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2021
Annual Report

MITAC HOLDINGS CORP.

www.mitac.com

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

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3. Factory: N/A

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Tel: +886-3-577-9250

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

Tel: 886-3- 396-2888

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

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Name of CPA firm: Pricewaterhouse Coopers

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V. Foreign securities listing: N/A

VI. Company website: www.mitac.com

The original of this annual report is written in Chinese language. If there is any discrepancy between the Chinese version and this English translation, the Chinese version shall prevail.

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One.Letter to Shareholders

Dear shareholders,

After two years of the wide-spreading COVID-19 pandemic, the variant virus is still raging around the world. Although the broad vaccination measures mitigate the symptoms, the global economy and people's lives are still impacted significantly. The unstable supply chains result in the imbalance of global demand-supply conditions, the rising prices trigger inflation concerns, and the technological and trading antagonism between the U.S. and China, as well as the war crisis in Eastern Europe only worsen the situation. The losses resulting from the extreme weather conditions only highlight the urgency of climate issues. While facing numerous difficulties and challenges, all the employees of MiTAC have met all the endeavors together, to achieve the target such as pursuing the growth in a challenging environment with unparalleled resilience. The following shows the Operating Performance of 2021 and Prospect of 2022:

The Operating Performance of 2021

In 2021, MiTAC Holdings generated consolidated revenues totaling NT\$42.186 billion (3% YoY growth) and pre-tax income of NT\$11.961 billion (310% YoY growth) attributable to the parent company, which resulted in after-tax earnings per share of NT\$10.01.

The net profit after tax grew significantly, because the long-term investment company, TD SYNEX Corp. issued new shares on September 1, 2021 for merging Tech Data and thus the shareholding was reduced. Pursuant to IFRS, this item is applied with the "financial asset measured at fair value through other comprehensive income," not the "equity method" and thus the recognized one-time off valuation gain and the gain from disposal after the estimated related income tax is NT\$6.8 billion, or EPS of NT\$5.66 per share. However, the disposal is not conducted, so this is an unrealized gain.

Honors and innovations

1. The corporate governance results indicated that the Company has ranked 6%-20% among all listed companies and selected as one of the "TWSE CG 100 Index."
2. MiTAC Computing Technology, MiTAC Digital and MiTAC International all received the 2021 Sports Enterprises certified by the Sports Administration, Ministry of Education, via a series of measures, including the holistic promotion of sports and a healthy diet.
3. MiTAC Digital's bicycle navigator, Mio Cyclo™ Discover Pal and MioEYE K Series automotive video solutions won the 2022 Taiwan Excellence Award.
4. MiTAC Digital's Mio MiVue™ 892D 2K UHD dashcam with dual-lens won the Best Choice of Computex 2021 award.
5. MiTAC's digital's connected dashcam was certified by Amazon AWS IoT, Amazon and AT&T.
6. The high quality dashcams of MiTAC Digital were verified by a Japanese carmaker customer and selected as the automotive accessory suppliers for the Southeast market.
7. MiTAC Digital was verified by a Japanese motorcycle accessory brand agency, to sell the motorcycle dashcams to the Japanese market.
8. The Hsinchu Plant of MiTAC Computing Technology passed the audit and certification of Responsible Business Alliance Validated Audit Program (RBA VAP)

R&D Results

1. MiTAC Computing Technology's TYAN® launched a platform, which supports the third-generation Intel® Xeon® scalable processors, to enhance the performance of AI and cloud-based data centers.
2. MiTAC Computing Technology's TYAN® launched the new AI, cloud and storage system servers' platform, supporting AMD EPYC™ 7003 series processor.
3. MiTAC Computing Technology's TYAN® launched a server motherboard, supporting Intel®

Xeon® E-2300 processor, designed for the multi-access edge computing servers of small enterprises and 5G networks.

4. MiTAC Computing Technology launched new 5G RAN end-to-end solutions, applicable to the Capri OCP serves for edge and cloud computation.
5. MiTAC Computing Technology's Aowanda AD211 edge computing servers joined AMI TruE to ensure the 5G network security.
6. MiTAC Digital's Mio launched the speed camera function, "Six-in-one safety alert," leading the industry.
7. MiTAC Digital's Mio released MiVue 890D (890+S60), the 2K HD GPS dashcam with dual lens (front and rear) .
8. MiTAC Digital released the rugged automotive tablet with Android system, MioWORK A500s, designed for the applications in special circumstances.

The Operating Prospect of 2022

As the vaccine coverage extends, various European countries adopted the policy of co-existence with virus, and relaxed the business trips and border controls. However, we still prudently observed the evolution of the pandemic, impacts from supply chains and global shipment, changes in the geopolitics and the subsequent development of the U.S.-China trade war, to adjust the execution details any time, to cope with the business changes led by the world situations. The key points of the 2022 business are:

1. Accelerating the digital transformation projects and executions; deeply digging into the processes and operations and reviewing the designs with the hybrid automation technologies and processes and improving the overall operating efficiency and resilience.
2. The organization with sustainable growth and learning develops outstanding talents for a long-period and supports the continuous growth of the Company's operation.
3. Keeping the agility of the operations and responding various demands and conditions flexibly, to maintain good competitive edges.
4. Deepening the enterprise sustainable ESG, formulating the core and targets of MiTAC's sustainable development. Promoting the products' design for environment, energy-saving and carbon-reduction in the plants, healthy enterprise, inclusive society, improvement of corporate governance and risk control to correspond to the SDGs.

MiTAC will welcome its 40th anniversary this December, and the two major businesses of the Group include the edge and cloud computation and 5G ORAN of MiTAC Computing Technology and automotive electronics and software and hardware integration services of computer vision processing and AIoT of MiTAC Digital Technology. To keep the commercial agility and resilience in the ever-changing situation and to maintain the stable growth and profitability, MiTAC continues to promote the digital transformation, enhancing the customer experience by thinking and analysis, making the digital transformation to become the corporate culture, so that MiTAC will have a very sensitive core of customers' values and experiences, to drive the opportunity of non-stopping innovations and continual transformation in the future.

Thank for support and encouragement from each shareholder. The management team and all employees of the Company will continue to strive for 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 Inc. became a subsidiary under MiTAC Holding 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 Inc. span off the Cloud Computing Business Group to MiTAC Computing Technology Corp. (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 Cloud 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 Inc. 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. Spin-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 Digital Technology Corporation and MiTAC Digital Technology Corporation
 - Mio won the duo-championship of the 2018 Consumer Preferred Brand for GPS and Automobile Data Recorder.
 - MiTAC Computing Technology Corp. (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 Corp. was granted the 2018 Best Supplier Award by its client, and was awarded Best Partner Award of the 2019 Open Data Center Summit.
 - MiTAC Digital 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.
 - The Company's ranking went up among the top 6%-20% of all listed companies participating in the corporate governance evaluation and was selected as one of the “TWSE CG 100 Index.”
 - MiTAC Digital Technology Corporation established factories in the Hsinchu Science Park and developed the automotive electronics, AIoT, and professional tablet products.
 - MiTAC Digital Technology Corporation’s professional value and results have been recognized by special awards from multinational corporations.
- 2021
- The Company was ranked among the top 6%-20% of all listed companies participating in the corporate governance evaluation and selected as one of

the “TWSE CG 100 Index.”

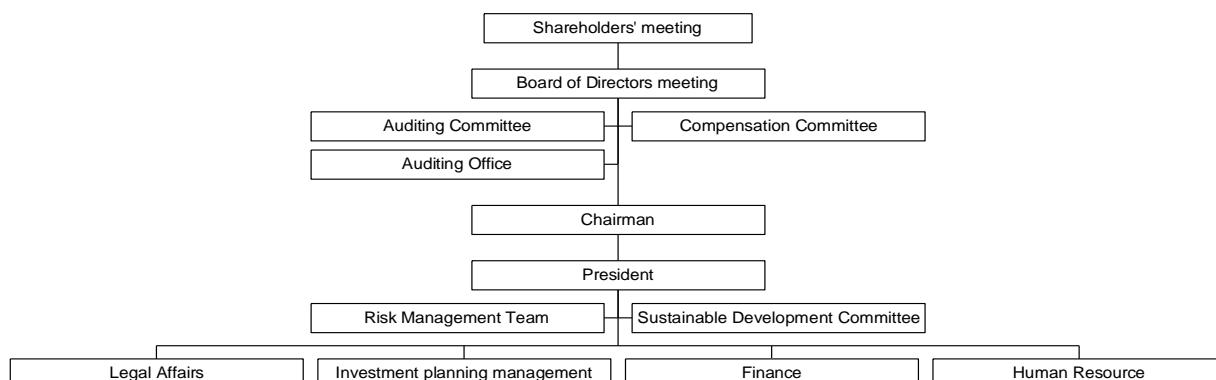
- MiTAC’s Mio Cyclo™ Discover Series won the Taiwan Excellence Award of 2021 for bringing rich and unique riding experience to cycling navigation.
 - MiTAC Computing Technology Corp., MiTAC Digital Technology and MiTAC International Corp. received the Taiwan iSports certification from the Sports Administration for their measures with respect to the widespread promotion of sports and healthy diets in 2021.
 - MiTAC Digital Technology’s Mio MiVue™ 892D 2K Ultra-high Resolution Dual-lens Dash Cam received the 2021 Best Choice of COMPUTEX Award.
 - MiTAC Digital Technology’s network-connected dash cams were certified by Amazon AWS IOT, Amazon and AT&T.
 - MiTAC Digital Technology’s high-quality dash cams were certified by Japanese car brands. We were also selected to be an automotive accessory supplier for the car dealerships in Southeast Asia.
 - MiTAC Digital Technology obtained Japan’s certification for motorcycle accessory distributors and thus was allowed to sell its motorcycle dash cams in Japan.
 - MiTAC Computing Technology Corp.’s Hsinchu branch passed the RBA-VAP (Validated Audit Program of the Responsible Business Alliance) audit.
- 2022
- MiTAC Digital Technology’s Mio Cyclo™ Discover Pal Cycling Navigation Solution and MioEYE K Series Video Telematics Solution won the Taiwan Excellence Award in 2022.

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.
Risk Management Team	<ul style="list-style-type: none"> Facilitate and coordinate senior managers or business units' assessment of risk events or risk stakeholders' cross-functional risk assessment to reduce the impact of the risk events on the Company's operation.
Sustainable Development Committee	<ul style="list-style-type: none"> This committee is responsible for formulating sustainable development goals and supervising various functional departments to carry out various sustainability-related action plans and results, so as to achieve the purpose of sustainable operation of the Company.
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 April 2, 2022

Title	Country or place of registration	Name	Gender Age	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	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
Chairman	US	Miau, Matthew Feng Chiang	Male 70~79 years old	May 30, 2019	3 Years	Jun. 24, 2013	9,869,815	1.05%	12,174,721	1.01%	0	0.00%	0	0.00%	National Chiao Tung University, Honorary Doctorate Santa Clara University, EMBA University of California Berkeley, California, USA, Bachelor, Electrical Engineering ITRI Laureate President, UPC Technology Corporation President, BOC Lien Hwa Industrial Gases Co., Ltd. Chairman, SYNnex Corporation (SYNNEX) Independent Director, Galileo Independent Director, British Oxygen Company (BOC) Independent Director, The Linde Group (Linde) Representative, The APEC Business Advisory Council (ABAC) Convener, National Information and Communications Initiative (NICI) Advisory Committee	Chairman, Lien Hwa Industrial Holdings Corp. Chairman, UPC Technology Corp. Chairman, SYNnex Technology International Corp. Chairman, MiTAC Inc Director, Getac Holdings Corporation Independent Director, Cathay Financial Holding Co. Ltd. Director, TD SYNnex Corporation Director, CTCI Foundation	None	None	None	
Director	ROC	Ho, Jhi-Wu	Male 70~79 years old	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 Corporation Chairman, Tsu Fung Investment Corporation Director, 3-Probe Technologies Co., Ltd. Director, Promise Technology,	None	None	None	

Title	Country or place of registration	Name	Gender Age	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	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
																Inc. Director, Whetron Electronics Co., Ltd				
Director	ROC	Chiao, Yu-Cheng	Male 60~69 years old	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 Corp. Chairman, Nuvoton Technology Corporation	Chairman and CEO, Winbond Electronics Corp. Director, Walsin Lihwa Director, Walsin Technology Corp. Director, Nuvoton Technology Corporation Independent Director, Taiwan Cement Corporation	None	None	None	
Director	ROC	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	
	ROC	Rep: Way, Yung-Do	Male 70~79 years old	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 Taiwan	Independent Director, Far Eastern Dept. Stores Ltd. Independent Director, Taita Chemical Co., 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, YCSY Co., Ltd.	None	None	None	
	ROC	Rep.: Chang, Kwang-Cheng	Male 70~79 years old	May 30, 2019	3 Years	Sep. 13, 2013	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	Chairman, Chung Yuan Christian University	None	None	None	

Title	Country or place of registration	Name	Gender Age	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	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
														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						
Director	ROC	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	
	ROC	Rep.: Hsu, Tzu-Hwa	Male 70~79 years old	May 30, 2019	3 Years	Sep. 13, 2013	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	
	ROC	Rep.: Su, Liang (Note 2)	Male 70~79 years old	May 30, 2019	3 Years	Jul. 03, 2018	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 Executive Director, Taipei Computer Association Chairman, GO SMART Preparatory Advisory Committee Chairman, Taiwan Smart City Solutions Alliance Vice President, RITEK Corporation Chairman, Chinese Foundation For	Vice Chairman & President, MiTAC Inc. Chairman & 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.	None	None	None	

Title	Country or place of registration	Name	Gender Age	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	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
														Digitization Technology Technology Consultant, Taipei Rapid Transit Corporation	Director, FETC INTERNATIONAL CO., LTD. Managing Director, Institute for Information Industry Supervisor, EasyCard Investment Holdings Co., Ltd.					
Independent Director	ROC	Lu, Shyude-Ching	Male 70~79 years old	May 30, 2019	3 Years	Jun. 21, 2016	0	0.00%	0	0.00%	0	0.00%	0	0.00%	University of Hawaii System, Department of Electrical Engineering, EngD National Cheng Kung U., Department of Engineering Science, BS Director, Institute of Telecommunication, Ministry of Transportation and Communication, ROC Head, Division of Posts and Telecommunications Ministry of Transportation and Communication Deputy Director, Directorate-General of Telecommunication General Manager, Chunghwa Telecom Co., Ltd. Chairperson, Chunghwa Telecom Co., Ltd.	Independent Director, Radium Life Tech. Co., Ltd. Independent Director, Delta Electronics, Inc. Director, Sercomm Corporation Director, CTCI Advanced Systems Inc. Director of XRSpace Co., Ltd	None	None	None	
Independent Director	ROC	Ma, Shaw-Hsiang	Male 70~79 years old	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 Mateirals Processing Warehouse Co., Ltd.	Chairman, MAXON Corp.	None	None	None	
Independent Director	ROC	Tsai, Ching-Yen	Male 70~79 years old	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.	None	None	None	None	

Title	Country or place of registration	Name	Gender Age	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	Other managers, directors, or supervisors who are the spouses or second-degree relatives			Note
							Shares held	Percentage	Shares held	Percentage	Shares held	Percentage	Shares held	Percentage			Title	Name	Relationship	
														Chairman, Golden Asia Fund Taiwan Ltd. Chairman, ITRI Managing Director (Independent Director), China Development Financial Holding Corporation Managing Director (Independent Director), CDIB Capital Group Compensation 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						

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

Note 2: They served as the representatives of the corporate supervisors from July 3, 2018 to April 17, 2019, and were elected to be the representatives of the corporate shareholders on May 30, 2019.

Table 1: Major Shareholders of Corporate Shareholders

April 2, 2022

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
UPC Technology Corp.	Lien Hwa Industrial holdings Corp.	31.46
	SYNNEX Technology International Corporation	5.11
	Yi Yuan Investment Co., Ltd.	1.59
	Liberty Stationery Corp.	1.53
	Mei An Investment Co., Ltd.	1.35
	Tsu Fung Investment Corporation	1.29
	MiTAC International Corp.	1.20
	Pornchai Engineering and Trading Corp.	1.11
	Tong Da Investment Corp.	1.07
	Yi Feng Investment Co., Ltd.	0.97
MiTAC Inc. (Note 3)	Lien Hwa Industrial holdings Corp.	35.26
	SYNNEX Technology International Corporation	18.37
	Mei An Investment Co., Ltd.	10.55
	MiTAC International Corp.	8.70
	Tsu Fung Investment Corporation	5.36
	Hsu, Ai-Chen	1.97
	Hua Cheng Investment Co., Ltd.	1.92
	Miau, Matthew Feng Chiang	1.08
	Yi Feng Investment Co., Ltd.	0.75
	Hong Ding Investment Co., Ltd.	0.74

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 the corporate shareholders and their shareholding percentage. Table 2 below is applicable if any of the major shareholders is an institutional entity.

Note 3: As the registration of transfer of shares for the 2022 annual general meeting has not ceased as of the publication date of this annual report, the information on the corporate shareholders was dated the ex-dividend date, namely the cut-off date for share transfer registration in 2021.

Table 2: Major Shareholders of Major Corporate Shareholders

April 2, 2022

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-Chuan	3.02
	Miao, Feng-Sheng	3.01
	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.	15.62
	Yuanta Taiwan Dividend Plus ETF account	4.51
	Lien Hwa Industrial holdings Corp.	3.57
	Morgan Stanley & Co International PLC investment account held in	3.26

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding (%)
	custody by HSBC Bank (Taiwan) Limited	
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF account held in custody by Taishin International Bank Co., Ltd.	2.22
	Tu, Shu-Wu	2.17
	Nan Shan Life Insurance Co., Ltd.	1.90
	Rong Syuan Investments Co., Ltd.	1.85
	Miau, Matthew Feng Chiang	1.71
	Mei An Investment Co., Ltd.	1.27
Yi Yuan Investment Co., Ltd.	Chuan Neng Ltd. (British Virgin Islands)	100.00
Liberty Stationery Corp.	Zhi-Jiang Investment Co., Ltd.	19.59
	Sung-Chen International Corporation	9.81
	Masateru Kadota	9.55
	Yayoi Kadota	8.88
	Takanori Kadota	8.79
	Complete Connection Limited	5.70
	Yu, Chien-An	5.13
	Hou, Hsiu-Wen	4.02
	Sun, Li-Kang	3.96
	Chang, Jheng	3.50
Mei An Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25
	JumpStart Investments Ltd.	16.67
	Others	1.08
Tsu Fung Investment Corporation	MiTAC International Corp.	100.00
MiTAC International Corp.	MiTAC Holdings Corporation	100.00
Pornchai Engineering and Trading Corp.	Terawat Techapongvorachai	32.39
	Dusanee Techapongvorachai	14.52
	Terawan Techapongvorachai	14.52
	Chotedanai Techapongvorachai	12.86
	Nichamol Techapongvorachai	12.85
	Parinda Techapongvorachai	12.85
Tong Da Investment Corp.	Ho Li Investment Co., Ltd.	19.99
	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
Yi Feng Investment Co., Ltd.	Heng Fu Ltd. (British Virgin Islands)	100.00
Hua Cheng Investment Co., Ltd.	Lien Hwa Industrial holdings Corp.	100.00
Hong Ding Investment Co., Ltd.	Tu, Shu-Wu	8.55%
	Tu, Hai-Chen	7.69%
	Tu, Ying-Rong	41.88%
	Tu, Ying-Hsuan	41.88%

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: As the registration of transfer of shares for the 2022 annual general meeting has not ceased as of the publication date of this annual report, the relevant information was dated the cut-off date for share transfer registration for the 2021 annual general meeting.

1. Qualifications for directors, and disclosure of information on the independence of independent directors:

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements (Note 1)	Number of public companies where the person concurrently acts as an independent director
Chairman Miau, Matthew Feng Chiang	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. Contribute IT distribution and manufacturing knowledge, international business experience, and expertise in venture capital with long-term investor perspective to the company.	Compliance with independence requirements: (6)(9)(10)(11)(12) Non-compliance with independence requirements: (1)Serving as a manager of the Company and its affiliate (MiTAC International Corp.). (2)Serving as the Chairman and a director of the Company and its affiliates (MiTAC International Corp., MiTAC Computing Technology Corp. , MiTAC Digital Technology Corp.) (3)Holding more than 1% of the Company's total issued shares and being one of the top 10 individual shareholders. (4)Being the spouse or a 2nd- or 3rd-degree relative of the manager as specified in Item 1 but not the spouse or a 2nd- or 3rd-degree relative of the persons listed in Items 2 and 3. (5)Serving as the chairman of 3 of the top 5 corporate shareholders (MiTAC Inc., UPC Technology Corp., Lien Hwa Industrial Holdings Corp.), who directly holds more than 5% of the Company's total issued shares, and the chairman and an employee of the corporate shareholders (MiTAC International Corp. and UPC Technology Corp.) appointing representatives to be the directors of the Company under Paragraph 2, Article 27 of the Company Act. (7)Serving as the chairman or a president, holding an equivalent position in the Company and other companies (UPC Technology Corp., Lien Hwa Industrial Holdings Corp., SYNEX Technology International Corporation, MiTAC Inc.) or being the spouse thereof, and acting as a director or an employee of other companies. (8)Serving as a director and manager of specific companies engaged in financial or business transactions with the Company and its affiliate (MiTAC International Corp.).	2
Director Ho, Jhi-Wu	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. With good operational judgment, knowledge	Compliance with independence requirements: (5)(6)(9)(10)(11)(12) Non-compliance with independence requirements:	0

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements (Note 1)	Number of public companies where the person concurrently acts as an independent director
	of the technology industry, crisis management skills, leadership, decision-making skills and an understanding of international markets.	<p>(1) Serving as a manager of the Company and its affiliate (MiTAC International Corp.).</p> <p>(2) Serving as the Chairman and a director of the Company and its affiliates (MiTAC International Corp., MiTAC Computing Technology Corp., MiTAC Digital Technology Corp.)</p> <p>(3) Being one of the individual shareholders ranked among the top 10 in terms of the percentage of shares held thereby in the Company's total issued shares.</p> <p>(4) Being the spouse or a 2nd- or 3rd-degree relative of the manager as specified in Item 1 but not the spouse or a 2nd- or 3rd-degree relative of the persons listed in Items 2 and 3.</p> <p>(7) Serving as the chairman or president, holding an equivalent position in the Company and in other companies (MiTAC International Corp., MiTAC Computing Technology Corp. and MiTAC Digital Technology Corp.) or being the spouse and acting as a director or an employee of other companies.</p> <p>(8) Serving as a director and manager of specific companies engaged in financial or business transactions with the Company and its affiliate (MiTAC International Corp.).</p>	
Director Chiao, Yu-Cheng	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. With expertise in promoting technological development and product innovation in the semiconductor industry and rich experience in improving the capacities for the development of memory and logic ICs. With knowledge of the technology industry, good operational judgment, operational management skills, crisis management skills, leadership, decision-making skills and an understanding of international markets.	<p>Compliance with independence requirements: (1)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)</p> <p>Non-compliance with independence requirements: (2) Serving as a director of the Company.</p>	1
Director MiTAC Inc. Rep.: Hsu, Tzu-Hwa	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. Good at being the venture capital investor who seizes the best opportunities in satellite, communication and semiconductor areas and with knowledge of the venture capital	<p>Compliance with independence requirements: (1)(3)(4)(5)(6)(7)(8)(9)(10)(11)</p> <p>Non-compliance with independence requirements: (2) Serving as a director of the Company. (12) Being elected as a representative appointed by the corporate (MiTAC Inc.) under Paragraph 2,</p>	0

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements (Note 1)	Number of public companies where the person concurrently acts as an independent director
	industry, good operational judgment, crisis management skills, leadership, decision-making skills and an understanding of international markets.	Article 27 of the Company Act.	
Director MiTAC Inc. Rep.: Su, Liang	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. With industry knowledge, good operational judgment, operational management skills, crisis management skills, leadership, decision-making skills and an understanding of international markets.	Compliance with independence requirements: (1)(3)(4)(6)(8)(9)(10)(11) Non-compliance with independence requirements: (2) Serving as a director of the Company. (5) Serving as a director of the Company's corporate shareholder, who directly holds more than 5% of the Company's total issued shares, is one of the top 5 shareholders and has appointed a representative to serve as a director of the Company under Paragraph 2, Article 27 of the Company. (7) Serving as the chairman or a president, holding an equivalent position in the Company and other companies (MiTAC Inc., MiTAC Information Technology Corp.) or being the spouse, and acting as a director or an employee of other companies. (12) Being elected as a representative appointed by the corporate (MiTAC Inc.) under Paragraph 2, Article 27 of the Company Act.	2
Director UPC Technology Corp. Rep.: Way, Yung-Do	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company and having experience as a CPA. Experienced in accounting and financial analysis and with good operational judgment, crisis management skills, leadership, decision-making skills and an understanding of international markets.	Compliance with independence requirements: (1)(3)(4)(5)(6)(7)(8)(9)(10)(11) Non-compliance with independence requirements: (2) Serving as a director of the Company. (12) Being elected as a representative appointed by the corporate (UPC Technology Corp.) under Paragraph 2, Article 27 of the Company Act.	4
Director UPC Technology Corp. Rep.: Chang, Kwang-Cheng	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company and having experience as a lecturer or higher in departments related to the aforesaid areas in private colleges or universities. With knowledge of the academic field, operational management skills, crisis management skills, leadership, decision-making skills and an understanding of	Compliance with independence requirements: (1)(3)(4)(5)(6)(7)(8)(9)(10)(11) Non-compliance with independence requirements: (2) Serving as a director of the Company. (12) Being elected as a representative appointed by the corporate (UPC Technology Corp.) under Paragraph 2, Article 27 of the Company Act.	0

Qualifications Name	Professional qualifications and experiences	Compliance with independence requirements (Note 1)	Number of public companies where the person concurrently acts as an independent director
	international markets.		
Independent Director Lu, Shyude-Ching	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. Having rich experience in the field of telecommunications and knowledge of the technology industry, accounting and financial analysis capabilities, good operational judgment, crisis management skills, leadership, decision-making skills and an understanding of international markets.	Compliance with independence requirements: (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) Non-compliance with independence requirements: None.	2
Independent Director Ma, Shaw-Hsiang	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. With the ability to strategize, identify system factors, integrate humanities and sciences and achieve innovation breakthroughs as well as knowledge of the technology industry, good operational judgment, operational management skills, crisis management skills, leadership, decision-making skills, and an understanding of international markets.	Compliance with independence requirements: (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) Non-compliance with independence requirements: None.	0
Independent Director Tsai, Ching-Yen	With over 5 years' experience in business, law, finance, accounting, or other areas required for the operation of the Company. During his tenure as the Industrial Technology Research Institute chairman, he actively developed an innovative entrepreneurial culture for Taiwan and advocated creating an "innovative economic system". In addition, he formed startup companies through early-stage global venture capital funds and contributed to the promotion of startup accelerator programs in order to foster excellent entrepreneurs to turn cutting-edge technology into startups and drive the momentum and development of the industry. Having good operational judgment, crisis management skills, leadership, decision-making skills and an understanding of international markets.	Compliance with independence requirements: (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12) Non-compliance with independence requirements: None.	0

Note 1: The compliance with independence requirements is shown as follows:

- (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 an individual shareholder holding more than 1% of the Company's total issued shares together with his/her spouse and minor children or holding such shares using another person's name or ranked among the top 10 individual 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 corporate shareholder that directly holds more than 5% of the Company's total issued shares, or is ranked among the top 5 shareholders, or has appointed a representative to be a director or supervisor of the Company under Paragraph 1 or Paragraph 2, 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, manager or shareholder holding more than 5% of the shares of a specific company or institution engaged in financial or business transactions with the Company. (The same does not apply, however, in cases where the specific company or institution holds more than 20% and less than 50% of the Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent 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 Compensation 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.

2. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

A. Diversity policy:

The Board of Directors is formed in accordance with the Company's development and the shareholders of the major shareholders. There shall be at least 5 board members in consideration of business needs.

Diversity shall be taken into account for the formation of the Board of Directors. An appropriate policy of diversity shall also be devised based on the operations, type of business and development requirements. The diversity criteria should include but not be limited to the following two standards:

- (a) Basic requirements and values: Gender, age, nationality, culture, etc.
- (b) Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

B. Specific goals:

Gender equality shall be ensured for the formation of the Board of Directors and all board members shall possess the knowledge, skills, and competence necessary to perform their duties. To achieve the goal of ideal corporate governance, the Board of Directors shall, on the whole, possess the following abilities:

- (a) Operational judgment ability.
- (b) Accounting and financial analysis abilities.
- (c) Operational and management ability.
- (d) Crisis management ability.
- (e) Industry knowledge.
- (f) Understanding of international markets.
- (g) Leadership.
- (h) Decision-making skills.

C. Implementation:

- (a) The Company focuses on operational judgment, operational management skills, and crisis management skills. A majority of the board members ought to possess the required core competencies:

Competency	Number of persons	Percentage
Operational judgment ability	10	100.00%
Operational and management ability	5	50.00%
Crisis management ability	10	100.00%

- (b) Proportion of directors who did not serve as the employees or managers of the Company concurrently:

For the purpose of supervision, there were 8 directors (80%) not serving as the employees or managers of the Company concurrently, which constitutes a majority of total directors.

(2) Independence of the Board of Directors

- A. To ensure independence, a majority of the independent directors are not allowed to be

reelected for more than 3 terms consecutively:

Proportion of independent directors: 3 independent directors (30%). Two of them have not served more than three terms in office, and the other have not served more than two terms in office; therefore, none have served more than three terms.

- B. As none of the Company's board members are the spouses or 2nd-degree relatives to one another, the circumstances set forth in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act do not apply.

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

Unit: share April 2, 2022

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	Sep. 12, 2013	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, MiTAC Digital Technology Chairman, Tsu Fung Investment Corporation Director, 3-Probe Technologies Co., Ltd. Director, Promise Technology, Inc. Director, Whetron Electronics Co., Ltd	None	None	None	
Vice President and Head of Finance	ROC	Huang, Hsiu-Ling	Female	Sep. 12, 2013	237,583	0.02%	0	0.00%	0	0.00%	Bachelor, Finance and Taxation, National Chung Hsing University Director of General Management Dept., Hanrei Technology Corporation Associate Manager of Accounting Department, MiTAC International Corp.	Vice President of Finance, MiTAC International Corp. Vice President of Finance, MiTAC Digital Technology Corp. Director, COMPUCASE Enterprise Co., Ltd. Director, Tsu Fung Investment Corporation	None	None	None	
CSO	US	Miau, Matthew Feng Chiang	Male	May 12, 2020	12,174,721	1.01%	0	0.00%	0	0.00%	National Chiao Tung University, Honorary Doctorate Santa Clara University, EMBA University of California Berkeley, California, USA, Bachelor, Electrical Engineering ITRI Laureate President, UPC Technology Corporation President, BOC Lien Hwa Industrial Gases Co., Ltd. Chairman, SYNEX Corporation (SYNNEX) Independent Director, Galileo Independent Director, British Oxygen Company (BOC) Independent Director, The	Chairman, Lien Hwa Industrial Holdings Corp. Chairman, UPC Technology Corp. Chairman, SYNEX Technology International Corp. Chairman, MiTAC Inc Director, Getac Holdings Corporation Independent Director, Cathay Financial Holding Co. Ltd. Director, TD SYNEX Corporation Director, CTCI Foundation	None	None	None	

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	
											Linde Group (Linde) Representative, The APEC Business Advisory Council (ABAC) Convener, National Information and Communications Initiative (NICI) Advisory Committee					
Chief Corporate Governance Officer	ROC	Hsu, Che- Hsien	Male	Aug. 11, 2020	14,445	0.001%	0	0.00%	0	0.00%	Master of Science in Technology Management, College of Management, Fu Jen Catholic University Bachelor, Department of Business Administration, Soochow University Share Registration Director, MiTAC International Corp.	None	None	None	None	

III. Remunerations to Directors, Presidents, and Vice Presidents

Remunerations to Directors and Independent Directors

2021

Unit: In thousands of New Taiwan Dollars

Title	Name	Remuneration to the Directors								Sum of A, B, C and D, and the proportion to net income		Remuneration to employees holding concurrent positions								Sum of A, B, C, D, E, F and G, and the proportion to net income		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)		Retirement 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	
																Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	Miau, Matthew Feng Chiang	552	552	-	-	4,900	4,900	164	164	5,616 0.05%	5,616 0.05%	-	13,114	-	-	4,800	-	4,800	-	10,416 0.09%	23,530 0.20%	116
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, Shyude-Ching	216	216	-	-	2,100	2,100	72	72	2,388 0.02%	2,388 0.02%	-	-	-	-	-	-	-	2,388 0.02%	2,388 0.02%	-	
Independent Director	Ma, Shawt-Hsiang																					
Independent Director	Tsai, Ching-Yen																					

Note 1: The figure for pension is the appropriated amount.

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 policies, systems, standards and structure with respect to the remuneration to independent directors, and the description of the correlation between the remuneration amount and the responsibility, risk and time devoted: The remuneration to the Company's independent directors is recommended with reference to their performance evaluation results, the Company's operating performance, and the general standards of the industry and then proposed by the Remuneration Committee to the Board of Directors for resolution.

Note 5: Analysis of the percentage of the total remuneration paid to the Company's directors by the Company and all the companies included in the consolidated financial statements in the most recent 2 years to the net income in the separate financial statements and description of the policies, standards and packages for the remuneration, the procedure for determining the remuneration, and the association with the operational performance and future risk exposure:

The Board is authorized to determine the remuneration to the directors based on the Articles of Incorporation of the Company, with reference to the suggestion of the Remuneration Committee and general standards of

the industry, and in consideration of future risk exposure. In addition, if there are earnings in the year, a maximum amount of 1% shall be appropriated as the remuneration to the directors under Article 25 of the Articles of Incorporation of the Company.

In 2021, due to the issuance of new shares by one of our investees', TD SYNEX Corp., for the merger with Tech Data on September 1, 2021, reducing the shareholding ratio, the Company changed from the "equity method" to account for "financial assets measured at fair value through other comprehensive income" according to IFRSs and thus recognized a one-time valuation gain, leading to a dramatic increase in the after-tax profit. As a result, the percentage of the remuneration paid to the directors by the Company and all the companies included in the financial statements to the net income was reduced compared to 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 remuneration disclosed in the above table, the remuneration received by the Company's directors for rendering services (e.g. serving as a consultant for the parent company/any of the companies included in the financial statements/investees, who is not regarded as an employee thereof): 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, Shyude-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, Shyude-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, Shyude-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, Shyude-Ching/Ma, Shaw-Hsiang/Tsai, Ching-Yen
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (not incl.)				
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (not incl.)			Miau, Matthew Feng Chiang/Ho, Jhi-Wu	
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (not incl.)				
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (not incl.)				Miau, Matthew Feng Chiang
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (not incl.)				Ho, Jhi-Wu
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (not incl.)				
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (not incl.)				
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (not incl.)				
More than NT\$100,000,000				
Total	12	12	12	12

Remuneration to President and Vice Presidents

2021

Unit: In thousands of New Taiwan Dollars

Unit: in thousands of New Taiwan Dollars

Title	Name	Salaries (A)		Pension (B)(Note 1)		Bonus and special expenses (C)		Employee remuneration (D) (Note 2)				Sum of A, B, C and D, and the proportion to net income		Remuneration from investees other than subsidiaries, or from the parent company (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies 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	-	9,645	-	167	-	8,814	6,000	-	6,000	-	6,000 0.05%	24,626 0.21%	124
Vice President and Head of Finance	Huang, Hsiu-Ling													
CSO	Miau, Matthew Feng Chiang (Note 1)													

Note 1: The figure for pension is the appropriated amount.

Note 2: The amount of remuneration to employees planned to pay in the most recent year.

