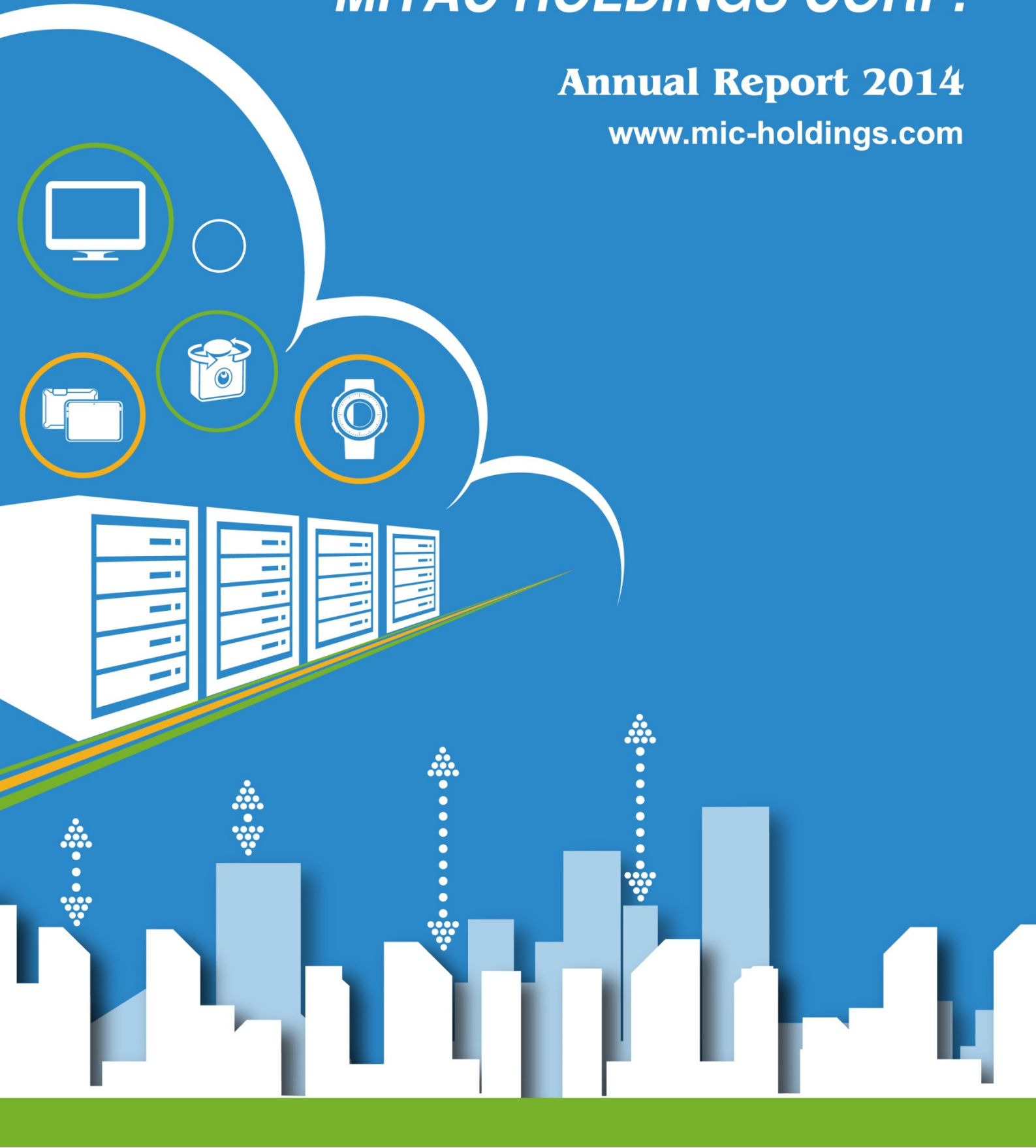


MITAC HOLDINGS CORP.

Annual Report 2014

www.mic-holdings.com



The company's spokesman:

I. Spokesman: Billy Ho / President

Acting Spokesperson: Doris Huang / Vice President of Finance Center

Tel: +886 2 328-9000

E-mail: stock@mic.com.tw

Headquarters :

II. MiTAC Holdings Corporation.

Address: 8th floor, Building B, No.209, Sec. 1, Nangang Rd., Nangang Dist., Taipei, Taiwan, R.O.C.

