	53
	<u>1,612,319</u>	<u>1,866,197</u>
 -Associates-Synnex Corp. and subsidiaries	 \$ 179,909	 \$ 185,431
-Associates-Others	4,220	3,251
-Other related parties	52	10
	<u>184,181</u>	<u>188,692</u>
Total	<u>\$ 1,796,500</u>	<u>\$ 2,054,889</u>

(b) The selling price to related parties is determined based on the economic environment and market competition in the region of the related party.

(c) The Group's term of credit for related parties is the same with third party clients. The payment is generally due around 3 months after delivery.

B. Purchases:

(a)

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Purchases of goods:		
-Associates	\$ 56,013	\$ 283,905
-Other related parties - Synnex Technology International Corp. and subsidiaries	<u>352,402</u>	<u>674,819</u>
Total	<u>\$ 408,415</u>	<u>\$ 958,724</u>

(b) The purchase price from related parties cannot be compared with the prices to third parties due to differences in product specifications.

(c) The Group's term of payment for related parties is generally due around 3 months after counterparty's delivery.

C. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
-Associates-Synnex Corp. and subsidiaries	\$ 215,717	\$ 288,577
-Associates-Others	70	1,073
-Other related parties	173	\$ -
Subtotal	<u>215,960</u>	<u>289,650</u>
Other receivables:		
-Associates-Getac Technology Corp. and subsidiaries	22,203	16,413
-Associates-Synnex Corp. and subsidiaries	335	93,045
-Associates-Others	1,324	116
-Other related parties	6,723	4,190
Subtotal	<u>30,585</u>	<u>113,764</u>
Total	<u>\$ 246,545</u>	<u>\$ 403,414</u>

D. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
-Associates	\$ 6,483	\$ 24,639
-Other related parties - Synnex Technology International Corp. and subsidiaries	13,739	38,353
Subtotal	<u>20,222</u>	<u>62,992</u>
Other payables:		
-Associates	3,344	66,153
-Other related parties	3,603	3,543
Subtotal	<u>6,947</u>	<u>69,696</u>
Total	<u>\$ 27,169</u>	<u>\$ 132,688</u>

E. Property transactions:

(a) Acquisition of property, plant and equipment:

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Associates	\$ 2,441	\$ -
Other related parties	3,161	8,825
	<u>\$ 5,602</u>	<u>\$ 8,825</u>

(b) Acquisition of financial assets:

For the year ended December 31, 2020:None.

	Account	Transaction share (Shares in thousands)	Item	Acquisition amount for the year ended December 31, 2019
Associates	Investments accounted for using equity method	4,562	Shen-Tong Construction & Developments Co., Ltd.	\$ 45,620

F. Lease transactions — lessee

(a) The Group leases buildings from Getac Technology Corp. and subsidiaries. Rental contracts are typically made for periods from years 2019 to 2023.

(b) Acquisition of right-of-use assets:

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$51,551.

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2020	December 31, 2019
Associates	\$ 32,101	\$ 40,875

(ii) Interest expense

	For the year ended December 31, 2020	For the year ended December 31, 2019
Associates	\$ 2,175	\$ 2,844

G. Lease transactions — lessor

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent income		
Associates	\$ 36,211	\$ 31,182
Other related parties	1,424	1,384
Total	\$ 37,635	\$ 32,566

H. Expenses

	For the year ended December 31, 2020	For the year ended December 31, 2019
Associates	\$ 83,451	\$ 78,211
Other related parties	3,820	2,895
Total	\$ 87,271	\$ 81,106

(3) Key management compensation

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and other short-term employee benefits	\$ 45,940	\$ 45,032
Post-employment benefits	567	563
Total	<u>\$ 46,507</u>	<u>\$ 45,595</u>

8. PLEDGED ASSETS

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

Pledged asset	Book Value		Purpose
	December 31, 2020	December 31, 2019	
Time deposits (shown as "other non-current assets")	\$ 10,253	\$ 10,185	Guarantee deposit
Time deposits (shown as "other current assets")	8,754	8,761	Customs guarantee
Time deposits (shown as "other non-current assets")	25,000	25,000	Pledged margin for commodity tax guarantee
	<u>\$ 44,007</u>	<u>\$ 43,946</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted but not provided are as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	<u>\$ 60,288</u>	<u>\$ 150,828</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. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>6,107</u>	\$ <u>99,948</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ <u>7,298,592</u>	\$ <u>5,567,888</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 5,805,297	\$ 6,664,566
Financial assets at amortised cost	-	490,770
Notes receivable	31,689	92,751
Accounts receivable	4,982,050	6,183,075
Accounts receivable - related parties	215,960	289,650
Other receivables	60,168	131,562
Refundable deposits	23,600	17,483
Other financial assets	44,007	43,946
	\$ <u>11,162,771</u>	\$ <u>13,913,803</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ <u>11,691</u>	\$ <u>8,637</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,443,851	\$ 3,803,871
Accounts payable	6,662,560	5,783,558
Accounts payable - related parties	20,222	62,992
Other accounts payable	3,366,781	3,362,875
Refundable deposits	23,205	23,645
Long-term borrowings (including current portion)	910,634	791,561
	\$ <u>12,427,253</u>	\$ <u>13,828,502</u>
Lease liabilities	\$ <u>231,208</u>	\$ <u>189,228</u>

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 minimize 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(16)).

C. Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

- i. 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, AUD, JPY and CNY). 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, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 420,414	28.480	\$ 11,973,379
USD:CNY	127,552	6.507	3,632,690
<u>Non-monetary items</u>			
CNY:USD	80,935	0.154	354,254
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	462,736	28.480	13,178,719
USD:CNY	154,042	6.507	4,387,124

December 31, 2019			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 494,255	29.980	\$ 14,817,755
EUR:NTD	6,081	33.590	204,271
AUD:NTD	8,264	21.005	173,595
USD:CNY	106,092	6.964	3,180,631
<u>Non-monetary items</u>			
CNY:USD	72,470	0.144	311,984
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	489,384	29.980	14,671,731
EUR:NTD	6,031	33.590	202,597
AUD:NTD	6,100	21.005	128,131
USD:CNY	180,376	6.964	5,407,668

- ii. Total exchange gain (loss), including realized and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to \$99,944 and (\$34,712), respectively.
- iii. When the exchange rates for USD, AUD, EUR and CNY to NTD and USD to CNY increased or decreased by 1%, with all other factors the same at December 31, 2020 and 2019, net profit (loss) before tax would increase or decrease by (\$19,598) and (\$20,339) for the years ended December 31, 2020 and 2019, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic or foreign companies. 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, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$0 and \$780, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$72,986 and \$55,679, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.
- ii. If the borrowing interest rate had increased/decreased by 0.01% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$235 and \$380, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments settled based on the agreement.
- ii. 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 delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience, the forecastability of the impact of global economic information to the future and other factors.
- iii. Individual risk limits are set based on internal or external factors in accordance with limits set by credit control manager. The utilisation of credit limits is regularly monitored.
- iv. For banks and financial institutions, only the institutions with good credit quality are accepted as counterparties.
- v. The default occurs when it expects that the contact payments cannot be recovered and are transferred to overdue receivables.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial

- reorganization due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group classifies customers' repayment ability in accordance with the contract term and macroeconomic forecast included in the forecastability and related industry information. The Group applies the modified approach using group methodology to estimate expected credit loss.
- viii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- ix. The Group considered the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2020 and 2019, the loss rate methodology is as follows:

<u>At December 31, 2020</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
Expected loss rate	10% - 100%	0.012% - 0.7%	
Value	\$ 454,571	\$ 4,834,921	\$ 5,289,492
Allowance	85,151	6,331	91,482

<u>At December 31, 2019</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
Expected loss rate	10% - 100%	0.014% - 0.02%	
Value	\$ 394,068	\$ 6,155,691	\$ 6,549,759
Allowance	76,174	860	77,034

Group A- High-risk accounts: The evaluation module is based on payment records, financial indicators, contract fulfillment status, and related industry information.

Group B- Low- and medium-risk accounts: Entities provide good payment records, strong prospects, transparent financials or collateral.

- x. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable is as follows:

	<u>2020</u>
At January 1	\$ 77,034
Provision for impairment	17,494
Write-offs	(3,496)
Effect of foreign exchange	450
At December 31	<u>\$ 91,482</u>

	2019
At January 1	\$ 97,765
Reversal of impairment loss	(14,812)
Write-offs	(4,932)
Effect of foreign exchange	(987)
At December 31	<u>\$ 77,034</u>

(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:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 1,444,893	\$ -	\$ -	\$ -
Accounts payable	6,682,782	-	-	-
Other payables	3,366,781	-	-	-
Lease liabilities	38,661	37,419	35,154	132,940
Guarantee deposits	8,257	2,911	6,615	5,422
Long-term borrowings	52,075	261,139	249,203	361,425

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Short-term borrowings	\$ 3,813,539	\$ -	\$ -	\$ -
Accounts payable	5,846,550	-	-	-
Other payables	3,362,875	-	-	-
Lease liabilities	47,435	31,798	23,295	121,086
Guarantee deposits	7,076	3,790	1,716	11,063
Long-term borrowings	5,586	52,828	215,052	538,915

Derivative financial liabilities

As of December 31, 2020 and 2019, 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 information

A. 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.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

Including the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits received are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
<u>Recurring fair value measurements</u>				
Financial assets:				
Forward exchange contracts	\$ -	\$ 6,107	\$ -	\$ 6,107
Equity securities	3,892,858	283,970	3,121,764	7,298,592
Total	<u>\$ 3,892,858</u>	<u>\$ 290,077</u>	<u>\$ 3,121,764</u>	<u>\$ 7,304,699</u>

Recurring fair value measurements

Financial liabilities:

Forward exchange contracts	<u>\$ -</u>	<u>\$ 11,691</u>	<u>\$ -</u>	<u>\$ 11,691</u>
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December 31, 2019	Level 1	Level 2	Level 3	Total
<u>Recurring fair value measurements</u>				
Financial assets:				
Forward exchange contracts	\$ -	\$ 21,948	\$ -	\$ 21,948
Equity securities	2,884,002	276,589	2,485,297	5,645,888
Total	<u>\$ 2,884,002</u>	<u>\$ 298,537</u>	<u>\$ 2,485,297</u>	<u>\$ 5,667,836</u>

Recurring fair value measurements

Financial liabilities:

Forward exchange contracts	<u>\$ -</u>	<u>\$ 8,637</u>	<u>\$ -</u>	<u>\$ 8,637</u>
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(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. 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 worth

- ii. 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.
 - iii. 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.
 - iv. 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.
 - v. 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.
 - vi. 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.
- E. The private placement shares of COMPUCASE ENTERPRISE CO., LTD. have been listed in the Taiwan Stock Exchange from October 2019, therefore, the Group transferred the fair value from Level 2 to Level 1 at the end of the month when the event occurred.
- F. For the year ended December 31, 2020, there was no transfer between Level 1 and Level 2.
- G. The following table presents the changes in Level 3 instruments as at December 31, 2020 and 2019:

	Equity securities	
	2020	2019
January 1	\$ 2,485,297	\$ 458,025
Proceeds from capital reduction for the year	-	(45,389)
Decreased in the year	(12,303)	-
Acquired in the year	17,095	50,274
Transfer into level 3	-	1,088,481
Gains recognised in other comprehensive income	632,564	934,181
Effects of foreign exchange	(889)	(275)
December 31	<u>\$ 3,121,764</u>	<u>\$ 2,485,297</u>

- H. For the year ended December 31, 2019, MITAC Incorporated Co., Ltd. terminated trading its stocks on TPEx starting from April 23, 2019, and there is insufficient observable market information. As a result, the Group has transferred the fair value from Level 1 into Level 3 at the end of the month when the event occurred.
- I. 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.
- J. 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:

Non-derivative equity instrument:	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 3,121,764	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.

Non-derivative equity instrument:	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 2,485,297	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.

- K. 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, 2020			
Financial assets	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 31,218	\$ 31,218

			December 31, 2019			
Financial assets	Input	Change	Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 24,853	\$ 24,853

(4) Impact of COVID-19 pandemic on the Group's operations in 2020

Since the outbreak of COVID-19 pandemic in early 2020, the subsidiaries, customers and suppliers in certain areas must comply with the policies such as quarantine enforcement and transportation limitation due to the widespread pandemic. However, it had no significant impact on the Group's overall financial business, and there are no issues with the Group's ability to continue as a going concern, impairment of assets and financing risks after the assessment.

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: None.
- 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 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and (16).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4 and table 8.

(4) Major shareholders information

Major shareholders information: 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 automotive electronics and AIoT 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:

For the year ended December 31, 2020				
Item	Cloud computing business group	Automotive electronics and AIoT business group	Others	Total
Revenue	\$ 32,838,299	\$ 4,747,921	\$ 3,559,536	\$ 41,145,756
Segment gain (loss)	122,664	45,069	(93,350)	74,383
For the year ended December 31, 2019				
Item	Cloud computing business group	Automotive electronics and AIoT business group	Others	Total
Revenue	\$ 26,624,689	\$ 5,602,184	\$ 3,605,087	\$ 35,831,960
Segment gain (loss)	230,085	289,076	(18,201)	500,960

(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 reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2020 and 2019 is provided as follows:

Item	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit for reportable segments	\$ 74,383	\$ 500,960
Unallocated:		
Share of profits and losses from affiliates and joint ventures accounted for using the equity method	2,415,388	2,239,887
Dividend revenue	214,428	190,145
Interest revenue	44,482	89,404
Net currency exchange gain (loss)	99,944 (34,712)
Rent income	103,990	119,315
Other income(loss)	27,461 (22,091)
Income before tax from operations	<u>\$ 2,980,076</u>	<u>\$ 3,082,908</u>

(4) Information on products and services

	For the year ended December 31, 2020	For the year ended December 31, 2019
Sales	\$ 40,649,210	\$ 35,388,203
Other revenue	496,546	443,757
Total	<u>\$ 41,145,756</u>	<u>\$ 35,831,960</u>

(5) Geographical information

For the years ended December 31, 2020 and 2019, revenues and non-current assets from certain regions are listed below:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Revenue	Assets - non-current	Revenue	Assets - non-current
Taiwan	\$ 1,157,516	\$ 5,313,211	\$ 827,127	\$ 5,004,965
USA	23,009,897	688,111	17,333,518	688,236
Europe	4,403,958	110,276	4,565,210	116,902
Others	12,574,385	3,436,866	13,106,105	3,798,324
Total	<u>\$ 41,145,756</u>	<u>\$ 9,548,464</u>	<u>\$ 35,831,960</u>	<u>\$ 9,608,427</u>

(6) Major customer information

For the years ended December 31, 2020 and 2019, the major customer information of the Group are listed below:

For the year ended December 31, 2020

Customer	Revenue	Percentage of total revenue	Segment
Customer A	\$ 4,618,786	11%	Cloud computing business group
Customer B	11,717,045	28%	Cloud computing business group
Customer C	4,656,177	11%	Cloud computing business group
Customer D	4,347,822	11%	Cloud computing business group

For the year ended December 31, 2019

Customer	Revenue	Percentage of total revenue	Segment
Customer A	\$ 5,355,068	15%	Cloud computing business group
Customer B	5,321,094	15%	Cloud computing business group
Customer C	4,349,024	12%	Cloud computing business group
Customer D	3,781,545	11%	Cloud computing business group

Table 1

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Loans to others
For the year ended December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	MiTAC Holdings Corp.	MiTAC International Corp.	Other receivables-related parties	Y	\$ 2,000,000	\$ 2,000,000	\$ -	0	2	\$ -	Operations	\$ -	None	\$ -	\$ 4,105,942	\$ 8,211,884	
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Other receivables-related parties	Y	3,000,000	3,000,000	1,355,648	0.22%-1.33%	2	-	Operations	-	None	-	4,105,942	8,211,884	
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	1,000,000	1,000,000	10,538	0.26%	2	-	Operations	-	None	-	4,105,942	8,211,884	
1	MiTAC International Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	1,000,000	1,000,000	60,000	0.5337%-0.6167%	2	-	Operations	-	None	-	3,741,341	7,482,682	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	Other receivables-related parties	Y	2,900,000	2,900,000	279,104	0.27%-2.70%	2	-	Operations	-	None	-	3,741,341	7,482,682	
1	MiTAC International Corp.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	2,000,000	1,000,000	421,504	0.30%-2.75%	2	-	Operations	-	None	-	3,741,341	7,482,682	
1	MiTAC International Corp.	MiTAC Technology (KunShan) Co., Ltd.	Other receivables-related parties	Y	30,250	-	-	2.70%	2	-	Operations	-	None	-	3,741,341	7,482,682	
2	MiTAC Computing Technology Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	1,120,000	1,120,000	1,120,000	0.6293%	2	-	Operations	-	None	-	1,509,740	1,509,740	
2	MiTAC Computing Technology Corp.	MiTAC International Corp.	Other receivables-related parties	Y	370,000	-	-	0.5%-0.75%	2	-	Operations	-	None	-	1,509,740	1,509,740	
3	MiTAC Digital Technology Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	600,000	600,000	600,000	0.5337%	2	-	Operations	-	None	-	686,277	686,277	
3	MiTAC Digital Technology Corp.	MiTAC International Corp.	Other receivables-related parties	Y	500,000	-	-	0.7207%-0.980%	2	-	Operations	-	None	-	686,277	686,277	
3	MiTAC Digital Technology Corp.	MiTAC Europe Ltd.	Other receivables-related parties	Y	27,310	-	-	1.9%	2	-	Operations	-	None	-	686,277	686,277	
4	Silver Star Developments Ltd.	MiTAC International Corp.	Other receivables-related parties	Y	3,418,250	1,936,640	712,000	0	2	-	Operations	-	None	-	7,891,312	7,891,312	
4	Silver Star Developments Ltd.	MiTAC Holdings Corp.	Other receivables-related parties	Y	1,512,500	1,424,000	1,366,186	0	2	-	Operations	-	None	-	39,456,562	39,456,562	
4	Silver Star Developments Ltd.	Software Insights Ltd.	Other receivables-related parties	Y	30,250	28,480	28,480	0	2	-	Operations	-	None	-	39,456,562	39,456,562	
4	Silver Star Developments Ltd.	Start Well Technology Ltd.	Other receivables-related parties	Y	925,650	871,488	871,488	0	2	-	Operations	-	None	-	39,456,562	39,456,562	
4	Silver Star Developments Ltd.	MiTAC Benelux N.V.	Other receivables-related parties	Y	80,684	80,546	77,044	0	2	-	Operations	-	None	-	39,456,562	39,456,562	
5	Tyan Computer Corp.(USA)	Mitac Information Systems Corp.	Other receivables-related parties	Y	226,875	213,600	213,600	2.83%	2	-	Operations	-	None	-	1,161,464	1,161,464	
6	MiTAC Investment Holding Ltd.	MiTAC Technology (KunShan) Co., Ltd.	Other receivables-related parties	Y	63,496	63,467	63,467	4.35%	2	-	Operations	-	None	-	6,107,991	6,107,991	

No. (Note1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
6	MiTAC Investment Holding Ltd.	MiTAC Information Systems (Kunshan) Co., Ltd.	Other receivables-related parties	Y	341,562	341,406	341,406	0	2	–	Operations	–	None	–	6,107,991	6,107,991	
7	MiTAC Research (Shanghai) Ltd.	MiTAC Investment Holding Ltd.	Other receivables-related parties	Y	275,877	275,751	275,751	0	2	–	Operations	–	None	–	925,407	925,407	
8	Access Wisdom Holdings Ltd.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	32,439	31,328	31,328	0	2	–	Operations	–	None	–	38,318	38,318	
9	Mio International Ltd.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	20,643	19,936	19,936	0	2	–	Operations	–	None	–	20,397	20,397	
9	Mio International Ltd.	Access Wisdom Holdings Ltd.	Other receivables-related parties	Y	20,643	19,936	19,936	0	2	–	Operations	–	None	–	101,983	101,983	

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 auditors.