Note 3: Analysis on the percentage of the total remuneration paid to the Company's Presidents and Vice Presidents by the Company and all the companies included in the consolidated financial statements in the most recent 2 years to the net income in the separate financial statements and description of the policies, standards and packages for the remuneration, the procedure for determining the remuneration, and the association with the operational performance and future risk exposure: The remuneration to the Presidents and Vice Presidents is determined based on their personal performance and contribution to the overall operation of the Company, with reference to the suggestion of the Remuneration Committee and industry standards, and in consideration of future risk exposure. In 2021, due to the issuance of new shares by one of our investees', TD SYNEX Corp., for the merger with Tech Data on September 1, 2021, reducing the shareholding ratio, the Company changed from the "equity method" to account for "financial assets measured at fair value through other comprehensive income" according to IFRSs and thus recognized a one-time valuation gain, leading to a dramatic increase in the after-tax profit. As a result, the percentage of the remuneration paid to the president and vice presidents by the Company and all the companies included in the financial statements to the net income was reduced compared to 2020.

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		
NT\$1,000,000 (incl.) ~ NT\$2,000,000 (not incl.)	Huang, Hsiu-Ling	
NT\$2,000,000 (incl.) ~ NT\$3,500,000 (not incl.)	Miau, Matthew Feng Chiang/Ho, Jhi-Wu	
NT\$3,500,000 (incl.) ~ NT\$5,000,000 (not incl.)		
NT\$5,000,000 (incl.) ~ NT\$10,000,000 (not incl.)		Miau, Matthew Feng Chiang/Huang, Hsiu-Ling
NT\$10,000,000 (incl.) ~ NT\$15,000,000 (not incl.)		Ho, Jhi-Wu
NT\$15,000,000 (incl.) ~ NT\$30,000,000 (not incl.)		
NT\$30,000,000 (incl.) ~ NT\$50,000,000 (not incl.)		
NT\$50,000,000 (incl.) ~ NT\$100,000,000 (not incl.)		
More than NT\$100,000,000		
Total	3	3

Names of managers entitled to employee remuneration and amount entitled

2021

Unit: In thousands of New Taiwan Dollars

	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	6,080	6,080	0.05%
	Vice President and Head of Finance	Huang, Hsiu-Ling				
	CSO	Miau, Matthew Feng Chiang				
	Chief Corporate Governance Officer	Hsu, Che-Hsien				

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

IV. Corporate governance

- (I) The operation of the Board: The Board convened 6 times (A) in 2021. The attendance of the directors at 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	5	1	83.33%	
Director	Chiao, Yu-Cheng	6	0	100.00%	
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	6	0	100.00%	
Independent Director	Lu, Shyude-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:

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

Board of Directors' meeting			Opinions of the Independent Directors	The Company's actions on the opinions
Date	Term	Subject Matter		
2021.01.28	3rd Board 10th Meeting	Review of the year-end bonus to managers in 2020 for resolution.	None	None
		Ratification of added and removed limit of endorsement/guarantee for others.		
2021.03.08	3rd Board 11th Meeting	Replacement of the independent auditors		
		Increase of the limit of loans to subsidiary – MiTAC Computing Technology Corp.		
2021.08.12	3rd Board 14th Meeting	Review of the salary adjustment for managers in 2021 for resolution.		
		Review of the mid-year bonus to managers in 2021 (including the remuneration to employees in 2020) for resolution.		
		Increase of the limit of loans to subsidiaries – MiTAC Computing Technology Corp. and MiTAC Digital Technology Corporation.		
2021.11.11	3rd Board 15th Meeting	Ratification of added and removed limit of endorsement/guarantee for others.		

- (2) In addition to the matters mentioned above, any resolution adopted by the Board of Directors for which dissent or reservation has been expressed by any independent director, which has been recorded in the

minutes or any written statement: 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:

Date of the Board of Directors' meeting	Term	Names of the directors sought to avoid the conflict of interest	Subject Matter	Reasons for the avoidance of the conflict of interest	Participation in deliberation
2021.01.28	3rd Board 10th Meeting	Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the year-end bonus to managers in 2020 for resolution.	Concurrently serving as a manager	Passed unanimously as proposed by all attending directors entitled to vote.
2021.08.12	3rd Board 14th Meeting	Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the salary adjustment for managers in 2021 for resolution.		
		Miau, Matthew Feng Chiang Ho, Jhi-Wu	Review of the mid-year bonus to managers in 2021 (including the remuneration to employees in 2020) for resolution.		

- III. Evaluation of the Board of Directors:

In the 2021 performance evaluation result, the Board of Directors' performance was deemed excellent, indicating that the overall operation of the Board met corporate governance standards.

Frequency	Period	Scope	Method	Contents
Once a year	January 1 to December 31, 2021	1. The Board 2. Individual Board members 3. Compensation Committee 4. Audit Committee	1. Board self-evaluation 2. Board member self-evaluation 3. Functional committee member self-evaluation	I. Performance evaluation of the Board: 1. Level of participation in the operation of the Company 2. Improvement on the decision making quality of the Board 3. Composition and structure of the Board 4. Election and continuing education of Directors 5. Internal control II. Performance evaluation on individual Board members: 1. Their grasp of the Company's goals and missions. 2. Their recognition of director's duties. 3. Level of participation in the operation of the Company 4. Their management of internal relationships and communication. 5. Directors' professionalism and continuing training 6. Internal control III. Performance evaluation for functional committees (Remuneration Committee and

					Audit Committee): 1. Level of participation in the operation of the Company 2. Understanding in the Functional Committee's duties 3. Improvement on the decision making quality of the Functional Committee 4. Composition and election of Functional Committee members 5. Internal control
IV.	Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. establishment of the Audit Committee, improvement of information transparency, etc.), and the evaluation of such enhancements: 1. 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. 2. The Company also discloses information about directors' meeting attendance and continuing education regularly on the "Corporate Governance" section of the Market Observation Post System to ensures the timeliness and transparency of information disclosed. 3. 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. In May 2019, the Company formed the Audit Committee consisting of all independent directors to replace supervisors. The Audit Committee operates mainly for the purpose of overseeing the following matters in accordance with the Company's "Charter of the Audit Committee":
 - (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 duties are stated as follows:
 - (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 2021. The attendance of the independent directors at the meeting is shown below:

Title	Name	Attendance in person (B)	Proxy attendance count	Percentage of actual attendance (%) (B/A)	Note
Audit Committee (Convener)	Lu, Shyude-Ching	5	0	100%	
Audit Committee	Ma, Shaw-Hsiang	5	0	100%	
Audit Committee	Tsai, Ching-Yen	5	0	100%	
Special notes: I. In case of any of the following circumstances with respect to the Audit Committee's operation, the date, term and subject matter of the Audit Committee meeting as well as the dissent, reservation or major suggestion of any independent director, the Audit Committee resolution, and the Company's response to the Committee's opinions shall be specified: (I) On issues stated in Article 14-5 of the Securities and Exchange Act:					

Date	Term	Subject Matter	Dissent, reservation or major suggestions of independent directors	Resolutions	The Company's response to such Audit Committee members' opinions
2021.1.28	1st Committee 8th Meeting	Ratification of added and removed limit of endorsement/guarantee for others	None	The motion was approved by all present members unanimously.	None
2021.03.08	1st Committee 9th Meeting	Completion of the preparation of the Company's 2020 business report and financial statements			
		Motion for the Company's 2020 earnings distribution.			
		Replacement of the Company's independent auditors			
		Evaluation on validity of the Company's internal control system design and implementation, and "Declaration of Internal Control"			
2021.08.12	1st Committee 11th Meeting	Additional limit of financing for subsidiary – MiTAC Computing Technology Corp.			
		Increase of the limit of the Company's loans to subsidiaries – MiTAC Computing Technology Corp. and MiTAC Digital Technology Corporation.			
2021.11.11	1st Committee 12th Meeting	Formulation of the Company 2022 audit plan			
		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 the internal audit officer:

1. The Company submits a report on the identified deficiencies, improvements, and follow-ups in the previous month to the independent directors for review monthly. The independent directors review the report and give suggestions.
2. The Company's internal audit officer regularly explains the implementation of audit activities and reports on the self-inspection carried out in response to the recent internal control failure incidents that occurred externally to the independent directors at the Audit Committee meeting held quarterly.
3. The Company's internal audit officer and independent directors may directly reach each other, if needed, through smooth communication channels.

4.The abstract of the internal audit officer's regular reports and communication contents on audit activities at Board meetings and Audit Committee meetings in2021:

Date	Nature	Focus of communication	Suggestions and implementation
2021.03.08	9th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
		The internal evaluation of the internal control system in 2020 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 company's internal control system.	Propose to the Board after approval
2021.05.14	10th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
2021.08.12	11th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
2021.11.11	Face-to-face communication with independent directors	Effectiveness of the design and implementation of the internal control system.	None
		Report on the operation of the Auditing Office.	
		2022 auditing plan	
2021.11.11	12th Meeting of 1st Audit Committee	Report on the operation of the Auditing Office.	None
		2022 auditing plan	Propose to the Board after approval

(II) Communications between the independent directors and CPAs: The Audit Committee's independent directors shall communicate with CPAs through an Audit Committee meeting or by holding a separate communication meeting at least once every six months, and the CPAs may communicate and have discussions with the directors by correspondence when necessary.

Date	Nature	Focus of communication	Suggestions and implementation
Mar. 08, 2021	9th Meeting of 1st Audit Committee	Communication with the governance body after the 2020 audit 1. Scope of audit 2. Matters for communication ● Significant accounting estimate ● Key audit matters ● Major adjustment of listing ● Other matters for communication	None
2021.08.12	11th Meeting of 1st Audit Committee	Communication with the governance body after the Q2 2021 review 1. Scope of the Q2 review 2. Q2 review findings review 3. Recent updates in laws	

	2021.11.11	Separate communication meeting between the independent directors and CPAs	<ol style="list-style-type: none"> 1. Scope and findings of the Q3 2021 review 2. Audit communication and overall audit planning in 2021 	
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(III) Corporate governance practices, and deviation from the 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.	Compliant with the rationale and practices of "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies."
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	✓		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 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 implementation of the internal control system. The Company seeks to establish viable financial, operation, and accounting systems in accordance with the requirements for public companies and to buttress the management of the subsidiaries and affiliates for proper control to reduce operational 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
	Yes	No	Summary	
III. Organization and functions of the Board of Directors				
(I) Are a diversity policy and specific management objectives established and implemented by the Board of Directors?	✓		According to Article 20 of the “Corporate Governance Best Practice Principles” of the Company, the Board shall consist of members from a diversity of professions and expertise the detail of which is disclosed at the website of the Company. The practice of the Board for this end is shown below: 1. The Board of Directors discloses the diversified policies on the composition of its members on the Company's website and MOPS. 2. Please refer to the “Diversity and independence of the Board of Directors” section in page 15 of the annual report for the Board’s diversity policy and specific management objectives and the implementation thereof.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		✓	Other functional committees will be introduced as needed by the Company.	Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
(III) Has the Company established methodology 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 Company has established regulations for evaluating the performance of the Board of Directors, and the performance evaluation is conducted at least once a year. The 2021 performance evaluation report has been submitted to the 2022 Board Meeting, and the results of the evaluation are disclosed on the “Corporate Governance” section on the Company’s website for reference. According to Article 25 of the Company's Articles of Incorporation, the Company shall set aside no higher than 1% of the earnings in the year as the remuneration to the directors, and reasonable rewards may be provided for them depending on the operating and their 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” to provide reasonable remuneration with the Company’s overall operating performance, future operating risks, and the development trend in the industry taken into account and depending on the individual achievement and the contribution to the Company’s performance. The remuneration system is also reviewed from time to time according to actual operations and relevant laws to ensure a balance between 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 the interested parties of the Company (e.g. investing in the Company or holding a position in the Company), whether they have kinship relations with the Company's person in charge or managers, and whether there is regular training. 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	✓		(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 the Chief Corporate	Compliant with the rationale and practices

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																
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>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 the implementation of the corporate governance-related matters. 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) Main duties and operation in 2021:</p> <ol style="list-style-type: none">1. Handle matters related to Board of Directors meetings, Remuneration Committee meetings and Audit Committee meetings in accordance with laws and prepare the minutes of the meetings.2. 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”.3. 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.4. Provide Directors with information required for business operation.5. Assist Directors in compliance with laws and regulations, and make matters such as declaration of shareholding changes according to law.6. Deal with matters in relation to shareholders’ meetings pursuant to laws and prepare the minutes of the meetings.7. Other matters as required by the Company’s Article of Incorporation or contract. <p>(III) 2021 Continuing education training:</p> <table><tr><th>Organizer</th><th>Course name</th><th>Study hours</th></tr><tr><td>Securities and Futures Institute</td><td>Value of Cybersecurity in the Post-pandemic Era and in the Context of the US-China Trade War</td><td>3</td></tr><tr><td>Independent Director Association Taiwan</td><td>Practices and Case Studies for Shareholders’ Meetings in Public Companies</td><td>3</td></tr><tr><td>Financial Supervisory Commission</td><td>13th Taipei Corporate Governance Forum</td><td>6</td></tr><tr><td>Computer Audit Association</td><td>Improvement of Corporate Cybersecurity Governance Capabilities and Fulfillment of Corporate Social Responsibilities Based on International Risk, Industrial and Standard Development Trends</td><td>3</td></tr></table>	Organizer	Course name	Study hours	Securities and Futures Institute	Value of Cybersecurity in the Post-pandemic Era and in the Context of the US-China Trade War	3	Independent Director Association Taiwan	Practices and Case Studies for Shareholders’ Meetings in Public Companies	3	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6	Computer Audit Association	Improvement of Corporate Cybersecurity Governance Capabilities and Fulfillment of Corporate Social Responsibilities Based on International Risk, Industrial and Standard Development Trends	3	of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
Organizer	Course name	Study hours																	
Securities and Futures Institute	Value of Cybersecurity in the Post-pandemic Era and in the Context of the US-China Trade War	3																	
Independent Director Association Taiwan	Practices and Case Studies for Shareholders’ Meetings in Public Companies	3																	
Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6																	
Computer Audit Association	Improvement of Corporate Cybersecurity Governance Capabilities and Fulfillment of Corporate Social Responsibilities Based on International Risk, Industrial and Standard Development Trends	3																	

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			
			Securities and Futures Institute	2021 Insider Equity Transaction Compliance Conference	3	
			Securities and Futures Institute	2021 Insider Trading Prevention Conference	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?	✓		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. Stakeholders section: https://www.mitac.com/zh-TW/stakeholders/index The corporate sustainability report may be downloaded from https://www.mitac.com/zh-TW/csr_reports/index .			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?	✓		The Company has commissioned Chinatrust Bank as the share administration agency, which is responsible for handling shareholder meeting affairs.			Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
VII. Information disclosure (I) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		The Company has a website (www.mic-holdings.com) that discloses financial, business and corporate governance information in the investor and corporate governance sections. Investor section: https://www.mitac.com/zh-TW/investors_overview/index Corporate governance section: https://www.mitac.com/zh-TW/corporate_governance/index			Compliant with the rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
(II) Has the Company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?	✓		The Company’s website is available in Traditional Chinese, Simplified Chinese and English, and dedicated personnel are appointed to gather and disclose information relating to the Company. The Company assigns a spokesperson and has an acting spokesperson policy in place. The presentation materials for investor conferences are made accessible to investors on the Company’s website and the MOPS.			
(III) Does the Company announce and	✓		The Company announced and reported the annual financial statements within two months after the			Compliant with the

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	
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?			end of the 2021 fiscal year, and, as early as possible, announced and reported the Q1, Q2, Q3 financial statements and the operating status of each month in advance of the prescribed deadline.	rationale and practices of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
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: (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: (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 whistle-blowing and protection of whistle-blowers, 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 72 cases involving Taiwanese employees’ use of the staff 	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>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 the employees or their families suffer from accidental injuries, natural disasters, or severe illness, or death, MiTAC will provide immediate and appropriate help in the form of financial aid to help these employees or their families recover from ailment and get back to their work as soon as possible. This is the manifestation of the Company's fulfillment of social responsibility for caring for the employees and their families. As mentioned, under the prerequisite of winning on both sides of the management and labor, this has been proven highly effective in bringing harmony and commitment to organizational stability at workplace.</p> <p>(III) Investor relation: MiTAC firmly insists on the principles of sincerity and information disclosure, and spare no effort in making corporate governance transparent. In practice, MiTAC 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 queries.</p> <p>(IV) Supplier relations and stakeholders' rights: The Group maintains long-term relationship with its suppliers to ensure continuity of material supply. Dedicated personnel have been assigned to resolve product-related problems and whatever queries raised by shareholders on the Company's website, in the "Stakeholder section", and thereby protect their interests.</p> <p>(V) Continuing education of directors: All the directors of the Company have respective professional background in the industry. Information on the continuing education of the directors in 2021 has been disclosed in the section of "Corporate Governance" on the MOPS for investors' reference at any time.</p> <p>(VI) Risk management policies, practices, and risk assessment standards: The Company has established internal policies pursuant to laws, and performs risk management and assessment accordingly.</p> <p>(VII) Implementation of customer policies: The Group maintains sound relationship with customers to secure profitability.</p> <p>(VIII) Professional liability insurance for directors and managers: As per the requirement of the</p>	

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>“Corporate Governance Best Practice Principles for TWSE/GTSM-listed Companies”, MiTAC has taken professional liability insurance to protect the directors and managers. Relevant information is disclosed in the “Corporate Governance” section on the MOPS.</p> <table><tr><th>The insured</th><th>The insurer</th><th>The amount insured</th><th>Term of policy (starting and ending)</th></tr><tr><td>All directors and managers</td><td>Fubon Insurance Co., Ltd.</td><td>NT\$334,020 thousand</td><td>November 15, 2021 to November 14, 2022</td></tr></table> <p>(IX) Licensing and certification of the Group's internal auditors: 1. IIA: 4 persons 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\$334,020 thousand	November 15, 2021 to November 14, 2022	
The insured	The insurer	The amount insured	Term of policy (starting and ending)										
All directors and managers	Fubon Insurance Co., Ltd.	NT\$334,020 thousand	November 15, 2021 to November 14, 2022										
IX. Improvements made based on the latest corporate governance evaluation result announced by the Corporate Governance Center, Taiwan Stock Exchange, prioritized improvements and measures for areas to be improved.													
(I) Improvements made based on the latest announced (2021) corporate governance evaluation result:													
Evaluation indicators in 2020			Improvement										
Has the Company established a policy for a diverse board of directors and disclosed the specific management objectives for the policy and the implementation thereof on the website and in the annual report?			Such information has been disclosed on the Company’s website and in the annual report pursuant to the requirement.										
Has the Company developed succession plans for board members and top management roles and disclosed the implementation thereof on the website or in the annual report?			Such information has been disclosed on the Company’s website pursuant to the requirement.										
Does the Company have risk management policies and procedures which have been approved by the Board of Directors in place, disclose the scope of risk management, organizational structure and implementation, and make a report to the Board of Directors at least once a year?			The establishment of the risk management policy and procedure was approved by the Board of Directors on May 14, 2021. The implementation of the policy and procedure has been reported to the Board.										
Has the Company disclosed the mid-term financial statements in English within 2 months after the deadline for reporting the mid-term financial statements in Chinese?			Since Q1 2021, the mid-term financial statements in English have been disclosed on the MOPS and the Company's website by the deadline prescribed in the requirement.										
Does the Company have a unit that specializes (or is involved) in CSR promotion in place to conduct risk assessment for 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? Are the risk management policies or strategies disclosed on			Such information has been disclosed on the Company’s website and in the annual report pursuant to the requirement.										

Assessment criteria	Corporate governance in action			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Ye s	N o	Summary	
(II) Prioritized improvements and measures for areas to be improved according to the latest announced (2021) corporate governance evaluation result:	the Company's website and in the annual report?			
	Does the Company form a unit that specializes (or is involved) in the improvement of business integrity and is responsible for developing business integrity policies and overseeing the implementation thereof? Are the operation and performance of the unit described on the Company's website and in the annual report and reported to the Board of Directors at least once a year?			Such information has been disclosed on the Company's website and in the annual report pursuant to the requirement, and the operation and performance have been reported to the Board of Directors.
	Evaluation indicators in 2020			Prioritized improvements and measures
	Has the CSR report prepared by the Company been certified by a third party?			The Company planned to obtain third-party certification for the corporate sustainability report since 2021.

(IV) If the Company has a remuneration committee or nomination committee, the formation, responsibilities and operation thereof shall be disclosed:

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) Periodically review the “Charter of the Remuneration Committee” and give suggestions for amendment.
- (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	Professional qualifications and experiences	Independence	If the member is also a member of the remuneration of other public companies, specify the number of these public companies.
	Name			
Independent Director and Remuneration Committee Convener	Ma, Shaw-Hsiang	Refer to the information on directors on page 18		0
Independent director and member of the Compensation Committee	Lu, Shyude-Ching	Refer to the information on directors on page 18.		2
Independent director and member of the Compensation Committee	Tsai, Ching-Yen	Refer to the information on directors on page 18.		0

3. The Operation of the Remuneration Committee

(1) The Compensation Committee of MiTAC consists of 3 members.

(2) Duration of service: May 30, 2019 to May 29, 2022 The Remuneration Committee held 2 meetings (A) in 2021. The qualifications of the members and their attendance to the meetings are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Percentage of actual attendance (%) (B/A)	Note
Convener	Ma, Shaw-Hsiang	2	0	100.00%	
Members	Lu, Shyude-Ching	2	0	100.00%	
Members	Tsai, Ching-Yen	2	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 Compensation Committee meetings, and the Company's response to members' opinions:

Date	Term	Subject Matter	Resolutions	The Company's response to members' opinions
2021.01.28	1st meeting in 2021	Review of the year-end bonus to managers in 2020 for resolution	No objection	None
		Review of the remuneration to directors in 2020 for resolution	No objection	None
		Review of the 2020 board performance evaluation indicators for resolution	No objection	None
2021.08.12	2nd meeting in 2021	Review of the salary adjustment for managers in 2021 for resolution	No objection	None
		Review of the mid-year bonus to managers in 2021 (including the remuneration to employees in 2020) for resolution	No objection	None

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

(1) According to Article 25 of the Articles of Incorporation, when the Company has a profit (i.e. pre-tax profit before distribution of remuneration to employees and directors) in the current fiscal year, the Company shall allocate at least 0.1% of the profit as the remuneration to the employees and no higher than 1% as the remuneration to the directors.

(2) Directors and managers' remuneration is recommended with reference to their performance evaluation results, the team's performance, personal performance, and the general standards of the industry and then proposed by the Remuneration Committee to the Board of Directors for resolution.

(3) The performance evaluation indicators for directors and managers 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)

5. The Company does not have a nomination committee in place.

(V) Deviation between the sustainable development practices and the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company have a governance structure for promoting sustainable development and a unit that specializes (or is involved in) in sustainable development promotion? Does the Board of Directors authorize the senior management to handle and oversee relevant matters?	✓		<p>(I) The Company's "Sustainable Development Committee" consists of the President Office and relevant corresponding units. The committee is responsible for proposing and implementing sustainable development policies, systems and management guidelines as well as specific promotion plans, and preparing the "Sustainable Development Report" on a regular basis.</p> <p>(II) A "Sustainable Development Committee" meeting is convened once a quarter to identify 5 material issues concerning stakeholders. Each unit shall make plans for the respective issues, modify the objectives and policies related to the issues, ensure the execution of the plans and assess the implementation thereof. The implementation shall be reported to the Board of Directors at regular intervals (once a year).</p> <p>(III) Operation in 2021:</p> <ol style="list-style-type: none"> 1. The Company developed a carbon reduction pathway for the next 10 years according to the greenhouse gas inventory data over the years and the electricity consumption required for future business growth and with reference to the clean energy policies of the places where the Company operates and reported it to the Board of Directors. Upon the approval of the Board, the pathway was described at important internal meetings, and future plans for designing energy-saving products with less material use were also formulated. 2. The Company's human resource personnel, information personnel, public relation specialists and factory staff were invited to fill in the questionnaire for the CSA's assessment in order to further understand the expectations of international investors for public companies in terms of their ability to take actions on ESG issues as well as their strategies and goals related to such issues. 3. The Board of Directors requested the relevant units to pay attention to the impact with respect to the CBAM's implementation schedule on the Company's branded products and carbon tax cost. Currently, the CBAM only applies to six industries. The units and legal affair unit will be ready for carbon tax policy changes of countries. In addition, the Board asked the CPA firm about the current planning for responding to the impact of climate change risks on the financial statements. If there is corresponding statutory requirements, the finance department will conduct assessment and take necessary actions. 	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof											
	Yes	No	Summary												
II. Does the Company conduct risk assessment for 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>The disclosed information covers the Company's primary business locations in 2021, including the existing locations in Taiwan, China and America.</p> <p>Based on the principle of materiality, the responsible departments gather opinions from stakeholders and corporate governance personnel, identify major environmental, social and economic issues and disclose them in the corporate sustainability report, conduct risk assessments, and formulate policies and performance indicators to ensure the appropriate control of and response to the issues.</p> <table> <tr> <th>Important Issue</th> <th>Risk Assessment Criteria</th> <th>Description</th> </tr> <tr> <td>Environm ent</td> <td>Legal Compliance</td> <td>The factory staff and administrative personnel regularly review environmental safety and health regulations through the ISO 14001 procedure for identification and to ensure internal compliance.</td> </tr> <tr> <td rowspan="2">Economy</td> <td>Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles</td> <td>To put the concept of business integrity into practice, the Company has provided management guidelines for anti-corruption on the internal and external official websites for reference, offered anti-corruption whistle-blowing channels, and promoted the concept and tested the employees for understanding the Company’s requirements for ethics through online courses in order for them to value the spirit of integrity in daily work. For the purpose of protecting whistleblowers, the whistleblowing complaints or related documents are kept strictly confidential to prevent the whistleblowers from being retaliated against. Also, a competent whistleblower system was established.</td> </tr> <tr> <td>Business Strategy and Performance</td> <td>Execute the Company's strategies and business meetings periodically. Regarding operations, the Company focuses on improving the R&D capabilities, strengthening quality management and introducing advanced production technology.</td> </tr> </table>	Important Issue	Risk Assessment Criteria	Description	Environm ent	Legal Compliance	The factory staff and administrative personnel regularly review environmental safety and health regulations through the ISO 14001 procedure for identification and to ensure internal compliance.	Economy	Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles	To put the concept of business integrity into practice, the Company has provided management guidelines for anti-corruption on the internal and external official websites for reference, offered anti-corruption whistle-blowing channels, and promoted the concept and tested the employees for understanding the Company’s requirements for ethics through online courses in order for them to value the spirit of integrity in daily work. For the purpose of protecting whistleblowers, the whistleblowing complaints or related documents are kept strictly confidential to prevent the whistleblowers from being retaliated against. Also, a competent whistleblower system was established.	Business Strategy and Performance	Execute the Company's strategies and business meetings periodically. Regarding operations, the Company focuses on improving the R&D capabilities, strengthening quality management and introducing advanced production technology.	Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”
Important Issue	Risk Assessment Criteria	Description													
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Economy	Code of Ethical Professional Conduct and Ethical Management Best-Practice Principles	To put the concept of business integrity into practice, the Company has provided management guidelines for anti-corruption on the internal and external official websites for reference, offered anti-corruption whistle-blowing channels, and promoted the concept and tested the employees for understanding the Company’s requirements for ethics through online courses in order for them to value the spirit of integrity in daily work. For the purpose of protecting whistleblowers, the whistleblowing complaints or related documents are kept strictly confidential to prevent the whistleblowers from being retaliated against. Also, a competent whistleblower system was established.													
	Business Strategy and Performance	Execute the Company's strategies and business meetings periodically. Regarding operations, the Company focuses on improving the R&D capabilities, strengthening quality management and introducing advanced production technology.													

Assessment criteria	Corporate governance in action				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof	
	Yes	No	Summary			
				Corporate Governance	The Company has formed the Audit Committee and appointed the Chief Corporate Governance Officer, and relevant units review the related laws and regulations. To enhance the directors’ competencies, the Company continuously helps the directors with continuing education, provides them with information required for executing their duties, and assists them in observing laws and regulations.	
				Risk Management	Annual assessment is conducted according to the “Risk Management Policy and Procedure” and covers quality procedures, environmental safety, labor rights, internal control and self-evaluation, information security, climate change, etc.	
			Society	Talent attraction and retention	Establish market-competitive salaries to attract talents, provide a complete incubation plan and career guidance, encourage talent retention and development, and put employee benefits and ideas on the recruitment page of the official website.	
				Labor Rights	The Company’s factories in Southern China and Taiwan passed on the RBA-VAP audit.	
				Product Liability	By introducing eco-friendly product design procedures, the hazardous substance management is carried out and products are designed to be energy-saving at the R&D phase in accordance with the international environmental requirements. With eco-friendly designs that feature recyclability, reduced packaging waste, and the use of recycled materials, the environmental impact can be mitigated and life-cycle carbon reduction goals can be achieved. The Company can apply for environmental labels for the products to ensure that they meet the most rigorous environmental requirements of counties that the products are sold to.	

Assessment criteria	Corporate governance in action					Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary			
				Customer Service	Ensuring the privacy of ODM or consumer product customers is an essential part of our customer service. The Company's products exported to Europe comply with the GDPR. For the product specification and design data of our ODM customers, the Company has obtained the ISO 27001 information security certification and raised cybersecurity awareness throughout the Company to prevent leakage of customers' data.	
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 a platform for the management of restricted use of chemical substances according to a technical specification, IECQ QC 080000, to effectively manage hazardous substances and regularly maintain the ISO 14001 management system in the production and business locations.			Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”
(II) Is the Company dedicated to enhancing energy efficiency and using recycled materials with low impact on the environment?	✓		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.Our renewable energy usage rate will reach 10% in 2025. 3.The Company actively encourages the use of eco-friendly office supplies and procures products with environmental labels or energy efficiency marks and paper products certified by the FSC/PEFC, resulting in an overall achievement rate of 97%. 4.In order to cherish the Earth's resources and reduce the impact on the environment, MiTAC adopts digital and paperless processes. The Company also encourages double-sided printing and the use of recycled toner cartridges and recycled plastic garbage bags.			Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”
(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 climate-	✓		For climate change issues, the risks and opportunities from climate change to the Company are assessed according to the TCFD structure. In response to countries’ requirements for adapting to climate change, the carbon reduction regulations of the places where the Company operates shall be followed. Also, the Company has identified			

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																					
	Yes	No	Summary																						
related issues?			3 risks and 2 opportunities in various contexts where the countries fail to implement their carbon reduction policies or plans, leading to risks and demand for solutions and technology applications, including cloud computing, AIoT products, and fleet management solutions for reducing carbon emission in the logistics area. We will utilize financial forecasting to manage corresponding investments, capital allocation and returns. The impact of climate change risks in the supply chain on downstream assemblers in the electronic industry will be bigger than that on companies in the industry. Therefore, the Company will further promote supplier guidance and evaluation to improve supply chain resilience.																						
(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. We have developed environmental, safety and health policies, been dedicated to attaining optimal resource utilization efficiency and encouraging energy saving, and designed “eco-friendly” and user-friendly products to achieve the goals of pollution prevention, clean production and product care.</p> <p>2. There were 16 energy-saving plans in 2021, through which the electricity consumption reduced by 1,833 MWh in total.</p> <p>3. The information on the greenhouse gas emissions, water consumption and the total weight of waste in the past 2 years are as follow:</p> <p><u>(1) Greenhouse gas emissions:</u> (Referring to the Scope 1 and Scope 2 emissions of the subsidiaries, accounting for more than 95% of the Group's total emissions) metric tons/NT\$ million</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th><th>Emission per unit</th></tr><tr><td>2020 (base year)</td><td>1,937</td><td>45,288</td><td>1.15</td></tr><tr><td>2021</td><td>1,698</td><td>40,817</td><td>1.01</td></tr></table> <p><u>(2) Water consumption</u> (Including the water consumption of the subsidiaries) thousand metric tons/NT\$ million</p> <table><tr><th>Year</th><th>Total water consumption</th><th>Water consumption per unit</th></tr><tr><td>2020 (base year)</td><td>433</td><td>0.0105</td></tr><tr><td>2021</td><td>457</td><td>0.0108</td></tr></table>	Year	Scope 1	Scope 2	Emission per unit	2020 (base year)	1,937	45,288	1.15	2021	1,698	40,817	1.01	Year	Total water consumption	Water consumption per unit	2020 (base year)	433	0.0105	2021	457	0.0108	
Year	Scope 1	Scope 2	Emission per unit																						
2020 (base year)	1,937	45,288	1.15																						
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Assessment criteria	Corporate governance in action				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof													
	Yes	No	Summary															
			<div>(3) Waste output: (Including the waste output of the subsidiaries)metric tons/NT\$ million</div> <table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Waste output per unit</th></tr><tr><td>2020 (base year)</td><td>96</td><td>2,101</td><td>0.053</td></tr><tr><td>2021</td><td>139</td><td>2,135</td><td>0.054</td></tr></table>			Year	Hazardous waste	Non-hazardous waste	Waste output per unit	2020 (base year)	96	2,101	0.053	2021	139	2,135	0.054	
Year	Hazardous waste	Non-hazardous waste	Waste output per unit															
2020 (base year)	96	2,101	0.053															
2021	139	2,135	0.054															
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 “Universal Declaration of Human Rights”, “United Nations Guiding Principles on Business and Human Rights”, and “ILO Convention”, follows the requirements defined by the Responsible Business Alliance (RBA), and respects the internationally-recognized basic human rights, including the prohibition of the employment of children, elimination of forced labor in any form, eradication of employment discrimination, and prevention of workplace violence. Meanwhile, the Group also establishes the regulations and rules governing employees’ rights and obligations, including the “Declaration of Employment Policy”, “Child Labor Remedy, Protection of Underage Labor and Female Labor Standard” and “Free Labor to Choose Jobs, Humane Treatment, Non-discrimination Management Standards” in accordance with the labor laws and regulations of the places where it operates, and updates the same in a timely manner in response to policy amendments, if any.</p> <p>In order to promote the employees’ understanding of legal labor rights, the Company has incorporated human rights education into the compulsory training for all the employees and compiled textbooks that cover the Responsible Business Alliance (RBA) Code of Conduct. In addition to the compulsory training for new employees, all the employees must participate in online retraining every year.</p>			Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”												
(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance in employee compensation?	✓		<p>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, 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.</p> <p>The Group attaches great importance to the issue of workplace diversity and equality. In addition to equal pay for equal work for men and women, there is an appropriate gender ratio in each department. Female employees account for 39% of the group and 25% of the management level. It is a reflection of the company's efforts to find equal rights in the workplace.</p>			Compliant with the rationale and practices of “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”												

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company provide employee with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>1.To reinforce the protection measures in the workplace and for the personal safety of employees in order to protect them from injury or death due to occupational accidents or prevent protests arising therefrom, MiTAC has been certified for ISO 14001 - Environmental Protection System and the certification has been changed to the one under the new occupational safety and health management system, ISO 45001, and regularly validated by third-party institutions. The Company actively implements the system throughout the organization.</p> <p>2.We ensure the safety and health of the employees, prevent occupational hazards, diseases, and potential danger, encourage the employees to participate in corrective action plans, and create a safe and healthy work environment.</p> <p>3.Continual performance improvement in environmental safety and health: MiTAC conducts regular audits and assesses investments where appropriate to continuously improve the environmental safety and health management system.</p> <p>4.The Group duly observes the Occupational Safety and Health Act with the enforcement of the following rules and regulations:</p> <p>(1) Required workplace inspections (regarding lighting, CO2, noise & organic solvent) are conducted every six months and the bacterial count in drinking water is tested every three months.</p> <p>(2) The Group carries out fire prevention on an annual basis, performs building safety inspections and other safety procedures biennially, and makes immediate improvements for issues requiring correction and prevention.</p> <p>(3) Healthy employees are an important asset for the Company, and thus we offer medical check-ups to all the employees every two years, covering not only tests required under the Regulations of the Labor Health Protection, but also cancer screenings and ultrasound examinations, to take care of the employees with benefits superior to those under the laws and regulations.</p> <p>(4) We organize the MiTAC health promotion program to allow individual employees and department teams to stimulate each other to exercise in a competitive manner through the internal instant messaging software developed prior to the pandemic. In this way, a friendly workplace can be created and the employees can build a habit of exercising regularly. They can also participate in vision care and cardiovascular health lectures. The Company has obtained the health promotion certification from the Ministry of Health and Welfare for such a variety of activities.</p> <p>(5) Regular training on safety and health for new employees are carried out, and routine training on civil defense and fire fighting are organized annually and biannually, respectively.</p>	