Tel: +886 2 2652-5858

Branch and factory: none

Subsidiaries :

1. MiTAC International Corp.

Address: No.1, R&D Road 2, HsinChu Science Park, HsinChu, Taiwan, R.O.C.

Tel: +886 3 577-9250

Lin Kou Office

Address: No.200, Wen Hwa 2nd Rd., Kuei Shan Dist., Taoyuan City, Taiwan R.O.C.

Tel: +886 3 328-9000

Nangang Office

Address: Building B, No.209, Sec. 1, Nangang Rd., Nangang Dist., Taipei, Taiwan, R.O.C.

Tel: +886 2 2652-5888

2. MiTAC Computing Technology Corporation

Address: 3F., No.1, R&D Road 2, HsinChu Science Park, HsinChu, Taiwan, R.O.C.

Tel: +886 3 577-9088

III. Stock Agency (the Company's stock transfer agent)

Name: China Trust Commercial Bank - Stock Agency Department

Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei, Taiwan, R.O.C.

Tel: +886 2 6636-5566

Website: [http:// www.ctbcbank.com](http://www.ctbcbank.com)

IV. CPAs for the most recent Independent Auditor's Report

CPA: Liu Yin-Fe, Wen Fang-Yu

Name of CPA firm: Pricewaterhouse Coopers

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

Tel: +886 22729-6666

Website: <http://www.pwc.tw/>

V. Foreign securities listing: None

VI. Company Website: www.mic-holdings.com

Content

	<u>Pages</u>
One. Letter to Shareholder	1
Two. Company profile	3
I. Date of incorporation	3
II. Company milestones	3
Three. Corporate Governance	4
I. Organizational system	4
II. Information on directors, supervisors, presidents, vice presidents, assistant presidents, and managers of each department and division.....	5
III. Remunerations to the directors, supervisors, presidents, and vice presidents/Remunerations to the directors	12
IV. Information on Corporate Governance.....	15
V. Information on the relationship of top 10 shareholders by proportion of shareholding, related parties, spouse, or kindred within the 2nd tier	36
VI. The shareholders of the company, the company’s directors, supervisors, managers, and the business entity directly or indirectly controlled by the company on the same invested company and also, the consolidated comprehensive shareholding ratio	37
Four. Status of Capital	38
I. Capital and Shares.....	38
II. Employee Stock Options.....	44
Five. Operation Overview	47
I. Business Activities.....	47
II. Market and an overview of production and sales	58
III. Overview of Employees.....	65
IV. Expenditure on Environmental Protection.....	66
V. Employee Relation.....	70
VI. Major Contracts.....	72
Six. Financial Position	73
I. Condensed Balance Sheet and(comprehensive)Income Statement in the latest five years	73
II. Financial analysis in the latest five years.....	77
III. Financial Statement in the latest year	79
IV. The company and its affiliated companies should state any financial difficulties occurred during the most recent year up to the date of printing of this annual report and disclose the associated impact on the finances of the company	79

Seven. Review and Analysis of Financial Status and Performance and Associated	
Risks	80
I. Review and Analysis of Financial Status.....	80
II. Review and Analysis of Financial Performance	81
III. Review and Analysis of Cash Flow	82
IV. Impact of major capital expenditure in the year on the financial operations of the company	82
V. The main causes of profit or loss from reinvestment policies in the most recent year, improvement plan and investment plans in the next year	82
VI. Risk	83
VII. Other significant events	86
Eight. Important Notice	87
I. Information on subsidiaries/affiliates.....	87

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

One. Letter to Shareholders

Dear Sir/Madam,

On behalf of MiTAC Holdings Corp., I would like to thank you for your support and encouragement in the past year.

An Overview on the competitive, regulatory and overall business environment

The most representative event in global economy in 2014 would be the collapse of oil prices, which in turn stimulated the growth of the consumer market. According to the estimate of IHS Automotive, a world leading analyst firm, global car sales will reach 85 million units and is expected to further break one hundred million units in 2018. Among the major economies, the United States is on a trend of steady recovery, the shadow of deflation is still hovering over Europe, and the Chinese economy is cooling down from high speed to medium-high speed growth.

Technology development continues to bring new lifestyles. Burgeoning growth in the market of smart mobile devices continues, while the wearables are being developed into the next wave of mainstream applications and the next generation internet of things brings the electronics industry into the domain of diversify applications. The demand for big-data and cloud computing grows even stronger. The manufacturers are getting ready to launch various concepts and solutions and the corporations are extending their tentacles into a broader range of applications and business opportunities through mergers, acquisitions or alliances.