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

(2) MiTAC International 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 auditors.

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

(3) MiTAC Computing Technology Corp.’s short-term financing limit should not exceed 40% of the net worth on the latest financial statements audited.

(4) MiTAC Digital Technology Corp.’s short-term financing limit should not exceed 40% of the net worth on the latest financial statements audited.

(5) 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 net worth on the latest financial statements audited by independent auditors.

(6) If Silver Star Developments Ltd. was lending to domestic 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 40% of the net worth on the latest financial statements audited by independent auditors.

(7) 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 net worth on the latest financial statements audited by independent auditors.

(8) If MiTAC Holdings Corp. was lending to domestic 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 net worth on the latest financial statements audited by independent auditors.

(9) If MiTAC Research (Shanghai) Ltd. was lending to domestic 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 net worth on the latest financial statements audited by independent auditors.

(10) If Access Wisdom Holdings Ltd. was lending to domestic 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 40% of the net worth on the latest financial statements audited by independent auditors.

(11) If Mio International 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 net worth on the latest financial statements audited by independent auditors.

(12) If Mio International Ltd. was lending to domestic 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 40% of the net worth on the latest financial statements audited by independent auditors.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2020

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, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/guaran tee amount to net asset value of the endorser/guarantor	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)	2	\$ 20,529,709	\$ 281,205	\$ 199,360	\$ 199,360	\$ -	0.49	\$ 20,529,709	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	2	20,529,709	671,273	663,584	663,584	-	1.62	20,529,709	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC International Corp.	2	20,529,709	230	230	230	-	0.00	20,529,709	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	2	20,529,709	4,003	3,798	3,798	-	0.01	20,529,709	Y	N	N	
0	MiTAC Holdings Corp.	MiTAC Information Systems Corp.	2	20,529,709	549,000	-	-	-	0.00	20,529,709	Y	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) Having business relationship

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

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

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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 auditors.

(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 auditors.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Holding of marketable securities at the end of period (not including subsidiaries, associates and joint ventures)
December 31, 2020

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, 2020				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
MiTAC Holdings Corp.	stocks	Synnex Technology International Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	3,103,717	\$ 145,875	0.19	\$ 145,875	
MiTAC Holdings Corp.	stocks	Healthera Corporation	None	Financial assets at fair value through other comprehensive income-non current	90,141	2,976	0.35	2,976	
MiTAC Holdings Corp.	stocks	JVP VIII, L.P.	None	Financial assets at fair value through other comprehensive income-non current	1,400,000	41,956	1.17	41,956	
MiTAC Holdings Corp.	stocks	WHETRON ELECTRONICS CO., LTD.	None	Financial assets at fair value through other comprehensive income-non current	6,550,000	128,197	9.05	128,197	
MiTAC Holdings Corp.	stocks	Harbinger VIII Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income-non current	7,500,000	73,834	11.57	73,834	
MiTAC International Corp.	stocks	Lien Hwa Industrial Holdings Corporation	Same board chairman	Financial assets at fair value through other comprehensive income-non current	35,750,667	1,522,978	2.79	1,522,978	
MiTAC International Corp.	stocks	UPC Technology Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	16,179,561	310,648	1.21	310,648	
MiTAC International Corp.	stocks	COMPUCASE ENTERPRISE CO., LTD.	None	Financial assets at fair value through other comprehensive income-non current	10,000,000	434,000	8.83	434,000	
MiTAC International Corp.	stocks	Synnex Technology International Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	5,245,000	246,515	0.31	246,515	
MiTAC International Corp.	stocks	MiTAC INC.	The Company's chairman was this company's	Financial assets at fair value through other comprehensive income-non current	6,259,734	88,118	4.17	88,118	
MiTAC International Corp.	stocks	MiTAC Information Technology Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	31,016,697	1,569,703	8.69	1,569,703	
MiTAC International Corp.	stocks	Overseas Investment & Development Corp.	None	Financial assets at fair value through other comprehensive income-non current	1,000,000	10,630	1.11	10,630	
MiTAC International Corp.	stocks	Harbinger Venture Capital Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	27,828	252	14.05	252	
MiTAC International Corp.	stocks	Harbinger VI Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income-non current	3,745,020	47,273	13.28	47,273	
MiTAC International Corp.	stocks	Harbinger VII Venture Capital Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	10,000,000	136,396	9.39	136,396	
Tsu Fung Investment Corp.	stocks	MiTAC Holdings Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	9,250,594	272,893	0.77	272,893	Note 1
Tsu Fung Investment Corp.	stocks	Getac Technology Corp.	None	Financial assets at fair value through other comprehensive income-current	7,783,741	380,625	1.33	380,625	
Tsu Fung Investment Corp.	stocks	UPC Technology Corp.	None	Financial assets at fair value through other comprehensive income-current	16,360,231	314,116	1.23	314,116	
Tsu Fung Investment Corp.	stocks	Synnex Technology International Corp.	None	Financial assets at fair value through other comprehensive income-current	6,899,974	324,299	0.41	324,299	
Tsu Fung Investment Corp.	stocks	Lien Hwa Industrial Holdings Corporation	None	Financial assets at fair value through other comprehensive income-current	4,302,166	183,272	0.34	183,272	
Tsu Fung Investment Corp.	stocks	National Aerospace Fasteners Corporation	None	Financial assets at fair value through other comprehensive income-current	2,609,479	30,531	2.96	30,531	
Tsu Fung Investment Corp.	stocks	PROMISE Technology Inc.	None	Financial assets at fair value through other comprehensive income-non current	4,594,672	64,679	3.06	64,679	
Tsu Fung Investment Corp.	stocks	MiTAC INC.	None	Financial assets at fair value through other comprehensive income-non current	19,121,826	967,717	5.36	967,717	
Tsu Fung Investment Corp.	stocks	MiTAC Information Technology Corp.	None	Financial assets at fair value through other comprehensive income-non current	4,848,125	137,647	19.99	137,647	Note 2
Tsu Fung Investment Corp.	stocks	Tung Da Investment Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non current	862,922	15,472	19.99	15,472	
Tsu Fung Investment Corp.	stocks	Lien Yung Investment Corp.	None	Financial assets at fair value through other comprehensive income-non current	9,217,196	120,838	19.99	120,838	
Silver Star Developments Ltd. and its subsidiaries	stocks	MiTAC Holdings Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-non current	2,127,954	62,775	0.18	62,775	Note 1
Silver Star Developments Ltd. and its subsidiaries	stocks	Budworth Investments Ltd.	None	Financial assets at fair value through other comprehensive income-non current	134,908	46	14.83	46	
Silver Star Developments Ltd. and its subsidiaries	stocks	Panasas Inc.	None	Financial assets at fair value through profit or loss-non current	13,913	-	0.04	-	

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: 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

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, 2020

Table 4

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)		Footnote
			Purchases /sales	Amount	Percentage of total purchases/sales	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
MiTAC Computing Technology Corp.	MiTAC Information Systems Corp.	Subsidiary	Sales	\$ 12,647,856	47.41%	Note 1	Note 3	Note 1	\$ 4,435,284	69.94%	
MiTAC Computing Technology Corp.	MiTAC Computer (Shunde) Ltd.	Affiliate	Purchases	434,309	1.73%	Note 2	Note 3	Note 2	(1,419,180)	25.00%	
MiTAC Computing Technology Corp.	Tyan Computer Corp.(USA)	Subsidiary	Sales	407,741	1.53%	Note 1	Note 3	Note 1	-	0.00%	
MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	Subsidiary	Sales	715,740	2.68%	Note 1	Note 3	Note 1	6,941	0.11%	
MiTAC Computing Technology Corp.	Synnex Corp. and its subsidiaries	Associate of affiliate	Sales	747,472	2.80%	Note 1	Note 3	Note 1	171,719	2.71%	
MiTAC Computing Technology Corp.	Synnex Technology International Corp. and its subsidiaries	Others	Purchases	342,301	1.36%	Note 2	Note 3	Note 2	(9,544)	0.17%	
MiTAC Computing Technology Corp.	MiTAC Japan Corp.	Affiliate	Sales	168,562	0.63%	Note 1	Note 3	Note 1	37,062	0.58%	
MiTAC Digital Technology Corp.	MiTAC Australia Pty Ltd.	Subsidiary	Sales	154,309	3.51%	Note 1	Note 3	Note 1	83,108	12.39%	
MiTAC Digital Technology Corp.	MiTAC Computer (Kunshan) Ltd.	Affiliate	Purchases	858,779	29.04%	Note 2	Note 3	Note 2	(835,634)	68.35%	
Silver Star Developments Ltd.(SSDL) and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	Sales	521,779	3.59%	Note 1	Note 3	Note 1	1,462,804	36.57%	
Silver Star Developments Ltd.(SSDL) and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	Purchases	168,597	1.22%	Note 2	Note 3	Note 2	(37,062)	3.16%	
Silver Star Developments Ltd.(SSDL) and its subsidiaries	MiTAC Digital Technology Corp.	Affiliate	Sales	868,965	5.98%	Note 1	Note 3	Note 1	847,161	21.18%	
MiTAC Technology UK Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Parent Company	Purchases	13,055,596	69.59%	Note 2	Note 3	Note 2	(4,435,284)	79.57%	
MiTAC Technology UK Ltd. and its subsidiaries	Synnex Corp. and its subsidiaries	Associate of affiliate	Sales	782,857	4.11%	Note 1	Note 3	Note 1	43,997	2.49%	
Access Wisdom Holdings Ltd and its subsidiaries	MiTAC Digital Technology Corp.	Parent Company	Purchases	201,293	100.25%	Note 2	Note 3	Note 2	(100,115)	77.16%	
Hyve Design Solutions Corporation and its subsidiaries	Synnex Corp. and its subsidiaries	Associate of affiliate	Sales	185,871	100.00%	Note 1	Note 3	Note 1	-	-	Note 4

Note 1: The Group's credit term for subsidiaries is to collect within 5 months based on the net amount of receivables after offsetting against payables. The Group's credit term for related parties is within 3 months based on 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 subsidiaries is within 5 months based on the net amount of receivables after offsetting against payables. The Group's payment term related parties within 3 months based on 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.