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			<p>(6) We arrange re-training courses for labor safety and health 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, specific high-pressure gas equipment operators, etc. every three years.</p> <p>(7) To respond to emergencies, automated external defibrillators (AEDs) are placed at the main hall of the facilities in the Hsinchu Science Park and Hwa Ya Technology Park.</p> <p>(8) Safety precaution notices are displayed at the production areas and the operating personnel must receive workplace safety training.</p> <p>(9) The Company has change application procedures governing the introduction/modification of operating procedures, addition/change of raw materials or materials, and change/addition or equipment. The procedures, chemicals' safety data, equipment specification documents, and protection measures for such changes are reviewed to identify and prevent potential hazards.</p> <p>(10) To eliminate operational hazards, we modify the contractor management procedures, inform contractors of our workplace policies as well as the operational hazard and disaster prevention policies, reinforce the inspection for high-risk contraction works, and offer safety and health training for construction workers.</p> <p>In 2021, an occupational accident occurred in the company, and one person was injured, accounting for about one thousandth of the total number of employees. The company will strengthen safety education and publicity on the concept of bulletin boards, and will also implement the management of the safety area marking of the site to avoid the recurrence of occupational accidents.</p>	
(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 the employees with managerial roles to enroll in on-the-job postgraduate programs and EMBA programs to further refine their professional and management skills.	
(V) With respect to the issues related to products and services, such as customer health and safety, customer privacy, marketing and labeling, does the Company conform to the relevant regulations and	✓		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	

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
international standards and establish the relevant rights protection policies and complaint procedures for the consumers or customers?			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).	
(VI) Does the Company formulate a 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?	✓		<p>All of our new suppliers must pass the supplier evaluation and comply with the supplier code of conduct.</p> <p>Also, the main or key suppliers must possess required certifications:</p> <ul style="list-style-type: none"> Suppliers of raw materials used in processes: must pass the ISO9001 Quality Management System certification Factory and operation-related contractors: must obtain the ISO 45001 Occupational Health and Safety Management System certification Local suppliers: must possess effective factory registration certificates issued by local governments according to business type, as well as the ISO 14001 Environmental Management certification. <p>With respect to the corporate social responsibility for suppliers, the Company requests that, in addition to a quality and operational audit, the suppliers shall receive an RBA audit covering labor ethics and environmental health and safety. Any deficiencies must be corrected and the correction shall be completed within the prescribed timeframe.</p> <p>We also ask the suppliers to provide test reports regarding environmental requirements for products such as the absence of hazardous substances through the supplier management platform (e-SCM) to ensure the products' compliance with the RoHS regulations. As for conflict mineral issues, MiTAC requests the suppliers to ensure the compliance of the raw materials or materials offered thereby for proper source management in the supply chain in response to the RBA's Responsible Minerals Initiative (RMI) while meeting the requirements of the customers.</p>	Compliant with the rationale and practices of "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."
V. Does the Company use internationally accepted standards or guidelines for preparation of reports as reference in preparing the corporate sustainability report and other reports disclosing non-financial information of the Company? Have such reports been assured, verified or certified by a third party?		✓	The Company has prepared the corporate sustainability report with reference to the internationally accepted GRI standards, but has not obtained assurance or verification opinions from third-party verification units.	We have not acquired any third-party assurance or verification opinion for the corporate sustainability report. In 2021, we planned to have the corporate sustainability report verified.
VI. In the event that the Company has established sustainable development practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between the implementation and the established principles: The Company has established sustainable development practice principles, which conform to the rationale and practices of the "Sustainable Development Best Practice Principles				

Assessment criteria	Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
for TWSE/TPEX Listed Companies.”				
VII. Other information useful to the understanding of the promotion of sustainable development:				
1.Responsibility for environmental protection				
(1)Systems and measures	a.	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.		
	b.	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.		
(2)Status of implementation	a.	For performing the corporate responsibility or environmental protection in electronic industry, MiTAC upgrades its capacity in speeding up the procurement of green items for its products and parts through green procurement from the suppliers in order to supervise the suppliers to reduce or ban the use of hazardous substances in the production.		
	b.	Through the supply chain management platform, we conduct rolling inventory based on the list of qualified smelters announced by the RMI to satisfy customers’ needs.		
2. Contribution to society:				
(1)Systems and measures	a.	Sponsorship of the Y.S. Creative Award, which helps develop local design talents and improve industry competitiveness.		
	b.	Organize forums on campus to exchange with the university students and share with them the experience in industry.		
	c.	Participation in all kinds of industry seminars to share management and industry experience.		
(2)Status of implementation	a.	MiTAC sponsors the Y.S. Award of Creativity, an event that awards outstanding software designs, industrial designs, and micro film productions. To fight against the COVID-19 pandemic, the number of campus campaigns and lectures was reduced in 2021. Notwithstanding this, MiTAC has used its best effort to support the activities through online review and guidance.		
3. Social charity:				
(1)Systems and measures	a.	Organize charity events from time to time and encourage the employees to take care of the social vulnerable groups within their means.		
	b.	Donate our own products and services to charitable groups or organizations in need.		
(2)Status of implementation	a.	The Company organized blood donation campaigns and donated sacrificial offerings to the “Huashan Social Welfare Foundation’s Gueishan Angel's Service Station”; charity sale profits to the “Catholic Angel Center for the Development of the Disabled in Taoyuan”; and supplies raised to the “Garden of Hope Foundation.”		
	b.	The Company's charitable activities were attended by a total of 1,566 persons in 2021. The total hours spent reached 619 hours and the total donation amounted to NT\$987,000 (including a donation of NT\$541,600 from the employees).		
4. Consumers’ rights and privileges:				
(1)Systems and measures	:	For realizing the responsibility for the consumers, MiTAC customer service team spares no effort in creating innovative models and logistics support system, and promotes this idea and system to all customer service teams of MiTAC in different countries of the world.		
(2)	:	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.		

Assessment criteria		Corporate governance in action			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
		Yes	No	Summary	
Status of implementation	<p>b. "Mio Online Service" offers round-the-clock question and answer for Mio product information.</p> <p>c. "Mio Online Update" allows for online product update through simple procedures.</p> <p>d. Mio Quick Map" allows the consumers to update their map through the facilitation of the selected distributors in Taiwan.</p>				
5. Human rights:					
(1) Systems and measures	<p>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.</p> <p>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.</p> <p>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.</p>				
(2) Status of implementation	<p>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.</p> <p>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.</p> <p>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.</p> <p>For any sexual harassment problem that has occurred in the workplace, these policies and practices have been soundly enforced so far.</p>				

(VI) Implementation of ethical corporate management, deviation thereof from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and causes thereof:

Assessment criteria	Status of implementation			Deviation and causes of deviation from Ethical Corporate Management Best -Practice Principles for TWSE/TPEX Listed Companies
	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) Does the Company establish procedures, behavioral guidelines, disciplinary actions and complaint systems in action plans against unethical conduct? Are the plans implemented thoroughly and reviewed and modified regularly?	✓		"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

Assessment criteria	Status of implementation			Deviation and causes of deviation from Ethical Corporate Management Best -Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
(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 basis (at least once a year)?	✓		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 implementation of ethical management in 2021 was submitted to the Board on February 25, 2022. The Board of Directors of MiTAC will exercise the due care of a prudent administrator to identify and prevent unethical conduct while constantly reviewing the effectiveness and making continual improvements to ensure sound execution of the ethical management policy.	Listed Companies.”
(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?	✓		The Group has developed effective account and internal control systems, including ethical management policies and prevention plans. For procedures at high risk of unethical conduct, the internal audit unit performs audits on the procedures according to the annual audit plan formulated based on the risk assessment results. The implementation of the audit plan and subsequent improvement measures are reported to the Audit Committee and Board of Directors to ensure audit effectiveness. In addition, the Company's departments and subsidiaries must self-check the design and effectiveness of the internal control system through the annual internal control self-evaluation.	
(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 2,176 persons completed the training by spending 2,092 man-hours in 2021.	
III. Reporting of misconduct				

Assessment criteria	Status of implementation			Deviation and causes of deviation from Ethical Corporate Management Best -Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(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.	Compliant with the rationale and practices of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”
(II) Has the Company developed any standard investigation procedures for reported misconduct, defined follow-up actions to be taken following the completion of the investigation, or had confidentiality systems in place?	✓		The Company has standard investigation procedures in place to investigate reported misconduct. An investigation committee is formed for investigation and discipline according to the procedures. A confidentiality system is also built to ensure the confidentiality of the investigation 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.				

(VII) If the Company has established corporate governance principles and relevant regulations, the ways through which they can be searched for must be disclosed:

For more information on the corporate governance regulations developed by the Company, please visit the “Corporate Governance” section on MiTAC’s website, or visit the “Corporate Governance” section on the MOPS (mops.twse.com.tw).

(VIII) Other important information enabling better understanding of the Company’s corporate governance implementation: None.

(IX) Implementation of the internal control system:

1.Statement of Declaration of Internal Control:

MiTAC Holdings Corporation

Statement of Declaration of Internal Control

Date: February 25, 2022

Based on the self-assessment findings, MiTAC Holdings Corporation states the following with regard to its internal control system during 2021:

- I. The Company understands that the establishment, implementation and maintenance of an 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, as of December 31, 2021, an effective internal control system (that includes the supervision and management of the subsidiaries) has been maintained to provide reasonable assurance over the effectiveness and efficiency of the Company’s operations, the reliability, timeliness and transparency of reporting, and compliance with relevant rules and applicable laws and regulations.
- VI. The Statement of Declaration will be the main part of the annual report and prospectus of the Company and 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. The Statement of Declaration was unanimously approved by the Board on February 25, 2022, in the 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.

(X) Where the punishments received by the Company and the internal personnel thereof in accordance with laws or imposed by the Company on the internal personnel thereof violating the requirements of the internal control system in the most recent year up to the publication date of this annual report may lead to a material effect on shareholders' equity or stock price, such punishments, material deficiencies and improvements shall be specified: None.

(XI) Major resolutions of shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:

1. Shareholders' meetings

Date of meeting	Summary of important motions	Resolutions	Status of implementation
2021.07.16	1. Ratification of the 2020 business report and financial statements	Voted and approved as proposed	Act in accordance with the resolution
	2. Ratification of the distribution of earnings in 2020 (Cash dividends shall be distributed as resolved by the Board and the distribution shall be reported to the shareholders' meeting). Shareholders' dividends: A cash dividend of NT\$1 per share.	Voted and approved as proposed	The record date was set on April 2, 2021, and the cash dividend was paid on April 29, 2021.
	3. Discussion on partial amendments to the Company's "Rules of Procedure for Shareholders' Meeting" and "Regulations Governing Election of Directors".	Voted and approved as proposed	Act in accordance with the amended "Rules of Procedure for Shareholders' Meeting" and "Procedure for Election of Directors" (originally "Regulations Governing Election of Directors").
	4. Discussion on lifting the restriction on directors' engagement in competing operations.	Voted and approved as proposed	Act in accordance with the resolution

2. Board of Directors

Date of meeting	Term	Major resolution
2021.01.28	3rd Board 10th Meeting	Approved the distribution of remuneration amounting to NT\$5 million to directors in 2020.
2021.03.08	3rd Board 11th	1. Resolved to pass the motion of remuneration to employees in 2020 amounting to NT\$2,937 thousand.

	Meeting	2.Pass the financial statements 2020.
		3.Pass the motion for distribution of earnings 2020. Shareholders' dividends: A cash dividend of NT\$1 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 Wen, Fang-Yu 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.Approved an increase of NT\$3 billion in the limit of loans to MiTAC Computing Technology Corp.
		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.Approved the date, agenda and the period for shareholders to submit motions for the Company's 2021 annual general meeting.
2021.05.14	3rd Board 12th Meeting	Approved the establishment of the Company's "Risk Management Policy and Procedure".
2021.06.24	3rd Board 13th Meeting	Approved the change to the date of the Company's 2021 annual general meeting.
2021.08.12	3rd Board 14th Meeting	Approved an increase of NT\$500 million and NT\$1 billion in the limit of loans to subsidiaries – MiTAC Computing Technology Corp. and MiTAC Digital Technology Corp., respectively.
2022.01.25	3rd Board 16th Meeting	Approved a loan of NT1.4 billion and NT\$1 billion to MiTAC Computing Technology Corp. and MiTAC Digital Technology Corp. , respectively.

Date of meeting	Term	Major resolution
2022.02.25	3rd Board 17th Meeting	1. Resolved to approve the distribution of remuneration amounting to NT\$12,052 thousand to employees in 2021.
		2. Approved the distribution of remuneration amounting to NT\$7 million to directors in 2021.
		3. Approved the 2021 financial statements.
		4. Approved the distribution of earnings in 2021. Shareholders' dividends: A cash dividend of NT\$2 per share.
		5. Approved the partial amendment of the "Articles of Incorporation".
		6. Approved the partial amendment of the "Regulations Governing Acquisition or Disposal of Assets".
		7. Approved the partial amendment of the "Procedures for Loaning Funds to Others".
		8. Approved an increase of NT\$2 billion in the limit of loans to MiTAC Computing Technology Corp.
		9. Passed the motion for reelection of directors.
		10.Approved the nomination of candidates for directors (including independent directors).
		11.Approved the lifting of the restriction on directors' engagement in competing operations.
		12.Approved the date, agenda and the period for shareholders to submit motions and for nomination of director candidates for the Company's 2022 annual general meeting.
		13.Approved the partial amendment of the "Corporate Governance Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles".

(XII) Directors' dissenting opinions on major resolutions made by the Board of Directors in the most recent year up to the publication date of this annual report, which have been on record or stated in written statements:None.

(XIII) Summary of resignation or dismissal of the Company's Chairman, presidents, accounting

officer, financial officer, internal audit officer, chief corporate governance officer and R&D officer in the most recent year up to the publication date of this annual report: None.

V. Information on fees for certified public accountants

Unit: In thousands of New Taiwan Dollars

Name of CPA Firm	Name of CPA	CPA Auditing Period	Audit Fee	Non-Audit Fee	Total	Notes
PwC Taiwan	Liu, Chien-Yu	January 1, 2021 - December 31, 2021	1,140	965	2,105	Non-audit fees refer to the fees for tax compliance audits and other financial consulting services.
	Cheng, Ya-Huei					

- (I) When the accounting firm is changed and the amount of fees paid for auditing services during the year in which the change is made is lower than that during the previous year, the amounts before and after the change and the causes of such decrease shall be disclosed: None.
- (II) When the amount of fees paid for auditing services is 10% or more lower than that during the previous year, the amount by which the fees decreased, the proportion thereof, and the causes of such decrease shall be disclosed: None.

VI. Information for changing CPA

(I) 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, Chien-Yu 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			
Any differences in opinions with the issuers	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			

(II) Succeeding 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	None	

opinion on the financial report before appointment	
Written opinion of the successor certified public accountant in connection with any discrepancy of opinion between him/her and the former CPA	None

(III) 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. The Company's Chairman, Presidents or managers responsible for financial or accounting operations who assumed positions in an office of the CPA who certified the financial statements or in any of its affiliates in the most recent year:None.

VIII. Any transfer of equity interests and pledge of or change in equity interests of directors, managers, or shareholders with a stake of more than 10 percent in the most recent year up to the publication date of this annual report

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

Title	Name	2021		As of April 2, 2022	
		Change in Shareholding	Increase (decrease) on Pledged Shares	Change in Shareholding	Increase (decrease) on Pledged Shares
Chairman	Miau, Matthew Feng Chiang	0	0	0	0
Director and President	Ho, Jhi-Wu	0	0	0	0
Director	Chiao, Yu-Cheng	0	0	0	0
Director	UPC Technology Corp.	0	0	0	0
	Rep: Way, Yung-Do	0	0	0	0
	Rep: Chang, Kwang-Cheng	0	0	0	0
Director	MiTAC Inc.	0	0	0	0
	Rep: Hsu, Tzu-Hwa	0	0	0	0
	Rep: Su, Liang	0	0	0	0
Independent Director	Lu, Shyude-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	(77,000)	0	(10,000)	0
Chief Corporate Governance Officer	Hsu, Che-Hsien	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.

April 2, 2022

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	Shareholding 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 Holdings 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 Holdings 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	95,940,944	7.95%	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 Holdings 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.	
Mei An Investment Co., Ltd. Rep: Hsu, Ai-Chen	29,462,586	2.44%	0	0.00%	0	0.00%	Miao, Matthew Feng Chiang	Spouse of the company's 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	12,526,901	1.04%	0	0.00%	0	0.00%	None	None	
JPMorgan Chase Bank entrusted for custody to Vanguard Total International Stock Index Fund	12,399,570	1.03%	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	
							Mei An Investment Co., Ltd.	Chairman's spouse	
							Getac Holdings Corporation	Representatives of institutional directors	
							Tsu Fung Investment Corporation	The parent company's 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	Shareholding Percentage	Name	Relationship	
Yi Feng Investment Co., Ltd. Rep.: Ching, Hu-Shih	10,779,888	0.89%	0	0.00%	0	0.00%	None	None	
Getac Holdings 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	
							Miau, Matthew Feng Chiang	Institutional director's representative	
							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 Holdings Corporation	The representative of institutional director is the parent company's chairman.	

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

April 2, 2022; unit: share; %

Investee (Note)	Holdings of the Company		Holdings of directors, managers and directly or indirectly controlled business		Total investment	
	Shares held	Shareholding percentage	Shares held	Shareholding percentage	Shares held	Shareholding percentage
MiTAC International Corp.	2,393,020,550	100.00	-	-	2,393,020,550	100.00
MiTAC Computing Technology Corp.	232,757,102	100.00	-	-	232,757,102	100.00
MiTAC Digital Technology Corp.	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; NT\$

Date	Issuing 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	-	Aug. 18, 2020 Ching-Shou-Shang-Tzi No. 10901147930

Note: The information represents data on the latest issuance of shares. (There was no issuance of shares in the most recent year up to the publication date of this annual report.)

April 2, 2022/Unit: Share

Types of shares	Authorized capital			Note
	Outstanding	Unissued shares	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) The composition of Shareholders

April 2, 2022/Unit: Share

Shareholder Structure Qty	Government institutions	Financial institutions	Other institutions	Foreign institutions and foreign individuals	Natural persons	Treasury Stock	Total
Number of persons	2	15	341	439	123,365	0	124,162
Qty of shareholding	29	17,417,006	413,827,494	144,031,155	631,281,105	0	1,206,556,789
Percentage	0.00%	1.44%	34.30%	11.94%	52.32%	0.00%	100.00%

(III) Equity distribution

1.Common share

April 2, 2022

Level of holding	No. of shareholders	Qty of shareholding	Percentage
1 ~ 999	48,817	11,021,542	0.91%
1,000 ~ 5,000	52,426	118,108,547	9.79%
5,001 ~ 10,000	11,584	89,203,636	7.39%
10,001 ~ 15,000	3,625	44,954,553	3.73%
15,001 ~ 20,000	2,345	42,447,903	3.52%
20,001 ~ 30,000	2,033	51,247,223	4.25%
30,001 ~ 40,000	877	30,740,007	2.55%
40,001 ~ 50,000	653	30,240,566	2.51%
50,001 ~ 100,000	1,007	72,171,939	5.98%
100,001 ~ 200,000	458	63,192,928	5.24%
200,001 ~ 400,000	180	49,400,065	4.09%

Level of holding	No. of shareholders	Qty of shareholding	Percentage
400,001 ~ 600,000	49	23,357,453	1.94%
600,001 ~ 800,000	21	14,403,218	1.19%
800,001 ~ 1,000,000	17	15,392,329	1.28%
1,000,001 and more	70	550,674,880	45.63%
Total	124,162	1,206,556,789	100.00%

2. Preferred stocks: None.

(IV) List of major shareholders

April 2, 2022/Unit:Share

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.		95,940,944	7.95%
Mei An Investment Co., Ltd.		29,462,586	2.44%
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		12,526,901	1.04%
JPMorgan Chase Bank entrusted for custody to Vanguard Total International Stock Index Fund		12,399,570	1.03%
Miau, Matthew Feng Chiang		12,174,721	1.01%
Yi Feng Investment Co., Ltd.		10,779,888	0.89%
Getac Holdings Corporation		10,299,987	0.85%
Tsu Fung Investment Corporation		9,250,594	0.77%

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

Item		Year		2020		2021		As of April 2, 2022 (Note 8)
				Before adjustment	After adjustment	Before adjustment	After adjustment	
Market price per share (Note 1)	Highest			36.00	31.25	35.50	35.50(Note 9)	35.35
	Lowest			23.25	19.87	25.30	25.30(Note 9)	29.15
	Average			30.79		30.48		32.78
Net worth per share (Note 2)	Before distribution			35.74		43.98		-
	After distribution			34.73		41.96		-
EPS	Weighted average shares (thousand shares)			1,193,649		1,195,178		-
	EPS (Note 3)			2.45		10.01		-
Dividend per share	Cash dividend			1.00		2.00		-
	Stock dividend	From retained earnings		0		0		-
		Shares obtained from capitalization of surplus		0		0		-
	Accumulated unpaid dividend (Note 4)			0		0		-
Analysis of ROI	Price/Earnings ratio (Note 5)			12.18		2.93		-
	Price/Dividend ratio (Note 6)			29.84		14.66		-
	Cash dividend yield (Note 7)			3.35%		6.82%		-

Note 1: List out the high and low market price of common shares in each year and the average market price of these years by trading value and trading volume.

Note 2: The data shall be based on the number of outstanding shares as of the end of the year and the distribution

under the resolution of the Board of Directors or the shareholders' meeting in the following year.

Note 3: In case of adjustment of price due to the release of stock dividend, show the EPS before and after dilution.

Note 4: If the conditions for the issuance of equity securities require that the dividend not being distributed in current period could be carried forward to the year in which The Company has profit, disclose the accumulated and retained dividend in current period.

Note 5: Price/earnings ratio = Yearly closing price per share/Earnings per share.

Note 6: Price/Dividend ratio = Yearly average closing price /Cash dividend per share.

Note 7: Cash dividend yield rate = Cash dividend per share/ Yearly average closing price.

Note 8: Net worth per share and earnings per share should be based on auditor-reviewed data as at the latest quarter before the publication date of this annual report. For all other fields, calculations should be based on data as at the end of their respective years.

Note 9: The highest and lowest market prices per share were quoted after the ex-right/ex-dividend date, and thus adjustment is not required.

(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(excluding one-time valuation gains recognized due to the change of the valuation method for investees)as shareholders' dividends.

3. Dividend distribution proposed at the shareholders' meeting

Under the above-mentioned principles, the Board of Directors prepared the motion for distribution of earnings in 2021 on February 25, 2022. The cash dividend is NT2.00 per share and may be distributed upon the Board's resolution pursuant to the Company Act and Company's Articles of Incorporation. The motion will be presented to the annual general meeting on May 31, 2022.

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 motion for 2021 earnings distribution 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) Basis for the estimation of remuneration to employees and directors in current

period: The Company shall appropriate at least 0.1% of the EBT before distribution of remuneration to employees and directors as remuneration to employees in 2021. The remuneration to directors shall be estimated based on the expected amount of remuneration to be paid.

- (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) If there is a difference between the amount of remuneration paid to employees and directors distributed in cash or shares and the estimated amount of recognized expenses in the year concerned, the amount, causes and treatment of such difference shall be disclosed: The Board of Directors resolved to appropriate NT\$12,052 thousand as remuneration to employees and NT\$7,000 thousand as remuneration to directors, which was not different from the estimated amount of recognized expenses in the year concerned.
- (2) The amount of remuneration paid to employees in shares and the percentage thereof to the sum of the net income as stated in the separate or individual financial statements in the current period and the total remuneration to employees: Not applicable, as the Company did not pay remuneration to the employees in shares in 2021.

4. The actual distribution of employee bonuses and remuneration to directors in the previous year (with an indication of the number of shares provided, amount and stock price), any difference from the amount of recognized employee bonuses and remuneration to directors, and the causes and treatment thereof:

	Actual amount paid in cash
Employee bonuses	NT\$2,937 thousand
Director remuneration	NT\$5,000 thousand

Note: There was no difference between the actual amount paid and the amount of recognized employee bonuses and director remuneration.

(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 server/workstation series, including Intel or AMD x86 platform servers/workstations with a single/dual/quad CPUs and complete customized server/workstation platforms, storage systems, and network and sever systems developed and produced for project customers. In response to the trend in the development of AI applications, we develop high-performance computers for computation (HPC servers). As for the increasing demand for edge computing, open edge server solutions meeting the standards of the industry are launched. We also combine computing, network and optimized storage solutions and offer complete system design and assembly services to satisfy the need for large data centers. To respond to the wide use of open architecture, MiTAC Computing Technology Corp. is further dedicated to creating more Open Computer Project (OCP)-compliant designs after becoming a platinum member of the OCP, covering racks, servers and storage. 5G that features high bandwidth and low latency and enables the Internet of Everything (IoE) has revolutionized the information and telecommunication industries. MiTAC Computing Technology Corp. maintains its advantages as a company offering servers for a long time. In addition to a series of cloud servers used for data centers, it actively develops edge computing servers that can be connected to the Internet through open architecture 5G networks to meet the demand for real-time computing and thereby completes its end-to-end product solutions. Additionally, for industrial automation and IoT applications, all-in-one LCD PCs, mini PCs, POS systems, industrial embedded panel PCs, BOX PCs, and embedded motherboard series are offered to meet the demand for diverse applications.
- (2) Automotive electronics and smart IoT products: Automotive electronics (e.g. in-car navigation systems, car amplifiers), consumer electronics (e.g. portable navigation devices (PNDs), GPS dash cams), business electronics (e.g. fleet communication and navigation devices, industrial tablets, AIoT 4G LTE connected dash cameras), smart fleet management platforms and cloud-based navigation services.

2.Business distribution

Unit: In thousands of New Taiwan Dollars

Year Products	2021	Ratio (%)
Computer & communication products	42,185,771	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 radio access network (RAN) servers and edge computing servers
- Whole cabinet 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
- Smart IoT edge computing gateways
- 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).

(2) Automotive electronics and AIoT products

- Portable navigation devices (PNDs)
- Carplay Display Audio & Connected Car Tablet & Navigation Box and telematic products
- Car Amplifier
- Bike Computer
- Outdoor Lighting Control
- Consumer electronics, fitness navigation devices for outdoor use
- Enterprise electronics
- Mobile cloud storage
- 4G LTE connected dash cameras
- Fleet management and car A/V systems (VisionMax)

(II) Industry overview:

1. Current status of the industry and its development

According to the analysis and research of customer demand in major markets, as the fifth-generation mobile communication technology (5G), artificial intelligence (AI), AI Internet of Things (AIoT), edge computing have been emerging, the demand for HPC & GPU servers, edge servers and 5G access network servers has been rising annually with the growth of the traditional enterprise server market, enterprise storage market and large cloud data center infrastructure. The increasing prevalence of HPC & GPU servers and 5G transmission in AI model training computing also drives the demand for high-performance and low-latency edge computing servers.

For the server market where the x86-based platform 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 PCI Express 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 center applications focusing on energy saving and high-density computing, in addition to standard rack-mount units, OCP servers have been gradually deployed for applications in addition to mega data centers and become a new alternative when it comes to building data centers. In recent years, because of the new opportunities brought up by 5G, OCP has also offered open edge servers. Public and private telecommunications companies have applied the concept that virtualization software is run on general-purpose servers for open architecture to end-to-end solutions for the cloud, central offices 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 whole cabinet 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.

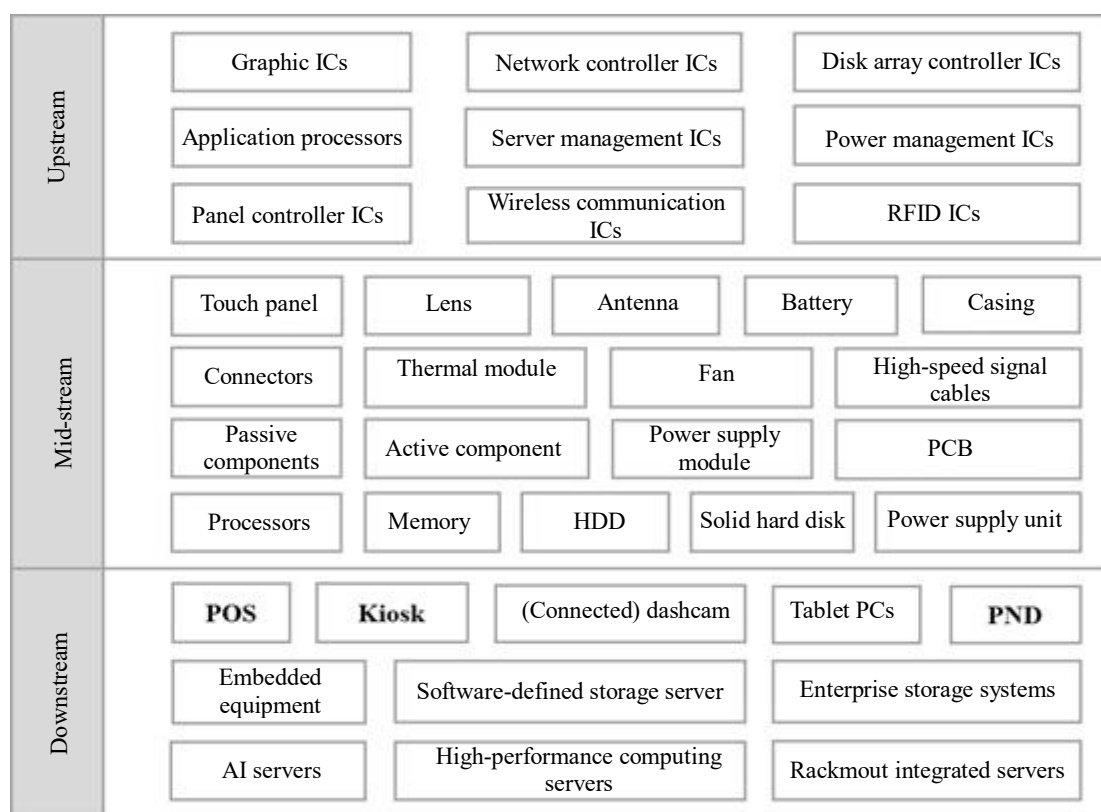
With regards to POS (point-of-sale) systems, market research companies have estimated that the global demand for POS systems reaches 2 million ~ 3 million units per year, translating to a steady growth of 7~10%. Since the traditional POS system, the mobility and self-service trends has took place with 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 industrial PCs, with the advent of Industrial 4.0 and its applications, machines and tools at factories are connected for communication 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 identification and detection. As a result, factories or vertical industries of various embedded applications have upgraded their PC infrastructure in the hope that the investment will help improve the efficiency and thereby drive IoT and AI smart production and service. They are also engaged in a wide range of cross-sector collaboration projects to seek more opportunities for software/hardware integration applications and accelerate the deployment of IoT and edge AI applications while improving customer stickiness. The overall global demand for industrial PCs, therefore, has grown at a rate of 10% each year. Edge computing and AI have been increasingly developed and matured, which will further drive the overall market demand.

In terms of the planning for automotive electronics and AIoT products, although the global sales of portable satellite navigation products have fallen over the years, satellite navigation applications have shifted to embedded in-car navigation equipment and GPS trackers for bicycles. At the same time, new products with the same satellite tracking technologies such as V2X positioning solutions and self-driving cars have been developed. These products integrated with the Company's existing cloud computing services and hardware/software environment serve as complete 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 the Group operates is considered downstream. The upstream segment comprises IC and chip manufacturing; the midstream segment is involved in component manufacturing; and the downstream segment is about end products such as servers and consumer products.



3.Development trends and degree of competition for our products

(1) Cloud computing products:

Standard rack mount servers remain mainstream. Equipped with the Intel/AMD x86 platform, the servers with hardware specifications and corresponding software (including operating systems, virtualization software and various applications) can meet the demand of multiple markets (e.g. small and medium enterprises, large multinational enterprises, and large cloud data center providers). 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 widely used in hyperscale data centers. The concept that virtualization software is run on

general-purpose servers for open platform has been adopted gradually in the cloud, central offices, 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 platform 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 PCI Express, 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 became a concern.

Unlike cloud servers, the hardware of edge computing servers must be designed to suit different uses and the software is designed to meet the requirements for safety, remote monitoring and virtualization software. MiTAC Computing Technology Corp.'s leading 5G and edge computing products include dual-core edge computing servers. The servers features faster edge computing and local data storage, and thus the delay caused by data transmission from or to the cloud can be significantly reduced. With the multi-node and multi-functional open architecture edge computing servers, RAN (Radio Access Network) and open-core virtualization software can be deployed with the help of the multiple nodes for end-to-end 4G LTE or 5G NR network connection.

The idea of open RAN originated from the exponential growth of base stations in response to 5G's high-bandwidth, low-latency and mMTC capabilities. Global telecommunications companies have adopted the open RAN architecture, disaggregated RAN into RU, DU and CU, developed open specifications and used X86 servers as 5G RAN infrastructure. MiTAC Computing Technology Corp. also creates software-hardware integrated open RAN servers for telecommunications use

that pass the O-RAN Alliance’s test. The servers can not only be used as DUs or CUs, but also provide a network router function for base stations through virtualization software. Manual maintenance and management needed for traditional equipment are no longer required with AI, enhanced designs and smart network functions.

(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. Our leading automotive electronics include dash cameras, advanced driver assistance systems, navigation software and hardware solutions, outdoor navigation devices, etc. 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 remote 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 anti-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	2021
Research and development expense	2,261,869

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) The number of patents obtained in the most recent year up to the publication date of this annual report is as follows:

Taiwan	Mainland China	Europe and U.S.
288	348	276

- (2) Product development and brand strength:





- A. TYAN organized several online exhibitions in 2021 and launched several server platforms with support for Intel's third-generation Xeon scalable processors and AMD's third-generation EPYC processors. Server systems with flexible system configuration and excellent computing performance are also provided for AI, in-depth learning, high-performance computing, high-density storage, and cloud computing. TYAN has worked in cooperation with industrial system integration firms to provide server motherboards for embedded applications in high-temperature environments to satisfy the demand for high-performance computing and high reliability in special environments.
- B. TYAN also exhibited a wide array of optimized GPGPU server platforms for enterprises and data centers in SC' 21's online exhibition to boost the momentum for growth in the HPC market. TYAN's variety of HPC platforms meet the diverse needs of high-performance computing users in different computing architectures.
- C. Magellan's fleet management systems provide useful functions for the management of professional fleets, ranging from those needed for planning driving routes to those for ensuring the alignment of plans and schedules and the compliance with the electronic log regulations mandated by the (US) government, and are equipped with fleet management and navigation, EDL-compliant HOS, and Return to Route software. The new product portfolios of Magellan offer a set of scalable basic services to meet the increasingly growing demand of fleets and city transportation.
- D. ORV (off-road recreational 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 the cloud, which can be used to plan recreational routes. It can be integrated with the functionalities of smart phones, PCs and navigation devices through a cloud system.
- E. Connected car tablets: The tablets are designed exclusively for enterprise customers with vehicle management needs and equipped with built-in 3G/LTE/BT/WiFi connectivity in order to transmit vehicle data to the cloud in a real-time manner and to achieve communication and interaction between the dispatch center and the driver. They have been tested under more rigorous conditions.
- F. COM Express motherboard modules for industrial/medical use: The architecture with the separate motherboard module and serial interface module is suitable for small quantity and large variety of products with flexible design. (high-margin market with high technical barriers)



G. BoxBC for railway transport (IEC50155): BoxBC is a quasi system compliant with the IEC50155 international railway standard and can ensure the stable running of computer systems during railway transport under changeable and challenging conditions and requirements. (high-margin market with high technical barriers)

H. Kiosk highly scalable panel PCs: In response to the rapid growth of the demand for automated retail equipment, we launch touch panel models of different sizes. The ultra-thin frame of this series and the design for easy installation and removal of peripheral devices (e.g.: MSR, smart card readers, cameras, barcode readers) are breakthroughs from traditional designs.