MiTAC Holdings Corp.(MHC)Group embraces the trend of cloud and SoLoMo living and has developed strategies for continuous upgrade and growth. After MiTAC Holdings Corp. was established in 2013, the Cloud Computing Product Business Group of a subsidiary, MiTAC International Corp.(MIC), was span off and restructured into the new MiTAC Computing Technology Corporation (MCT), which was officially launched into operation on September 1st 2014.

Analysis of 2014 Operations, Budget Implementation, Financial Health and Profitability

The Company's overall operating performance in 2014 shows a trend of steady revival in sales and profit compared with 2013. This indicates that the Company's strategies for upgrade has taken effect and set the Company well on the way towards the goal of developing an optimal product mix and profitability. In 2014, MHC achieved a consolidated turnover of NT\$ 42.06 billion, pre-tax net profit of NT\$ 1.051 billion and after-tax earnings per share of NT\$ 1.03. Since the company did not disclosed 2014 financial projections, there is no reference for comparison of budget implementation.

2014 Implementation of Business Plan and R&D

1. Debuted the MiracleBand, which is the fastest electrocardiogram detection and health cloud integrated health management bracelet.
2. Magellan® Echo smart sports watch won the 2014CES Innovations Design and Engineering Award.
3. Mio MiVue™ R25 rearview mirror drive video recorder and MioCARE™ drug information management system won the 2014 Taiwan Excellence Award.
4. Debuted Mio MiVue™ 588 drive video recorder, which is equipped with a Sony Exmor sensor to achieve high-quality recording at night.

5. 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.
6. Won Pioneer Supplier Excellence Award.
7. TYAN, launched its first Customer Reference System GN70-BP010 built from the IBM OpenPOWER alliance concept on IBM® POWER 8 structure.
8. TYAN high-speed Cache Appliance Solutions build on the main structure of Intel® SSD DC P3700 and Intel® Cache Acceleration Software.
9. Won the Fujitsu Supplier Award.
10. Launched the full system RACK Solution designed to meet the needs of future large-scale data center.

2015 Strategies for Company Development

In the complex economic environment where fast development of technologies and cross-industrial competition are changing the market games every day, it is difficult for a single company to simultaneously ace in multiple markets. Therefore, they steered their focus from fighting in the market alone to building an ecosystem. MHC strives to become the leader in the future market. The Company develops products and services centering on customers' needs and builds cross-sector alliances to find the best profit models for sustainable development.

MCT focusing on cloud data and computing facilities aims to launch a broader range of products and services through enhanced core capabilities in research and innovation. Flexible business model will enable the Company to develop customer relationships in greater depth and strategic alliances will help the Company develop the best integrated solutions for public, private and hybrid cloud equipment to meet the various needs of business users.

MIC's smart mobile devices and cloud services are developed on the concept of building connecting smart living and built on an ecosystem of cloud services and smart mobile devices. We continue to restructure the product mix, reinforce innovative integration of applications, improve customer satisfaction and actively develop new customers. Combining the brand assets of Mio and Magellan with strategic alliance partners, we deliver innovative customized software and hardware services to connecting car, automotive electronics and healthcare & wellness management industries.

MCT, a new subsidiary split from the old organization, and the corresponding overseas organization has been officially launched into operation last year. In this year's CES, we once again declared that the SmartGPS Eco cloud platform has become one of the major navigation application on infotainment platforms chosen by world-class automotive manufacturers. This is also the first time this service is used as an OEM automotive infotainment platform, which shows that Mitac's software service has won the trust in the industry. In the coming year, we will continue to move towards our performance goals set in the business strategies and strives to complete full transformation of MiTAC Holdings Corporation. With three decades of solid development in the industry, MHC is committed to building a better future with our shareholders, customers and employees.