Note 4 : Hyve Design Solutions Corporation and its subsidiaries became the associates of the Group since August 19, 2020.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Amount receivables	Other receivables	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
						Amount	Action taken			
MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Subsidiary	\$ -	\$ 169,525	-	\$ -	Not Applicable	\$ -	\$ -	
MiTAC Computing Technology Corp.	MiTAC Information Systems Corp.	Subsidiary	4,435,284	1,368	2.93	-	Not Applicable	872,025	-	
MiTAC Computing Technology Corp.	Synnex Corp. and its subsidiaries	Associate of affiliate	171,719	-	5.59	-	Not Applicable	107,028	-	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	1,462,804	24,476	0.46	-	Not Applicable	1,368,464	-	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Digital Technology Corp.	Affiliate	847,161	1,291	0.88	-	Not Applicable	393,024	-	

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2020

Table 6

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 Computing Technology Corp.	1	Other receivables	1, 525, 173		2. 67%
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	1	Other receivables	100, 206		0. 18%
1	MiTAC International Corp.	MiTAC Holdings Corp.	2	Other receivables	104, 278		0. 18%
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	Other operating revenue	123, 355		0. 22%
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	Other receivables	326, 534		0. 57%
1	MiTAC International Corp.	MiTAC Digital Technology Corp.	3	Other receivables	431, 574		0. 75%
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	3	Sales	13, 055, 596	Note 4	31. 73%
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	3	Accounts receivable	4, 435, 284	Note 4	7. 76%
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Sales	168, 597	Note 4	0. 41%
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Purchases	521, 779	Note 5	1. 27%
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Accounts payable	1, 462, 804	Note 5	2. 56%
2	MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	3	Sales	715, 740	Note 4	1. 74%
3	Silver Star Developments Ltd. and its subsidiaries	MiTAC Holdings Corp.	2	Other receivables	1, 366, 186		2. 39%
3	Silver Star Developments Ltd. and its subsidiaries	MiTAC International Corp.	3	Other receivables	715, 389		1. 25%
4	MiTAC Digital Technology Corp.	Access Wisdom Holdings Ltd and its subsidiaries	3	Sales	201, 293	Note 4	0. 49%
4	MiTAC Digital Technology Corp.	Access Wisdom Holdings Ltd and its subsidiaries	3	Accounts receivable	100, 115	Note 4	0. 18%
4	MiTAC Digital Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Purchases	868, 965	Note 5	2. 11%
4	MiTAC Digital Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Accounts payable	847, 161	Note 5	1. 48%
4	MiTAC Digital Technology Corp.	MiTAC Holdings Corp.	2	Other receivables	600, 000		1. 05%

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 (Does not include Mainland China invested companies)
For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020	Investment income (loss) recognised by the Company For the year ended December 31,	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (Note)	Ownership (%)	Book value			
MiTAC Holdings Corp.	MiTAC International Corp.	Taiwan	Development, design and manufacturing and sale of computers and its peripherals, <u>telecommunication related products</u>	\$ 24,739,187	\$ 24,739,187	2,222,013,187	100.00	\$ 38,764,957	\$ 2,813,362	\$ 2,802,577	Subsidiary
MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Taiwan	Development, design and manufacturing and sale of computers and its peripherals, <u>telecommunication related products</u>	3,419,621	3,419,621	232,757,102	100.00	3,741,073	121,447	123,234	Subsidiary
MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	Taiwan	Sales and service of electronic telecommunication, communication and software, etc.	1,547,485	1,547,485	103,099,000	97.17	1,643,435	34,190	33,695	Subsidiary
MiTAC Holdings Corp.	Infopower Technologies Ltd.	India	Manufacture and sale of electronic product.	75,084	75,084	6,774,199	33.33	70,278	(3,792)	(1,491)	Associate
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	32.31	5,249,079	2,577,039		Associate
MiTAC International Corp.	Tsu Fung Investment Corp.	Taiwan	Investment	625,000	625,000	142,884,651	100.00	3,035,807	86,534		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	13,962	7,541		Associate
MiTAC International Corp.	Lian Jie Investment Co., Ltd.	Taiwan	Investment	113,057	113,057	11,305,650	49.98	168,258	5,584		Associate
MiTAC International Corp.	Lian Jie II Investment Co., Ltd.	Taiwan	Investment	32,500	32,500	3,250,000	32.50	42,467	(10,463)		Associate
MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiary	British Virgin Islands	Investment	5,021,004	5,021,004	176,299,302	100.00	22,086,728	1,824,157		Subsidiary
MiTAC International Corp.	Shen-Tong Construction & Development Co., Ltd.	Taiwan	Building and factory construction, leasing and sales	90,349	90,349	9,034,922	47.55	86,012	(430)		Associate
MiTAC International Corp.	LFE AEROSPACE INDUSTRY CORP.	Taiwan	Electronic components manufacturing, aircraft and its parts manufacturing and wholesale industry.	121,475	121,475	11,233,750	15.40	110,302	(21,165)		Associate
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	UK	Investment	1,453,931	1,675,038	55,146,138	100.00	1,391,382	(34,273)		Subsidiary
MiTAC Computing Technology Corp.	Mitac Information Technology Czech s.r.o.	Czech Republic	Assemble and sales of computer and peripheral equipment.	-	9,815	-	0.00	-	(12)		Subsidiary (Note 1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee For the year ended December 31, 2020	Investment income (loss) recognised by the Company For the year ended December 31,	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (Note)	Ownership (%)	Book value			
MiTAC Computing Technology Corp.	Hyve Design Solutions Corporation	USA	Assemble and sales of computer and peripheral equipment.	142,400	56,960	1,000,000	50.00	(22,604)	(251,162)		Associate
MiTAC Digital Technology Corp.	Mio International Ltd. and its subsidiaries	British Virgin Islands	Sale of communication products	64,868	64,868	1,275,001	100.00	78,171	1,694		Subsidiary
MiTAC Digital Technology Corp.	Access Wisdom Holdings Limited. and its subsidiaries	British Virgin Islands	Investment	–	–	48,500,000	100.00	90,406	(5,728)		Subsidiary
Silver Star Developments Ltd. and its subsidiaries	Mainpower International Ltd.	British Virgin Islands	Investment	156,640	156,640	5,500,001	13.28	240,230	169,184		Associate
Silver Star Developments Ltd. and its subsidiaries	Synnex Corp.	USA	Information process services, sales of computer peripheral, system and network products	1,092,561	966,108	5,299,980	10.28	5,977,703	15,379,326		Associate
Silver Star Developments Ltd. and its subsidiaries	Concentrix Corp.	USA	Information process services, sales of computer peripheral, system and network products	6,677,974	–	5,299,980	10.28	6,677,974	–		Associate
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi Venture Ltd.	British Virgin Islands	Investment	28,480	28,480	1,000,000	28.57	18,970	(1,343)		Associate
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi II Venture Ltd.	British Virgin Islands	Investment	28,480	28,480	10,000	32.26	49,096	380		Associate
Tsu Fung Investment Corp.	LFE AEROSPACE INDUSTRY CORP.	Taiwan	Electronic components manufacturing, aircraft and its parts manufacturing and wholesale industry.	15,504	15,504	1,433,740	1.97	13,104	(21,165)		Associate
Tsu Fung Investment Corp.	MiTAC Digital Technology Corp.	Taiwan	Sales and service of electronic telecommunication, communication and software, etc.	16	16	1,000	0.001	16	34,190		Subsidiary

Note 1: This Company was liquidated in 2020.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Invested information in Mainland China

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan For the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company For the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MiTAC Computer (Shunde) Corp.	Manufacturing of computer cases and monitors. Etc.	\$ 1, 823, 920	2	\$ 1, 136, 373	\$ -	\$ -	\$ 1, 136, 373	\$ 126, 546	100. 00	\$ 126, 546	\$ 2, 864, 290	\$ -	
MiTAC Computer (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	2, 234, 480	2	1, 668, 928	-	-	1, 668, 928	33, 090	100. 00	33, 090	2, 843, 230	-	
MiTAC Technology (Kunshan) Co., Ltd.	Testing, repair and display of computer components and related products, and related technical advisory services and after-sale services	36, 228	2	28, 480	-	-	28, 480	(3, 312)	100. 00	(3, 312)	27, 537	-	
MiTAC Research (ShangHai) Ltd.	Research, development and production of computer software, sales of own-produced products and related technical advisory services	188, 386	2	148, 096	-	-	148, 096	11, 898	100. 00	11, 898	474, 867	-	
Shzhou MiTAC Precision Technology Co., Ltd.	Design and manufacturing of computer chassis and its components, percision plastic injection mould, molding parts and molding equipment processing and maintenance and repair services.	1, 544, 983	2	384, 480	-	-	384, 480	221, 999	27. 44	60, 914	595, 374	-	
Mio Technology (Suzhou) Ltd.	Sales of communication products and related after-sale services	8, 219	2	28, 338	-	-	28, 338	1, 694	100. 00	1, 694	33, 710	-	
MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services	29, 854	2	28, 480	-	-	28, 480	1, 405	100. 00	1, 405	39, 464	-	
MiTAC Information Technology Ltd.	After-sales maintenance, testing, consulting services and related support technology services	8, 966	2	8, 544	-	-	8, 544	3, 637	100. 00	3, 637	48, 106	-	
MiTAC Innovation (Kunshan) Ltd.	Research and development of computer, server, mobile phone, PDA, GNSS and GPS, and related technology transfer, technical services	28, 760	2	28, 480	-	-	28, 480	3, 858	100. 00	3, 858	75, 740	-	
MiTAC Telematics Technology Corporation	Sales of self-produced products and related after-sale services	8, 754	1	2, 078	-	-	2, 078	7, 767	100. 00	7, 767	16, 811	-	
MiTAC Investment Holding Ltd.	Investment Holdings	2, 054, 091	2	854, 400	-	-	854, 400	50, 733	100. 00	50, 733	3, 105, 859	-	
MiTAC Information Systems (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	1, 050, 480	3	-	-	-	-	(2, 053)	100. 00	(2, 053)	1, 043, 902	-	

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 the company which are located in the third area.
- (3) Others:Invest in Mainland China through investees in Mainland Chian.