I. MiTAC Digital Technology launched its first dual-lens driving recorders with analog-to-digital conversion, first radar driving recorders, and first detachable dual-lens driving recorders for motorcycles. It also released 7-inch and 10-inch Android®9.0 system and passed GMS certification of rugged industrial tablet.

J. MiVue series won the following awards in 2021:

Product Name	Region	Media	Award	Logo
Cyclo Discover Series	Taiwan	TAITRA	Taiwan Excellence Award	 台灣精品 2022 TAIWAN EXCELLENCE
MioEYE K series	Taiwan	TAITRA	Taiwan Excellence Award	 台灣精品 2022 TAIWAN EXCELLENCE
MiVue 892D	Taiwan	Computex	Computex Best Choice	
MiVue C570	Germany	DASHCAMTEST	purchase recommendation	

Product Name	Region	Media	Award	Logo
MiVue 886	Czech	ComputerWorld	IT Product award	
MiVue 818	UK	Which?	Which? Best Buy	

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

1.Cloud computing product series

- (1) Short-term business development plan: For product strategies, 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: For product strategies, the Company will continue to develop new servers and storage devices to create momentum driving sales growth in the next three years. With regards to business strategies, we will expand our cooperation with leading server customers (including enterprise and cloud server customers) around the world in the shipment of products ranging from modules to full systems, production of low-end and high-end products, and development of single and multiple product lines. In order to maintain stable collaboration over the long term, we have to improve our capacity and speed for product development, control production quality and delivery, integrate global supply chains and maintain a global logistics and service network so as to consolidate the Group's position as a major ODM/OEM for server systems. In summary, MiTAC Computing Technology Corp. offers servers with several specifications for cloud deployment, 5G radio access and edge computing and provides a wide range of end-to-end products for different smart application fields such as smart stores, smart factories, 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 tablets and portable devices: We will be launching portable devices with equal emphasis on proprietary brand management, 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 focus on expanding our business 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 diverse 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 tablets and device management platforms: We will further market our products to Russia, Central Asia, Southern Asia, and South America and will continue the development of automotive tablets and mobile POS applications. 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	2021
Taiwan	1,097,932
US	21,552,030
Europe	6,285,996
Others	13,249,813
Total	42,185,771

2.Market share

According to the surveys and research findings of DIGITIMES Research, MiTAC was ranked 5th place among Taiwanese ODM service providers in terms of system and

main board shipments in 2021. 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 amount of enterprise data has been increased significantly, resulting in the enormous growth of the demand in the cloud server and software-defined storage markets. With the emergence of markets of big data analysis usage, AI, IoT and 5G edge computing, the global demand for cloud servers is expected to grow in 2022. However, dual impacts from the US-China trade war and COVID-19 pandemic have resulted in a shortage of materials or a longer time for the materials to be ready for key components and parts from time to time. Thus, we will keep an eye on such situation and respond to it actively.

In addition, in response to the mobile working/WFH trend in the post-pandemic era and the idea of corporate ESG and sustainable management, the demand for cloud services will increase continuously and cloud service providers will shift to data computing and storage. However, the providers will seek for better server energy efficiency or performance in the face of the increasing energy cost. 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 cloud computing evolves, more and more smart end-products are needed, which in turn contributes to the rapid development of the smart end-products. Smart phones, tablets or any products with a display screen (e.g. in-car AV systems, watches, glasses) could provide enormous market opportunities. Mobile end-products will become more diverse as the users of cloud-related applications increase, bringing in business opportunities worth 100 million of NT dollars. Based on the SoLoMo concept, MiTAC has developed applications across different platforms and services to satisfy consumers' diverse tastes.

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

To respond to the emergence of cloud applications, MiTAC not only possesses the capability to design and manufacture cloud hardware, but also combines hardware/software development, engineering automation, manufacturing and design, and after-sales services to develop a new global business model that will accomplish

higher customer satisfaction and help create competitive advantages. We also actively develop new technologies and explore new markets, such as 5G and AI technologies.

With respect to wireless communication, MiTAC will take the initiative in developing niche products that target consumer needs in the market and improving the capacity in terms of the R&D, innovation and integration of hardware/software, cost control, quality control, yield control, mass production, inventory management, procurement of 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

Our sales and distribution model is in line with global e-commerce development and operation. Many of our high-priced products are produced and distributed directly to customers for greater shipment efficiency, lower cost, and higher customer satisfaction.

B. Global eManufacturing model

After the trial running of the logistics model, the eManufacturing system of MiTAC International Corp. is well-developed. We have formed a global manufacturing model with bases in Taiwan and the United States focusing on R&D, production bases in China engaged in the manufacturing of modules and semi-finished goods, and system assembly centers in the US. Low-end components and systems with long delivery time are manufactured in Taiwan and China; main components with high unit price are procured and assembled in production bases closer to customers. Such global manufacturing model has allowed MiTAC to grow from a regional organization to an international e-manufacturer that is able to engage in R&D, engineering, manufacturing, and distribution at a global level simultaneously.

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 the expansion of our business in major markets such as North America and Europe, intensive business development in markets with enormous growth potential in automotive GPS applications, such as Asia-Pacific, and emerging markets such as China, Japan, and Eastern Europe will be our focal point of development.

E. E-supply chain

As dictated by the needs of global production and the segmentation of products for customers in different regions, MiTAC is engaged in the modular design of key components and the integration with the e-commerce capability of upstream companies for timely worldwide delivery of goods in order to lower the operation risk, reduce the inventory, and provide timely delivery service to the customers.

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

A. Connected GPS devices and cameras have been widely used in smart cars. The transition from driver assistance to autonomous driving will influence the market share of standard automotive equipment. In response to that, we not only offer more suitable equipment in the after-market to improve vehicle intelligence, but also develop the following products and services with stronger competitive strength:

- (a) The integration with vehicle information applications is improved to enhance vehicle intelligence.
- (b) We focus on R&D and innovation, perfect our R&D results, reduce product development cycle and launch new products continuously to localize, diversify, differentiate and mass produce our products to ensure that we have an edge in terms of products and profit.
- (c) The Company closely works with the existing ODM customers in upstream design, mass production and logistic support to enter the smart car market.
- (d) We leverage our global logistics model for complete material planning, value chain building, and logistic support.

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) 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) Maintaining good supply chain relationship with overseas manufacturers of key components and striving for cultivating talents capable of integrating software and hardware in operating platforms and communication components.
- (b) Diversifying the supply sources of key components: We seek more R&D and design suppliers to ensure sufficient supply and competitive pricing. We also build good relationship with domestic manufacturers producing or planning to produce key components to maximize our options.
- (c) Achieve the advantage of support by quantity: Thanks to the product series with high sales and the orders from large OEM/ODM customers, our procurement cost can be reduced substantially.

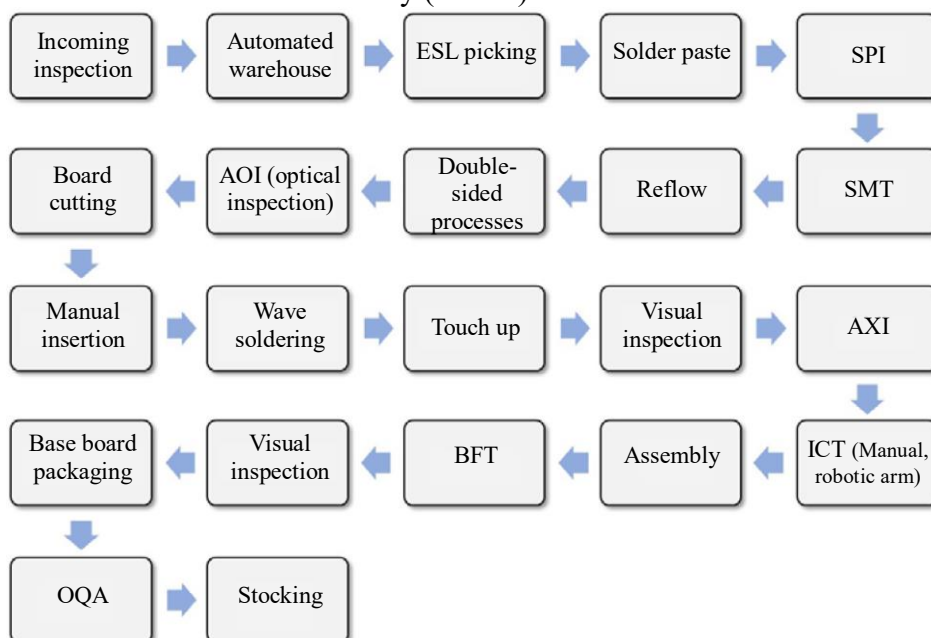
(II) Important applications and production process for main products

1. The functions of major products

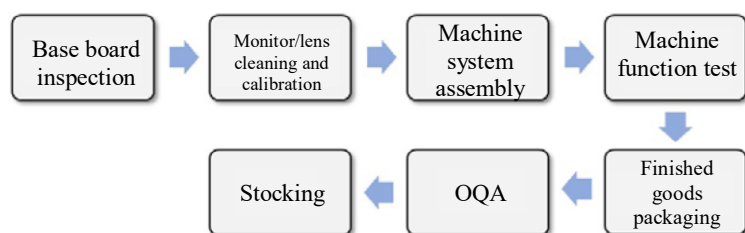
Product categories	Major usage and functions
Servers	Commercial and connected data computing tools
Storage	Commercial and connected data storage tools
Industrial PC	PC and peripherals for IoT applications.
Automotive electronics and AIoT products	Consumer electronics (outdoor, physical fitness, driver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

2. Production process

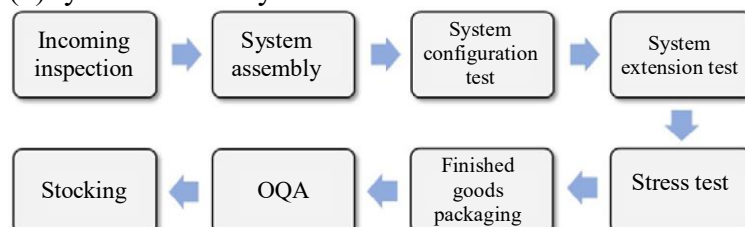
(1) Printed Circuit Board Assembly (PCBA)



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



(3) System Assembly



(III) Supply of key materials

1. Component name: CPU/ CHIPSET、HDD、 DRAM、 PCB、 IC、 PSU etc.

2. 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 names of suppliers that accounted for more than 10% of the total purchase in any of the last two years, the amount and proportion of the purchase, and the reason for the changes:

Unit: In thousands of New Taiwan Dollars

Item	2020				2021			
	Name	Amount	Ratio to net annual purchase (%)	Relationship with the issuer	Name	Amount	Ratio to net annual purchase (%)	Relationship with the issuer
1	Supplier B	5,020,208	13	None	Supplier B	3,424,604	8	None
2	Others	32,861,823	87		Others	37,143,170	92	
	Net purchase	37,882,031	100		Net purchase	40,567,774	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:

Unit: In thousands of New Taiwan Dollars

Item	2020				2021			
	Name	Amount	Ratio to net annual sales (%)	Relationship with the issuer	Name	Amount	Ratio to net annual sales (%)	Relationship with the issuer
1	Customer B	11,717,045	28	None	Customer B	9,611,340	23	None
2	Customer C	4,656,177	11	None	Customer C	3,497,230	8	None
3	Customer A	4,618,786	11	None	Customer A	9,319,019	22	None
4	Customer D	4,347,822	11	None	Customer D	4,988,583	12	None
5	Others	15,805,926	39		Others	14,769,599	35	
	Net sales	41,145,756	100		Net sales	42,185,771	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

Production volume & value Main items	Year	2020			2021		
		Capacity	Volume	Value	Capacity	Volume	Value
Computer & communication products		55,449,372	40,718,672	37,882,031	55,272,782	44,111,705	40,567,774

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

In thousands of New Taiwan Dollars/ unit

Sales volume & value Main items	Year	2020				2021			
		Domestic sales		Export		Domestic sales		Export	
		Capacity	Value	Capacity	Value	Capacity	Value	Capacity	Value
Computer & communication products		429,148	1,157,516	40,178,189	39,988,240	386,529	1,097,932	43,280,330	41,087,839

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

Year		2020	2021	As of March 31, 2022
Number of employees	Direct Labor	3,436	3,458	3,797
	Indirect Labor	3,809	3,668	3,707
	Total	7,245	7,126	7,504
Average age		34.21	34.91	34.07
Average years of service		6.10	6.72	6.85
Education background distribution (%)	Ph.D.	0.14	0.20	0.15
	Master's degree	10.66	10.19	9.77
	College	42.14	52.87	51.34
	Senior High School	33.11	26.77	27.74
	Schools at the Senior Secondary Level and Below	13.95	9.97	11.00

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 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 ensuring the compliance with local regulations, which causes expenses, energy saving programs are conducted for GHG (greenhouse gas) issues in several regions, e.g. Utilizing renewable energy such as solar power, recycling wastes, and saving electricity by means of lighting management, summer air-conditioning management, replacement with water chiller units, etc., to reduce 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, environmental monitoring systems will be introduced to our business bases to monitor electricity and water consumption and a large amount of smart meters will also be mounted. We will continue our investment in equipment and systems necessary for carbon reduction, properly control the energy consumption of buildings and processes, and pursue better 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\$ 17,051,308, 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\$ 3,724,605. 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\$ 2,767,952, 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 regularly organizes cross-hierarchical meetings, management meetings and labor-management meetings to build a sound two-way communication mechanism. 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 communication, as MiTAC, a multinational conglomerate, has offices in many parts of the world, to facilitate the organization of cross-enterprise or cross-office meetings and reduce the time spent on and the risk when traveling back and forth between the offices, MiTAC has spent nearly NT\$10 million to install video-conferencing equipment in 11 offices located in Taiwan, China, USA, Japan, Australia, etc.. This advanced equipment features high image and sound quality, minimizes the barriers of remote communication and enhances efficiency. Meanwhile, MiTAC's employees are able to learn the Company's business performance and latest product information through the official website, monthly publications, and the general assembly for employees. 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- and long-term rewards: Short-term and long-term rewards including performance bonuses, project bonus, employee stock options and treasury stocks are provided based on the Company's and teams' operating performance and the employees' individual performance.

(II) Welfare and training

1. Welfare

MiTAC views employees as critical capital to the organization. All employees are entitled to labor insurance, national health insurance, group insurance, and travel insurance. Together, 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. An advance subsidy totaling nearly NT\$3 million was issued in 2021.

To ensure the physical and psychological health of the employees, the Group works in cooperation with external professional consulting teams to initiate the “Employee Aid Program”. This is a program participated by psychological counselors, lawyers, nutritionists, and wealth management experts to provide the employees and their families with professional counseling assistance in their daily lives, including counseling services for pressure at workplace, interpersonal relation, family and marriage, gender relations, legal issues, wealth management and medical care. This arrangement could help the employees maintain a healthy work-life balance.

Moreover, the well-organized Employee Welfare Committee also provides a variety of benefits for the employees. Each department nominates a representative to become a member of the committee. The committee holds regular meetings and organizes a diversity of benefits and events for the employees. It has also established different social clubs and built a free gymnasium, aerobic dance room, and massage room. Professional massage therapists are engaged to provide massage services to the employees. Subsidies will also be granted for the employees in different occasions such as marriage, funerals, and other festivities to express the concern of the Company. In addition to travel subsidies and the lucky draws at year-end parties, bonuses will be given in Spring Festival, Dragon Boat Festival and Mid-Autumn Festival as rewards to the employees for their effort. In 2021, for example, the committee released a total of nearly NT\$20 million of subsidies.

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 2021, for example, the Company organized 480 courses that reached 96 thousand enrollments, with a total of 245,000 training hours.

(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

The Group has always taken care of the employees and maintained sound labor-management relationship by sharing gains and communicating with the employees. Management meetings and labor-management meetings are held on a regular basis to inform the employees of the Company's operating performance, and they may be invited to discuss labor conditions and benefits. In the future, we will adhere to humane management and create diverse communication channels to not only maintain but also improve the existing sound labor-management relationship.

(V) Work environment and employees' safety

To reinforce the protection measures in the workplace and for the personal safety of employees in order to protect them from injury or death due to occupational accidents and prevent protests arising therefrom, MiTAC has been certified for ISO 14001 - Environmental Management System and ISO 45001 Occupational Health and Safety Management System and has adopted the RBA Code of Conduct. These certifications are regularly validated by third-party institutions. The Company actively implements the systems 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) Losses arising as a result of employment disputes in the most recent year up to the publication date of this annual report (including any violations of the Labor Standards Act found in labor inspection; the disciplinary date, the number of the disciplinary letter, articles violated, provisions violated and disciplinary actions shall be specified), the estimated amount of losses that may incur currently or in the future and responsive actions taken, and the reasons in cases where the losses cannot be reasonably estimated:

MiTAC did not suffer any losses due to employment disputes in the most recent year up to the publication date of this annual report. The Group currently maintains diverse, open and transparent communication channels between managers and employees and between the employees to avoid any losses due to employment disputes in the future.

VI. Cyber security management

(I) Information security promotion organization

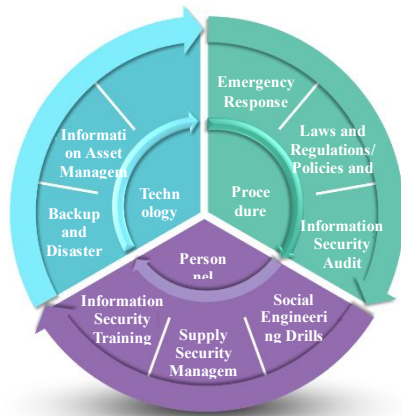
In 2019, the Company established an information security promotion committee and formed a department dedicated to cyber security. An information security manager and two information security professionals were appointed to be responsible for promoting, coordinating, overseeing and reviewing matters in relation to cyber security management. The President serves as the convener of the Information Security Promotion Committee and the Vice President of the Digital Development Center of MiTAC International Corp. acts as the vice-convener.

The Cyber Security Department reports on the implementation of cyber security measures to the management or the Audit Committee on a regular basis to ensure the availability and effectiveness of the operation. Internal information security audits are conducted at regular intervals, including those focusing on information services, basic information architecture, the development of application systems, production environments, cloud services, IoT applications, etc. Improvement measures are developed based on the findings of the audits and subsequently followed up periodically.

(II) Cyber security policy

To respond to the rapidly changing technological environment and the Company's diversified business development, protect our and customers' business information, and ensure thorough information security governance, the Company adopted the ISO27001:2013 international information security management system in 2019 and acquired the certification at the end of the year for the purpose of protecting the information assets of the customers, the Company or individuals against internal or external deliberate or accidental damage and fulfilling the responsibility to secure and manage the data handled, stored or transmitted. The certificate took effect on January 14, 2020, and will remain valid until January 14, 2023. In December 2021, the Company passed an audit of a third-party validation company, indicating that the information security management system has been effective.

We have developed information security policies and regulations and overseen the availability and effectiveness of the implementation of information security objectives. Our cyber security procedures cover our core businesses and their significance, information asset inventory and risk assessment, application system development and maintenance security, cyber security protection and control measures, management measures for outsourced information and communication systems or services, cyber security incident reporting and response, and continual improvement and performance management mechanisms for cyber security. The relevant information security policies, management procedures and guidelines are reviewed and revised on a yearly basis. As we uphold the philosophy of realizing information security and sustainable management for all of our businesses, we are dedicated to ensuring the management for personnel, management procedures and information technologies and making all departments to comprehend the information security policies and follow the relevant control procedures to improve the confidentiality, integrity and availability of all the operations of each information service system.



(III) Cyber security awareness raising and training

All new employees must undergo obligatory information security awareness training with themes covering new forms of threats and attacks, cyber security concept and protection, the Company's information security policies and regulations, recognition of phishing emails, emergency response and reporting, and rules regarding rewards and punishments. All personnel using the information systems must participate in information security courses every year. Managers and personnel responsible for information security shall take part in professional information security training annually. Several phishing email drills (social engineering drills) are conducted per year to test the employees for their vigilance against information security threats.

(IV) Information and communication system inventory and risk assessment

The Company inventories the information assets, checks the information and communication systems, and updates the information asset list to assess the value of the assets on an annual basis. In addition to the annual risk assessment, we identify and review regularly the potential information risks to our core businesses and information assets that should be protected, analyze the impact in case of loss of the confidentiality, integrity and availability and perform corresponding control measures with respect to cyber security management and technology. The probability and possible impact of business interruptions are also assessed to set the clear recovery time objective (RTO) and recovery point objective for the core businesses with complete backup mechanisms and plans in place.

(V) Cyber security protection and control measures

With the aim of constantly reinforcing the cyber security protection and management mechanism, the Company not only abides by the control requirements under the ISO27001:2013 standard, but also uses the "Cyber Security Management Act", "Cyber Security Control Guidelines for TWSE/GTSM Listed Companies", NIST SP 800-53 and other domestic or foreign regulations or standards as reference for analyzing the needs for information security protection based on the Cyber Defense Matrix and revising our 3-year cyber security plan every six months to optimize the cyber security budgets, control procedures, and protection measures.



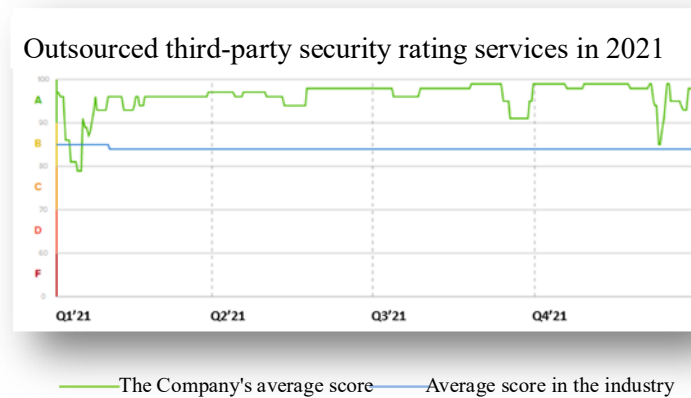
For the repair and prevention of system vulnerabilities, all systems and equipment shall be tested for information security before going live to ensure that they meet the basic information security protection requirements. Regular vulnerability assessments and irregular penetration tests are conducted to test all the systems for safety. The Company also pays attention to information related to information security at any time. In case of newly discovered safety vulnerabilities, an investigation is opened immediately and repair or improvement measures are developed accordingly. In response to new forms of viruses, malware and other threats such as ransomware and mining software, we have multiple information security protection mechanisms in place (e.g. next-generation firewalls, intrusion prevention systems, web application firewalls, APT protection, MDR, etc.) along with information security procedures in order to take responsive actions timely.

(VI) Cyber security incident response/reporting and information assessment

In line with the Group's business continuity management framework, information security incident response, handling and reporting procedures are established, including the assessment for impacts and damages caused by incidents, internal and external reporting procedures, methods for informing other affected departments, contact persons and methods for reporting of incidents. The Company has participated in the cyber security information sharing organization of the Hsinchu Science Park Bureau and the Taiwan Computer Emergency Response Team & Coordination Center (TWCERT/CC) for receiving cyber security alerts as well as information security threat and vulnerability information in order to take preventive actions, improve information security protection capabilities and reduce the risk of being hacked.

Cyber risk analysis indicators are collected externally through security rating services to facilitate the monitoring and mitigation of information security risks.

Network Security	DNS Security	Vulnerability Repair Interval	Endpoint Security	Malicious Reputation-
Application Security	Exclusive Indicators	Hacker Information	Information Leakage	Social Networking Platform Anylisis



(VII) Losses arising as a result of material cyber security incidents in the most recent year up to the publication date of this annual report, possible impacts thereof and responsive actions therefor, and the reasons in cases where the losses can not be reasonably estimated:

In the most recent year up to the publication date of this annual report, the Group did not suffer business interruptions, data corruption, data leakage or other material cyber security incidents.

VII. Important contracts

Contract nature	Participants	Contract start/end date	Main contents	Restrictions
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 with the consensus of all participants.	The clauses of the production and manufacturing, delivery, payment and warranty of computer products as agreed.	None
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

Six.Financial Position

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

(I) Condensed Balance Sheet (consolidated)

Unit: In thousands of New Taiwan Dollars

Item \ Year		Financial information covering the last 5 years				
		Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
Current assets		20,499,461	19,033,549	23,189,327	21,981,509	27,591,458
Property, Plant and Equipment		6,697,711	7,154,611	7,810,995	7,753,087	7,785,224
Intangible assets		134,987	102,788	89,448	75,904	66,200
Other assets		19,853,104	21,755,203	24,320,612	27,361,235	40,905,920
Total assets		47,185,263	48,046,151	55,410,382	57,171,735	76,348,802
Current liabilities	Before dividend	11,651,825	9,437,584	14,102,831	12,521,697	15,673,947
	After dividend	12,706,471	10,842,736	15,180,114	13,728,254	18,087,061
Non-Current liabilities		784,822	805,240	1,752,805	1,888,543	8,068,490
Total liabilities	Before dividend	12,436,647	10,242,824	15,855,636	14,410,240	23,742,437
	After dividend	13,491,293	11,647,976	16,932,919	15,616,797	26,155,551
Attributable to the shareholder's equity of the parent company		34,748,616	37,803,327	39,489,824	42,712,994	52,558,311
Share capital		8,190,022	9,367,677	10,772,829	12,065,568	12,065,568
Additional paid-in capital		22,537,691	23,370,899	23,400,002	23,582,411	22,590,282
Retained earnings	Before dividend	3,691,113	4,968,926	4,998,381	5,561,608	16,293,899
	After dividend	1,419,568	2,158,622	2,628,359	4,355,051	13,880,785
Other equity		852,239	448,912	671,699	1,743,283	1,848,438
Treasury Stock		(522,449)	(353,087)	(353,087)	(239, 876)	(239,876)
Non-Controlling Interest		0	0	64,922	48,501	48,054
Total equity	Before dividend	34,748,616	37,803,327	39,554,746	42,761,495	52,606,365
	After dividend	33,693,970	36,398,175	38,477,463	41,554,938	50,193,251

Note: The Board of Directors resolved to distribute NT\$2,413,114 of cash dividends from the earnings in 2021.

(II) Condensed Balance Sheet (individual)

Unit: In thousands of New Taiwan Dollars

Year Item		Financial information covering the last 5 years				
		Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
Current assets		2,510,868	640,871	246,615	1,671,206	3,828,155
Property, Plant and Equipment		673	3,980	3,184	2,388	1,592
Intangible assets		0	0	0	0	0
Other assets		33,909,252	37,671,545	40,470,219	44,612,687	54,852,074
Total assets		36,420,793	38,316,396	40,720,018	46,286,281	58,681,821
Current liabilities	Before dividend	1,672,177	513,069	1,230,194	3,573,287	6,123,510
	After dividend	2,726,823	1,918,221	2,307,477	4,779,844	8,536,624
Non-Current liabilities		0	0	0	0	0
Total liabilities	Before dividend	1,672,177	513,069	1,230,194	3,573,287	6,123,510
	After dividend	2,726,823	1,918,221	2,307,477	4,779,844	8,536,624
Share capital		8,190,022	9,367,677	10,772,829	12,065,568	12,065,568
Additional paid-in capital		22,537,691	23,370,899	23,400,002	23,582,411	22,590,282
Retained earnings	Before dividend	3,691,113	4,968,926	4,998,381	5,561,608	16,293,899
	After dividend	1,419,568	2,158,622	2,628,359	4,355,051	13,880,785
Other equity		852,239	448,912	671,699	1,743,281	1,848,438
Treasury Stock		(522,449)	(353,087)	(353,087)	(239,876)	(239,876)
Total equity	Before dividend	34,748,616	37,803,327	39,489,824	42,712,994	52,558,311
	After dividend	33,693,970	36,398,175	38,412,541	41,506,437	50,145,197

Note: The Board of Directors resolved to distribute NT\$2,413,114 of cash dividends from the earnings in 2021.

(III) Condensed Comprehensive Income Statement (consolidated)

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

Item \ Year	Financial information covering the last 5 years				
	2017	2018	2019	2020	2021
Revenue	48,760,514	30,751,819	35,831,960	41,145,756	42,185,771
Gross profit	5,665,177	4,787,868	5,189,724	4,625,061	4,361,894
Operating income (loss)	739,881	333,896	500,960	74,383	41,783
Non-Operating Income and Expenses	2,162,407	3,138,818	2,581,948	2,905,693	18,660,839
Pre-Tax Income (loss)	2,902,288	3,472,714	3,082,908	2,980,076	18,702,622
Continuing department net income - current (Loss)	2,581,014	3,296,249	2,773,789	2,850,785	11,961,481
Loss from the discontinued department	0	0	0	0	0
Net Income - current (Loss)	2,581,014	3,296,249	2,773,789	2,850,785	11,961,481
Other current comprehensive income □ (loss) (net after tax)	(451,342)	(304,397)	244,200	1,085,269	141,529
Total current comprehensive income or loss	2,129,672	2,991,852	3,017,989	3,936,054	12,103,010
Net income attributable to the shareholder's equity of the parent company	2,581,014	3,296,249	2,817,880	2,918,705	11,960,937
Net income attributable to the non-controlling equity	0	0	(44,091)	(67,920)	544
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	2,129,672	2,991,852	3,063,366	4,004,833	12,102,626
Comprehensive profit and loss attributable to the non-controlling equity	0	0	(45,377)	(68,779)	384
EPS (retrospectively adjusted)	2.81	3.11	2.37	2.45	10.01

(IV) Condensed Comprehensive Income Statement (individual)

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

Item \ Year	Financial information covering the last 5 years				
	2017	2018	2019	2020	2021
Revenue	2,636,880	3,301,845	2,861,497	2,968,036	12,077,658
Gross profit	2,636,880	3,301,845	2,861,497	2,968,036	12,077,658
Operating income (loss)	2,602,340	3,270,650	2,827,265	2,934,156	12,031,450
Non-Operating Income and Expenses	28,695	35,068	13,053	(4,888)	1,969
Pre-Tax Income (loss)	2,631,035	3,305,718	2,840,318	2,929,268	12,033,419
Continuing department net income - current (Loss)	2,581,014	3,296,249	2,817,880	2,918,705	11,960,937
Loss from the discontinued department	0	0	0	0	0
Net Income - current (Loss)	2,581,014	3,296,249	2,817,880	2,918,705	11,960,937
Other current comprehensive income (loss) (net after tax)	(451,342)	(304,397)	245,486	1,086,128	141,689
Total current comprehensive income or loss	2,129,672	2,991,852	3,063,366	4,004,833	12,102,626
EPS	2.81	3.11	2.37	2.45	10.01

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

Year	Name of CPA firm	Name of CPA	Auditing opinions
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
2021	PwC Taiwan	Liu, Chien-Yu/ Cheng, Ya-Huei	Unqualified opinion with emphasis-of-matter and other-matter paragraphs

II. Financial analysis covering the most recent 5 years:

(I) Financial analysis (consolidated)

Analysis items \ Year		Financial analysis in the latest five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to asset ratio	26.35	21.31	28.61	25.2	31.09
	Ratio of long-term capital to property, plant and equipment	530.53	539.63	528.83	575.9	779.35
Debt servicing capability (%)	Current ratio	175.93	201.67	164.43	175.54	176.03
	Quick ratio	119.35	127.37	105.95	99.44	95.62
	Interest Coverage ratio	86.80	266.53	56.14	65.11	789.56
Operating efficiency	A/R turnover rate (times)	6.66	6.16	6.01	6.87	7.68
	Average collection days	54.80	59.25	60.73	53.12	47.52
	Inventory turnover rate (times)	5.71	3.50	3.7	3.75	3.19
	Payable turnover ratio (times)	5.93	4.89	5.47	5.82	5.44
	Average days in sales	63.92	104.28	98.64	97.33	114.42
	Property, plant and equipment turnover ratio (times)	7.66	4.43	4.78	5.28	5.42
	Total assets turnover (times)	1.00	0.64	0.69	0.73	0.63
Profitability	Return on assets (%)	5.36	6.94	5.45	5.14	17.93
	Return on equity (%)	7.45	9.08	7.17	6.92	25.08
	Pre-tax income to paid-up capital (%)	35.43	37.07	28.61	24.69	155.00
	Net profit margin (%)	5.29	10.71	7.74	6.92	28.35
	Earnings per share (NT\$)	2.81	3.11	2.37	2.45	10.01
Cash flow	Cash flow ratio (%)	27.34	11.11	1.65	21.32	-
	Cash flow adequacy ratio (%)	87.81	73.06	59.52	47.39	37.14
	Cash reinvestment ratio (%)	2.95	0.02	-	3.17	-
Leverage ratios	Operating leverage ratios	8.80	17.97	14.22	92.18	159.30
	Financial leverage ratios	1.04	1.04	1.12	2.66	2.31
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 the debt to asset ratio was due to an increase in deferred income tax liabilities.						
2. The ratio of long-term capital to property, plant and equipment increased as a result of a rise in deferred income tax liabilities and undistributed earnings.						
3. The increase in the interest coverage ratio mainly resulted from a increase in the income after tax.						
4. The rise in the profitability ratio (%) was brought about by an increase in the income before (after) tax in the current year due to increased profits on investment disposal and an increment in the shares of profits/losses of affiliates and joint ventures under equity method.						
5. The drop in the cash flow ratio resulted from a decrease in the net cash inflow from operating activities and an increase in current liabilities.						
6. The decrease in cash flow adequacy ratio (%) mainly resulted from the decrease in net cash						

inflow from operating activities for the most recent five years.

7. The reduction in the cash reinvestment ratio (%) was due to a decrease in the net cash inflow from operating activities.
8. The increase in the operating leverage ratio arose from a decrease in operating profit.

(II) Financial analysis (parent company only)

Analysis \ Year		Financial analysis in the latest five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to asset ratio	4.59	1.33	3.02	7.71	10.43
	Ratio of long-term capital to property, plant and equipment	5,163,241.60	949,832.33	1,240,256.72	1,788,645.36	3,301,376.55
Debt servicing capability (%)	Current ratio	150.15	124.90	20.04	46.76	62.51
	Quick ratio	150.11	124.72	19.96	46.74	62.49
	Interest Coverage ratio	NA	14,008.27	1,364.2	337.6	1,058.84
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 (times)	NA	NA	NA	NA	NA
Profitability	Return on assets (%)	7.16	8.82	7.13	6.72	22.81
	Return on equity (%)	7.45	9.08	7.29	7.10	25.10
	Earnings before taxation in proportion to paid-in capital (%)	32.12	35.28	26.36	24.27	99.73
	Net profit margin (%)	97.88	99.83	98.47	98.33	99.03
	EPS (\$)	2.81	3.11	2.37	2.45	10.01
Cash flow(%)	Cash flow ratio	40.07	135.25	33.48	5.21	15.33
	Cash flow adequacy ratio	107.64	99.31	42.67	41.19	42.85
	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

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 the debt to asset ratio mainly resulted from the increase in other payables - related party.
2. The ratio of long-term capital to property, plant and equipment increased as a result of a rise in undistributed earnings.
3. The increase in current ratio and quick ratio mainly resulted from the increase in other receivables - related

party.

4. The increment in the interest coverage ratio arose from an increase in operating revenue.
5. The increase in profitability ratios was due to a rise in operating revenue.
6. The rise in the cash flow ratio resulted from an increase in the net cash inflow from operating activities.

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 p. 130 for further information.