May I wish you all good health and good luck

Matthew Miao, Chairman
Billy Ho, President

Two. Company profile

I. Date of incorporation: September 12, 2013

II. Company milestones

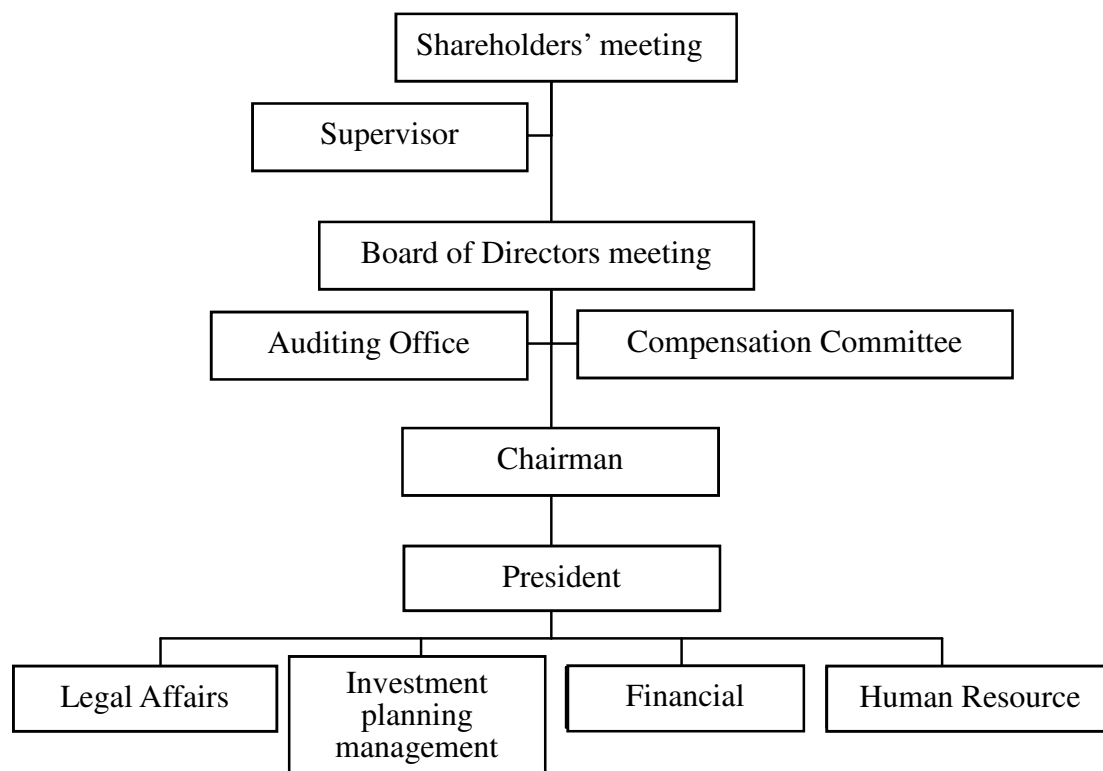
- 2013
 - For the implementation of the industry holding operation and independent development policy aiming at the upgrade of overall performance and fortifying the competitiveness in market, the company listed in TWSE under a resolution of the shareholders meeting of MiTAC International Corp. on June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