Note 2: In the 'Investment income (loss)recognised by the Company For the year ended December 31, 2020 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.

Note 3:Among the accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 of MiTAC Computer (Kunshan) Co., Ltd., MiTAC Investment Holding Ltd remitted out USD 29,900 thousand.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	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
MiTAC International Corp.	\$ 3,824,929	\$ 4,643,729	\$ 23,460,375
MiTAC Computing Technology Corp.	2,078	2,078	(Note 4)
MiTAC Digital Technology Corp.	21,218	21,218	1,014,392

Note 4: In accordance with the "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", MiTAC Computing Technology Corp. has acquired the Business Operation Headquarter Certificate

B. Significant transactions conducted with investees in Mainland China:

MiTAC Digital Technology Corp. and MiTAC Computing Technology Corp's delivery service expenses with investees in Mainland China for the year ended December 31, 2020 amounted to \$17,399, for details of other significant transactions, please refer to table 1 and table 4.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

Major shareholders information

December 31, 2020

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
MITAC INCORPORATED	104,431,091	8.65%
UPC Technology Corporation	99,802,598	8.27%
Lien Hwa Industrial Holdings Corporation	85,941,944	7.12%

MiTAC HOLDINGS CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

PWCR20000482

To the Board of Directors and Shareholders of MiTAC Holdings Corporation

Opinion

We have audited the accompanying parent company only balance sheets of MiTAC Holdings Corporation (the “Company”) as at December 31, 2020 and 2019, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent auditors, as described in the Other matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of MiTAC Holdings Corporation as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China for our audit of the parent company only financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of the other independent auditors, we believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

As of December 31, 2020, the Company recognised MiTAC International Corporation and its subsidiaries, MiTAC Computing Technology Corporation and its subsidiaries and MiTAC Digital Technology Corporation and its subsidiaries, as investments accounted for using the equity method, please refer to Note 6(3) for the details. The aforementioned investments accounted for using equity method constitute 95% of the Company's total assets. Thus, we consider the following key audit matters of the Company's investees also as key audit matters of the Company.

Sales revenue recognition

Description

Given that revenues are material to the financial statements of the subsidiaries that are accounted for using equity method, the various types of products and sales terms, the timing of revenue recognition can only be determined when the controls of ownership for products are transferred to the customers based on contract terms of each different customer. Thus, we identified the sales revenue recognition of investees as a key audit matter.

How our audit addressed the matter

We conducted audit procedures, including: discussed with management and evaluated the policy of revenue recognition; assessed the effectiveness of design and implementation of internal controls over recognition of revenue; test sampled the sales transactions including their terms, performance obligations, and prices and verified the supporting documents for deliveries to ensure the proper timing and amounts of recognition; selected sales transactions for a specific period prior to and after the balance sheet date and verified transaction documents to ensure sales revenue are recorded in the proper period.

Valuation of inventory

Description

Subsidiaries accounted for using equity method were mainly engaged in manufacturing and selling computers and their peripherals and communications products. Since the industry involved rapidly changing technology and were affected by market demand, there was higher risk of incurring inventory valuation losses or having obsolete inventory. Inventories of investees were measured at the lower of cost and net realisable value. Considering that these inventories were significant, items were voluminous and the valuation is associated with subjective judgement, we identified valuation of inventory of the subsidiaries as a key audit matter.

How our audit addressed the matter

We performed audit procedures, including: discussed with management and evaluated the policy of inventory valuation, validated inventory aging report through checking the logic of calculating aged inventories and confirming the appropriateness of categorization of aged inventories; and validated the basis in determining net realizable values of obsolete or slow-moving inventories in order to evaluate the reasonableness of allowance for inventory valuation losses.

Other matter- Reference to the reports of other independent auditors

We did not audit certain investments accounted for under the indirect equity method that were included in the parent company only financial statements, whose financial statements were prepared under a different financial reporting framework. The Company converted the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Share of profit (loss) of associates and joint ventures accounted for using equity method amounted to NT\$1,604,767 thousand and NT\$1,585,642 thousand for the years ended December 31, 2020 and 2019, respectively. Investments accounted for using equity method amounted to NT\$12,693,073 thousand and NT\$11,569,372 thousand as at December 31, 2020 and 2019, respectively. Those financial statements before adjustments were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent auditors.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including audit committee, are responsible for overseeing the company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that

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

Lin, Yu-Kuan

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 8, 2021

The accompanying parent company only 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 parent company only financial statements and independent auditors' report 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.

MiTAC HOLDINGS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 28,341	-	\$ 56,403	-
1200	Other receivables		1,127	-	4	-
1210	Other receivables - related parties	7	1,632,875	4	181,297	1
1220	Current income tax assets		7,907	-	7,907	-
1410	Prepayments		956	-	1,004	-
11XX	Total Current Assets		1,671,206	4	246,615	1
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non- current	6(2)	392,838	1	350,664	1
1550	Investments accounted for using equity method	6(3)	44,219,743	95	40,119,449	98
1600	Property, plant and equipment	6(4)	2,388	-	3,184	-
1920	Refundable deposits		106	-	106	-
15XX	Total Non-current assets		44,615,075	96	40,473,403	99
1XXX	Total assets		\$ 46,286,281	100	\$ 40,720,018	100

(Continued)

MiTAC HOLDINGS CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
			Notes	AMOUNT	%	AMOUNT
Current liabilities						
2100	Current borrowings	6(5)	\$ 100,000	-	\$ 1,000,000	2
2200	Other payables		10,487	-	9,538	-
2220	Other payables - related parties	7	3,198,829	7	13,826	-
2230	Current income tax liabilities		263,957	1	206,726	1
2300	Other current liabilities		14	-	104	-
21XX	Total Current Liabilities		3,573,287	8	1,230,194	3
2XXX	Total Liabilities		3,573,287	8	1,230,194	3
Equity						
	Share capital	6(6)				
3110	Common stock		12,065,568	26	10,772,829	27
	Capital surplus	6(7)				
3200	Capital surplus		23,582,411	51	23,400,002	58
	Retained earnings	6(8)				
3310	Legal reserve		1,451,388	3	1,167,412	3
3320	Special reserve		-	-	12,265	-
3350	Unappropriated retained earnings		4,110,220	9	3,818,704	9
	Other equity interest	6(9)				
3400	Other equity interest		1,743,283	3	671,699	1
3500	Treasury stocks	6(6)	(239,876)	-	(353,087)	(1)
3XXX	Total equity		42,712,994	92	39,489,824	97
3X2X	Total liabilities and equity		\$ 46,286,281	100	\$ 40,720,018	100

The accompanying notes are an integral part of these parent company only financial statements.

MiTAC HOLDINGS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
Items	Notes	2020		2019	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(2)(3)	\$ 2,968,036	100	\$ 2,861,497	100
Operating expenses					
6200 General and administrative expenses	6(11)(12) and 7	(33,880)	(1)	(34,232)	(1)
6900 Operating profit		2,934,156	99	2,827,265	99
Non-operating income and expenses					
7100 Interest income	6(10) and 7	3,487	-	14,812	-
7010 Other income		268	-	316	-
7020 Other gains and losses		59	-	9	-
7050 Finance costs	6(5) and 7	(8,702)	-	(2,084)	-
7000 Total non-operating income and expenses		(4,888)	-	13,053	-
7900 Profit before income tax		2,929,268	99	2,840,318	99
7950 Income tax expense	6(13)	(10,563)	(1)	(22,438)	(1)
8200 Profit for the year		\$ 2,918,705	98	\$ 2,817,880	98
Other comprehensive income (loss) - net					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss)	6(2)(9)	\$ 26,206	1	(\$ 128,931)	(5)
8330 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	6(3)(9)	1,781,644	60	1,392,399	49
8310 Components of other comprehensive income that will not be reclassified to profit or loss		1,807,850	61	1,263,468	44
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(3)(9)	(721,722)	(24)	(1,017,982)	(35)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(721,722)	(24)	(1,017,982)	(35)
8300 Other comprehensive income for the year		\$ 1,086,128	37	\$ 245,486	9
8500 Total comprehensive income for the year		\$ 4,004,833	135	\$ 3,063,366	107
9750 Basic earnings per share	6(14)	\$ 2.45		\$ 2.37	
9850 Diluted earnings per share	6(14)	\$ 2.42		\$ 2.35	

The accompanying notes are an integral part of these parent company only financial statements.