IV. Financial report in the most recent year: refer to P 131-P 225 for further information.

- V. The Company's financial statement for the most recent fiscal year, certified by a CPA: See from P. 226 to P. 265.**
- 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. The Company's financial status

Unit: In thousands of New Taiwan Dollars

Item \ Year	Dec. 31, 2020	Dec. 31, 2021	Variation	
			Amount	%
Current assets	21,981,509	27,591,458	5,609,949	26%
Property, Plant and Equipment	7,753,087	7,785,224	32,137	0%
Intangible assets	75,904	66,200	(9,704)	-13%
Other assets	27,361,235	40,905,920	13,544,685	50%
Total assets	57,171,735	76,348,802	19,177,067	34%
Current liabilities	12,521,697	15,673,947	3,152,250	25%
Non-Current liabilities	1,888,543	8,068,490	6,179,947	327%
Total liabilities	14,410,240	23,742,437	9,332,197	65%
Share capital	12,065,568	12,065,568	0	0%
Additional paid-in capital	23,582,411	22,590,282	(992,129)	-4%
Retained earnings	5,561,608	16,293,899	10,732,291	193%
Other equity	1,743,283	1,848,438	105,155	6%
Treasury Stock	(239,876)	(239,876)	0	0%
Attributable to the shareholder's equity of the parent company	42,712,994	52,558,311	9,845,317	23%
Non-Controlling Interest	48,501	48,054	(447)	-1%
Total equity	42,761,495	52,606,365	9,844,870	23%

The main reasons for any material change in the Company's assets, liabilities, or equity during the past two fiscal years:

1. Current assets: Due to an increase in cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, and inventory.
2. Other assets: As a result of an increase in financial assets measured at fair value through other comprehensive income – non-current and a decrease in the investment under the equity method.
3. Total assets: Owing to a rise in current assets and other assets.
4. Current liabilities: Because of an increase in short-term borrowings.
5. Non-current liabilities: Due to a rise in deferred income tax liabilities.
6. Total liabilities: Mainly caused by an increase in short-term borrowings and deferred income tax liabilities.
7. Retained earnings and total equity: As a result of an increase in the current net income.

II. The Company's financial performance

Unit: In thousands of New Taiwan Dollars

Item \ Year	2020	2021	Variation	
			Amount	%
Revenue	41,145,756	42,185,771	1,040,015	3%
Gross profit	4,625,061	4,361,894	(263,167)	-6%
Operating profit	74,383	41,783	(32,600)	-44%
Non-Operating Income and Expenses	2,905,693	18,660,839	15,755,146	542%
Net profit before tax	2,980,076	18,702,622	15,722,546	528%
Income tax expense	(129,291)	(6,741,141)	(6,611,850)	5114%
Net Income - current	2,850,785	11,961,481	9,110,696	320%
Other current comprehensive income	1,085,269	141,529	(943,740)	-87%
Total current comprehensive	3,936,054	12,103,010	8,166,956	207%

Item \ Year	2020	2021	Variation	
			Amount	%
income or loss				
Net income attributable to the shareholder's equity of the parent company	2,918,705	11,960,937	9,042,232	310%
Comprehensive profit and loss attributable to the shareholder's equity of the parent company	4,004,833	12,102,626	8,097,793	202%
(I) The main reasons for the variations in the most two years:				
1. YOY decrease in operating profit: Due to a change in product portfolios and a decrease in gross profit and gross margin.				
2. YOY increase in non-operating income and expenses and in pre-tax income: Brought about by a rise in profit on disposal of investments and on disposal of non-current assets held for sale.				
3. YOY increase in income tax expenses: Arising from the recognition of deferred income tax liabilities as a result of the adjustment of the dividend policy of the sub-group, Silver Star Developments Ltd., in 2021, which might lead to remittance of earnings back to the Company in following years.				
4. YOY drop in other comprehensive income in the current period: Mainly resulting from a decrease in unrealized gains from financial assets at fair value through other comprehensive income.				
5. YOY increase in total comprehensive income, current net profit attributable to the shareholder's equity of the parent company, and current comprehensive income attributable to the shareholder's equity of the parent company: As a result of an increase in profit on disposal of investments and on disposal of non-current assets held for sale and in income tax expenses as well as a drop in unrealized gains from financial assets at fair value through other comprehensive income.				
(II) Expected sales volume and basis of estimate: No applicable, as the Company does not prepare financial forecasts.				
(III) The possible effect upon the Company's financial operations as well as measures to be taken in response: No material effect.				

III. Cash flow

(I) Analysis of cash flow for the year

Unit: In thousands of New Taiwan Dollars

Opening cash balance	Annual net cash flow from operating activities	Annual net cash flow from investing activities	Annual net cash flow from financing activities	Ending cash balance
5,805,297	(144,683)	574,074	496,631	6,651,448

1. Operating activities: The amount of net cash outflow from operating activities was NT\$144,683 thousand. This was mainly due to the change in net assets and net liabilities related to operating activities.
2. Investing activities: The amount of net cash inflow from investing activities was NT\$574,074 thousand, which arose from the disposal of investments under the equity method and non-current assets held for sale.
3. Financing activities: The amount of net cash inflow from financing activities was NT\$496,631 thousand, which resulted from an increase in bank loans.

(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	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Remedies for cash shortfalls	
				Investment plans	Finance plans
6,651,448	603,295	(3,765,700)	3,489,044	-	-

1. Analysis of cash flow for the year:

(1) Operating activities: Net cash inflow from operating activities is expected in 2022, which is due to operating profits and the change in net assets and net liabilities related to operating activities.

(2) Annual cash outflow: Mainly caused by spending on plant renovation, purchasing equipment and distributing cash dividends.

2. Improvement plans for cash shortfalls: 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) Impact of changes in interest rates and exchange rates, and inflation on the Company's profit, and future response measures:

1. The influence of changes in interest rates and exchange rates, and inflation in 2021 on the profit of the Company:

Unit: In thousands of
New Taiwan Dollars

Item	2021	
	Amount	As a percentage of revenues %
Interest income (expense)	32,256	0.08
Exchange gains (losses) (including gains/losses on valuation of financial instruments)	32,132	0.08

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 the dramatic 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. As most of the material supply chains are affected more or less by prolonged delivery, it has become apparent that the Company must devote greater attention to creating demand, exploring ways to reduce risks, managing uncertainties involving prolonged delivery and shortage of labor, easing inventory control, and adjusting cost control for non-production materials. Meanwhile, distributors may carry additional inventory as a response to mitigate the impact on the Company's profit due to supply disruptions or volatile costs.
- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to others, endorsements, guarantees, and derivative 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. Funds were loaned to others in accordance with the "Procedures for Loaning Funds to Others". At the end of 2021 and as of March 31, 2022, the balance of the Company and its subsidiaries' loans to others was NT\$18,991,851 thousand and NT\$16,906,447 thousand, respectively.
 3. Endorsement/guarantees in favor of third parties were undertaken in accordance with the "Procedure for Undertaking Endorsements/Guarantees". At the end of 2021 and as of March 31, 2022, the balance of the Company and its subsidiaries' endorsements/guarantees amounted to NT\$787,035 thousand and NT\$813,905 thousand, respectively.
 4. Derivatives transactions are conducted in accordance with "Procedures for Derivatives Trading"
- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development:
1. This year (2022), the Company plans to appropriate NT\$2.4 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
- 5G radio access network (RAN) servers and edge computing servers
- Development of the new generation of Intel core Embedded Motherboard
- R&D of embedded industrial use main board for terminal application
- Development of industrial panel PCs of different sizes
- Development of Panel Mount/Open Frame Panel PC in different 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 2.5” motherboards with wide temperature and wide voltage ranges.
- 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.

(IV) Financial impacts and response measures in the event of changes in important domestic and foreign policies and regulations:

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. and it has successfully transferred part of the production capacity in mainland China to the Hsinchu factory. In 2021, it will continue to invest in the Hsinchu production line to increase production capacity to meet the needs of customers for shipments from Taiwan.

(V) Financial impacts and response measures in the event of changes in technology(including cyber security risks)and the industry:

- 1.To adapt to climate change, countries around the world will gradually announce their net-zero carbon routes and the global supply chains will ask suppliers to set their carbon reduction goals according to the carbon reduction pathways of brands. MiTAC will accordingly engage in renewable energy investment and the replacement of energy-consuming equipment in order to comply with the laws and meet customers’

requirements. For the purpose of saving energy and reducing carbon emissions year by year, the finance department will draw up and review a budget for carbon reduction during annual budget planning and dedicated units will introduce and incorporate new energy saving technologies into the operations or equipment through digital transformation projects.

- 2.The COVID-19 pandemic and the development of the US-China trade deal are expected to have effects on global development plans and investment strategies. 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.To ensure that the business impact from unforeseeable significant incidents on information services can be minimized and the operation can be recovered in the minimum amount of time by taking correct responsive actions, we have an information service continuity plan in place and conduct drills and reviews every year to stay resilient and secure the Company's continuous operations. In 2021, 6 drills were completed. The drills focused on the recovery of core network and application systems, backup switching, off-site recovery, delegation of responsibilities, response procedures, resource allocation, and result review. The RTO and RPO set were achieved in the drills.
- 5.Considering the endless emergence of domestic and foreign ransomware attacks that can easily cause serious impacts on the operation and production, the Company carried out a cross-functional emergency drill for response to the ransomware attacks in 2021 to make sure that the Group could effectively handle disasters and reduce losses with its response structure and capability in case of emergency. The drill was performed to improve the personnel's crisis management and response skills.



- (VI) Impacts on crisis management and response measures in the event of changes in the corporate image: None.
- (VII) Expected benefits and possible risks associated with mergers and acquisitions, and responsive measures: None.
- (VIII) Expected benefits and possible risks with regard to any plant expansion, and response measures: None.
- (IX) Risks associated with any consolidation of purchasing or sales operations, and response measures:
 Purchasing: The main raw material procurement policy is based on the principle of having two suppliers or more and decentralizing procurement. We maintain safety

stock and instantly update changes in demand with major suppliers to ensure a long-term and close collaboration relationship and to secure the source 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.

(X) Effect upon and risk to the Company in the event that a major quantity of shares belonging to a director or a shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and response measures: The Company is constantly aware of the identity of the controlling shareholders, and the name of the ultimate controller of the major shareholders. The shareholdings of the directors and major shareholders with more than 10% ownership interest are reported regularly in accordance with the Securities and Exchange Act.

(XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and response measures: None.

(XII) 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."

(XIII) Other major risks and response measures:

1. Profit-oriented strategy for suppliers: Integration continues to be conducted in the IT industry and the strategic alliance mode is further 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.

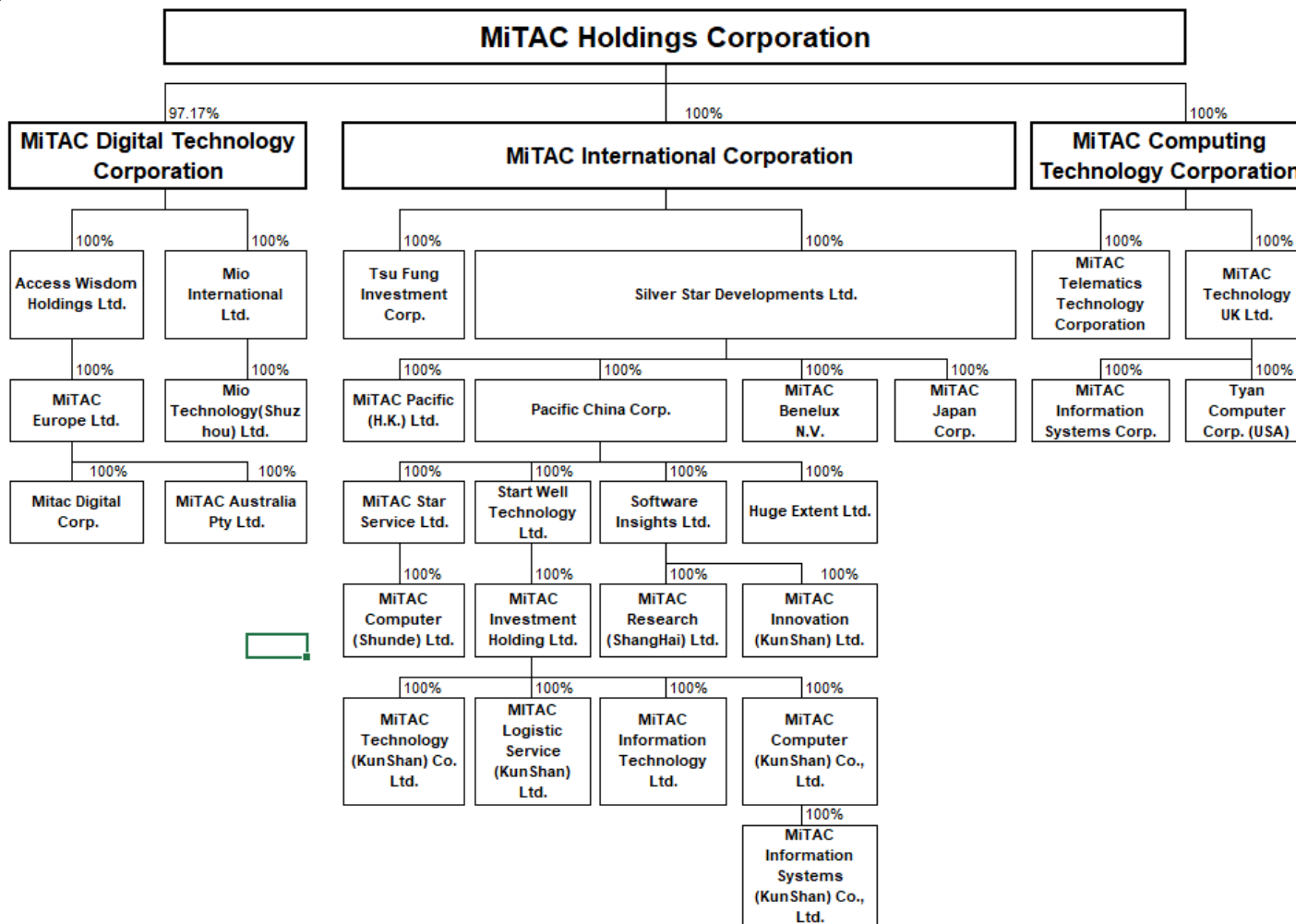
VII. Other important matters: None.

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: 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.	NTD23,930,206	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
MiTAC Computing Technology Corp.	Jul. 25, 2014	3F, No.1, Yan-Fa 2nd Rd., Hsin-Chu Science Park, Hsinchu County, 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., Chungshan 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	Sale of communication equipment, computer peripherals and software/hardware and provision of after-sale maintenance and repair services
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	General investment
MiTAC Research (ShangHai) Ltd.	Nov. 23, 2004	No. 213, Jiangchang San Road, Jin-an District, Shanghai	CNY36,539	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
MiTAC Australia Pty Ltd.	Mar. 06, 2007	Unit 5,43-51 College Street, Gladesville NSW 2111 Australia	AUD6,022	Sale of automotive electronics and AIoT products
MiTAC Europe Ltd.	May 10, 2001	The Pinnacle 3rd Floor, Station Way, Crawley, West Sussex, United	EUR18,830	Sale of automotive electronics and AIoT products

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
		Kingdom, RH10 1JH		
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.1, Hengchunxiang Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY1,878	Sale of automotive electronics and AIoT products
MiTAC Logistic Service (KunShan) Ltd.	Mar. 17, 2008	No.269, No.2 Avenue2nd Road, 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	39889 Eureka Drive Newark, CA 94560, USA	USD45,000	Sale of automotive electronics and AIoT products and software
Mitac Information Technology Ltd.	Nov. 19, 2009	No.1, Hengchunxiang Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	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 integration services, and ERP services
MiTAC Information Systems Corp.	Jul. 08, 2010	39889 Eureka Drive Newark, CA 94560, USA	USD25,000	Assembly and sale of computer peripherals, software/hardware and related products
MiTAC Innovation (KunShan) Ltd.	Jan. 21, 2011	No.1, Hengchunxiang Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY6,571	Research/development and technical consultation services
MiTAC Telematics Technology Corporation	Jul. 24, 2014	Suite 201-2, No. 213, 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	The Pinnacle 3rd Floor, Station Way, Crawley, United Kingdom, RH10 1JH	USD55,146	General investment
MiTAC Information Systems (KunShan) Co., Ltd.	Sep. 17, 2015	No.1, Hengchunxiang Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY240,000	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
MiTAC Investment Holding Ltd.	Nov. 06, 2015	No.1, Hengchunxiang Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY469,292	General investment
MiTAC Digital Technology Corporation	Sep. 01,2017	4F, No.1, Yen-Fa 2nd Rd., Hsinchu Science Park, Paoshan Township, Hsinchu County, Taiwan, R.O.C.	NTD1,061,000	Development, design, manufacturing and sale of automotive electronics and AIoT products and software
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

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
MiTAC International Corp.	Dec. 08, 1982	No. 1, R&D Road 2, Hsinchu Science Park, Hsinchu, Taiwan, R.O.C.	NTD23,930,206	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
MiTAC Computing Technology Corp.	Jul. 25, 2014	3F., No. 1, R&D Road 2, Hsinchu Science Park, Hsinchu, 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., Chungshan 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	Sale of communication equipment, computer peripherals and software/hardware and provision of after-sale maintenance and repair services
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	11/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, 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 P.R.C.	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, 2nd Avenue, District A, Comprehensive Free Trade Zone, 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, 2nd Avenue , Comprehensive Free Trade Zone, 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	General investment
MiTAC Research (ShangHai) Ltd.	Nov. 23, 2004	No.213, Jiang Chang San Road, Jingan District, Shanghai, P.R.C.	CNY36,539	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
MiTAC Australia Pty Ltd.	Mar. 06, 2007	Unit 5,43-51 College Street, Gladesville NSW 2111 Australia	AUD6,022	Sale of automotive electronics and AIoT products
MiTAC Europe Ltd.	May 10, 2001	The Pinnacle 3rd Floor, Station Way, Crawley, West Sussex, United Kingdom, RH10 1JH	EUR18,830	Sale of automotive electronics and AIoT products
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

Enterprise name	Date of incorporation	Address	Paid-in capital (Note 1)	Principal business or running items
Mio Technology (Shuzhou) Ltd.	Dec. 04, 2003	No. 1, Hengchun Lane Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY1,878	Sale of automotive electronics and AIoT products
MiTAC Logistic Service (KunShan) Ltd.	Mar. 17, 2008	No. 269, 2nd Avenue, District A, Comprehensive Free Trade Zone, Kunshan, Jiangsu, P.R.C.	CNY6,821	Shipping agent, import/export, and warehouse service.
MiTAC Digital Corp.	Nov. 21, 2008	39889 Eureka Drive, Newark, CA 94560, USA	USD45,000	Sale of automotive electronics and AIoT products and software
Mitac Information Technology Ltd.	Nov. 19, 2009	No. 1, Hengchun Lane Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	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 integration services, and ERP services
MiTAC Information Systems Corp.	Jul. 08, 2010	39889 Eureka Drive, Newark, CA 94560, USA	USD25,000	Assembly and sale of computer peripherals, software/hardware and related products
MiTAC Innovation (KunShan) Ltd.	Jan. 21, 2011	No. 1, Hengchun Lane Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY6,571	Research/development and technical consultation services
MiTAC Telematics Technology Corporation	Jul. 24, 2014	Room 201-2, No.211, Jiang Chang San Road, Jingan District, Shanghai, P.R.C.	CNY2,000	Sale of proprietary products and provision of after-sale services
MiTAC Technology UK Ltd.	Aug. 01, 2014	The Pinnacle 3rd Floor, Station Way, Crawley, United Kingdom, RH10 1JH	USD55,146	General investment
MiTAC Information Systems (KunShan) Co., Ltd.	Sep. 17, 2015	No. 1, Hengchun Lane Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY240,000	Production of products relating to communication, computers, peripherals, software and hardware; sale of proprietary products.
MiTAC Investment Holding Ltd.	Nov. 06, 2015	No. 1, Hengchun Lane Road, Yushan Town, Kunshan City, Jiangsu, P.R.C	CNY469,292	General investment
MiTAC Digital Technology Corporation	Sep. 01, 2017	4F., No. 1, R&D Road 2, Hsinchu Science Park, Hsinchu 30076, Taiwan, R.O.C.	NTD1,061,000	Development, design, manufacturing and sale of automotive electronics and AIoT products and software
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 127)

3.Information on the same shareholder deemed as controlling or in a parent-subsiary 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 sale of computer products and automotive electronics	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 Corp.	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	Manufacturing and sale of products, and provision of after-sale services
Investment 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
	Mio International 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 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
	MiTAC Telematics Technology Corporation	Sale of proprietary products and provision of after-sale services
Trading and	MiTAC Information	Assembly and sale of products, and provision of after-sale services

assembly	Systems Corp.	
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	2,393,020,550	100%
	Director/President	MiTAC Holdings Corporation/Rep: Ho, Jhi-Wu	2,393,020,550	100%
	Director	MiTAC Holdings Corporation/Rep: Michael Lin	2,393,020,550	100%
	Director	MiTAC Holdings Corporation/Rep: Steve Chang	2,393,020,550	100%
MiTAC Computing Technology Corp.	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 InvestmentCorporation/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: 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 magager	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 Investment Holding Ltd./Rep: Steve Chang	N/A	100%
	Vice chairman	MiTAC Investment Holding Ltd./Rep: J.J.Huang	N/A	100%
	Director	MiTAC Investment Holding Ltd./Rep: Lin Wen-Feng	N/A	100%
	Director/President	MiTAC Investment Holding Ltd./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%
	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 Investment Holding Ltd./Rep: J.J.Huang	N/A	100%
	Director/President	MiTAC Investment Holding Ltd./Rep: Chen, Chi-Ming	N/A	100%
	Director	MiTAC Investment Holding Ltd./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%

Enterprise name	Title	Name or representative	Shareholding	
			Shares held	Shareholding percentage
MiTAC Australia Pty Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Wendy Hammond	0	0%
MiTAC Europe Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
	Director	Yang Hsiang-Yun	0	0%
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 Investment Holding Ltd./Rep: Steve Chang	N/A	100%
	Director/President	MiTAC Investment Holding Ltd./Rep: Wu, Shun-Huang	N/A	100%
	Director	MiTAC Investment Holding Ltd./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 Investment Holding Ltd./Rep: Steve Chang	N/A	100%
	Director/President	MiTAC Investment Holding Ltd./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 Lin	55,146,138	100%
	Director	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	Start Well Technology Ltd./Rep.: Ho, Jhi-Wu	N/A	100%
	Director	Start Well Technology Ltd./Rep: Steve Chang	N/A	100%
	Director/President	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 (dollar)(after tax)
MiTAC International Corp.	23,930,205	55,489,233	6,327,965	49,161,268	195,820	(205,441)	11,836,512	4.95
Tsu Fung Investment Corporation	1,428,847	3,909,050	3,942	3,905,108	128,334	125,616	125,479	0.88
Silver Star Developments Ltd.- Consolidated	4,879,965	39,350,802	4,681,334	34,669,468	14,345,968	(46,499)	15,801,756	89.63
MiTAC Japan Corp.	12,025	155,654	103,988	51,666	325,825	14,399	12,143	12,143.00
MiTAC Benelux N.V.	50,682	99,462	64,463	34,999	6	0	(3,976)	(60.93)
MiTAC Pacific (H.K.) Ltd.	277	5,914	2,631	3,283	0	(403)	0	0.00
Pacific China Corp.	2,488,698	2,581,024	0	2,581,024	0	0	0	0.00
MiTAC Computer (Shunde) Ltd.	1,810,169	5,346,532	1,651,136	3,695,396	8,876,793	13,617	852,196	NA
Start Well Technology Ltd.	827,632	2,657,235	847,026	1,810,209	0	0	0	0.00
MiTAC Computer (KunShan) Co., Ltd.	2,217,633	4,545,694	1,738,258	2,807,436	4,839,260	(11,318)	(14,350)	NA
Software Insights Ltd.	143,939	121,416	0	121,416	0	0	0	0.00
MiTAC Star Service Ltd.	1,234,549	1,250,368	0	1,250,368	0	0	0	0.00
MiTAC Technology (KunShan)Co., Ltd.	35,955	120,518	113,235	7,283	254,449	(17,034)	(20,035)	NA
Mio International Ltd.	35,292	50,135	0	50,135	0	0	2	0.00
MiTAC Research (ShangHai) Ltd.	158,725	510,638	53,264	457,374	190,675	8,005	14,321	NA
Huge Extent Ltd.	221,440	221,440	0	221,440	0	0	0	0.00
MiTAC Australia Pty Ltd.	120,929	192,683	182,017	10,666	250,983	(11,384)	(11,380)	(1.89)
MiTAC Europe Ltd.	589,756	141,701	29,534	112,167	86,428	5,662	4,661	0.27
Tyan Computer Corporation-USA	109,345	866,092	345,900	520,192	566,651	(45,740)	(17,171)	(17,171.00)
Mio Technology (Shuzhou) Ltd.	8,157	59,316	24,547	34,769	83,239	575	1,312	NA
MiTAC Logistic Service (KunShan) Ltd.	29,629	150,693	111,373	39,320	284,646	(296)	153	NA
MiTAC Digital Corporation	1,245,600	209,432	40,691	168,741	207,981	82,034	86,006	1.91
Mitac Information Technology Ltd.	8,899	25,432	5,945	19,487	11,122	(98)	255	NA
MiTAC Information Systems Corp.	692,000	6,824,443	5,536,923	1,287,520	19,839,911	259,084	282,469	94,156.33
MiTAC Innovation (KunShan) Ltd.	28,543	96,851	17,646	79,205	62,169	2,875	4,034	NA
MiTAC Computing Technology Corp.	2,327,571	17,663,289	13,856,499	3,806,790	23,336,655	11,267	223,935	0.96
MiTAC Telematics Technology Corporation	8,688	20,389	3,372	17,017	114,636	225	332	NA
MiTAC Technology UK Ltd.	1,526,445	1,814,061	61,411	1,752,650	0	(8)	265,290	4.81
MiTAC Information Systems (KunShan) Co., Ltd.	1,042,560	2,007,879	1,021,022	986,857	6,033	(50,970)	(49,145)	NA
MiTAC Investment Holding Ltd.	2,038,605	3,061,833	11,238	3,050,595	55,887	(13,068)	(31,829)	NA
MiTAC Digital Technology Corporation	1,061,000	5,010,917	3,336,057	1,674,860	4,540,059	(88,902)	19,234	0.18
Access Wisdom Holdings Ltd.	1,342,480	207,307	30,498	176,809	0	0	79,288	1.63

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 2021

	Year-end	Average
USD:	27.680	28.009
EUR:	31.320	33.156
JPY:	0.241	0.255
RMB:	4.344	4.341
AUD:	20.080	21.054

(II) Consolidated financial statements of affiliates

MiTAC Holdings Corporation

Declaration of Consolidated Financial Statements of Affiliates

The companies that shall be included in the consolidated financial statements of affiliates in 2021 (from January 1, 2021 to December 31, 2021) under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical with the companies to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to IFRS 10. Furthermore, information for disclosure in the consolidated financial statements of the affiliates has also been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries, and thereby it is not necessary to compile the consolidated financial statements of the affiliates.

Hereby declared

Company name: MiTAC Holdings Corporation

Chairman : Miao, Matthew Feng Chiang

February 25, 2022

(III) Affiliation report: None.

II. Private placement of securities in the most recent year up to the publication date of this annual report: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: In thousands of New Taiwan Dollars; 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%	2021 and as of the publication date of this annual report in 2022	-	2,127,954 shares \$70,703	-	-	None	-	-
Tsu Fung Investment Corporation	\$1,428,847	Own funds and borrowings	100%	2021 and as of the publication date of this annual report in 2022	-	-	-	9,250,594 shares \$162,874	None	-	-

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

The 2021 financial statements (January 1, 2021 to December 31, 2021) of MiTAC Holdings Corp. prepared by the Board of Directors have been audited by CPA Liu, Chien-Yu and CPA Cheng, Ya-Huei of PricewaterhouseCoopers (PwC), Taiwan. The Audit Committee has reviewed and considered the financial statements along with the 2021 business report and earning distribution plan compliant with the Company Act and related laws and regulations. We, therefore, prepare this report for your reference in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2022 Annual General Meeting, Mitac Holdings Corporation

MiTAC Holdings Corporation

Convener of Audit Committee: Lu, Shyude-Ching

February 25, 2022

INDEPENDENT AUDITORS' REPORT

PWCR21000456

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 “Group”) as at December 31, 2021 and 2020, 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 reports of other 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 Group as at December 31, 2021 and 2020, 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 audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 6(7) to the consolidated financial statements, which describes that during 2021, the Group's ownership in the associate, TD Synnex Corp., was decreased and the Group lost significant influence over it. As a result, the Group recognised gains on disposal of investments amounting to NT\$12,793,377 thousand. Our opinion is not modified in respect of this matter.

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 2021 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 Group's 2021 consolidated financial statements are stated as follows:

Sales revenue recognition

Description

For accounting policies on sales revenue recognition, please refer to Note 4(31). Considering that the sales revenue are material to its financial statements, the types of 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

The Group is mainly engaged in manufacturing and selling computers, computer peripherals and communications products. Due to rapid technological innovations and fluctuations in market demands, there is a higher risk of inventory obsolescence. The Group's inventories are measured at the lower of costs and net realisable values. For a description of accounting policies on valuation of inventories, please refer to Note 4(14), and for uncertainty of accounting estimates and assumptions in relation to valuation of inventories, please refer to Note 5(2). Considering that the Group's inventories were material to the consolidated financial statements and with various categories, and the valuation process was subject to management's judgment, it was identified 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 report of the other auditors. Share of profit of associates and joint ventures accounted for using equity method amounted to NT\$1,111,191 thousand and NT\$1,604,767 thousand for the years ended December 31, 2021 and 2020, respectively. Investments accounted for using equity method amounted to NT\$6,848,718 thousand and NT\$12,693,073 thousand as at December 31, 2021 and 2020, 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, 2021 and 2020.

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 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 Group 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 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 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 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 auditors' 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 auditor's report. However, future events or conditions may cause the 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 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, 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Liu, Chien-Yu

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

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, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 6,651,448	9	\$ 5,805,297	10
1110	Financial assets at fair value through profit or loss - current	6(2)	157,269	-	6,107	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	1,686,541	2	1,232,843	2
1136	Financial assets at amortised cost - current	6(4) and 8	661,205	1	8,754	-
1150	Notes receivable - net		2,129	-	31,689	-
1170	Accounts receivable - net	6(5) and 12(2)	5,567,844	7	4,982,050	9
1180	Accounts receivable - related parties - net	6(5), 7 and 12(12)	15,502	-	215,960	-
1200	Other receivables	7	186,417	-	60,168	-
1220	Current income tax assets		41,869	-	2,136	-
130X	Inventories	6(6)	11,866,900	16	9,123,004	16
1410	Prepayments		736,619	1	406,538	1
1460	Non-current assets held for sale - net	6(13)	-	-	90,133	-
1470	Other current assets	6(16)	17,715	-	16,830	-
11XX	Total current assets		27,591,458	36	21,981,509	38
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	24,902,268	33	6,065,749	11
1535	Non-current financial assets at amortised cost, net	6(4) and 8	56,841	-	35,253	-
1550	Investments accounted for using equity method	6(7)	13,804,797	18	19,071,689	33
1600	Property, plant and equipment - net	6(8)	7,785,224	10	7,753,087	14
1755	Right-of-use assets	6(9) and 7	315,534	-	359,874	1
1760	Investment property - net	6(11)	1,246,361	2	1,229,431	2
1780	Intangible assets	6(12)	66,200	-	75,904	-
1840	Deferred income tax assets	6(30)	499,627	1	504,324	1
1900	Other non-current assets		80,492	-	94,915	-
15XX	Total non-current assets		48,757,344	64	35,190,226	62
1XXX	Total assets		\$ 76,348,802	100	\$ 57,171,735	100

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 3,215,724	4	\$ 1,443,851	3
2120	Financial liabilities at fair value through profit or loss - current	6(15)	4,897	-	11,691	-
2130	Contract liabilities - current	6(23)	451,177	1	127,866	-
2170	Accounts payable		7,035,236	9	6,662,560	12
2180	Accounts payable - related parties	7	165,387	-	20,222	-
2200	Other payables	7	3,702,185	5	3,366,781	6
2230	Current income tax liabilities		426,421	1	440,247	1
2250	Provisions - current	6(18)	100,691	-	132,169	-
2280	Lease liabilities - current	7	37,842	-	36,760	-
2300	Other current liabilities	6(16)	534,387	1	279,550	-
21XX	Total current Liabilities		<u>15,673,947</u>	<u>21</u>	<u>12,521,697</u>	<u>22</u>
Non-current liabilities						
2540	Long-term borrowings	6(16)	643,147	1	863,366	2
2550	Provisions - non-current	6(18)	122,732	-	123,905	-
2570	Deferred income tax liabilities	6(30)	6,704,395	9	378,872	1
2580	Lease liabilities - non-current	7	157,180	-	194,448	-
2600	Other non-current liabilities	6(7)(17)	441,036	-	327,952	1
25XX	Total non-current liabilities		<u>8,068,490</u>	<u>10</u>	<u>1,888,543</u>	<u>4</u>
2XXX	Total liabilities		<u>23,742,437</u>	<u>31</u>	<u>14,410,240</u>	<u>26</u>
Share capital		6(19)				
3110	Common shares		12,065,568	16	12,065,568	21
Capital surplus		6(20)				
3200	Capital surplus		22,590,282	30	23,582,411	41
Retained earnings		6(21)				
3310	Legal reserve		1,744,713	2	1,451,388	3
3350	Unappropriated retained earnings		14,549,186	19	4,110,220	7
Other equity interest		6(22)				
3400	Other equity interest		1,848,438	2	1,743,283	3
3500	Treasury stocks	6(19)	(239,876)	-	(239,876)	(1)
31XX	Equity attributable to owners of the parent		<u>52,558,311</u>	<u>69</u>	<u>42,712,994</u>	<u>74</u>
36XX	Non-controlling interests		<u>48,054</u>	<u>-</u>	<u>48,501</u>	<u>-</u>
3XXX	Total equity		<u>52,606,365</u>	<u>69</u>	<u>42,761,495</u>	<u>74</u>
Significant Contingent Liabilities And Unrecognised Contract Commitments		9(1)(2)				
Significant Events After the Balance Sheet Date		11				
3X2X	Total liabilities and equity		<u>\$ 76,348,802</u>	<u>100</u>	<u>\$ 57,171,735</u>	<u>100</u>

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(23) and 7	\$	42,185,771	100	\$ 41,145,756	100
5000 Operating costs	6(6) and 7		(37,823,877)	(90)	(36,520,695)	(89)
5900 Gross profit			4,361,894	10	4,625,061	11
Operating expenses	6(28)(29) and 7					
6100 Selling expenses			(931,457)	(2)	(985,724)	(2)
6200 General and administrative expenses			(1,126,785)	(3)	(1,128,362)	(3)
6300 Research and development expenses			(2,261,869)	(5)	(2,436,592)	(6)
Total operating expenses			(4,320,111)	(10)	(4,550,678)	(11)
6900 Operating profit			41,783	-	74,383	-
Non-operating income and expenses						
7100 Interest income	6(24)		55,973	-	44,482	-
7010 Other income	6(25) and 7		659,026	2	481,886	1
7020 Other gains and losses	6(26)		14,814,801	35	10,416	-
7050 Finance costs	6(27) and 7		(23,717)	-	(46,479)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(7)		3,154,756	7	2,415,388	6
7000 Total non-operating income and expenses			18,660,839	44	2,905,693	7
7900 Profit before income tax			18,702,622	44	2,980,076	7
7950 Income tax expense	6(30)		(6,741,141)	(16)	(129,291)	-
8200 Profit for the year		\$	11,961,481	28	2,850,785	7

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31					
			2021		2020			
			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		\$	2,099	-	\$	1,151	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(22)		403,226	1		1,644,487	4
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(7)(22)		201,742	-		162,399	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			(420)	-		(230)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss			606,647	1		1,807,807	4
Components of other comprehensive income(loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	6(22)		(290,719)	(1)		(763,323)	(1)
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(7)(22)		(174,399)	-		40,785	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss			(465,118)	(1)		(722,538)	(1)
8300	Other comprehensive income for the year		\$	141,529	-	\$	1,085,269	3
8500	Total comprehensive income for the year		\$	12,103,010	28	\$	3,936,054	10
Profit (loss), attributable to:								
8610	Owners of parent		\$	11,960,937	28	\$	2,918,705	7
8620	Non-controlling interests		\$	544	-	\$	(67,920)	-
Comprehensive income(loss) attributable to:								
8710	Owners of parent		\$	12,102,626	28	\$	4,004,833	10
8720	Non-controlling interests		\$	384	-	\$	(68,779)	-
9750	Basic earnings per share	6(31)	\$	10.01		\$	2.45	
9850	Diluted earnings per share	6(31)	\$	9.96		\$	2.42	

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 18,702,622	\$ 2,980,076
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(28)	948,418	908,976
Amortization	6(28)	95,654	89,722
(Reversal of) provision of expected credit loss	12(2)	(3,055)	17,494
(Gain) loss of of financial assets/liabilities at fair value through profit or loss	6(26)	(17,881)	18,855
Interest expense	6(27)	23,717	46,479
Interest income	6(24)	(55,973)	(44,482)
Dividend income	6(25)	(325,929)	(214,428)
Share of profit of associates accounted for using equity method	6(7)	(3,154,756)	(2,415,388)
Gain on disposal of property, plant and equipment	6(26)(13)	(1,944)	(564)
Gain on disposal of non-current assets held for sale	6(26)	(1,045,095)	-
(Gain) loss on disposal of investments	6(26)	(13,782,172)	6,674
Loss on inventory market value decline	6(6)	86,047	137,040
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in Notes receivable		29,394	61,062
(Increase) decrease in Accounts receivable		(436,497)	1,069,041
Decrease in Other receivables		29,689	64,646
Increase in Inventories		(2,932,053)	(1,694,988)
(Increase) decrease in Prepayments		(321,031)	34,425
(Increase) decrease in Other current assets		(1,843)	13,223
Changes in operating liabilities			
Increase (decrease) in Contract liabilities		326,254	(147,102)
Increase in Accounts payable		554,302	854,435
Increase in Other payables		355,829	165,626
(Decrease) increase in Provisions for liabilities		(31,465)	3,523
Increase in Other current liabilities		86,210	9,055
Decrease in Accrued pension liabilities		(10,920)	(14,827)
Increase in other operating liabilities		7	603
Cash (outflow) inflow generated from operations		(882,471)	1,949,176
Receipt of interest		51,542	48,487
Cash dividend received		1,149,718	813,467
Payment of interest		(22,356)	(51,786)
Payment of income tax		(441,116)	(88,573)
Net cash (used in) flows from operating activities		(144,683)	2,670,771

(Continued)

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		\$ (142,511)	\$ (102,528)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	16,211
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		22,112	-
(Increase) decrease in financial assets at amortised cost		(673,857)	490,770
Acquisition of financial assets at fair value through profit or loss profit		(140,000)	(11,148)
Proceeds from disposal of financial assets at fair value through profit or loss loss		-	89,242
Acquisition of investments accounted for using equity method	6(7)	-	(131,207)
Proceeds from disposal of investments accounted for using equity method	6(7)	1,466,118	-
Proceeds from disposal of subsidiaries	6(33)	-	(78,615)
Proceeds from disposal of non-current assets classified as held for sale	6(13)	1,134,495	-
Acquisition of property, plant and equipment	6(8)	(1,005,772)	(780,003)
Proceeds from disposal of property, plant and equipment refundable deposits		13,109	8,959
		(515)	(6,117)
Acquisition of intangible assets	6(12)	(85,968)	(76,994)
Acquisition of investment properties	6(11)	(13,137)	-
other non-current assets		-	(12,961)
Net cash flows from (used in) investing activities		<u>574,074</u>	<u>(594,391)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(34)	1,771,380	(2,349,843)
Proceeds from long-term debt	6(34)	48,658	119,073
Repayments of long-term debt	6(34)	(95,184)	-
Increase (decrease) in guarantee deposits	6(34)	6,858	(671)
Repayments of lease liabilities	6(34)	(39,432)	(51,255)
Cash dividends paid	6(33)	(1,196,009)	(1,070,961)
Proceeds from sale of treasury shares	6(19)	-	196,628
Investments increased by non-controlling interest	6(32)	-	90,150
Capital surplus - dividends unclaimed by the shareholders	6(20)	360	1,100
Net cash flows from (used in) financing activities		<u>496,631</u>	<u>(3,065,779)</u>
Effects of changes in exchange rates		<u>(79,871)</u>	<u>130,130</u>
Net increase (decrease) in cash and cash equivalents		846,151	(859,269)
Cash and cash equivalents at beginning of year	6(1)	5,805,297	6,664,566
Cash and cash equivalents at end of year	6(1)	<u>\$ 6,651,448</u>	<u>\$ 5,805,297</u>

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, 2021 AND 2020
(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 (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 (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 February 25 , 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 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 endorsed by the FSC effective from 2022 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 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.