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

Three. Corporate Governance

I. Organizational system

(I) Organizational Chart



(II) Departmental business operation

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

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

(I) Information on the directors and supervisors

Unit: share; % April 13, 2015

Title	Nationality or registered	Name	Date of office	Term	Date First Elected	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at MiTAC or other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor		
						Shares	%	Shares	%	Shares	%	Shares	%			Titles	Names	Relationship
Chairman	U.S.A	Matthew Miao	2013.06.24	3-y	2013.06.24	10,942,999	1.43%	12,282,999	1.60%	0	0.00%	0	0.00%	Santa Clara University, EMBA California Berkeley University, Bachelor, Electrical Engineering	Chairman and CEO, MiTAC International Corp. Chairman, Lien Hwa Industrial Corp. Chairman, UPC Technology Corporation Chairman, SYNEX Technology International Corp. Director, Getac Technology Corporation Chairman, MiTAC Inc	None	None	None
Director	R.O.C	Billy Ho	2013.06.24	3-y	2013.06.24	2,551,863	0.33%	2,671,863	0.35%	0	0.00%	0	0.00%	MIS in Computer Science, Fairleigh-Dickinson University Master UC San Diego Marketing Manager, Pao Hwa Trading Co., Ltd.	President, MiTAC Holdings Corporation Director and President, MiTAC International Corp. Chairman of MiTAC Computing Technology Corporation Director, Loyalty Founder Enterprise Co., Ltd. Director, Linpus Technologies, Inc. Chairman, MIO Technology Corp. Chairman, DLC Technology Corp. Director, 3-Probe Technologies Co., Ltd. Chairman of MiWell Technology Corporation Director, LFE Aerospace Corporation	None	None	None
Director	R.O.C	MiTAC Inc.	2013.06.24	3-y	2013.06.24	61,228,286	8.00%	61,228,286	7.99%	0	0.00%	0	0.00%	None	None	None	None	None
	R.O.C	Rep.: Hsu Chi-Hua	2013.09.13	3-y	2013.09.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Electronic Engineering, University of California, Berkeley, California, USA President, Hua Deng International Investment Inc. Vice chairman, East Tender Optoelectronics Corporation	Independent director, LuxNet Corporation	None	None	None
Director	R.O.C	UPC Technology Corporation	2013.06.24	3-y	2013.06.24	64,814,078	8.47%	64,814,078	8.45%	0	0.00%	0	0.00%	None	None	None	None	None
	R.O.C	Rep.: Way Yung-Do	2013.06.24	3-y	2013.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MBA of Georgia University BA of Accountancy, Soochow University Senior auditor, Deloitte & Sells, USA CEO, Deloitte	Independent director, SYNEX Technology International Corp. Independent director, Taiwan Cement Company Independent director, Far Eastern Department Stores Co. Ltd. Independent director, Apex biotechnology Corp Director of Wowprime Corp., Ltd. Director, Vanguard International Semiconductor Corporation Supervisor, SerComm Corp Supervisor, Chilis Electronics Corp Supervisor, Iron Force Industrial Co., Ltd	None	None	None

Title	Nationality or registered	Name	Date of office	Term	Date First Elected	Shares held at time of election		Quantity of shares held		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience	Positions currently held at MiTAC or other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor			
						Shares	%	Shares	%	Shares	%	Shares	%			Titles	Names	Relationship	
Director	R.O.C	Rep: Chang Kuang-Cheng	2013.09.13	3-y	2013.09.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Atmospheric Science, State University of New York, USA MBA, State University of New York, USA Bachelor of Metrology, Dept. of Geography, National Taiwan University Director, Commerce Development Research Institute President, Shih Chien University President, Minghsin University of Science and Technology Visiting Professor, School of Business, University of Hawaii President, Chung Yuan Christian University	None	None	None	None	
Supervisor	R.O.C	Arthur Chiao	2013.06.24	3-y	2013.06.24	0	0.00%	0	0.00%	0	0.00%	0	0.00%	MSEE and researcher in Business Administration, Washington University Chairman, Walsin Lihwa Chairman, Capella Microsystems (Taiwan) Inc.,	Chairman, Winbon Electronics Corp. Vice-Chairman, Walsin Lihwa Corp. Chairman, Nuvoton Technology Corp Director, Song Yong investment Corporation Director, Miao-wang-lian-xin Corporation Independent director, SYNEX Technology International Corp. Independent director, Taiwan Cement Corp.	None	None	None	None
Supervisor	R.O.C	Lien Hwa Industrial Corp	2013.06.24	3-y	2013.06.24	45,812,655	5.99%	45,812,655	5.98%	0	0.00%	0	0.00%	None	None	None	None	None	
	R.O.C	Rep: Hu-Shi, Charles Ching	2013.06.24	3-y	2013.06.24	0	0.00%	583	0.00%	0	0.00%	0	0.00%	Master of Engineering at National Tsing Hua University Council for Economic Planning and Development Adjunct Lecturer, Dept. of Chemical Engineering Feng Chia University Asst president, UPC Technology Corporation	Director and president, Lien Hwa Industrial Corp. Director, SYNEX Technology International Corp. Director, Pao long International Co., Ltd. Supervisor, Getac Technology Corporation	None	None	None	None