MITAC HOLDINGS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained earnings					Other equity interest		Treasury stocks	Total equity
		Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		
Year 2019										
Balance at January 1, 2019		\$ 9,367,677	\$ 23,370,899	\$ 837,787	\$ -	\$ 4,131,139	(\$ 62,976)	\$ 511,888	(\$ 353,087)	\$ 37,803,327
Effects on adoption of IFRS 16		-	-	-	-	(50)	-	-	-	(50)
Balance at January 1, 2019 after adjustments		<u>9,367,677</u>	<u>23,370,899</u>	<u>837,787</u>	<u>-</u>	<u>4,131,089</u>	<u>(62,976)</u>	<u>511,888</u>	<u>(353,087)</u>	<u>37,803,277</u>
Profit for 2019		-	-	-	-	2,817,880	-	-	-	2,817,880
Other comprehensive income(loss) for 2019		-	-	-	-	(22,376)	(1,017,982)	1,285,844	-	245,486
Total comprehensive income(loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,795,504</u>	<u>(1,017,982)</u>	<u>1,285,844</u>	<u>-</u>	<u>3,063,366</u>
Distribution of 2018 earnings	6(8)									
Legal reserve		-	-	329,625	-	(329,625)	-	-	-	-
Special reserve appropriated		-	-	-	12,265	(12,265)	-	-	-	-
Cash dividends		-	-	-	-	(1,405,152)	-	-	-	(1,405,152)
Stock dividends		1,405,152	-	-	-	(1,405,152)	-	-	-	-
Subsidiaries received cash dividends paid by the parent company	6(7)	-	20,740	-	-	-	-	-	-	20,740
Change of subsidiaries and associates accounted for using equity method	6(7)(9)	-	7,754	-	-	4,624	-	(4,624)	-	7,754
Proceeds from subsidiaries' disposal of investments accounted for using equity method	6(9)	-	-	-	-	(341)	-	341	-	-
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	6(9)	-	-	-	-	40,022	-	(40,022)	-	-
Adjustments in equity due to non-subscription the new shares issued by subsidiaries proportionately to ownership	6(7)	-	609	-	-	-	(770)	-	-	(161)
Balance at December 31, 2019		<u>\$ 10,772,829</u>	<u>\$ 23,400,002</u>	<u>\$ 1,167,412</u>	<u>\$ 12,265</u>	<u>\$ 3,818,704</u>	<u>(\$ 1,081,728)</u>	<u>\$ 1,753,427</u>	<u>(\$ 353,087)</u>	<u>\$ 39,489,824</u>
Year 2020										
Balance at January 1, 2020		\$ 10,772,829	\$ 23,400,002	\$ 1,167,412	\$ 12,265	\$ 3,818,704	(\$ 1,081,728)	\$ 1,753,427	(\$ 353,087)	\$ 39,489,824
Profit for 2020		-	-	-	-	2,918,705	-	-	-	2,918,705
Other comprehensive income(loss) for 2020		-	-	-	-	221	(721,722)	1,807,629	-	1,086,128
Total comprehensive income(loss)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,918,926</u>	<u>(721,722)</u>	<u>1,807,629</u>	<u>-</u>	<u>4,004,833</u>
Distribution of 2019 earnings	6(8)									
Legal reserve		-	-	283,976	-	(283,976)	-	-	-	-
Reversal of special reserve		-	-	-	(12,265)	12,265	-	-	-	-
Cash dividends		-	-	-	-	(1,077,283)	-	-	-	(1,077,283)
Stock dividends		1,292,739	-	-	-	(1,292,739)	-	-	-	-
Subsidiaries received cash dividends paid by the parent company	6(7)	-	10,784	-	-	-	-	-	-	10,784
Subsidiaries change of associates accounted for using equity method	6(7)(9)	-	87,108	-	-	25,693	-	(25,693)	-	87,108
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	6(9)	-	-	-	-	(3,397)	-	3,397	-	-
Proceeds from disposal of equity instruments by subsidiaries measured at fair value through other comprehensive income	6(9)	-	-	-	-	(7,985)	-	7,985	-	-
Proceeds from disposal of investments by subsidiaries accounted for using equity method	6(9)	-	-	-	-	12	-	(12)	-	-
Disposal of company's share by subsidiaries recognised as treasury share transactions	6(7)	-	83,417	-	-	-	-	-	113,211	196,628
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	6(7)	-	1,100	-	-	-	-	-	-	1,100
Balance at December 31, 2020		<u>\$ 12,065,568</u>	<u>\$ 23,582,411</u>	<u>\$ 1,451,388</u>	<u>\$ -</u>	<u>\$ 4,110,220</u>	<u>(\$ 1,803,450)</u>	<u>\$ 3,546,733</u>	<u>(\$ 239,876)</u>	<u>\$ 42,712,994</u>

The accompanying notes are an integral part of these parent company only financial statements.

MiTAC HOLDINGS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,929,268	\$ 2,840,318
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(11)	796	796
Interest income	6(10)	(3,487)	(14,812)
Interest expense		8,702	2,084
Dividend income	6(2)	(10,021)	(7,845)
Share of profit of associates accounted for using equity method	6(3)	(2,958,015)	(2,853,652)
Changes in operating assets and liabilities			
Changes in operating assets			
Other receivables - related parties		3,918	54,381
Prepayments		48	(63)
Changes in operating liabilities			
Other payables		1,082	406
Other payables - related parties		-	(41,889)
Other current liabilities		(90)	-
Cash outflow generated from operations		(27,799)	(20,276)
Payment of interest		(7,926)	(1,913)
Receipt of interest		3,217	15,481
Cash dividend received	6(2)(3)	223,285	432,980
Payment of income tax		(4,461)	(14,322)
Net cash flows from operating activities		186,316	411,950
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans lent to related parties	7	(2,647,786)	(2,787,274)
Loans repaid from related parties	7	1,281,600	3,186,569
Acquisition of financial assets at fair value through other comprehensive income		(20,071)	(49,900)
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,976	-
Acquisition of investments accounted for using equity method	6(3)	-	(46,500)
Proceeds from disposal of investments accounted for using equity method		-	16
Increase in refundable deposits		-	(6)
Net cash flows (used in) from investing activities		(1,383,281)	302,905
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)increase in short-term borrowings	6(15)	(900,000)	1,000,000
Increase in loans from related parties	6(15) and 7	4,677,786	2,437,374
Repayment of loans to related parties	6(15) and 7	(1,531,600)	(2,836,669)
Cash dividends paid	6(8)	(1,077,283)	(1,405,152)
Net cash flows from (used in) financing activities		1,168,903	(804,447)
Net decrease in cash and cash equivalents		(28,062)	(89,592)
Cash and cash equivalents at beginning of year	6(1)	56,403	145,995
Cash and cash equivalents at end of year	6(1)	\$ 28,341	\$ 56,403

The accompanying notes are an integral part of these parent company only financial statements.

MiTAC HOLDINGS CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (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 is investment holding.
- (2) The Company in order to promote specialization of work for transforming and improving overall competitiveness, the Board of Directors of its subsidiary, MiTAC International, has resolved to divest its cloud computing products group to the newly established company, MiTAC Computing Technology Corporation (collectively referred herein as the “MiTAC Computing Technology”), as the consideration for the acquisition of 220,000 thousand newly issued ordinary shares of MiTAC Technology on the spin-off day, September 1, 2014. In addition, in 2017, the Board of Directors of MiTAC International has resolved to divest its mobile communication products group to the newly established company, MiTAC Digital Technology Corporation (collectively referred herein as the “MiTAC Digital Technology”), as the consideration for the acquisition of 100,000 thousand newly issued ordinary shares of MiTAC Digital Technology on the spin-off day, January 1, 2018. As a result, MiTAC International, MiTAC Computing Technology and MiTAC Digital Technology are the wholly-owned subsidiaries of the Company after the spin-off.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATION

- (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”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)
Note : Earlier application from January 1, 2020 is allowed by FSC.	

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, this parent company only financial statements have been prepared under the historical cost convention:

Financial assets at fair value through other comprehensive income.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

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 recognized 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 recognized 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 recognized 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 recognized 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.

(4) 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 realized, 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 realized 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 settle 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 settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled 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.

(5) 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.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
- (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
- The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost (including accounts receivable or contract assets that have a significant financing component, lease receivables, loan commitments and financial guarantee contracts), at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(8) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Company derecognizes 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 Company 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 Company has not retained control of the financial asset.

(9) Investments accounted for using equity method / subsidiary/ associates

- A. A subsidiary is an entity where the Company has the right to dominate its finance and operating policies (including special purpose entities), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the statement of comprehensive income as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- D. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.
- E. Associates are all entities over which the Company 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 recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized 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 Company.

- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized 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.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized 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, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of discarded assets is derecognized when critical repairs are incurred, and other repair expenses are charged to profit or loss for the period when they incur.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 financial year-end. 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 transportation equipment

are 5 years.

(11) Impairment of non-financial assets

The Company 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(12) Derecognition of financial liabilities

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

(13) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. 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.

(14) 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(15) 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 recognized as expense in that period when the employees render service.

B. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal 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 Company calculates the numbers of shares based on the closing price at the previous day of the board meeting resolution.

(16) Income tax

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

or items recognized 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 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 tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred 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 entity that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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 tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.

(17) 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.

(18) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved 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.

(19) Business combinations and organization restructuring

- A. The Company 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 Company's identifiable assets acquired and obligations borne, goodwill is recognized at the acquisition-date. If the fair value of the Company'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 recognized 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.

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

The preparation of these financial statements requires management to make critical judgements in applying the Company'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. The judgment and assumptions made by the Company in applying its accounting policies and concerning future events do not involve significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company has no uncertainty on critical judgements, estimates and assumptions of accounting policies.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents:		
Checking accounts and demand deposits	\$ 28,341	\$ 11,403
Repurchased bonds	<u>-</u>	<u>45,000</u>
Total	<u>\$ 28,341</u>	<u>\$ 56,403</u>

A. The Company 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 Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through other comprehensive income

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 134,657	\$ 134,657
Unlisted stocks	<u>382,292</u>	<u>369,722</u>
Subtotal	516,949	504,379
Valuation adjustment	(124,111)	(153,715)
Total	<u>\$ 392,838</u>	<u>\$ 350,664</u>

A. The Company recognized \$26,206 and (\$128,931) in other comprehensive income (loss) for fair value change for the years ended December 31, 2020 and 2019, respectively.

B. The Company has elected to designate the above investments, which were held mainly for medium to long-term trading purposes, as investments in equity instruments measured at fair value through other comprehensive income. As of December 31, 2020 and 2019, the fair value of investments were \$392,838 and \$350,664, respectively.

C. The Company received dividend income of \$10,021 and \$7,845 for the years ended December 31, 2020 and 2019, respectively.

D. The Company sold \$20,071 of its investments at fair value and resulted in cumulative losses on disposal of \$3,397 during the year ended December 31, 2020.

(3) Investments accounted for under the equity method

A.