(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 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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9— comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
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, 2021	December 31, 2020	
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.	Automotive electronics, AIOT and software : design , manufacture and sell communications products	97.17	97.17	
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	

Investor	Subsidiary	Main activities	Ownership (%)		Remarks
			December 31, 2021	December 31, 2020	
MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	Sales of self-produced products and related after-sale services	100	100	
MiTAC Digital Technology Corp.	Access Wisdom Holdings Ltd.	General investments	100	100	
MiTAC Digital Technology Corp.	Mio International Ltd.	General investments	100	100	
Tsu Fung Investment Corp.	MiTAC Digital Technology Corp.	Automotive electronics, AIOT and software :design , manufacture and sell communications products	0.001	0.001	
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.	Sales of automotive electronics, AIOT products	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 Information Systems Corp.	Assembling and sale of computer peripherals , hardware/software and related products	100	100	
MiTAC Europe Ltd.	MiTAC Digital Corp.	Sales of automotive electronics, AIOT products	100	100	
MiTAC Europe Ltd.	MiTAC Australia Pty Ltd.	Sales of automotive electronics, AIOT products	100	100	
Silver Star Developments Ltd.	MiTAC Japan Corp.	Sale of communication products, computer peripherals, hardware/software and related products and related after-sale services	100	100	
Silver Star Developments Ltd.	MiTAC Benelux N.V.	Sale of communication products and related after-sale services	100	100	
Silver Star Developments Ltd.	MiTAC Pacific (H.K.) Ltd.	Export and import trading services.	100	100	
Start Well Technology Ltd.	MiTAC Investment Holding Ltd.	General investments	100	100	
MiTAC Investment Holding Ltd.	MiTAC Computer (Kunshan) Ltd.	Manufacture of ommunication, 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.	Manufacture of ommunication, computers, computer peripherals, hardware/software and related products and sale of own produced products	100	100	
Software Insights Ltd.	MiTAC Research (Shanghai) Ltd.	Research, development of computer software and related technical advisory services	100	100	

Investor	Subsidiary	Main activities	Ownership (%)		Remarks
			December 31, 2021	December 31, 2020	
Software Insights Ltd.	MiTAC Innovation (Kunshan) Ltd.	Research, development of computer software and related technical advisory services	100	100	
Mio International Ltd.	Mio Technology (Suzhou) Ltd.	Sales of automotive electronics, AIOT products	100	100	

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 retranslated 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 10 ~ 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 subsequent 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.

(28) 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.

(29) 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.

(30) 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.

(31) 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.

(32) 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 Group has considered the economic implications of COVID-19 pandemic on critical accounting estimates, reflected the impact caused by the pandemic and will continue evaluating the impact on its financial position and financial performance.

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, 2021, the carrying amount of inventories is described in Note 6 (6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash:		
Cash on hand and revolving funds	\$ 496	\$ 753
Checking accounts and demand deposits	5,267,900	4,145,332
Cash equivalents:		
Time deposits	1,383,052	1,659,212
Total	<u>\$ 6,651,448</u>	<u>\$ 5,805,297</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, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 140,000	\$ -
Derivatives	-	-
Subtotal	140,000	-
Valuation adjustment - Beneficiary certificates	48	-
Valuation adjustment - Derivatives	17,221	6,107
Total	<u>\$ 157,269</u>	<u>\$ 6,107</u>

A. The Group recognised net gain (loss) of \$11,162 and \$(15,747) on financial assets at fair value through profit or loss for the years ended December 31, 2021 and 2020, respectively.

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

Financial Instrument	Item	December 31, 2021			
		Notional Amount (in thousands)		Fair Market Value (in thousands)	
MiTAC Computing Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	70,000		9,064
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	28,000		1,536
MiTAC Digital Technology Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	12,500		1,524
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	2,000		237
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	1,000		396
Forward foreign exchange - Sell	Advance booking AUD to buy USD	AUD	650		212
Forward foreign exchange - Sell	Advance booking EUR to buy NTD	USD	550		27
MiTAC Computer (Kunshan) Ltd.					
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD	12,000	CNY	362
MiTAC Computer (Shunde) Corp.					
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD	13,000	CNY	593
Silver Star Developments Ltd.					
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	2,000	USD	3

		December 31, 2020	
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 NTD	USD 20,500	4,014
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD 13,000	1,376
MiTAC Digital Technology Corp.			
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD 2,500	567
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD 4,000	130
MiTAC Technology (Kunshan) Co., Ltd.			
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD 300 CNY	5

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, 2021	December 31, 2020
Current items:		
Listed stocks	\$ 887,725	\$ 800,614
Valuation adjustment	<u>798,816</u>	<u>432,229</u>
Total	<u>\$ 1,686,541</u>	<u>\$ 1,232,843</u>
Non-current items:		
Listed stocks	\$ 19,991,750	\$ 1,225,051
Unlisted stocks	<u>1,827,484</u>	<u>1,794,303</u>
Subtotal	21,819,234	3,019,354
Valuation adjustment	<u>3,083,034</u>	<u>3,046,395</u>
Total	<u>\$ 24,902,268</u>	<u>\$ 6,065,749</u>

A. The Group recognised \$403,226 and \$1,644,487 in other comprehensive income for fair value change for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the fair value of investments were \$26,588,809 and \$7,298,592, respectively.

C. The Group sold \$16,211 of investments at fair value and resulted in cumulative losses on disposal amounting to \$11,382 during 2020.

D. On September 1, 2021, the Group lost significant influence over TD Synnex Corp., and reclassified it from investments accounted for using equity method to financial assets at fair value through other comprehensive income based on the remeasurement at fair value amounting to \$18,766,699.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Structured deposits	\$ 34,800	\$ -
Pledged deposits	<u>626,405</u>	<u>8,754</u>
	<u>\$ 661,205</u>	<u>\$ 8,754</u>
Non-current items:		
Pledged deposits	<u>\$ 56,841</u>	<u>\$ 35,253</u>

A. As of December 31, 2021 and 2020, 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 were \$718,046 and \$44,007, respectively.

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

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Third parties	\$ 5,646,702	\$ 5,073,532
Less: Allowance for bad debts	<u>(78,858)</u>	<u>(91,482)</u>
	5,567,844	4,982,050
Related parties	<u>15,502</u>	<u>215,960</u>
	<u>\$ 5,583,346</u>	<u>\$ 5,198,010</u>

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

	December 31, 2021	December 31, 2020
Not past due	\$ 5,191,621	\$ 5,011,648
Up to 90 days	460,483	248,007
91 to 180 days	6,566	1,680
Over 181 days	<u>3,534</u>	<u>28,157</u>
	<u>\$ 5,662,204</u>	<u>\$ 5,289,492</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2020, the balance of accounts receivable from contracts with customers amounted to \$6,472,725.

C. As of December 31, 2021 and 2020, 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 were \$5,583,346 and \$5,198,010, respectively.

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

(6) Inventories

	December 31, 2021	December 31, 2020
	Book value	Book value
Raw materials	\$ 9,227,846	\$ 6,699,085
Work in process	1,214,356	643,449
Finished goods	1,424,698	1,780,470
Total	\$ 11,866,900	\$ 9,123,004

Expense and loss incurred on inventories:

	For the year ended December 31	
	2021	2020
Cost of goods sold	\$ 37,737,830	\$ 36,383,655
Loss on decline in market value	86,047	137,040
	\$ 37,823,877	\$ 36,520,695

(7) Investments accounted for using equity method

A.

Investee company	December 31, 2021	December 31, 2020
Getac Holdings Corp. (Note 1)	\$ 5,804,772	\$ 5,249,079
3 Probe Technology Co., Ltd.	13,945	13,962
Lian Jie Investment Co., Ltd.	248,027	168,258
Lian Jie II Investment Co., Ltd.	39,529	42,467
Shen-Tong Construction & Development Co., Ltd.	85,807	86,012
Mainpower International Ltd.	258,510	240,230
Concentrix Corp.	6,804,427	6,677,974
TD Synnex Corp. (Note 2)	-	5,977,703
Suzhou MiTAC Preclusion Technology Co., Ltd.	380,334	354,254
Loyal Fidelity Aerospace Corp.	-	123,406
Harbinger Ruyi Venture Ltd.	18,441	18,970
Harbinger Ruyi II Venture Ltd.	82,742	49,096
Infopower Technologies Ltd.	68,263	70,278
	\$ 13,804,797	\$ 19,071,689
Credit balance of long-term investment (Note 3)	\$ (138,964)	\$ (22,604)

Note 1: On October 12, 2021, Getac Technology Corp. completed the registration and was renamed to Getac Holdings Corp.

Note 2: On September 1, 2021, Synnex Corp. announced the change in its name to TD Synnex Corp.

Note 3: Shown as “other non-current liabilities”.

- B. The Group recognized its share of profit from associates accounted for using equity method for the years ended December 31, 2021 and 2020 amounting to \$3,154,756 and \$2,415,388, respectively, and recognized its share of other comprehensive income from associates accounted for using equity method amounting to \$27,343 and \$203,184, 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, 2021	December 31, 2021		
Getac Holdings Corp.	Taiwan	31.86%	32.31%	Owned over 20% ownership	Equity method
TD Synnex Corp.	USA	-%	10.28%	Significant influence (Note)	Equity method (Note)
Concentrix Corp.	USA	9.44%	10.28%	Significant influence	Equity method

Note: Please refer to Note 6(7) J.

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

Balance sheet

	Getac Holdings Corp.	
	December 31, 2021	December 31, 2020
Current assets	\$ 21,642,016	\$ 19,825,742
Non-current assets	14,202,370	14,029,191
Current liabilities	(11,597,730)	(11,735,921)
Non-current liabilities	(4,283,267)	(4,125,717)
Non-controlling interest	(1,740,918)	(1,748,248)
Total net assets	\$ 18,222,471	\$ 16,245,047
Share in associate's net assets	\$ 5,804,772	\$ 5,249,079

	TD Synnex Corp.(Note 1)	
	December 31, 2021	December 31, 2020
Current assets	\$ -	\$ 209,922,862
Non-current assets	-	27,111,310
Current liabilities	-	(132,336,507)
Non-current liabilities	-	(46,502,998)
Total net assets	\$ -	\$ 58,194,667
Share in associate's net assets	\$ -	\$ 5,977,703

	Concentrix Corp.	
	December 31, 2021	December 31, 2020
Current assets	\$ 42,712,039	\$ 40,537,748
Non-current assets	96,574,524	106,421,273
Current liabilities	(26,800,164)	(28,782,657)
Non-current liabilities	(40,426,778)	(53,166,720)
Total net assets	\$ 72,059,621	\$ 65,009,644
Share in associate's net assets	\$ 6,804,427	\$ 6,677,974

Statement of comprehensive income

	Getac Holdings Corp.	
	For the year ended December 31	
	2021	2020
Revenue	\$ 30,084,126	\$ 27,837,743
Profit for the period from continuing operations	\$ 4,263,192	\$ 2,668,793
Other comprehensive (loss) income - net of tax	(454,511)	95,120
Total comprehensive income	\$ 3,808,681	\$ 2,763,913
Dividends received from associates	\$ 682,971	\$ 532,345

	TD Synnex Corp.(Note 1)	
	For the year ended December 31	
	2021	2020
Revenue	\$ 449,162,148	\$ 729,177,445
Profit for the period from continuing operations	\$ 7,712,595	\$ 15,514,505
Other comprehensive (loss) income - net of tax	943,350	415,068
Total comprehensive income	\$ 8,655,945	\$ 15,929,573
Dividends received from associates	\$ 89,254	\$ 63,107

	<u>Concentrix Corp.</u>	
	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue	\$ 156,487,709	\$ -
Profit for the period from continuing operations	\$ 10,954,754	\$ -
Other comprehensive (loss) income - net of tax	(1,836,618)	-
Total comprehensive income	\$ 9,118,136	\$ -
Dividends received from associates	\$ 34,593	\$ -

Note 1: The Group lost control over TD Synnex Corp. since September 1, 2021. Thus, only the financial information as of August 31, 2021 was disclosed.

Note 2: Concentrix Corp. was established on December 1, 2020. 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, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$1,195,598 and \$1,166,933, respectively.

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit for the period from continuing operations	\$ (39,662)	\$ 234,673
Other comprehensive (loss) income - net of tax	346,507	357,805
Total comprehensive income	\$ 306,845	\$ 592,478

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Getac Holdings Corp.	\$ 10,605,110	\$ 9,310,410
TD Synnex Corp.	-	12,292,833
Concentrix Corp.	24,425,473	14,898,117
Total	\$ 35,030,583	\$ 36,501,360

- G. The Group increased its investment in Synnex Corp. amounting to \$131,207 for the years ended December 31, 2020.
- H. The Group sold part of its ownership in Concentrix Corp. for proceeds of \$1,466,118 and resulted in gains on disposal amounting to \$997,898 during the second quarter of 2021.
- I. 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.
- J. The Group originally held 10.21% ownership in TD Synnex Corp. but has significant influence over TD Synnex Corp. as the Group is the major shareholder of TD Synnex Corp. and the Company's chairman Feng Chiang Miao serves as this company's honorary chairman. On September 1, 2021, this company issued shares for acquisitions resulting in

a decrease in the ownership held by the Group down to 5.52% and the Group lost significant influence over it. On the same day, the Group reclassified it from investments accounted for using equity method at book value to financial assets at fair value through other comprehensive income based on the remeasurement at fair value, and recognised the difference as gains on disposal of investments amounting to \$12,793,377.

- K. On December 1, 2020, TD Synnex Corp. completed the spin-off and established Concentrix Corp. The numbers of shares of Concentrix Corp. acquired by the shareholders of TD Synnex Corp. is equivalent to the numbers of shares in TD Synnex Corp. they held. Given that the Group is the major shareholder of Concentrix Corp., these indicate that the Group has significant influence over it.
- L. TD Synnex Corp.'s, Concentrix Corp.'s and Hyve Design Solutions Corporation's fiscal year ends on November 30, thus, the Group uses the financial information from December 1, 2020 to August 31, 2021 as the basis for the preparation of third quarter 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.
- M. 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. As of December 31, 2021 and 2020, the carrying amounts of the associate were \$(115,032) and \$(22,604), respectively, and shown as other non-current liabilities.
- N. 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.

(8) 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
At January 1, 2021											
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>
2021											
At January 1,	\$ 1,085,382	\$ 3,666,193	\$ 1,111,695	\$ 45,897	\$ 25,178	\$ 30,548	\$ 95,937	\$ 99,686	\$ 464,766	\$ 1,127,805	\$ 7,753,087
Additions	-	132,269	264,332	56,422	4,536	15,990	23,561	53,985	207,452	247,225	1,005,772
Disposal	-	(8)	(10,044)	(349)	(380)	(25)	(246)	-	(113)	-	(11,165)
Reclassifications(Note)	-	1,124,645	15,572	2,569	(14)	(14)	875	-	5,096	(1,185,219)	(36,490)
Depreciation	-	(241,568)	(310,108)	(35,481)	(9,011)	(20,818)	(29,438)	(66,794)	(168,730)	-	(881,948)
Effects of foreign exchange	(5,099)	(19,243)	(7,003)	(267)	(55)	(206)	(416)	-	(2,320)	(9,423)	(44,032)
At December 31	<u>\$ 1,080,283</u>	<u>\$ 4,662,288</u>	<u>\$ 1,064,444</u>	<u>\$ 68,791</u>	<u>\$ 20,254</u>	<u>\$ 25,475</u>	<u>\$ 90,273</u>	<u>\$ 86,877</u>	<u>\$ 506,151</u>	<u>\$ 180,388</u>	<u>\$ 7,785,224</u>
At December 31, 2021											
Cost	\$ 1,080,283	\$ 7,647,461	\$ 2,963,363	\$ 203,234	\$ 71,571	\$ 193,499	\$ 177,036	\$ 169,253	\$ 1,354,660	\$ 180,388	\$ 14,040,748
Accumulated depreciation and impairment	-	(2,985,173)	(1,898,919)	(134,443)	(51,317)	(168,024)	(86,763)	(82,376)	(848,509)	-	(6,255,524)
	<u>\$ 1,080,283</u>	<u>\$ 4,662,288</u>	<u>\$ 1,064,444</u>	<u>\$ 68,791</u>	<u>\$ 20,254</u>	<u>\$ 25,475</u>	<u>\$ 90,273</u>	<u>\$ 86,877</u>	<u>\$ 506,151</u>	<u>\$ 180,388</u>	<u>\$ 7,785,224</u>

Note: In 2021, the Group reclassified property, plant and equipment as investment property amounting to \$36,490.

	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
At January 1, 2020											
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(Note)	-	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>
At December 31, 2020											
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>

(9) 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, 2021	December 31, 2020
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 226,241	\$ 238,179
Buildings and structures	86,896	118,168
Machinery	604	389
Transportation equipment	<u>1,793</u>	<u>3,138</u>
	<u>\$ 315,534</u>	<u>\$ 359,874</u>
	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 10,977	\$ 14,160
Buildings and structures	32,814	38,803
Machinery	299	334
Transportation equipment	<u>1,345</u>	<u>897</u>
	<u>\$ 45,435</u>	<u>\$ 54,194</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$6,941 and \$95,650, 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(13)B for details.
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on lease liabilities	\$ 3,391	\$ 4,143
Expense on short-term lease contracts	19,716	20,528
Expense on leases of low-value assets	<u>3,471</u>	<u>4,910</u>
	<u>\$ 26,578</u>	<u>\$ 29,581</u>

- G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases was \$66,010 and \$80,836, respectively.

(10) 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, 2021 and 2020, the Group recognised rent income in the amounts of \$112,554 and \$103,990, 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, 2021	December 31, 2020
Not later than one year	\$ 99,688	\$ 108,941
Later than one year but not later than five years	115,480	141,206
Over five years	2,697	6,211
	<u>\$ 217,865</u>	<u>\$ 256,358</u>

(11) Investment property

	Land	Buildings and structures	Total
<u>At January 1, 2021</u>			
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>
<u>2021</u>			
At January 1,	\$ 954,835	\$ 274,596	\$ 1,229,431
Additions	-	13,137	13,137
Reclassifications	-	36,490	36,490
Depreciation	-	(21,035)	(21,035)
Effects of foreign exchange	(1,611)	(10,051)	(11,662)
At December 31	<u>\$ 953,224</u>	<u>\$ 293,137</u>	<u>\$ 1,246,361</u>
<u>At December 31, 2021</u>			
Cost	\$ 953,224	\$ 640,908	\$ 1,594,132
Accumulated depreciation and impairment	-	(347,771)	(347,771)
	<u>\$ 953,224</u>	<u>\$ 293,137</u>	<u>\$ 1,246,361</u>
	Land	Buildings and structures	Total
<u>At January 1, 2020</u>			
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>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
2020			
At January 1,	\$ 954,213	\$ 288,608	\$ 1,242,821
Depreciation	-	(19,351)	(19,351)
Effects of foreign exchange	<u>622</u>	<u>5,339</u>	<u>5,961</u>
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	<u>-</u>	<u>(334,669)</u>	<u>(334,669)</u>
	<u>\$ 954,835</u>	<u>\$ 274,596</u>	<u>\$ 1,229,431</u>

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

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental income from the lease of the investment property	\$ <u>23,587</u>	\$ <u>21,995</u>
Direct operating expenses arising from the investment property that generated rental income in the period	\$ <u>17,611</u>	\$ <u>16,722</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ <u>16,558</u>	\$ <u>13,180</u>

B. The fair value of the investment property held by the Group on December 31, 2021 and 2020 were \$3,635,787 and \$3,502,285, 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.

(12) Intangible assets

	<u>Computer software</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
At January 1		
Cost	\$ 275,844	\$ 264,109
Accumulated amortization and impairment	(199,940)	(174,661)
	<u>\$ 75,904</u>	<u>\$ 89,448</u>
At January 1	\$ 75,904	\$ 89,448
Additions	85,968	76,994
Amortization	(95,654)	(89,722)
Effects of disposal of subsidiaries	-	(835)
Effects of foreign exchange	(18)	<u>19</u>
At December 31	<u>\$ 66,200</u>	<u>\$ 75,904</u>

		Computer software	
		December 31, 2021	December 31, 2020
At December 31			
Cost	\$	271,299	\$ 275,844
Accumulated amortization and impairment	(205,099)	(199,940)
	\$	<u>66,200</u>	<u>\$ 75,904</u>

Details of amortization of intangible assets are as follows:

	For the year ended December 31	
	2021	2020
Operating costs	\$ 1,325	\$ 1,309
Selling expenses	10,523	16,544
Administrative expenses	15,868	13,982
Research and development expenses	<u>67,938</u>	<u>57,887</u>
	<u>\$ 95,654</u>	<u>\$ 89,722</u>

(13) Non-current assets held for sale

- A. To cooperate with the Government of Foshan City, Guangdong Province, China to conduct 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 through public auction by the Land Arrangement and Reserve Center of Shunde District, Foshan City (“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 Shunde Land Development Center. Therefore, the Group reclassified related assets as noncurrent assets held for sale in December 2019. As at December 31, 2021, the Group has completed the disposal with proceeds amounting to \$335,268 and recognised \$301,454 of gain on disposal.
- B. In addition, to cooperate with the Government of Foshan City, Guangdong Province, China to conduct 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 to Shunde Land Development Center. Therefore, the Group reclassified related assets as non-current assets held for sale in December 2020. As at December 31, 2021, the Group has completed the disposal with proceeds amounting to \$799,227 and recognised \$743,641 of gain on disposal.

Non-current assets held for the sale:

	December 31, 2021	December 31, 2020
Right-of-use assets	\$ -	\$ 68,515
Investment property	-	21,618
	<u>\$ -</u>	<u>\$ 90,133</u>

(14) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank borrowings	\$ 2,661,804	\$ 1,443,851
Secured bank borrowings	<u>553,920</u>	<u>-</u>
	<u>\$ 3,215,724</u>	<u>\$ 1,443,851</u>
Interest rates	0.38%~0.85%	0.56%~0.63%

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

Item	December 31, 2021	December 31, 2020
Current items:		
Financial liabilities held for trading Valuation adjustment -Derivatives	\$ <u>4,897</u>	\$ <u>11,691</u>

A. The Group recognised net profit (loss) of \$6,719 and \$(3,108) for the years ended December 31, 2021 and 2020, respectively.

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

		December 31, 2021		
Financial Instrument	Item	Notional Amount (in thousands)		Notional Amount (in thousands)
MiTAC Computing Technology Corp.				
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	30,000	(789)
Forward foreign exchange - Buy	Advance booking JPY to sell USD	JPY	262,000	(2,154)
MiTAC Digital Technology Corp.				
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	6,000	(294)
Forward foreign exchange - Sell	Advance booking USD to buy JPY	USD	500	(22)
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	500	(25)
Forward foreign exchange - Sell	Advance booking AUD to buy USD	AUD	4,150	(799)
Forward foreign exchange - Sell	Advance booking AUD to buy NTD	AUD	200	(69)
MiTAC Computer (Kunshan) Ltd.				
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD	4,000	CNY (85)
MiTAC Computer (Shunde) Corp.				
Forward foreign exchange - Sell	Advance booking USD to buy CNY	USD	6,000	CNY (86)
		December 31, 2020		
Financial Instrument	Item	Notional Amount (in thousands)		Notional Amount (in thousands)
MiTAC Computing Technology Corp.				
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	14,000	(1,085)
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	12,500	(1,562)
MiTAC Digital Technology Corp.				
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	6,000	(1,141)

		December 31, 2020		
Financial Instrument	Item	Notional Amount (in thousands)		Notional Amount (in thousands)
Forward foreign exchange - Buy	Advance booking USD to sell NTD	USD	3,500	(319)
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR	800	(722)
Forward foreign exchange - Sell	Advance booking AUD to buy USD	AUD	3,250	(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)

(16) Long-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank borrowings	\$ 863,330	\$ 910,634
Less: Current portion(shown as 'other current liabilities')	(220,183)	(47,268)
	<u>\$ 643,147</u>	<u>\$ 863,366</u>
Interest rate range (Note)	0.49%-0.5%	0.49%-1%
Expiry date	113.10.15~115.10.15	113.10.15~115.10.15

Note: The abovementioned interest rates are the interest rates after obtaining the government project grants.

(17) 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:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$(542,371)	\$(558,954)
Fair value of plan assets	<u>272,748</u>	<u>276,726</u>
Net defined benefit liability	<u><u>\$(269,623)</u></u>	<u><u>\$(282,228)</u></u>

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

	<u>Present value of defined benefit</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2021			
Balance at January 1	\$(558,954)	\$ 276,726	\$(282,228)
Current service cost	(2,518)	-	(2,518)
Interest (expense) income	(2,623)	<u>1,247</u>	<u>(1,376)</u>
	<u>(564,095)</u>	<u>277,973</u>	<u>(286,122)</u>
Remeasurements:			
Return on plan assets(excluding amounts included in interest income or expense)	-	3,714	3,714
Change in demographic assumptions	(13,426)	-	(13,426)
Change in financial assumptions	6,901	-	6,901
Experience adjustments	<u>4,910</u>	<u>-</u>	<u>4,910</u>
	<u>(1,615)</u>	<u>3,714</u>	<u>2,099</u>
Pension fund contribution	-	8,233	8,233
Paid pension	<u>23,339</u>	<u>(17,172)</u>	<u>6,167</u>
Balance at December 31	<u><u>\$(542,371)</u></u>	<u><u>\$ 272,748</u></u>	<u><u>\$(269,623)</u></u>

	<u>Present value of defined benefit</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)	<u>2,074</u>	<u>(2,202)</u>
	<u>(577,648)</u>	<u>274,233</u>	<u>(303,415)</u>
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	<u>6,410</u>	<u>-</u>	<u>6,410</u>
	<u>(7,860)</u>	<u>9,009</u>	<u>1,149</u>
Pension fund contribution	-	8,330	8,330
Paid pension	<u>26,554</u>	<u>(14,846)</u>	<u>11,708</u>
Balance at December 31	<u>\$(558,954)</u>	<u>\$ 276,726</u>	<u>\$(282,228)</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, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

i. MiTAC International Corp. :

	2021	2020
Discount rate	0.625%	0.375%
Future salary increase	2.000%	2.000%

ii. MiTAC Computing Technology Corp. :

	2021	2020
Discount rate	0.625%	0.500%
Future salary increase	2.000%	2.000%

iii. MiTAC Digital Technology Corp. :

	2021	2020
Discount rate	0.625%	0.500%
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:

i. MiTAC International Corp. :

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	\$ <u>1,917</u>	\$ <u>(1,973)</u>	\$ <u>(1,914)</u>	\$ <u>1,869</u>
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>

ii. MiTAC Computing Technology Corp. :

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	\$ <u>6,712</u>	\$ <u>(6,948)</u>	\$ <u>(6,732)</u>	\$ <u>6,538</u>
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>

iii. MiTAC Digital Technology Corp. :

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	\$ <u>3,172</u>	\$ <u>(3,286)</u>	\$ <u>(3,185)</u>	\$ <u>3,091</u>
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>

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 \$8,305.
- (g) As of December 31, 2021, the weighted average duration of that retirement plan is 6.8~10 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, 2021 and 2020 were \$215,606 and \$151,031, respectively.

(18) Provisions

	2021	2020
Warranty		
Beginning balance	\$ 256,074	\$ 252,306
Additional provisions	66,233	102,389
Used during the period	(97,698)	(98,866)
Effects of foreign exchange	(1,186)	245
Ending balance	\$ <u>223,423</u>	\$ <u>256,074</u>

Analysis of total provisions:

	December 31, 2021	December 31, 2020
Current	\$ 100,691	\$ 132,169
Non-current	\$ 122,732	\$ 123,905

(19) Share capital

A. As of December 31, 2021, 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	
	2021	2020
Outstanding shares as of January 1	1,195,178	1,061,382
Disposal of the Company's treasury share by subsidiaries	-	5,816
Capital increase of earnings	-	129,274
Capital increase of treasury share acquired by the subsidiaries	-	(1,294)
Outstanding shares as of December 31	1,195,178	1,195,178

B. Treasury shares

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

		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Book value
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary - SSDL	Stock conversion	2,128	77,002
		December 31, 2020	
Name of company holding the shares	Reason for reacquisition	Number of shares (shares in thousands)	Book value
Subsidiary - Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary - SSDL	Stock conversion	2,128	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) For the years ended December 31, 2020, the subsidiary, Tsu Fung Investment Corp. disposed 5,816 thousand shares of the Company amounting to \$196,628.