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

Table 1: Dominant shareholders of institutional shareholders

April 13, 2015

Name of institutional shareholders (Note 1)	Major shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding
UPC Technology Corporation	Lien Hua Industrial Corp.	29.14%
	Synnex Technology International Corporation	5.17%
	Shin Kong Life Insurance Co., Ltd.	3.69%
	Ma Chang-Long	2.30%
	Liberty Stationery Corp.	1.81%
	Yi Yuan Investment Co., Ltd.	1.61%
	Tong Da Investment Corporation	1.23%
	Tsu Fung Investment Corp.	1.23%
	MiTAC International Corp.	1.21%
	Hua Mao Trading Co., Ltd.	1.12%
MiTAC Inc.	Lien Hua Industrial Corp.	35.24%
	Synnex Technology International Corporation	18.36%
	MiTAC International Corp.	8.69%
	Mei An Investment Co., Ltd.	8.18%
	Matthew Miao	5.42%
	Tsu Fung Investment Corp.	4.40%
	Hua Cheng Investment Co., Ltd.	1.92%
	Omron Corporation, Japan	1.70%
	Bao Hsin International Investment Co., Ltd.	1.18%
	Yi Feng Investment Co., Ltd.	0.75%
Lien Hua Industrial Corp.	UPC Technology Corporation	9.68%
	Yi Yuan Investment Co., Ltd.	9.14%
	Yi Feng Investment Co., Ltd.	4.86%
	Nan Shan Life Insurance Co., Ltd.	3.62%
	Cathay Life Insurance Co., Ltd.	3.52%
	Matthew Miao	3.31%
	John Miao	3.28%
	Synnex Technology International Corporation	3.08%
	Miao Feng-Chuan	3.02%
	Y.S. Education Foundation	3.00%

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

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

Table 2: Dominant shareholders of dominant institutional shareholders

April 13, 2015

Name of institutional shareholder (Note 1)	Dominant shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding
Lien Hua Industrial Corp.	UPC Technology Corporation	9.68%
	Yi Yuan Investment Co., Ltd.	9.14%
	Yi Feng Investment Co., Ltd.	4.86%
	Nan Shan Life Insurance Co., Ltd.	3.62%
	Cathay Life Insurance Co., Ltd.	3.52%
	Matthew Miao	3.31%
	John Miao	3.28%
	Synnex Technology International Corporation	3.08%
	Miao Feng-Chuan	3.02%
	Y.S. Education Foundation	3.00%
Synnex Technology International Corporation	MiTAC Inc.	13.62%
	Matthew International Fund investment account held in custody by HSBC Bank (Taiwan) Limited	6.43%
	Nan Shan Life Insurance Co., Ltd.	4.90%
	Bureau of Labor /Insurance	2.99%
	Civil Servants Pension Fund Management Committee	2.80%
	Morgan Stanley & Co International PLC investment account held in custody by HSBC Bank (Taiwan) Limited	2.70%
	Cathay Life Insurance Co., Ltd.	2.19%
	Tu Shu-Wu	2.17%
	Fubon Life Insurance Co., Ltd.	1.91%
	Matthew Miao	1.72%
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	100.00%
Liberty Stationery Corp.	Masateru Kadota	21.10%
	Akira Kadota	10.40%
	Yayoi Kadota	8.90%
	Takanori Kadota	8.90%
	Complete Connection Limited	8.80%
	Yu Jing-Shen	5.70%
	Sun Li-Gang	5.10%
	Sun Jian-Chung	5.30%
	Chang Zheng	4.60%
	Masateru Kadota	3.50%
Yi Yuan Investment Co., Ltd.	Shang Chuan Neng Ltd. (British Virgin Islands)	100.00%

Name of institutional shareholder (Note 1)	Dominant shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding
Tong Da Investment Corporation	Ho Li Investment Co., Ltd.	19.99%
	Chou Te-Chien	0.05%
	Synnex Technology International Corporation	19.99%
	Hua Cheng Construction Co., Ltd.	19.99%
	Wei Cheng Investment Co., Ltd.	19.99%
	Tsu Fung Investment Corp.	19.99%
Tsu Fung Investment Corp.	MiTAC International Corp.	100.00%
MiTAC International Corp.	MiTAC Holdings Corporation	100.00%
Hua Mao Trading Co., Ltd.	Foreign investment (n/a)	-
UPC Technology Corporation	Lien Hua Industrial Corp.	29.14%
	Synnex Technology International Corporation	5.17%
	Shin Kong Life Insurance Co., Ltd.	3.69%
	Ma Chang-Long	2.30%
	Liberty Stationery Corp.	1.81%
	Yi Yuan Investment Co., Ltd.	1.61%
	Tong Da Investment Corporation	1.23%
	Tsu Fung Investment Corp.	1.23%
	MiTAC International Corp.	1.21%
	Hua Mao Trading Co., Ltd.	1.12%
Yi Feng Investment Co., Ltd.	Heng Fu Ltd. (British Virgin Islands)	100.00%
Nan Shan Life Insurance Co., Ltd	Run Chen Holdings Co., Ltd. investment trust account held under the Custody of First Bank	83.10%
	Ruen Chen Investment Holding Co., Ltd.	7.55%
	Tu Ying-Chung	3.25%
	Equity trust account of Nan Shan Life in custody of Taishin Bank	1.44%
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28%
	Ruentex Leasing Co., Ltd.	0.15%
	Kuo Wen-Deh	0.11%
	Ji Pin Investment Co. Ltd.	0.11%
	Global Cheer Investment Limited	0.05%
	Bao Yi Investment Co. Ltd.	0.05%
	Bao Hui Investment Co., Ltd.	0.05%
	Bao Huang Investment Co., Ltd.	0.05%
	Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd.	100.00%
Y.S. Education Foundation	Non-corporate entity (n/a)	-
Mei An Investment Co., Ltd.	Vision Quest Overseas Ltd.	82.25%
	JumpStart Investments Ltd.	16.67%
	Others	1.08%
Hua Cheng Investment Co., Ltd.	Lien Hua Industrial Corp.	100.00%