<u>Investee company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries		
Mitac International Corporation	\$ 38,764,957	\$ 34,512,842
Mitac Computing Technology Corporation	3,741,073	3,758,629
Mitac Digital Technology Corporation	1,643,435	1,773,539
Associates		
Infopower Technologies Ltd.	70,278	74,439
	<u>\$ 44,219,743</u>	<u>\$ 40,119,449</u>

B. The Company's recognized share of profit from associates accounted for under the equity method for the years ended December 31, 2020 and 2019 were \$2,958,015 and \$2,853,652, respectively, and recognized share of other comprehensive income(loss) from associates accounted for under the equity method were \$1,059,922 and \$374,417, respectively.

C. The Company received the stock dividends from MiTAC International Corp. for the years ended December 31, 2020 and 2019 amounting to \$2,349,919 and \$2,919,947, respectively.

D. The Company received the cash dividends from MiTAC Computing Technology Corp. for the years ended December 31, 2020 and 2019 amounting to \$59,882 and \$275,472, respectively.

E. The Company received the cash dividends from MiTAC Digital Technology Corp. for the years ended December 31, 2020 and 2019 amounting to \$153,382 and \$149,663, respectively.

F. For the year ended December 31, 2019, the Company increased its investment in MiTAC Digital Technology in the amount of \$46,500, equivalent to 3,000 thousand shares. Additionally, the Company sold 1,000 shares to Tsu Fung Investment Corporation at the price of \$16 in 2019.

G. For the information on subsidiaries of the Company, please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2020.

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

As of December 31, 2020 and 2019, the carrying amount of the Company's individually immaterial associates amounted to \$70,278 and \$74,439, respectively.

	<u>For the year ended December 31, 2020</u>	<u>For the year ended December 31, 2019</u>
Loss for the period from continuing operations	(\$ 3,792)	(\$ 15,206)
Total comprehensive loss	<u>(\$ 3,792)</u>	<u>(\$ 15,206)</u>

I. The financial year-end date of Infopower Technologies Ltd. is March 31. However, the preparation of the Company's parent company only financial statements is based the financial information of Infopower Technologies Ltd. during the period from January 1 to December 31.

(4) Property, plant and equipment

	For the year ended December 31, 2020	For the year ended December 31, 2019
Transportation equipment		
Opening net book amount as at January 1	\$ 3,184	\$ 3,980
Depreciation	(796)	(796)
Closing net book amount as at December 31	<u>\$ 2,388</u>	<u>\$ 3,184</u>
At December 31		
Cost	\$ 3,980	\$ 3,980
Accumulated depreciation	(1,592)	(796)
Total	<u>\$ 2,388</u>	<u>\$ 3,184</u>

(5) Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019
Unsecured bank borrowings	<u>\$ 100,000</u>	<u>\$ 1,000,000</u>
Borrowing interest rate	<u>0.63%</u>	<u>0.78%</u>

Interest expense recognised in profit or loss amounted to \$3,922 and \$2,084 for the years ended December 31, 2020 and 2019, respectively.

(6) Share capital

A. As of December 31, 2020, the Company's authorized capital was \$15,000,000, consisting of 1.5 billion shares, and the paid-in capital was \$12,065,568 with a par value of \$10 per share.

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

Unit: in thousands of shares

	2020	2019
Outstanding shares as of January 1	1,061,382	922,941
Disposal of the Company's treasury share by subsidiaries	5,816	-
Capital increase of earnings	129,274	140,515
Capital increase of treasury share acquired by the subsidiaries	(1,294)	(2,074)
Outstanding shares as of December 31	<u>1,195,178</u>	<u>1,061,382</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, 2020	
		Number of shares (shares in thousands)	Carrying amount
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary - SSDL	"	2,128	77,002

Name of company holding the shares	Reason for reacquisition	December 31, 2019	
		Number of shares (shares in thousands)	Carrying amount
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	14,000	\$ 276,085
Subsidiary - SSDL	"	1,900	77,002

- (b) Pursuant to the R.O.C. Securities and Exchange Act, 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 realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, 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 Act, treasury shares should be reissued to the employees within five 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.
- (f) In 2020, the subsidiary, Tsu Fung Investment Corp. disposed 5,816 thousand shares of the Company amounting of \$196,628.

(7) Capital surplus

	Share premium	Treasury stock transactions	Net equity of associates and joint ventures accounted for under the equity method	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1, 2020	\$ 21,571,329	\$ 362,997	\$ 1,118,253	\$ 609	\$ 346,814	\$ -	\$ 23,400,002
Disposal of company's share by subsidiaries recognised as treasury share transactions	-	83,417	-	-	-	-	83,417
Subsidiaries received cash dividends paid by the parent company	-	10,784	-	-	-	-	10,784
Changes from associates and joint ventures accounted for using the equity method	-	-	87,108	-	-	-	87,108
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	-	-	-	-	-	1,100	1,100
At December 31, 2020	<u>\$ 21,571,329</u>	<u>\$ 457,198</u>	<u>\$ 1,205,361</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ 1,100</u>	<u>\$ 23,582,411</u>

	Share premium	Treasury stock transactions	Net equity of associates and joint ventures accounted for under the equity method	Changes in ownership interests in subsidiaries	Employee stock options	Others	Total
At January 1, 2019	\$ 21,571,329	\$ 342,257	\$ 1,110,499	\$ -	\$ 346,814	\$ -	\$ 23,370,899
Change in ownership interests in subsidiaries	-	-	-	609	-	-	609
Subsidiaries received cash dividends paid by the parent company	-	20,740	-	-	-	-	20,740
Changes from associates and joint ventures accounted for using the equity method	-	-	7,754	-	-	-	7,754
At December 31, 2019	<u>\$ 21,571,329</u>	<u>\$ 362,997</u>	<u>\$ 1,118,253</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ -</u>	<u>\$ 23,400,002</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 Act requires that the amount of capital surplus to be capitalized 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.

(8) 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' accumulated deficit and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be set aside or reversed pursuant to the regulations. Appropriation of the remainder along with prior year's accumulated unappropriated retained earnings shall be proposed by the Board of Directors, and shall be resolved by the stockholders when they are appropriated by issuing new shares. If the appropriation of retained earnings was appropriated in the form of cash, the appropriation should be in line with Article 240-5 of the Company Act, as resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting.
- 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.
- 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.

In line with Article 241 of the Company Act, all or part of the legal reserve and capital reserve could be appropriated as cash dividends as resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and reported to the shareholders' meeting
- 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 May 28, 2020, the appropriation of earnings for the year ended December 31, 2019 resolved by the shareholders was as follows:

	For the year ended December 31, 2019	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 283,976	
Reversal of special reserve	(12,265)	
Cash dividend	1,077,283	\$ 1.0
Stock dividend	1,292,739	1.2
Total	<u>\$ 2,641,733</u>	<u>\$ 2.2</u>

F. On March 8, 2021, the appropriation of earnings for the year ended December 31, 2020 proposed by the Board of Directors and to be approved by the shareholders is as follows:

	For the year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 293,325	
Cash dividend	1,206,557	\$ 1.0
Total	<u>\$ 1,499,882</u>	<u>\$ 1.0</u>

(9) Other equity items

	2020		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 1,753,427	(\$ 1,081,728)	\$ 671,699
Reclassified to profit or loss upon disposal			
- Subsidiaries and Associates	-	6,674	6,674
Reclassified to retained earnings upon disposal			
- The Company	3,397	-	3,397
- Subsidiaries and Associates	(17,720)	- (17,720)
Revaluation- The Company	26,206	-	26,206
Revaluation-			
Subsidiaries and Associates	1,781,423	-	1,781,423
Currency translation differences -			
Subsidiaries and Associates	- (728,396)	(728,396)
At December 31	<u>\$ 3,546,733</u>	<u>(\$ 1,803,450)</u>	<u>\$ 1,743,283</u>

	2019		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 511,888	(\$ 62,976)	\$ 448,912
Reclassified to profit or loss upon disposal			
- Subsidiaries and Associates	-	5,444	5,444
Reclassified to retained earnings upon disposal			
- Subsidiaries and Associates	(44,305)	-	(44,305)
Adjustment on the decrease of shareholding ratio to subsidiaries	-	(770)	(770)
Revaluation- The Company	(128,931)	-	(128,931)
Revaluation- Subsidiaries and Associates	1,414,775	-	1,414,775
Currency translation differences - Subsidiaries and Associates	-	(1,023,426)	(1,023,426)
At December 31	<u>\$ 1,753,427</u>	<u>(\$ 1,081,728)</u>	<u>\$ 671,699</u>

(10) Interest income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income from bank deposits	75	765
Interest income from loan to related parties	3,412	14,047
Total	<u>\$ 3,487</u>	<u>\$ 14,812</u>

(11) Expenses by nature

	For the year ended December 31, 2020	For the year ended December 31, 2019
Employee benefit expense	\$ 10,149	\$ 9,727
Depreciation	796	796
Total	<u>\$ 10,945</u>	<u>\$ 10,523</u>

(12) Employee benefit expense

	For the year ended December 31, 2020	For the year ended December 31, 2019
Wage and salaries	\$ 4,149	\$ 4,027
Directors' remuneration	6,000	5,700
	<u>\$ 10,149</u>	<u>\$ 9,727</u>

A. According to the amended Articles of Incorporation, the profit (pre-tax profit before deduction of employees' compensation and directors' remuneration) of the current year shall be

distributed as employees' compensation and directors' 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 an 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.

- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at 0.1% of gain on pre-tax profit before deduction of employees' compensation and directors' and supervisors' remuneration. Directors' and supervisors' remuneration were accrued under 1% of gain on pre-tax profit before deduction of employees' compensation and directors' and supervisors' remuneration.
- C. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$2,937 and \$2,859, respectively; and directors' and supervisors' remuneration was accrued at \$5,000 and \$4,800, respectively. The aforementioned amounts were recognized in salary expenses. Employees' cash bonus and directors' and supervisors' remuneration of 2020 and 2019 as resolved at the Board of Directors of the Company were in agreement with those amounts recognized in the 2020 and 2019 parent company only financial statements.
- D. Information about employees' compensation 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.