(20) 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, 2021	\$ 21,571,329	\$ 457,198	\$ 1,205,361	\$ 609	\$ 346,814	\$ 1,100	\$ 23,582,411
Subsidiaries received cash dividends paid by the parent company	-	11,379	-	-	-	-	11,379
Changes from associates and joint ventures accounted for using the equity method	-	-	12,150	-	-	-	12,150
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	-	-	-	-	-	(12)	(12)
Disposal of investments accounted for using equity method	-	-	(1,016,018)	-	-	-	(1,016,018)
Capital surplus - dividends unclaimed by the shareholders	-	-	-	-	-	372	372
At December 31, 2021	<u>\$ 21,571,329</u>	<u>\$468,577</u>	<u>\$ 201,493</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ 1,460</u>	<u>\$ 22,590,282</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, 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>

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 paidin capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(21) 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. The appropriation of 2020 earnings had been resolved at the shareholders' meeting on July 16, 2021. Details are summarized below:

	2020	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 293,325	
Cash dividend	1,206,557	\$ 1.00
Total	\$ 1,499,882	\$ 1.00

- F. On February 25, 2022, the appropriation of earnings for the years ended December 31, 2021 proposed by the Board of Directors and to be approved by the shareholders is as follows:

	For the year ended December 31, 2021	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 1,193,885	
Cash dividend	2,413,114	\$ 2.00
Total	\$ 3,606,999	\$ 2.00

(22) Other equity items

	2021		
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1,	\$ 3,546,733	\$ (1,803,450)	\$ 1,743,283
Reclassified to profit or loss upon disposal			
- Group	-	347,348	347,348
Reclassified to retained earnings upon disposal			
- Group	5,498	-	5,498
- Associates	(40,712)	-	(40,712)
Revaluation			
- Group	403,226	-	403,226
- Associates	202,098	-	202,098
Currency translation differences			
- Group	-	(637,904)	(637,904)
- Associates	-	(174,399)	(174,399)
At December 31	<u>\$ 4,116,843</u>	<u>\$ (2,268,405)</u>	<u>\$ 1,848,438</u>
	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 retained earnings 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>

(23) Operating revenue

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	\$ <u>42,185,771</u>	\$ <u>41,145,756</u>

A. Disaggregation of revenue from contracts with customers

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cloud computing product	\$ 33,404,792	\$ 32,838,299
Automotive electronics and AIoT product	4,819,114	4,747,921
Others	<u>3,961,865</u>	<u>3,559,536</u>
	\$ <u>42,185,771</u>	\$ <u>41,145,756</u>

B. Contract liabilities

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities– sales of goods	\$ 446,841	\$ 122,771
Contract liabilities– others	<u>4,336</u>	<u>5,095</u>
Total	\$ <u>451,177</u>	\$ <u>127,866</u>

(24) Interest income

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 55,347	\$ 41,469
Interest income from financial assets measured at amortised cost	<u>626</u>	<u>3,013</u>
	\$ <u>55,973</u>	\$ <u>44,482</u>

(25) Other income

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental revenue	\$ 112,554	\$ 103,990
Dividend income	325,929	214,428
Other income	<u>220,543</u>	<u>163,468</u>
	\$ <u>659,026</u>	\$ <u>481,886</u>

(26) Other gains and losses

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Gains on disposals of property, plant and equipment	\$ 1,944	\$ 564
Gain(losses) on disposal of investments	13,782,172	(6,674)
Gains on disposal of non-current assets held for sale	1,045,095	-
Net currency exchange gains (losses)	14,251	99,944
(Losses) gains on financial assets liabilities at fair value through profit or loss	17,881	(18,855)
Other losses	(46,542)	(64,563)
	<u>\$ 14,814,801</u>	<u>\$ 10,416</u>

(27) Financial costs

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest expense on bank borrowings	\$ 20,326	\$ 42,336
Interest expense on lease liabilities	3,391	4,143
	<u>\$ 23,717</u>	<u>\$ 46,479</u>

(28) Expense by nature

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 5,412,353	\$ 5,515,583
Depreciation charges on property, plant and equipment, investment property and right-of-use assets	948,418	908,976
Amortization charges	95,654	89,722
Total	<u>\$ 6,456,425</u>	<u>\$ 6,514,281</u>

(29) Employee benefit expenses

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 4,743,974	\$ 4,900,839
Labor and health insurance fees	285,781	290,549
Pension costs	219,500	156,453
Other personnel expenses	163,098	167,742
	<u>\$ 5,412,353</u>	<u>\$ 5,515,583</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, 2021 and 2020, 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, 2021 and 2020, employees' compensation were accrued at \$12,052 and \$2,937, respectively; and directors' remuneration were accrued at \$7,000 and \$5,000, respectively. The aforementioned amounts were recognised in salary expenses. Employees' cash bonus and directors' and supervisors' remuneration of 2021 and 2020 as resolved at the Board of Directors of the Company were in agreement with those amounts recognised in the 2021 and 2020 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.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the year	\$ 401,405	\$ 164,933
Tax on undistributed surplus earnings	71,668	9,901
Prior year income tax overestimation	(67,089)	(12,573)
Total current tax	<u>405,984</u>	<u>162,261</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>6,335,157</u>	(<u>32,970</u>)
Total deferred tax	<u>6,335,157</u>	(<u>32,970</u>)
Income tax expense	<u>\$ 6,741,141</u>	<u>\$ 129,291</u>

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

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Actuarial gain on defined benefit obligations	<u>\$ 420</u>	<u>\$ 230</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 6,344,734	\$ 687,274
Tax on undistributed earnings	71,668	9,901
Unrecognised deferred income tax liabilities	(211,693)	(334,003)
Tax exempt income by tax regulation	(2,731,684)	(208,381)
Expenses disallowed by tax regulations	59	(8,594)
Change in assessment of realisation of deferred tax (liabilities) assets	3,335,146	(4,333)
Prior year income tax overestimation	(67,089)	(12,573)
Income tax expense	<u>\$ 6,741,141</u>	<u>\$ 129,291</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, 2021				
	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	\$ 47,450	\$(5,417)	\$ -	\$ -	\$ 42,033
Loss from decline in inventory price to market value	110,835	20,092	-	(1,190)	129,737
Unrealised estimate payable	151,765	1,091	-	(1,006)	151,850
Unused compensated absences	23,363	(951)	-	(131)	22,281
Accrued pension liability	78,983	(24,774)	(420)	-	53,789
Others	41,481	51,692	-	28	93,201
Loss carryforward	<u>50,447</u>	<u>(42,797)</u>	<u>-</u>	<u>(914)</u>	<u>6,736</u>
Subtotal	<u>504,324</u>	<u>(1,064)</u>	<u>(420)</u>	<u>(3,213)</u>	<u>499,627</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(377,028)	(6,329,285)	-	8,570	(6,697,743)
Others	<u>(1,844)</u>	<u>(4,808)</u>	<u>-</u>	<u>-</u>	<u>(6,652)</u>
Subtotal	<u>(378,872)</u>	<u>(6,334,093)</u>	<u>-</u>	<u>8,570</u>	<u>(6,704,395)</u>
Total	<u>\$ 125,452</u>	<u>\$(6,335,157)</u>	<u>\$(420)</u>	<u>\$ 5,357</u>	<u>\$(6,204,768)</u>

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	<u>28,067</u>	<u>24,277</u>	<u>-</u>	<u>(1,897)</u>	<u>50,447</u>
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	<u>(5,545)</u>	<u>3,701</u>	<u>-</u>	<u>-</u>	<u>(1,844)</u>
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>

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, 2021				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Assessed	\$ 31,991	\$ 31,991	2022
2014	Assessed	<u>33,143</u>	<u>33,143</u>	2024
		<u>\$ 65,134</u>	<u>\$ 65,134</u>	
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	<u>33,143</u>	<u>33,143</u>	2024
		<u>\$ 65,134</u>	<u>\$ 65,134</u>	

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

	December 31, 2021	December 31, 2020
Deductible temporary differences	<u>\$ 756,142</u>	<u>\$ 758,760</u>

F. The Company has not recognised taxable temporary differences associated with

investment in subsidiaries as deferred tax liabilities. As of December 31, 2021 and 2020, the amounts of temporary difference unrecognised as deferred tax liabilities were \$396,013 and \$15,306,892, respectively.

G. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

H. In 2021, the Group adjusted the dividend policy of the subgroup, Silver Star Developments Ltd. The surplus earnings might be remitted in the subsequent years. Thus, the Group recognised deferred tax liabilities amounting to \$6,320,715 in 2021.

(31) Earnings per share

	For the year ended December 31, 2021		
	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	\$ <u>11,960,937</u>	1,195,178	\$ <u>10.01</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 11,960,937		
Less: Effect of dilutive potential common stocks issued by investee companies	(52,426)		
Assumed conversion of all dilutive potential ordinary shares	-	360	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ <u>11,908,511</u>	<u>1,195,538</u>	\$ <u>9.96</u>
	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	\$ <u>2,918,705</u>	1,193,649	\$ <u>2.45</u>
<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	-	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>

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.

(32) Transactions with non-controlling interest

A. 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.

B. 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 6(7)M.), resulting in a decrease in non-controlling interests amounting to \$33,330.

(33) Supplemental cash flow information

A. Financing activities with partial cash payments :

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash dividends declared but yet to be paid – the Company	\$ 1,206,557	\$ 1,077,283
Add: Cash dividends to minority interests paid by subsidiaries	831	4,462
Less: subsidiaries received cash dividends paid from parent company	(11,379)	(10,784)
Cash paid during the period	<u>\$ 1,196,009</u>	<u>\$ 1,070,961</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:

	<u>August 19, 2020</u>
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>

(34) 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, 2021	\$ 1,443,851	\$ 23,205	\$ 231,208	\$ 910,634	\$ 2,608,898
Changes in cash flow	1,771,380	6,858	(42,823)	(46,526)	1,688,889
Impact of changes in foreign exchange rate	493	(102)	(3,695)	(778)	(4,082)
Changes in other non-cash items	-	-	10,332	-	10,332
At December 31, 2021	\$ 3,215,724	\$ 29,961	\$ 195,022	\$ 863,330	\$ 4,304,037

	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	\$ 1,443,851	\$ 23,205	\$ 231,208	\$ 910,634	\$ 2,608,898

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Getac Holdings Corp. and subsidiaries	Associate
Infopower Technologies Ltd.	Associate
Loyal Fidelity Aerospace Co., Ltd.	Associate
Synnex Technology International Corp. and subsidiaries	Common Chairman
Harbinger Venture Management Company Ltd.	Common Chairman
Lien Hwa Industrial Holdings Corp. and subsidiaries	Common Chairman
UPC Technology Corp.	Common Chairman
Shen-Tong Information Co.,Ltd and subsidiaries	The Group's Chairman was this company's director
Hyve Design Solutions Corporation and subsidiaries	Associate (Note 1)
Shen-Tong Construction & Development Co., Ltd.	Associate
TD Synnex Corp. and subsidiaries	Associate (Note 2)
Harbinger VIII Venture Capital Corp.	The Company was this company's director

Note 1: It was formerly a subsidiary of the Group and became an associate of the Group since August 19, 2020.

Note 2: It was formerly an associate of the Group and became a non-related party of the Group since September 1, 2021 as the Group lost significant influence over it.

(2) Significant related party transactions and balances

A. Operating revenue:

(a)

		For the year ended December 31	
		2021	2020
Sales of goods:			
-Associates-TD Synnex Corp. and subsidiaries	\$	495,237	\$ 1,536,462
-Associates-Others		67,327	70,358
-Other related parties		<u>27,823</u>	<u>5,499</u>
		<u>590,387</u>	<u>1,612,319</u>
-Associates-TD Synnex Corp. and subsidiaries		314	179,909
-Associates-Others		13,050	4,220
-Other related parties		<u>7</u>	<u>52</u>
Subtotal		<u>13,371</u>	<u>184,181</u>
Total	\$	<u>603,758</u>	\$ <u>1,796,500</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)

		For the year ended December 31	
		2021	2020
Purchases of goods:			
-Associates	\$	45,152	\$ 56,013
-Other related parties - Synnex Technology International Corp. and subsidiaries		<u>233,100</u>	<u>352,402</u>
Total	\$	<u>278,252</u>	\$ <u>408,415</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:

		December 31,	December 31,
		2021	2020
Accounts receivable:			
-Associates-TD Synnex Corp. and subsidiaries	\$	-	\$ 215,717
-Associates-Others		749	70
-Other related parties		<u>14,753</u>	<u>173</u>
Subtotal		<u>15,502</u>	<u>215,960</u>

	December 31, 2021	December 31, 2020
Other receivables:		
-Associates-Getac Holdings Corp. and subsidiaries	\$ 15,986	\$ 22,203
-Associates-TD Synnex Corp. and subsidiaries	-	335
-Associates-Others	2,058	1,324
-Other related parties	<u>2,417</u>	<u>6,723</u>
Subtotal	<u>20,461</u>	<u>30,585</u>
Total	<u>\$ 35,963</u>	<u>\$ 246,545</u>

D. Payables to related parties:

	December 31, 2021	December 31, 2020
Accounts payable:		
-Associates	\$ 21,278	\$ 6,483
-Other related parties - Synnex Technology International Corp. and subsidiaries	<u>144,109</u>	<u>13,739</u>
Subtotal	<u>165,387</u>	<u>20,222</u>
Other payables:		
-Associates	1,863	3,344
-Other related parties	<u>1,115</u>	<u>3,603</u>
Subtotal	<u>2,978</u>	<u>6,947</u>
Total	<u>\$ 168,365</u>	<u>\$ 27,169</u>

E. Property transactions:

(a) Acquisition of property, plant and equipment:

	For the year ended December 31 2021	2020
Associates	\$ 2,735	\$ 2,441
Other related parties	<u>2,905</u>	<u>3,161</u>
Total	<u>\$ 5,640</u>	<u>\$ 5,602</u>

(b)

For the years ended December 31, 2021

Account	Number of shares	Subject of the transaction	Acquisition amount
Financial assets at fair value through other comprehensive income-Non-current	3,750 thousand shares	Harbinger VIII Venture Capital Corp.	\$ <u>37,500</u>

For the years ended December 31, 2020: None.

F. Lease transactions — leasee

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

(b) Lease liabilities

i. Outstanding balance:

	December 31, 2021	December 31, 2020
-Associates	\$ 21,881	\$ 32,101

ii. Interest expense

	For the year ended December 31 2021	2020
Associates	\$ 1,614	\$ 2,175

G. Lease transactions — lessor

	For the year ended December 31 2021	2020
Rent income		
Associates	\$ 42,651	\$ 36,211
Other related parties	1,508	1,424
Total	\$ 44,159	\$ 37,635

H. Expenses

	For the year ended December 31 2021	2020
Associates	\$ 11,370	\$ 83,451
Other related parties	2,135	3,820
Total	\$ 13,505	\$ 87,271

(3) Key management compensation

	For the year ended December 31 2021	2020
Salaries and other short-term employee benefits	\$ 41,489	\$ 45,940
Post-employment benefits	576	567
Total	\$ 42,065	\$ 46,507

8. PLEDGED ASSETS

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

Pledged asset	Book Value December 31, 2021	December 31, 2020	Purpose
Time deposits			
(shown as "Financial assets at amortised cost-non-current")	\$ 10,121	\$ 10,253	Guarantee deposit for lease
Time deposits			
(shown as "Financial assets at amortised cost-current")	-	8,754	Customs guarantee

Pledged asset	Book Value		Purpose
	December 31, 2021	December 31, 2020	
Time deposits			
(shown as "Financial assets at amortised cost-non-current")	46,720	25,000	Guarantee deposit for letter of guarantee for customs duties
Time deposits			
(shown as "Financial assets at amortised cost-current")	626,405	-	Guarantees deposit for borrowings
	<u>\$ 683,246</u>	<u>\$ 44,007</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, 2021	December 31, 2020
Property, plant and equipment	<u>\$ -</u>	<u>\$ 60,288</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

	December 31, 2021	December 31, 2020
<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>\$ 157,269</u>	<u>\$ 6,107</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 26,588,809</u>	<u>\$ 7,298,592</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 6,651,448	\$ 5,805,297
Financial assets at amortised cost	718,046	44,007
Notes receivable	2,129	31,689
Accounts receivable	5,567,844	4,982,050

	December 31, 2021	December 31, 2020
Accounts receivable - related parties	15,502	215,960
Other receivables	186,417	60,168
Refundable deposits	23,488	23,600
	<u>\$ 13,164,874</u>	<u>\$ 11,162,771</u>
	December 31, 2021	December 31, 2020
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 4,897	\$ 11,691
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,215,724	\$ 1,443,851
Accounts payable	7,035,236	6,662,560
Accounts payable - related parties	165,387	20,222
Other accounts payable	3,702,185	3,366,781
Refundable deposits	29,961	23,205
Long-term borrowings (including current portion)	863,330	910,634
	<u>\$ 15,011,823</u>	<u>\$ 12,427,253</u>
Lease liabilities	<u>\$ 195,022</u>	<u>\$ 231,208</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(15)).

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, 2021					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	122,854	27.680	\$	3,400,589
USD:CNY		8,258	6.372		228,590
<u>Non-monetary items</u>					
CNY:USD		87,554	0.157		380,334
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		334,281	27.680		9,252,911
AUD:NTD		5,000	20.080		100,400
USD:CNY		62,368	6.372		1,726,355
December 31, 2020					
(Foreign currency: functional currency)	Foreign currency amount		Exchange rate	Book value	
	(In thousands)			(NTD)	
<u>Financial assets</u>					
<u>Monetary items</u>					
USD:NTD	\$	90,420	28.480	\$	2,575,161
USD:CNY		13,739	6.507		391,287
<u>Non-monetary items</u>					
CNY:USD		80,935	0.154		354,254
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD:NTD		249,573	28.480		7,107,837
USD:CNY		12,609	6.507		359,102
ii. Total exchange gain, including realized and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to \$14,251 and \$99,944, respectively.					
iii. The Group’ s foreign currency market risk analysis regarding significant exchange rate fluctuations is shown below:					

For the year ended December 31, 2021				
Sensitivity analysis				
	fluctuation %	Affected income	Affected other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	\$ 34,006	\$	-
USD:CNY	1.00%	2,286		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	92,529		-
AUD:NTD	1.00%	1,004		-
USD:CNY	1.00%	17,264		-

For the year ended December 31, 2020				
Sensitivity analysis				
	fluctuation %	Affected income	Affected other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	\$ 25,752	\$	-
USD:CNY	1.00%	3,913		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1.00%	71,078		-
USD:CNY	1.00%	3,591		-
<u>Price risk</u>				

- 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, 2021 and 2020. Other components of equity would have increased/decreased by \$265,888 and \$72,986, 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. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020 would have decreased /increased by \$408 and \$235, 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 stated at amortised cost.
- 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 standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- 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, 2021 and 2020, the loss rate methodology is as follows:

<u>December 31, 2021</u>	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
Expected loss rate	0% - 100%	0.011% - 0.7%	
Value	\$ 451,451	\$ 5,210,753	\$ 5,662,204
Allowance	76,040	2,818	78,858
<u>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

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>2021</u>
At January 1	\$ 91,482
Reversal of provision for impairment	(3,055)
Write-off	(8,971)
Effect of foreign exchange	(598)
At December 31	<u>\$ 78,858</u>
	<u>2020</u>
At January 1	\$ 77,034
Reversal of provision for impairment	17,494
Write-off	(3,496)
Effect of foreign exchange	450
At December 31	<u>\$ 91,482</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 nonderivative 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, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term				
borrowings	\$ 3,217,285	\$ -	\$ -	\$ -
Accounts payable	7,200,623	-	-	-
Other payables	3,702,185	-	-	-
Lease liabilities	39,351	36,260	24,506	107,617
Guarantee deposits	11,831	8,952	1,369	7,809
Long-term				
borrowings	223,965	259,098	236,653	151,819

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>
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

Derivative financial liabilities

As December 31, 2021 and 2020, 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(11).

- 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, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Recurring</u>
<u>fair value</u>					
<u>measurements Financial</u>					
<u>assets:</u>					
Forward exchange contracts	\$ -	\$ 17,221	\$ -	\$ 17,221	
Equity securities	<u>22,136,974</u>	<u>335,894</u>	<u>4,115,941</u>	<u>26,588,809</u>	
Total	<u>\$ 22,136,974</u>	<u>\$ 353,115</u>	<u>\$ 4,115,941</u>	<u>\$26,606,030</u>	
<u>Recurring fair value</u>					
<u>measurements Financial</u>					
<u>liabilities:</u>					
Forward exchange contracts	\$ -	\$ 4,897	\$ -	\$ 4,897	
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	
<u>Recurring fair value</u>					
<u>measurements Financial</u>					
<u>assets:</u>					
Forward exchange contracts	\$ -	\$ 6,107	\$ -	\$ 6,107	
Equity securities	<u>3,892,858</u>	<u>283,970</u>	<u>3,121,764</u>	<u>7,298,592</u>	
Total	<u>\$ 3,892,858</u>	<u>\$ 290,077</u>	<u>\$ 3,121,764</u>	<u>\$ 7,304,699</u>	
<u>Recurring fair value</u>					
<u>measurements Financial</u>					
<u>liabilities:</u>					
Forward exchange contracts	\$ -	\$ 11,691	\$ -	\$ 11,691	

- (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:

- | | | |
|---------------------|---------------|---------------|
| | Listed shares | Open-end fund |
| 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. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. The following table presents the changes in Level 3 instruments as at December 31, 2021 and 2020:

	Equity securities	
	2021	2020
January 1	\$ 3,121,764	\$ 2,485,297
Proceeds from capital reduction for the year	(21,932)	-
Decreased in the year	-	(12,303)
Acquired in the year	55,400	17,095
Gains recognised in other comprehensive income	960,710	632,564
Effects of foreign exchange	(1)	(889)
December 31	\$ 4,115,941	\$ 3,121,764

- G. 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.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes significant unobservable inputs to valuation model used in Level 3 fair value measurements:

		<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:						
Unlisted shares	\$	4,115,941	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value.

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

- I. 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:

		<u>December 31, 2021</u>			
		<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
		<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
<u>Financial assets</u>	<u>Input Change</u>				
Equity instrument	Net asset value ±1%	\$ -	\$ -	\$ 41,159	\$ 41,159

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

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: Please refer to table 4.
- 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: Please refer to table 5.
- 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 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and (15).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6 and table 10.

(4) Major shareholders information

Major shareholders information: Please refer to table 11.

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, 2021					
Item	Cloud computing business group	Automotive electronics and AIoT business group	Others	Total	
Revenue	\$ 33,404,792	\$ 4,819,114	\$ 3,961,865	\$ 42,185,771	
Segment gain (loss)	224,827	(12,015)	(171,029)	41,783	

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	

(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, 2021 and 2020 is provided as follows:

Items	For the year ended December 31	
	2021	2020
Profit for reportable segments	\$ 41,783	\$ 74,383
Unallocated:		
Share of profits and losses from affiliates and joint ventures accounted for using the equity method	3,154,756	2,415,388
Dividend revenue	325,929	214,428
Interest revenue	55,973	44,482
Net currency exchange gain	14,251	99,944
Gain(losses) on disposal of investments	13,782,172	(6,674)
Gains on disposal of non-current assets held for sale	1,045,095	-
Other income	282,663	138,125
Income before tax from operations	\$ 18,702,622	\$ 2,980,076

(4) Information on products and services

	For the year ended December 31	
	2021	2020
Sales	\$ 41,934,322	\$ 40,649,210
Other revenue	251,449	496,546
Total	\$ 42,185,771	\$ 41,145,756

(5) Geographical information

For the years ended December 31, 2021 and 2020, revenues and non-current assets from certain regions are listed below:

	For the year ended December 31			
	2021		2020	
	Revenue	Assets - non-current	Revenue	Assets - non-current
Taiwan	\$ 1,097,932	\$ 4,968,434	\$ 1,157,516	\$ 5,268,271
USA	21,552,030	679,710	23,009,897	685,545
Europe	6,285,996	90,162	4,403,958	109,461
Others	13,249,813	3,729,408	12,574,385	3,426,334
Total	<u>\$ 42,185,771</u>	<u>\$ 9,467,714</u>	<u>\$ 41,145,756</u>	<u>\$ 9,489,611</u>

(6) Major customer information

For the years ended December 31, 2021 and 2020, the major customer information of the Group are listed below:

Customer	For the year ended December 31, 2021		
	Revenue	Percentage of total revenue	Segment
Customer A	\$ 9,319,019	22%	Cloud computing business group
Customer B	9,611,340	23%	Cloud computing business group
Customer C	3,497,230	8%	Cloud computing business group
Customer D	4,988,583	12%	Cloud computing business group

Customer	For the year ended December 31, 2020		
	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

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Loans to others
For the year ended December 31, 2021

Table 1

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, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for shortterm financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)
													Item	Value		
0	MiTAC Holdings Corp.	MiTAC International Corp.	Other receivables-related parties	Y	\$ 2,000,000	\$ 2,000,000	\$ -	0.56%	2	\$ -	Operations	\$ -	None	\$ -	\$ 4,947,586	\$ 9,895,172
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Other receivables-related parties	Y	3,500,000	3,500,000	2,747,794	0.22%~0.45%	2	-	Operations	-	None	-	4,947,586	9,895,172
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	1,000,000	1,000,000	866,384	0.26%~0.43%	2	-	Operations	-	None	-	4,947,586	9,895,172
1	MiTAC International Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	1,000,000	1,000,000	180,000	0.47978%~0.6167%	2	-	Operations	-	None	-	18,424,740	18,424,740
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	Other receivables-related parties	Y	2,900,000	2,900,000	-	0.21%~0.27%	2	-	Operations	-	None	-	18,424,740	18,424,740
1	MiTAC International Corp.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	2,000,000	1,000,000	-	0.22%~0.42%	2	-	Operations	-	None	-	18,424,740	18,424,740
1	MiTAC International Corp.	Shen-Tong Construction & Development Co., Ltd.	Other receivables-related parties	Y	1,427	1,427	1,427	0	2	-	Operations	-	None	-	18,424,740	18,424,740
2	MiTAC Computing Technology Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	1,420,000	1,420,000	1,420,000	0.6293%~0.4937296%	2	-	Operations	-	None	-	1,530,505	1,530,505
3	MiTAC Digital Technology Corp.	MiTAC Holdings Corp.	Other receivables-related parties	Y	600,000	600,000	600,000	0.47978%~0.5337%	2	-	Operations	-	None	-	653,110	653,110
4	Silver Star Developments Ltd.	MiTAC International Corp.	Other receivables-related parties	Y	2,064,440	-	-	0	2	-	Operations	-	None	-	8,586,526	8,586,526
4	Silver Star Developments Ltd.	MiTAC Holdings Corp.	Other receivables-related parties	Y	3,713,088	3,675,904	3,614,178	0	2	-	Operations	-	None	-	42,932,629	42,932,629
4	Silver Star Developments Ltd.	Software Insights Ltd.	Other receivables-related parties	Y	28,390	-	-	0	2	-	Operations	-	None	-	42,932,629	42,932,629
4	Silver Star Developments Ltd.	Start Well Technology Ltd.	Other receivables-related parties	Y	873,171	847,008	847,008	0	2	-	Operations	-	None	-	42,932,629	42,932,629
4	Silver Star Developments Ltd.	MiTAC Benelux N.V.	Other receivables-related parties	Y	79,051	62,640	62,640	0	2	-	Operations	-	None	-	42,932,629	42,932,629
4	Silver Star Developments Ltd.	MITAC Logistic Service (KunShan) Ltd.	Other receivables-related parties	Y	8,340	-	-	0	2	-	Operations	-	None	-	42,932,629	42,932,629
5	Tyan Computer Corp.(USA)	MiTAC Information Systems Corp.	Other receivables-related parties	Y	214,013	207,600	207,600	2.83%	2	-	Operations	-	None	-	1,074,321	1,074,321
6	MiTAC Investment Holding Ltd.	MiTAC Technology (Kunshan) Co., Ltd.	Other receivables-related parties	Y	43,840	43,440	43,440	3.85%	2	-	Operations	-	None	-	6,164,885	6,164,885
6	MiTAC Investment Holding Ltd.	MiTAC Information Systems (Kunshan) Co., Ltd.	Other receivables-related parties	Y	385,792	43,440	43,440	0%~4.3%	2	-	Operations	-	None	-	6,164,885	6,164,885
7	MiTAC Research (Shanghai) Ltd.	MiTAC Investment Holding Ltd.	Other receivables-related parties	Y	276,192	-	-	0	2	-	Operations	-	None	-	942,573	942,573
7	MiTAC Research (Shanghai) Ltd.	MiTAC Information Systems (Kunshan) Co., Ltd.	Other receivables-related parties	Y	274,680	273,672	273,672	0%~4.3%	2	-	Operations	-	None	-	942,573	942,573
8	Access Wisdom Holdings Ltd.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	31,389	30,448	30,448	0	2	-	Operations	-	None	-	39,576	39,576

No. (Note1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	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)
													Item	Value		
9	Mio International Ltd.	MiTAC Digital Technology Corp.	Other receivables-related parties	Y	19,975	19,376	19,376	0	2	-	Operations	-	None	-	20,053	20,053
9	Mio International Ltd.	Access Wisdom Holdings Ltd.	Other receivables-related parties	Y	19,975	19,376	19,376	0	2	-	Operations	-	None	-	100,265	100,265
10	MiTAC Computer (Shunde) Corp.	MiTAC Information Systems (Kunshan) Co., Ltd.	Other receivables-related parties	Y	272,223	-	-	4.3%	2	-	Operations	-	None	-	5,685,389	5,685,389
11	MiTAC Computer (Kunshan) Ltd.	MiTAC Information Systems (Kunshan) Co., Ltd.	Other receivables-related parties	Y	348,800	347,520	347,520	0~3.85%	2	-	Operations	-	None	-	5,643,588	5,643,588

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.

- (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.
- (13) If MiTAC Computer (Shunde) 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.
- (14) If MiTAC Computer (Kunshan) 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.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2021

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, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	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 company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China
		Company name	Relationship with the endorser/ guarantor (Note 2)										
0	MiTAC Holdings Corp.	Tyan Computer Corp.(USA)	2	\$ 24,737,931	\$ 199,745	\$ 138,400	\$ 138,400	\$ -	0.28 %	\$ 24,737,931	Y	N	N
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	2	24,737,931	664,866	644,944	644,944	-	1.30 %	24,737,931	Y	N	N
0	MiTAC Holdings Corp.	MiTAC International Corp.	2	24,737,931	230	-	-	-	- %	24,737,931	Y	N	N
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	2	24,737,931	3,805	3,691	3,691	-	0.01 %	24,737,931	Y	N	N
0	MiTAC Holdings Corp.	MiTAC Information Systems Corp.	2	24,737,931	513,630	-	-	-	- %	24,737,931	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, 2021

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, 2021				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	\$ 205,466	0.19	\$ 205,466	
MiTAC Holdings Corp.	stocks	Healthera Corporation	None	Financial assets at fair value through other comprehensive income-non current	72,112	2,456	0.30	2,456	
MiTAC Holdings Corp.	stocks	JVP VIII, L.P.	None	Financial assets at fair value through other comprehensive income-non current	2,037,500	68,633	1.16	68,633	
MiTAC Holdings Corp.	stocks	WHETRON ELECTRONICSCO., LTD.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-non current	6,550,000	195,458	9.05	195,458	
MiTAC Holdings Corp.	stocks	Harbinger VIII Venture Capital Corp.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-non current	11,250,000	110,737	11.57	110,737	
MiTAC International Corp.	stocks	Lien Hwa Industrial Holdings Corporation	Same board chairman	Financial assets at fair value through other comprehensive income-non current	39,325,733	2,434,263	2.79	2,434,263	
MiTAC International Corp.	stocks	UPC Technology Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	16,179,560	349,478	1.20	349,478	
MiTAC International Corp.	stocks	COMPUCASE ENTERPRISE CO., LTD.	None	Financial assets at fair value through other comprehensive income-non current	10,000,000	337,000	8.83	337,000	
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	347,219	0.31	347,219	
MiTAC International Corp.	stocks	MiTAC Information Technology Corp.	The Compny's chairman was this company's director	Financial assets at fair value through other comprehensive income-non current	6,259,734	79,574	4.17	79,574	
MiTAC International Corp.	stocks	MiTAC INC.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	32,931,366	2,115,268	8.70	2,115,268	
MiTAC International Corp.	stocks	Overseas Investment & Development Corp.	None	Financial assets at fair value through other comprehensive income-non current	1,000,000	11,441	1.11	11,441	
MiTAC International Corp.	stocks	Harbinger Venture Capital Corp.	Same board chairman	Financial assets at fair value through other comprehensive income-non current	27,828	243	14.05	243	
MiTAC International Corp.	stocks	Harbinger VI Venture Capital Corp.	None	Financial assets at fair value through other comprehensive income-non current	3,213,811	47,812	13.28	47,812	
MiTAC International Corp.	stocks	Harbinger VII Venture Capital Corp.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-non current	8,338,028	113,584	9.39	113,584	
Tsu Fung Investment Corp.	stocks	MiTAC Holdings Corp.	Ultimate parent company	Financial assets at fair value through other comprehensive income-current	9,250,594	325,621	0.77	325,621	Note 1
Tsu Fung Investment Corp.	stocks	Getac Holdings Corp.	None	Financial assets at fair value through other comprehensive income-current	7,783,741	433,555	1.31	433,555	
Tsu Fung Investment Corp.	stocks	UPC Technology Corp.	None	Financial assets at fair value through other comprehensive income-current	17,460,231	377,141	1.30	377,141	
Tsu Fung Investment Corp.	stocks	Synnex Technology International Corp.	None	Financial assets at fair value through other comprehensive income-current	8,217,974	544,030	0.49	544,030	

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Tsu Fung Investment Corp.	stocks	Lien Hwa Industrial Holdings Corporation	None	Financial assets at fair value through other comprehensive income-current	4,732,382	292,934	0.34	292,934	
Tsu Fung Investment Corp.	stocks	PROMISE Technology Inc.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-current	2,609,479	38,881	2.92	38,881	
Tsu Fung Investment Corp.	stocks	MiTAC Information Technology Corp.	None	Financial assets at fair value through other comprehensive income-non current	4,594,672	58,407	3.06	58,407	
Tsu Fung Investment Corp.	stocks	MiTAC INC.	None	Financial assets at fair value through other comprehensive income-non current	20,302,221	1,304,012	5.36	1,304,012	
Tsu Fung Investment Corp.	stocks	Tung Da Investment Co., Ltd.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-non current	4,848,125	167,511	19.99	167,511	Note 2
Tsu Fung Investment Corp.	stocks	Harbinger Venture Management Co., Ltd.	The Group's chairman was this company's chairman	Financial assets at fair value through other comprehensive income-non current	862,922	16,741	19.99	16,741	
Tsu Fung Investment Corp.	stocks	Lien Yung Investment Corp.	The Compny was this company's director	Financial assets at fair value through other comprehensive income-non current	9,217,196	159,918	19.99	159,918	
Tsu Fung Investment Corp.	Funds	UPAMC JAMES BOND Money Market Fund	None	Financial assets at fair value through profit or loss-current	4,150,189	70,023	-	70,023	
Tsu Fung Investment Corp.	Funds	PGIM Prudential Financial Money Market Fund	None	Financial assets at fair value through profit or loss-current	4,378,914	70,025	-	70,025	
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	74,904	0.18	74,904	Note 1
Silver Star Developments Ltd. and its subsidiaries	stocks	TD Synnex Corp.	None	Financial assets at fair value through other comprehensive income-non current	5,299,980	16,777,006	5.52	16,777,006	Note 3
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	41	14.83	41	
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.

Note 3: Synnex Corp. became a non-related party of the Group since September 1, 2021 as the Group lost significant influence over it and was renamed to TD Synnex Corp.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2021		Addition		Disposal				Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount (Note)
Silver Star Developments Ltd.	Concentrix Corp	Investments accounted for using equity method	-	-	5,299,980	\$ 6,677,974	-	\$ -	359,754	\$1,466,118 (US\$52,344)	\$468,220 (US\$16,716)	\$997,898 (US\$35,628)	4,940,226	\$ 6,804,427

Note: It pertains to the book value of investments accounted for using equity method in December 2021.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
MiTAC Computer (Shunde) Ltd.	Land use rights	December 25, 2020(Note 1)	January 1, 2003	\$ 55,586 (CNY12,804)	\$ 799,227 (CNY184,094)	All collected	\$ 743,641 (CNY171,290)	Land Arrangement and Reserve Center of Shunde District, Foshan City	Third party	To cooperate with the land banking by the local government for the village level industrial park upgrading and renovation project	Note 2	None
MiTAC Computer (Shunde) Ltd.	Land use rights, Buildings	November 7, 2019(Note 1)	January 31, 1996	\$ 33,814 (CNY7,788)	\$ 335,268 (CNY77,225)	All collected	\$ 301,454 (CNY69,437)	Land Arrangement and Reserve Center of Shunde District, Foshan City	Third party	To cooperate with the land banking by the local government for the city construction development project	Note 3	None

Note 1: It refers to the resolution date by the Board of Directors of the subsidiary.

Note 2: It was by reference to the appraisal report issued by the professional appraisal company and was determined based on the expropriation agreement.

Note 3: It was by reference to the appraisal report issued by the professional appraisal company and was determined based on the auction price.