(13) Income tax

A. Components of income tax expense:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current tax:		
Current tax on profits for the year	\$ 441	\$ 2,580
Tax on undistributed surplus earnings	9,901	19,858
Prior year income tax underestimation	221	-
Income tax expense	<u>\$ 10,563</u>	<u>\$ 22,438</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2020	For the year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	\$ 585,854	\$ 568,064
Tax effects from expense disallowed by tax regulation	59	59
Tax exempt income by tax regulation	(585,472)	(565,543)
Prior year income tax underestimation	221	-
Tax on undistributed earnings	9,901	19,858
Income tax expense	<u>\$ 10,563</u>	<u>\$ 22,438</u>

C. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

(14) Earnings per share

	For the year ended December 31, 2020		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>after tax</u>		
Profit attributable to ordinary shareholders	\$ 2,918,705	1,193,649	\$ 2.45
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,918,705		
Less: Effect of dilutive potential common stocks issued by investee companies	(26,233)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	113	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	<u>\$ 2,892,472</u>	<u>1,193,762</u>	<u>\$ 2.42</u>

For the year ended December 31, 2019			
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>after tax</u>		
Profit attributable to ordinary shareholders	\$ 2,817,880	1,188,748	\$ 2.37
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 2,817,880		
Less: Effect of dilutive potential common stocks issued by investee companies	(22,531)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	118	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	<u>\$ 2,795,349</u>	<u>1,188,866</u>	<u>\$ 2.35</u>

A. Basic earnings per share is calculated with the gain or loss attributable to the shareholders of the ordinary shares issued by the Company, divided with outstanding weighted average ordinary shares during the period, and deducted with weighted average treasury shares.

B. For the year ended December 31, 2019, the outstanding weighted average shares was retrospectively adjusted based on retained earnings capitalization ratio in 2020.

(15) Changes in liabilities from financing activities

	Current borrowings	Loan from related parties	Liabilities from financing activities-gross
At January 1, 2020	\$ 1,000,000	\$ -	\$ 1,000,000
Changes in cash flow from financing activities	(900,000)	3,146,186	2,246,186
At December 31, 2020	<u>\$ 100,000</u>	<u>\$ 3,146,186</u>	<u>\$ 3,246,186</u>

	Current borrowings	Loan from related parties	Liabilities from financing activities-gross
At January 1, 2019	\$ -	\$ 399,295	\$ 399,295
Changes in cash flow from financing activities	1,000,000	(399,295)	600,705
At December 31, 2019	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Mitac International Corporation	Subsidiary
Mitac Computing Technology Corporation	Subsidiary
Mitac Digital Technology Corporation	Subsidiary
Tsu Fung Investment Corporation	Subsidiary
Silver Star Development Ltd. and subsidiaries	Subsidiary
Mitac Technology UK, Ltd. and subsidiary	Subsidiary
Lien Hwa Industrial Corp. and subsidiaries	Common Chairman

(2) Significant related party transactions and balances

A. Receivables from related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables (excluding loans to subsidiaries):		
Subsidiary - Mitac Computing Technology Corp.	\$ 169,525	\$ 109,176
Other subsidiaries	97,164	72,121
Total	<u>\$ 266,689</u>	<u>\$ 181,297</u>

Other receivables are mainly about tax paid on behalf of subsidiaries under consolidated tax return.

B. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables (excluding loan from subsidiary):		
Subsidiaries	<u>\$ 52,643</u>	<u>\$ 13,826</u>

Other payables are mainly about tax refund received on behalf of subsidiaries under consolidated tax return.

C. Property transactions

Disposal of financial assets

For the year ended December 31, 2020: None.

			<u>For the year ended December 31, 2019</u>	
<u>Account</u>	<u>No. of shares</u>	<u>Target</u>	<u>Disposal proceeds</u>	<u>Gains (losses) on disposal</u>
Subsidiary - Tsu Fung Investment Corp.	Investments accounted for using equity method 1,000 shares	MiTAC Digital Technology Corp.	<u>\$ 16</u>	<u>\$ -</u>

D. Leasing arrangements—lessee

(a) For the years ended December 31, 2020 and 2019, the Company leased offices from a subsidiary, Mitac International Corp. The lease terms are 5 years.

(b) Rent expense

	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries	<u>\$ 23</u>	<u>\$ 22</u>

E. Loans to /from related parties:

(c) Loans to related parties:

i. Outstanding balance:

	December 31, 2020	
	Balance	Expiry Date
Subsidiary - Mitac Computing Technology Corp.	\$ 1,355,648	2021/3/8
Other subsidiaries	10,538	2021/8/5
Total	<u>\$ 1,366,186</u>	

As of December 31, 2019 : None

ii. Interest income

	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiary - Mitac Computing Technology Corp.	\$ 3,401	\$ 12,715
Other subsidiaries	11	1,332
Total	<u>\$ 3,412</u>	<u>\$ 14,047</u>

The loans to subsidiaries are with a credit term of 1 year and carry interest at 0.22%-1.33% and 0.9800%-2.720% per annum for the years ended December 31, 2020 and 2019, respectively. The amounts of loan to and repayment from related parties were \$2,647,786 and \$1,281,600, respectively, for the year ended December 31, 2020. The amounts of loan to and repayment from to related parties were \$2,787,274 and \$3,186,569, respectively, for the year ended December 31, 2019.

(d) Loans from related parties:

A. Outstanding balance:

	December 31, 2020	
	Balance	Expiry Date
Subsidiary - Mitac Computing Technology Corp.	\$ 1,120,000	2021/8/9
Subsidiary - Mitac Digital Technology Corp.	600,000	2021/6/23
Subsidiary - Silver Star Development Ltd. And subsidiaries	1,366,186	2021/7/30
Other subsidiaries	60,000	2021/6/23
Total	<u>\$ 3,146,186</u>	

As of December 31, 2019: None.

B. Interest expense

	For the year ended December 31, 2020
Subsidiary - Mitac Computing Technology Corp.	\$ 2,781
Subsidiary - Mitac Digital Technology Corp.	1,676
Other subsidiaries	<u>323</u>
Total	<u>\$ 4,780</u>

As of December 31, 2019: None.

The loans from subsidiaries are with a credit term of 1 year and carry interest at 0% -0.6293% and 0% per annum for the years ended December 31, 2020 and 2019, respectively. The amounts of loan from and repayment to related parties were \$4,677,786 and \$1,531,600, respectively, for the year ended December 31, 2020. The amounts of loan from and repayment to related parties were \$2,437,374 and \$2,836,669, respectively, for the year ended December 31, 2019.

F. Endorsements and guarantees provided to related parties:

	December 31, 2020	December 31, 2019
Subsidiary - Mitac Computing Technology Corp.	\$ 663,584	\$ 516,495
Subsidiary - Mitac Technology UK, Ltd.	199,360	830,205
Subsidiary - Others	<u>4,028</u>	<u>4,144</u>
Total	<u>\$ 866,972</u>	<u>\$ 1,350,844</u>

G. Expenses:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiary - Mitac International Corp.	\$ 12,400	\$ 12,400
Other related parties	2,176	1,736
Total	<u>\$ 14,576</u>	<u>\$ 14,136</u>

Expenses mainly pertain to services and other miscellaneous expenses.

(3) Key management compensation

	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and other short-term employee benefits	<u>\$ 8,784</u>	<u>\$ 8,268</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT
COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS:

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ <u>392,838</u>	\$ <u>350,664</u>
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 28,341	\$ 56,403
Other receivables	1,127	4
Other receivables - related parties	1,632,875	181,297
Refundable deposits	106	106
	<u>\$ 1,662,449</u>	<u>\$ 237,810</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Current borrowings	\$ 100,000	\$ 1,000,000
Other accounts payable	10,487	9,538
Other accounts payable - related parties	3,198,829	13,826
	<u>\$ 3,309,316</u>	<u>\$ 1,023,364</u>

B. Financial risk management policies

The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Price risk

- i. The Company's equity securities, which are exposed to price risk, are financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio and controls the risk.
- ii. The Company'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 \$3,928 and \$3,507 for the years ended December 31, 2020 and 2019, respectively, as a result of gains/losses on equity securities classified as at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from borrowings. However, the Company's

borrowings were stated at fixed interest rate, thus the interest rate has no significant impact to the Company.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments settled based on the agreement.
- ii. For banks and financial institutions, only the institutions with good credit quality are accepted as counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Group treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Company'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, 2020</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>
Current borrowings	\$ 100,115	\$ -	\$ -	\$ -
Other payables	3,209,316	-	-	-
<u>December 31, 2019</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>
Current borrowings	\$ 1,000,470	\$ -	\$ -	\$ -
Other payables	23,364	-	-	-

(3) Fair value information

A. 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.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, other receivables, guarantee deposits paid,

short-term borrowings and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring fair value measurements				
Equity securities	<u>\$ 145,875</u>	<u>\$ 131,173</u>	<u>\$ 115,790</u>	<u>\$ 392,838</u>
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Recurring fair value measurements				
Equity securities	<u>\$ 116,389</u>	<u>\$ 137,317</u>	<u>\$ 96,958</u>	<u>\$ 350,664</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

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

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. 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.
- iii. When assessing non-standard and low-complexity financial instruments, the Company 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.
- iv. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company'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 Company'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 parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- v. The Company 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 Company's credit quality.

D. For the years ended December 31, 2020 and 2019, 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, 2020 and 2019:

	Equity securities	
	2020	2019
January 1	\$ 96,958	\$ 49,403
Current purchase	17,095	49,900
Gains (losses) recognized in other comprehensive income	1,737	(2,345)
December 31	<u>\$ 115,790</u>	<u>\$ 96,958</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:

Non-derivative equity instrument:	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 115,790	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.
Non-derivative equity instrument:	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 96,958	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.

- H. The Company 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, 2020			
Financial assets	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 1,158	\$ 1,158
			December 31, 2019			
Financial assets	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 970	\$ 970

13. SUPPLEMENTARY DISCLOSURES : The details is on page 194 to 195 and page198 to 209.

MiTAC Holdings Corporation

Chairman: Miao, Matthew Feng Chiang



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