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, 2021

Table 6

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	\$ 9,830,593	42 %	Note 1	Note 3	Note 1	\$ 3,785,225	62 %	
MiTAC Computing Technology Corp.	Tyan Computer Corp.(USA)	Subsidiary	Sales	410,728	2 %	Note 1	Note 3	Note 1	-	- %	
MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	Subsidiary	Sales	110,818	- %	Note 1	Note 3	Note 1	176	- %	
MiTAC Computing Technology Corp.	TD Synnex Corp. and its subsidiaries	Note 4	Sales	288,950	1 %	Note 1	Note 3	Note 1	-	- %	
MiTAC Computing Technology Corp.	Synnex Technology International Corp. and its subsidiaries	Other related parties	Purchases	227,479	1 %	Note 2	Note 3	Note 2	(142,009	3 %	
MiTAC Computing Technology Corp.	MiTAC Japan Corp.	Affiliate	Sales	219,370	1 %	Note 1	Note 3	Note 1	45,059	1 %	
MiTAC Digital Technology Corp.	MiTAC Digital Corp.	Subsidiary	Sales	105,273	2 %	Note 1	Note 3	Note 1	-	- %	
MiTAC Digital Technology Corp.	MiTAC Australia Pty Ltd.	Subsidiary	Sales	155,853	3 %	Note 1	Note 3	Note 1	99,212	12 %	
MiTAC Digital Technology Corp.	MiTAC Computer (Kunshan) Ltd.	Affiliate	Purchases	1,464,566	36 %	Note 2	Note 3	Note 2	(810,402	57 %	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	Sales	114,744	1 %	Note 1	Note 3	Note 1	1,291,352	37 %	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	Purchases	219,673	2 %	Note 2	Note 3	Note 2	(45,059	3 %	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Digital Technology Corp.	Affiliate	Sales	1,474,926	10 %	Note 1	Note 3	Note 1	828,233	23 %	
MiTAC Technology UK Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Parent Company	Purchases	10,241,320	51 %	Note 2	Note 3	Note 2	(3,785,225	69 %	
MiTAC Technology UK Ltd. and its subsidiaries	TD Synnex Corp. and its subsidiaries	Note 4	Sales	214,775	1 %	Note 1	Note 3	Note 1	-	- %	
Access Wisdom Holdings Ltd. and its subsidiaries	MiTAC Digital Technology Corp.	Parent Company	Purchases	262,483	93 %	Note 2	Note 3	Note 2	(99,212	77 %	

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: TD Synnex Corp. and its subsidiaries became third parties since September 1, 2021.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Accounts receivable	Other receivables	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
						Amount	Action taken			
MiTAC Computing Technology Corp.	MiTAC Information Systems Corp.	Subsidiary	\$ 3,785,225	\$ 9,540	2.39	\$ 383,994	Subsequent collection	\$ -	\$ -	
MiTAC Digital Technology Corp.	MiTAC Information Systems (Kunshan) Co., Ltd.	Affiliate	-	129,060	-	-	Not Applicable	-	-	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Computing Technology Corp.	Affiliate	1,291,352	13,637	0.08	-	Not Applicable	1,181,936	-	
Silver Star Developments Ltd. and its subsidiaries	MiTAC Digital Technology Corp.	Affiliate	828,233	912	1.76	-	Not Applicable	346,000	-	

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
For the year ended December 31, 2021

Table 8

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)	Footnote
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	1	Other receivables	\$ 2,892,086		3.79 %	
0	MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	1	Other receivables	891,371		1.17 %	
1	MiTAC International Corp.	MiTAC Holdings Corp.	2	Other receivables	226,961		0.30 %	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	3	Other operating revenue	118,921		0.16 %	
2	MiTAC Computing Technology Corp.	MiTAC Holdings Corp.	2	Other receivables	1,420,000		1.86 %	
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	3	Sales	10,241,320	Note 4	24.28 %	
2	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	3	Accounts receivable	3,785,225	Note 4	4.96 %	
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Sales	219,673	Note 4	0.52 %	
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Purchases	114,744	Note 5	0.27 %	
2	MiTAC Computing Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Accounts payable	1,291,352	Note 5	1.69 %	
2	MiTAC Computing Technology Corp.	MiTAC Telematics Technology Corporation	3	Sales	110,818	Note 4	0.26 %	
3	Silver Star Developments Ltd. and its subsidiaries	MiTAC Holdings Corp.	2	Other receivables	3,614,178		4.73 %	
4	MiTAC Digital Technology Corp.	Access Wisdom Holdings Ltd. and its subsidiaries	3	Sales	262,483	Note 4	0.62 %	
4	MiTAC Digital Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Purchases	1,474,926	Note 5	3.50 %	
4	MiTAC Digital Technology Corp.	Silver Star Developments Ltd. and its subsidiaries	3	Accounts payable	828,233	Note 5	1.08 %	
4	MiTAC Digital Technology Corp.	MiTAC Holdings Corp.	2	Other receivables	618,960		0.81 %	
4	MiTAC Digital Technology Corp.	MiTAC Information Systems (Kunshan) Co., Ltd.	3	Other receivables	129,060	-	0.17 %	

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, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
MiTAC Holdings Corp.	MiTAC International Corp.	Taiwan	Computer and its peripherals: design , manufacture and sell communications products	\$ 24,739,187	\$ 24,739,187	2,393,020,550	100.00	\$ 48,760,743	\$ 11,836,512	\$ 11,825,133	Subsidiary
MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	Taiwan	Computer and its peripherals: design , manufacture and sell communications products	3,419,621	3,419,621	232,757,102	100.00	3,812,095	223,935	224,007	Subsidiary
MiTAC Holdings Corp.	MiTAC Digital Technology Corp.	Taiwan	Automotive electronics, AIOT and software : design , manufacture and sell communications products	1,547,485	1,547,485	103,099,000	97.17	1,628,117	19,234	18,719	Subsidiary
MiTAC Holdings Corp.	Infopower Technologies Ltd.	India	Manufacture and sale of electronic product.	71,597	71,597	6,774,199	33.33	68,263	(1,328)	(443)	Associate
MiTAC International Corp.	Getac Holdings Corp.	Taiwan	Manufacturing and sale of notebook computers, military and industrial computer systems, etc.	1,391,549	1,391,549	190,396,939	31.86	5,804,772	4,273,793	-	Associate
MiTAC International Corp.	Tsu Fung Investment Corp.	Taiwan	General investments	625,000	625,000	142,884,651	100.00	3,905,108	125,479	-	Subsidiary
MiTAC International Corp.	3 Probe Technology Co., Ltd.	Taiwan	Information process service, sales of software and international trading.	16,839	16,839	1,086,000	23.25	13,945	7,094	-	Associate
MiTAC International Corp.	Lian Jie Investment Co., Ltd.	Taiwan	General investments	113,057	113,057	11,305,650	49.98	248,027	(1,782)	-	Associate
MiTAC International Corp.	Lian Jie II Investment Co., Ltd.	Taiwan	General investments	32,500	32,500	3,250,000	32.50	39,529	(259)	-	Associate
MiTAC International Corp.	Silver Star Developments Ltd. and its subsidiaries	British Virgin Islands	General investments	4,879,965	4,879,965	176,299,302	100.00	34,669,468	15,801,756	-	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	85,807	(430)	-	Associate
MiTAC International Corp.	Loyal Fidelity Aerospace Corp.	Taiwan	Electronic components manufacturing, aircraft and its parts manufacturing and wholesale industry.	121,475	121,475	674,025	15.40	(20,326)	(162,537)	-	Associate
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	UK	General investments	1,409,814	1,409,814	55,146,138	100.00	1,666,974	265,290	-	Subsidiary
MiTAC Computing Technology Corp.	Hyve Design Solutions Corporation	USA	Assemble and sales of computer and peripheral equipment.	138,400	138,400	1,000,000	50.00	(115,032)	(202,662)	-	Associate
MiTAC Digital Technology Corp.	Mio International Ltd. and its subsidiaries	British Virgin Islands	General investments	63,046	63,046	1,275,001	100.00	77,984	1,312	-	Subsidiary
MiTAC Digital Technology Corp.	Access Wisdom Holdings Limited. and its subsidiaries	British Virgin Islands	General investments	-	-	48,500,000	100.00	171,413	79,288	-	Subsidiary
Silver Star Developments Ltd. and its subsidiaries	Mainpower International Ltd.	British Virgin Islands	General investments	152,240	152,240	5,500,001	13.28	258,510	147,120	-	Associate

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Silver Star Developments Ltd. and its subsidiaries	Concentrix Corp.	USA	Information process services, sales of computer peripheral, system and network products	6,065,155	6,490,390	4,940,226	9.44	6,804,427	10,954,754	-	Associate
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi Venture Ltd.	British Virgin Islands	General investments	27,680	27,680	1,000,000	28.57	18,441	42	-	Associate
Silver Star Developments Ltd. and its subsidiaries	Harbinger Ruyi II Venture Ltd.	British Virgin Islands	General investments	27,680	27,680	10,000	32.26	82,742	(915)	-	Associate
Tsu Fung Investment Corp.	Loyal Fidelity Aerospace Corp.	Taiwan	Electronic components manufacturing, aircraft and its parts manufacturing and wholesale industry.	15,504	15,504	86,024	1.97	(3,606)	(162,537)	-	Associate
Tsu Fung Investment Corp.	MiTAC Digital Technology Corp.	Taiwan	Automotive electronics, AIOT and software :design , manufacture and sell communications products	16	16	1,000	-	16	19,234	-	Subsidiary

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Information on investments in Mainland China
For the year ended December 31, 2021

Table 10

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
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	\$ 1,810,169	2	\$ 1,104,453	\$ -	\$ -	\$ 1,104,453	\$ 852,196	100.00	\$ 852,196	\$ 3,695,396	\$ -	
MiTAC Computer (Kunshan) Ltd.	Manufacture of omunication, computers, computer peripherals, hardware/software and related products and sale of own produced products	2,217,633	2	1,622,048	-	-	1,622,048	(14,350)	100.00	(14,350)	2,807,436	-	
MiTAC Technology (Kunshan) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	35,955	2	27,680	-	-	27,680	(20,035)	100.00	(20,035)	7,283	-	
MiTAC Research (Shanghai) Ltd.	Research, development of computer software and related technical advisory services	158,725	2	143,936	-	-	143,936	14,321	100.00	14,321	457,374	-	
Suzhou MiTAC Preclusion 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.	1,533,335	2	373,680	-	-	373,680	-	27.44	-	639,206	-	
Mio Technology (Suzhou) Ltd.	Sales of automotive electronics, AIOT products	8,157	2	27,542	-	-	27,542	1,312	100.00	1,312	34,769	-	
MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport,export and import trading and warehousing services.	29,629	2	27,680	-	-	27,680	153	100.00	153	39,320	-	
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	8,899	2	8,304	-	-	8,304	255	100.00	255	19,487	-	
MiTAC Innovation (Kunshan) Ltd.	Research, development of computer software and related technical advisory services	28,543	2	27,680	-	-	27,680	4,034	100.00	4,034	79,205	-	
MiTAC Telematics Technology Corporation	Sales of self-produced products and related after-sale services	8,688	1	2,020	-	-	2,020	332	100.00	332	17,017	-	
MiTAC Investment Holding Ltd.	General investments	2,038,605	2	830,400	-	-	830,400	(31,829)	100.00	(31,829)	3,050,595	-	
MiTAC Information Systems (Kunshan) Co., Ltd.	Manufacture of omunication, computers, computer peripherals, hardware/software and related products and sale of own produced products	1,042,560	3	-	-	-	-	(49,145)	100.00	(49,145)	986,857	-	

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, 2021 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 threecategories:

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.

B.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	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.	\$ 3,717,488	\$ 4,513,288	\$ 29,496,761
MiTAC Computing Technology Corp.	2,020	2,020	2,284,074
MiTAC Digital Technology Corp.	20,622	20,622	1,004,916

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, 2021 amounted to \$20,449 for details of other significant transactions, please refer to table 1 and table 6.

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
Major shareholders information
December 31, 2021

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

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	95,940,944	7.95 %

INDEPENDENT AUDITORS' REPORT

PWCR21000455

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, 2021 and 2020, 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 reports of other 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, 2021 and 2020, 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 audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor’s 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 in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 6(3) to the parent company only financial statements, which describes that during 2021, the MiTAC Holdings Corporation and its subsidiaries' (the Group's) ownership in the associate, TD Synnex Corp., was decreased and the Group lost significant influence over it. As a result, the Company recognised the share of profit or loss of associates and joint ventures accounted for using equity methods amounting to NT\$12,793,377 thousand. Our opinion is not modified in respect of this matter.

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 2021 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, 2021, 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 92% 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 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 of associates and joint ventures accounted for using equity method amounted to NT\$1,111,191 thousand and NT\$1,604,767 thousand for the years ended December 31, 2021 and 2020, respectively. Investments accounted for using equity method amounted to NT\$6,848,718 thousand and NT\$12,693,073 thousand as at December 31, 2021 and 2020, respectively. Those financial statements before adjustments were audited by other auditors whose reports thereon have been furnished to us, and

our opinion expressed herein is based solely on the audit reports of the other 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.

Liu, Chien-Yu

Cheng, Ya-Huei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 25, 2022

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, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 26,055	-	\$ 28,341	-
1200	Other receivables		-	-	1,127	-
1210	Other receivables - related parties	7	3,793,187	7	1,632,875	4
1220	Current income tax assets		7,907	-	7,907	-
1410	Prepayments		1,006	-	956	-
11XX	Total current assets		3,828,155	7	1,671,206	4
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non - current	6(2)	582,750	1	392,838	1
1550	Investments accounted for using equity method	6(3)	54,269,218	92	44,219,743	95
1600	Property, plant and equipment	6(4)	1,592	-	2,388	-
1920	Refundable deposits		106	-	106	-
15XX	Total non-current assets		54,853,666	93	44,615,075	96
1XXX	Total assets		\$ 58,681,821	100	\$ 46,286,281	100
Liabilities and Equity						
Current liabilities						
2100	Current borrowings	6(5)	\$ -	-	\$ 100,000	-
2200	Other payables		24,439	-	10,487	-
2220	Other payables - related parties	7	5,889,657	10	3,198,829	7
2230	Current income tax liabilities		209,354	-	263,957	1
2300	Other current liabilities		60	-	14	-
21XX	Total current liabilities		6,123,510	10	3,573,287	8
2XXX	Total liabilities		6,123,510	10	3,573,287	8
Equity						
	Share capital	6(6)				
3110	Common stock		12,065,568	21	12,065,568	26
	Capital surplus	6(7)				
3200	Capital surplus		22,590,282	38	23,582,411	51
	Retained earnings	6(8)				
3310	Legal reserve		1,744,713	3	1,451,388	3
3350	Unappropriated retained earnings		14,549,186	25	4,110,220	9
	Other equity interest	6(9)				
3400	Other equity interest		1,848,438	3	1,743,283	3
3500	Treasury stocks	6(6)	(239,876)	-	(239,876)	-
3XXX	Total equity		52,558,311	90	42,712,994	92
3X2X	Total liabilities and equity		\$ 58,681,821	100	\$ 46,286,281	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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(2)(3)	\$ 12,077,658	100	\$ 2,968,036	100
Operating expenses					
6200 General and administrative expenses	6(11)(12) and 7	(46,208)	-	(33,880)	(1)
6900 Operating profit		12,031,450	100	2,934,156	99
Non-operating income and expenses					
7100 Interest income	6(10) and 7	8,851	-	3,487	-
7010 Other income		4,491	-	268	-
7020 Other gains and losses		2	-	59	-
7050 Finance costs	6(5) and 7	(11,375)	-	(8,702)	-
7000 Total non-operating income and expenses		1,969	-	(4,888)	-
7900 Profit before income tax		12,033,419	100	2,929,268	99
7950 Income tax expense	6(13)	(72,482)	(1)	(10,563)	(1)
8200 Profit for the year		\$ 11,960,937	99	\$ 2,918,705	98
Other comprehensive income (loss) - net					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6(2)(9)	\$ 134,692	1	\$ 26,206	1
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)	471,952	4	1,781,644	60
8310 Components of other comprehensive income that will not be reclassified to profit or loss		606,644	5	1,807,850	61
Components of other comprehensive loss that will be reclassified to profit or loss					
8370 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)	(464,955)	(4)	(721,722)	(24)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(464,955)	(4)	(721,722)	(24)
8300 Other comprehensive income for the year		\$ 141,689	1	\$ 1,086,128	37
8500 Total comprehensive income for the year		\$ 12,102,626	100	\$ 4,004,833	135
9750 Basic earnings per share	6(14)	\$ 10.01		\$ 2.45	
9850 Diluted earnings per share	6(14)	\$ 9.96		\$ 2.42	

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, 2021 AND 2020
(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 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)		-	-	-	-	2,918,926	(721,722)	1,807,629	-	4,004,833
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 change of associates accounted for using equity method	6(7)(9)	-	87,108	-	-	25,693	-	(25,693)	-	87,108
Disposal of company's share by subsidiaries recognised as treasury share transactions	6(7)	-	83,417	-	-	-	-	-	113,211	196,628
Subsidiaries received cash dividends paid by the parent company	6(7)	-	10,784	-	-	-	-	-	-	10,784
Proceeds from disposal of investments by subsidiaries accounted for using equity method	6(9)	-	-	-	-	12	-	(12)	-	-
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	-	-
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	6(7)	-	1,100	-	-	-	-	-	-	1,100
Total increase (decrease) in equity		1,292,739	182,409	283,976	(12,265)	(2,627,410)	-	(14,323)	113,211	(781,663)
Balance at December 31, 2020		\$ 12,065,568	\$ 23,582,411	\$ 1,451,388	\$ -	\$ 4,110,220	\$ (1,803,450)	\$ 3,546,733	\$ (239,876)	\$ 42,712,994
Year 2021										
Balance at January 1, 2021		\$ 12,065,568	\$ 23,582,411	\$ 1,451,388	\$ -	\$ 4,110,220	\$ (1,803,450)	\$ 3,546,733	\$ (239,876)	\$ 42,712,994
Profit for 2021		-	-	-	-	11,960,937	-	-	-	11,960,937
Other comprehensive income (loss) for 2021		-	-	-	-	1,320	(464,955)	605,324	-	141,689
Total comprehensive income (loss)		-	-	-	-	11,962,257	(464,955)	605,324	-	12,102,626
Distribution of 2020 earnings:	6(8)									
Legal reserve		-	-	293,325	-	(293,325)	-	-	-	-
Cash dividends		-	-	-	-	(1,206,557)	-	-	-	(1,206,557)
Subsidiaries change of associates accounted for using equity method	6(7)(9)	-	12,150	-	-	(17,911)	-	(40,712)	-	(46,473)
Subsidiaries received cash dividends paid by the parent company	6(7)	-	11,379	-	-	-	-	-	-	11,379
Proceeds from disposal of investments by subsidiaries accounted for using equity method	6(7)(9)	-	(1,016,018)	-	-	(5,498)	-	5,498	-	(1,016,018)
Capital surplus - dividends unclaimed by the shareholders	6(7)	-	372	-	-	-	-	-	-	372
Capital surplus - dividends unclaimed by the subsidiaries' shareholders	6(7)	-	(12)	-	-	-	-	-	-	(12)
Total increase (decrease) in equity		-	(992,129)	293,325	-	(1,523,291)	-	(35,214)	-	(2,257,309)
Balance at December 31, 2021		\$ 12,065,568	\$ 22,590,282	\$ 1,744,713	\$ -	\$ 14,549,186	\$ (2,268,405)	\$ 4,116,843	\$ (239,876)	\$ 52,558,311

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, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 12,033,419	\$ 2,929,268
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(4)(11)	796	796
Interest expense		11,375	8,702
Interest income	6(10)	(8,851)	(3,487)
Dividend income	6(2)	(10,242)	(10,021)
Share of profit of associates accounted for using equity method	6(3)	(12,067,416)	(2,958,015)
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease in other receivables		9,034	-
Decrease in other receivables - related parties		105,411	3,918
(Increase) decrease in prepayments		(50)	48
Changes in operating liabilities			
Increase in other payables		13,990	1,082
Dncrease in other payables - related parties		(10,871)	-
Increase (decrease) in other current liabilities		46	(90)
Cash inflow (outflow) generated from operations		76,641	(27,799)
Receipt of interest		7,833	3,217
Cash dividend received	6(2)(3)	984,054	223,285
Payment of interest		(11,409)	(7,926)
Payment of income tax		(118,000)	(4,461)
Net cash flows from operating activities		939,119	186,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		\$ 180	\$ -
Acquisition of financial assets at fair value through other comprehensive income		(55,400)	(20,071)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	2,976
Loans lent to related parties	7	(7,244,835)	(2,647,786)
Loans repaid from related parties	7	4,996,843	1,281,600
Net cash flows used in investing activities		(2,303,212)	(1,383,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(15)	(100,000)	(900,000)
Increase in loans from related parties	6(15) and 7	6,771,906	4,677,786
Repayment of loans to related parties	6(15) and 7	(4,103,914)	(1,531,600)
Cash dividends paid	6(8)	(1,206,557)	(1,077,283)
Capital surplus - dividends unclaimed by the shareholders	6(7)	372	-
Net cash flows from financing activities		1,361,807	1,168,903
Net decrease in cash and cash equivalents		(2,286)	(28,062)
Cash and cash equivalents at beginning of year	6(1)	28,341	56,403
Cash and cash equivalents at end of year	6(1)	<u>\$ 26,055</u>	<u>\$ 28,341</u>

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, 2021 AND 2020
(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 (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 (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 February 25, 2022.

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 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
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 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 2022 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 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.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	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 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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 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 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 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 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 derecognises 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 assumed, 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 Company has considered the economic implications of COVID-19 pandemic on critical accounting estimates, reflected the impact caused by the pandemic and will continue evaluating the impact on its financial position and financial performance.

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

	December 31, 2021	December 31, 2020
Cash and cash equivalents:		
Checking accounts and demand deposits	\$ <u>26,055</u>	\$ <u>28,341</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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Listed stocks	\$ 134,657	\$ 134,657
Unlisted stocks	<u>437,512</u>	<u>382,292</u>
Subtotal	572,169	516,949
Valuation adjustment	<u>10,581</u>	<u>(124,111)</u>
Total	<u>\$ 582,750</u>	<u>\$ 392,838</u>

- A. The Company recognised \$134,692 and \$26,206 in other comprehensive income for fair value change for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the fair value of investments were \$582,750 and \$392,838, respectively.
- C. The Company received dividend income of \$10,242 and \$10,021 for the years ended December 31, 2021 and 2020, respectively.
- D. The Company sold \$4,103 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.

Investee company	December 31, 2021	December 31, 2020
Subsidiaries		
Mitac International Corporation	\$ 48,760,743	\$ 38,764,957
Mitac Computing Technology Corporation	3,812,095	3,741,073
Mitac Digital Technology Corporation	1,628,117	1,643,435
Associates		
Infopower Technologies Ltd.	<u>68,263</u>	<u>70,278</u>
	<u>\$ 54,269,218</u>	<u>\$ 44,219,743</u>

- B. The Company's recognized share of profit from associates accounted for under the equity method for the years ended December 31, 2021 and 2020 were \$12,067,416 and \$2,958,015, respectively, and recognized share of other comprehensive income from associates accounted for under the equity method were \$6,997 and \$1,059,922, respectively.
- C. The subsidiary of the Company -Silver Star Developments Ltd. originally held 10.21% ownership in TD Synnex Corp. but has significant influence over TD Synnex Corp. as the subsidiary of the company is the major shareholder of TD Synnex Corp. and the Company's chairman Feng Chiang Miao serves as this company's honorary chairman. On September 1, 2021, this company issued shares for acquisitions resulting in a decrease in

the ownership held by the subsidiary of the Company down to 5.52% and the Company lost significant influence over it. On the same day, the subsidiary of the Company reclassified it from investments accounted for using equity method at book value to financial assets at fair value through other comprehensive income based on the remeasurement at fair value, and recognised the difference as gains on disposal of investments amounting to \$ 12,793,377.

The Company also recognizes the share of profit or loss of associates and joint ventures accounted for using equity method at \$12,793,377.

- D. The Company received the cash dividends from MiTAC International Corp. for the years ended December 31, 2021 amounting to \$840,000. The Company received the stock dividends from MiTAC International Corp. for the years ended December 31, 2021 and 2020 amounting to \$1,710,073 and \$2,349,919, respectively.
- E. The Company received the cash dividends from MiTAC Computing Technology Corp. for the years ended December 31, 2021 and 2020 amounting to \$105,260 and \$59,882, respectively.
- F. The Company received the cash dividends from MiTAC Digital Technology Corp. for the years ended December 31, 2021 and 2020 amounting to \$28,552 and \$153,382, respectively.
- G. For the information on subsidiaries of the Company, please refer to Note 4(3) in the consolidated financial statements for the years ended December 31, 2021.
- 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, 2021 and 2020, the carrying amount of the Company's individually immaterial associates amounted to \$68,263 and \$70,278, respectively.

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss for the period from continuing operations	\$(1,328)	\$(3,792)
Total comprehensive loss	<u>\$(1,328)</u>	<u>\$(3,792)</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	
	2021	2020
Transportation equipment		
Opening net book amount as at January 1	\$ 2,388	\$ 3,184
Depreciation	(796)	(796)
Closing net book amount as at December 31	<u>\$ 1,592</u>	<u>\$ 2,388</u>
At December 31		
Cost	\$ 3,980	\$ 3,980
Accumulated depreciation	(2,388)	(1,592)
	<u>\$ 1,592</u>	<u>\$ 2,388</u>

(5) Short-term borrowings

<u>Type of borrowings</u>	December 31, 2021	December 31, 2020
Unsecure bank borrowings	<u>\$ -</u>	<u>\$ 100,000</u>
Borrowing interest rate	<u>-</u>	<u>0.63 %</u>

Interest expense recognised in profit or loss amounted to \$961 and \$3,922 for the years ended December 31, 2021 and 2020, respectively.

(6) Share capital

A. As of December 31, 2021, 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

	2021	2020
Outstanding shares as of January 1	1,195,178	1,061,382
Capital increase of earnings	-	129,274
Disposal of the Company's treasury share by subsidiaries	-	5,816
Capital increase of treasury share acquired by the subsidiaries	<u>-</u>	<u>(1,294)</u>
Outstanding shares as of December 31	<u>1,195,178</u>	<u>1,195,178</u>

B. Treasury shares

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

		December 31, 2021	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
Subsidiary-Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary-SSDL	Stock conversion	2,128	77,002
		December 31, 2020	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
Subsidiary-Tsu Fung Investment Corp.	Stock conversion	9,250	\$ 162,874
Subsidiary-SSDL	Stock conversion	2,128	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, 2021	\$ 21,571,329	\$ 457,198	\$ 1,205,361	\$ 609	\$ 346,814	\$ 1,100	\$ 23,582,411
Subsidiaries received cash dividend paid by the parent company	-	11,379	-	-	-	-	11,379
Changes from associates and joint ventures accounted for using the equity method	-	-	12,150	-	-	-	12,150
Capital surplus-dividends unclaimed by the subsidiaries' shareholders	-	-	-	-	-	(12)	(12)
Capital surplus-dividends unclaimed by the shareholders	-	-	-	-	-	372	372
Investment adjustment for disposal of subsidiaries using the Equity method	-	-	(1,016,018)	-	-	-	(1,016,018)
At December 31, 2021	<u>\$ 21,571,329</u>	<u>\$ 468,577</u>	<u>\$ 201,493</u>	<u>\$ 609</u>	<u>\$ 346,814</u>	<u>\$ 1,460</u>	<u>\$ 22,590,282</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, 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 dividend 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>

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. The appropriation of 2020 earnings had been resolved at the shareholder's meeting on July 16, 2021. Detail are summarized below:

	For the year ended December 31, 2020	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 293,325	
Cash dividend	1,206,557	\$ 1.00
Total	\$ 1,499,882	\$ 1.00

- F. On February 25, 2022, the appropriation of earnings for the year ended December 31, 2021 proposed by the Board of Directors and to be approved by the shareholders is as follows:

		For the year ended December 31, 2021	
		Amount	Dividend per share (in dollars)
Legal reserve	\$	1,193,885	
Cash dividend		2,413,114	\$ 2.00
Total	\$	3,606,999	\$ 2.00

(9) Other equity items

2021			
	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1	\$ 3,546,733	\$(1,803,450)	\$ 1,743,283
Reclassified to retained earnings upon disposal			
- Subsidiaries and Associates	(35,214)	347,348	312,134
Revaluation			
- The Company	134,692	-	134,692
- Subsidiaries and Associates	470,632	-	470,632
Currency translation differences			
- Subsidiaries and Associates	-	(812,303)	(812,303)
At December 31	\$ 4,116,843	\$(2,268,405)	\$ 1,848,438
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
- Subsidiaries and Associates	1,781,423	-	1,781,423
Currency translation differences			
- Subsidiaries and Associates	-	(728,396)	(728,396)
At December 31	\$ 3,546,733	\$(1,803,450)	\$ 1,743,283

(10) Interest income

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 6	\$ 75
Interest income from loan to related parties	<u>8,845</u>	<u>3,412</u>
Total	<u>\$ 8,851</u>	<u>\$ 3,487</u>

(11) Expense by nature

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 21,256	\$ 10,149
Depreciation	<u>796</u>	<u>796</u>
Total	<u>\$ 22,052</u>	<u>\$ 10,945</u>

(12) Employee benefit expenses

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Wage and salaries	\$ 13,252	\$ 4,149
Directors' remuneration	<u>8,004</u>	<u>6,000</u>
Total	<u>\$ 21,256</u>	<u>\$ 10,149</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, 2021 and 2020, 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, 2021 and 2020, employees' compensation was accrued at \$12,052 and \$2,937, respectively; and directors' and supervisors' remuneration was accrued at \$7,000 and \$5,000, respectively. The aforementioned amounts were recognized in salary expenses. Employees' cash bonus and directors' and supervisors' remuneration of 2021 and 2020 as resolved at the Board of Directors of the Company were in agreement with those amounts recognized in the 2021 and 2020 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:

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
Current tax on profits for the year	\$ 856	\$ 441
Tax on undistributed surplus earnings	71,668	9,901
Prior year income tax (over)underestimation	(42)	221
Income tax expense	<u>\$ 72,482</u>	<u>\$ 10,563</u>

- B. Reconciliation between income tax expense and accounting profit

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 2,406,684	\$ 585,854
Tax effects from expense disallowed by tax regulation	59	59
Tax exempt income by tax regulation	(2,405,887)	(585,472)
Prior year income tax (over)underestimation	(42)	221
Tax on undistributed earnings	<u>71,668</u>	<u>9,901</u>
Income tax expense	<u>\$ 72,482</u>	<u>\$ 10,563</u>

- C. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(14) Earnings per share

For the year ended December 31, 2021			
	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	\$ 11,960,937	1,195,178	\$ 10.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 11,960,937		
Less: Effect of dilutive potential common stocks issued by investee companies	(52,426)		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	360	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ 11,908,511	1,195,538	\$ 9.96
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	\$ 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	\$ 2,892,472	1,193,762	\$ 2.42

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.

(15) Changes in liabilities from financing activities

	<u>Current borrowings</u>	<u>Loan from related parties</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2021	\$ 100,000	\$ 3,146,186	\$ 3,246,186
Changes in cash flow	(100,000)	2,667,992	2,567,992
At December 31, 2021	<u>\$ -</u>	<u>\$ 5,814,178</u>	<u>\$ 5,814,178</u>

	<u>Current borrowings</u>	<u>Loan from related parties</u>	<u>Liabilities from financing activities-gross</u>
At January 1, 2020	\$ 1,000,000	\$ -	\$ 1,000,000
Changes in cash flow	(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>

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
Harbinger VIII Venture Capital Corp	The Company was this company's director

(2) Significant related party transactions and balances

A. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables (excluding loans to subsidiaries):		
Subsidiary	\$ <u>179,009</u>	\$ <u>266,689</u>

Other receivables are mainly about tax paid on behalf of subsidiaries under consolidated tax return.

B. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables(excluding loan from subsidiary):		
Subsidiaries	\$ <u>75,479</u>	\$ <u>52,643</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, 2021

<u>Account</u>	<u>Number of shares</u>	<u>Subject of the transaction</u>	<u>Acquisition amount</u>
Acquisition of financial assets at fair value through other comprehensive income-non current	3,750 thousand shares	Harbinger VIII Venture Capital Corp.	\$ <u><u>37,500</u></u>

For the year ended 2020: None.

D. Lease transactions — leasee

(a) For the years ended December 31, 2021 and 2020, the Company leased offices from a subsidiary, Mitac International Corp. The lease terms are 5 years.

(b) Rent expense

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ <u><u>22</u></u>	\$ <u><u>23</u></u>

E. Loans to /from related parties

(a) Loans to related parties

i. Outstanding balance

	<u>December 31, 2021</u>	
	<u>Balance</u>	<u>Expiry Date</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 2,747,794	2022/3/11 2022/8/15
Subsidiary - Mitac Digital Technology Corp.	<u>866,384</u>	2022/8/15
Total	\$ <u><u>3,614,178</u></u>	
	<u>December 31, 2020</u>	
	<u>Balance</u>	<u>Expiry Date</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 1,355,648	2021/3/8
Subsidiary - Mitac Digital Technology Corp.	<u>10,538</u>	2021/8/5
Total	\$ <u><u>1,366,186</u></u>	

ii. Interest income

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 7,993	\$ 3,401
Other subsidiaries	<u>852</u>	<u>11</u>
Total	<u>\$ 8,845</u>	<u>\$ 3,412</u>

The loans to subsidiaries are with a credit term of 1 year and carry interest at 0.22%-0.56% and 0.22%-1.33% per annum for the years ended December 31, 2021 and 2020, respectively. The amounts of loan to and repayment from related parties were \$7,244,835 and \$4,996,843, respectively, for the year ended December 31, 2021. 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.

(b) Loans from related parties

i. Outstanding balance

	<u>December 31, 2021</u>	
	<u>Balance</u>	<u>Expiry Date</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 1,420,000	2022/7/18
Subsidiary - Mitac Digital Technology Corp.	600,000	2022/5/16
Subsidiary - Silver Star Developments Ltd. And subsidiaries	3,614,178	2022/5/24 2022/7/14
Other subsidiaries	<u>180,000</u>	2022/5/16
Total	<u>\$ 5,814,178</u>	

	<u>December 31, 2020</u>	
	<u>Balance</u>	<u>Expiry Date</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 1,120,000	2021/8/9
Subsidiary - Mitac Digital Technology Corp.	600,000	2021/6/23
Subsidiary - Silver Star Developments Ltd. And subsidiaries	1,366,186	2021/7/30
Other subsidiaries	<u>60,000</u>	2021/6/23
Total	<u>\$ 3,146,186</u>	

ii. Interest income

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 6,915	\$ 2,781
Subsidiary - Mitac Digital Technology Corp.	2,947	1,676
Other subsidiaries	<u>552</u>	<u>323</u>
Total	<u>\$ 10,414</u>	<u>\$ 4,780</u>

The loans from subsidiaries are with a credit term of 1 year and carry interest at 0%-0.6293% and 0%-0.6293% per annum for the years ended December 31, 2021 and 2020, respectively. The amounts of loan from and repayment to related parties were \$6,771,906 and \$4,103,914, respectively, for the year ended December 31, 2021. 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.

F. Endorsements and guarantees provided to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary - Mitac Computing Technology Corp.	\$ 644,944	\$ 663,584
Subsidiary - MiTAC Technology UK Ltd. And subsidiaries	138,400	199,360
Other subsidiaries	<u>3,691</u>	<u>4,028</u>
Total	<u>\$ 787,035</u>	<u>\$ 866,972</u>

G. Expenses

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses:		
Subsidiary - Mitac International Corp.	\$ 12,400	\$ 12,400
Other related parties	<u>2,187</u>	<u>2,176</u>
Total	<u>\$ 14,587</u>	<u>\$ 14,576</u>

Expenses mainly pertain to services and other miscellaneous expenses.

(3) Key management compensation

	<u>For the year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	<u>\$ 7,700</u>	<u>\$ 8,784</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

	December 31, 2021	December 31, 2020
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	\$ <u>582,750</u>	\$ <u>392,838</u>
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	\$ 26,055	\$ 28,341
Other receivables	-	1,127
Other receivables - related parties	3,793,187	1,632,875
Refundable deposits	<u>106</u>	<u>106</u>
	<u>\$ 3,819,348</u>	<u>\$ 1,662,449</u>
	December 31, 2021	December 31, 2020
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Current borrowings	\$ -	\$ 100,000
Other accounts payable	24,439	10,487
Other accounts payable - related parties	<u>5,889,657</u>	<u>3,198,829</u>
	<u>\$ 5,914,096</u>	<u>\$ 3,309,316</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 \$5,828 and \$3,928 for the years ended December 31, 2021 and 2020, 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, 2021</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>
Other payables	\$ 5,914,096	\$ -	\$ -	\$ -

<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	-	-	-

(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, 2021 and 2020 is as follows:

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value</u>				
<u>measurements Financial</u>				
<u>assets: :</u>				
Equity securities	\$ 205,466	\$ 197,914	\$ 179,370	\$ 582,750
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value</u>				
<u>measurements Financial</u>				
<u>assets: :</u>				
Equity securities	\$ 145,875	\$ 131,173	\$ 115,790	\$ 392,838

- (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, 2021 and 2020, 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, 2021 and 2020:

	<u>Equity securities</u>	
	<u>2021</u>	<u>2020</u>
January 1	\$ 115,790	\$ 96,958
Current purchase	55,400	17,095
Gains recognized in other comprehensive income	<u>8,180</u>	<u>1,737</u>
December 31	<u>\$ 179,370</u>	<u>\$ 115,790</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, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Unlisted shares	\$ 179,370	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, 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.

- 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, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 1,794	\$ 1,794

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Net asset value	±1%	\$ -	\$ -	\$ 1,158	\$ 1,158

13. SUPPLEMENTARY DISCLOSURES

The details is on page 206 to 210 and page 198 to 225.

MiTAC Holdings Corporation

Chairman: Miao, Matthew Feng Chiang

The background of the cover features a vibrant rainbow with multiple bands of color (red, orange, yellow, green, blue, purple) that curves from the bottom left towards the right. The upper left portion of the image is filled with a dense cluster of overlapping circles in various colors (blue, green, yellow, red, purple, orange). Scattered throughout the background are smaller, semi-transparent circles and icons, including a white cloud, a blue plus sign, a yellow plus sign, a green thermometer, a green house, and a green tractor.

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