Name of institutional shareholder (Note 1)	Dominant shareholders of institutional shareholders (Note 2)	
	Name of shareholder	Percentage of shareholding
Omron Corporation, Japan	Japan Trustee Services Bank, Ltd. (trust account)	4.20%
	The Master Trust Bank of Japan, Ltd. (trust account)	3.88%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.40%
	The Bank of Kyoto, Ltd.	3.11%
	JP Morgan Chase Bank 380055	2.54%
	The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	1.90%
	The Chase Manhattan Bank 385036	1.64%
	Nippon Life Insurance Company	1.60%
	State Street Bank & Trust Company 505225	1.46%
	State Street Bank & Trust Company	1.44%
Bao Hsin International Investment Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	100.00%

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

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

Information on the directors and supervisors

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Criteria	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9		10
Chairman Matthew Miao	-	-	✓	-	-	-	✓	-	-	✓	✓	✓	✓	-
Director Billy Ho	-	-	✓	-	-	-	✓	✓	-	✓	✓	✓	✓	-
Director MiTAC Inc. Rep.: Hsu Chi-Hua	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	1
Director UPC Technology Corporation Rep.: Way Yung-Do	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	4
Director UPC Technology Corporation Rep: Chang Kuang-Cheng	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Supervisor Arthur Chiao	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Supervisor Lien Hwa Industrial Corp Rep: Hu-Shi, Charles Ching	-	-	✓	✓	-	✓	✓	-	-	✓	✓	✓	-	-

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is 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, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(II) Information on presidents, vice presidents, assistant presidents, and managers of each department and division

Unit: share; % April 13, 2015

Title	Nationality	Name	Date of office	Shareholding		Shares currently held by spouse or dependents		Shares held in the names of others		Education and Experience Names	Positions in other companies	Spouse or kin within two degrees of consanguinity serving as executive, director, or supervisor		
				Shares	%	Shares	%	Shares	%			Titles	Names	Relationship
President	R.O.C	Billy Ho	2013.9.12	2,671,863	0.35%	0	0.00%	0	0.00%	MIS in Computer Science, Fairleigh-Dickinson University Master UC San Diego Marketing Manager, Pao Hwa Trading Co., Ltd.	President, MiTAC Holdings Corporation Director and President, MiTAC International Corp. Chairman of MiTAC Computing Technology Corporation Director, Loyalty Founder Enterprise Co., Ltd. Director, Linpus Technologies, Inc. Chairman, MIO Technology Corp. Chairman, DLC Technology Corp. Director, 3-Probe Technologies Co., Ltd. Chairman of MiWell Technology Corporation Director, LFE Aerospace Corporation	None	None	None
Vice president and director of finance and accounting	R.O.C	Doris Huang	2013.9.12	70,270	0.01%	0	0.00%	0	0.00%	Bachelor, Taxation and Finance, National Chung Hsing University Director of General Management Dept., Hanrei Technology Corporation	Vice president, Finance Center, MiTAC International Corp. Supervisor, MIO Technology Corp. Director, Loyalty Founder Enterprise Co., Ltd. Supervisor, Tsu Fung Investment Corp. Supervisor, 3-Probe Technologies Director, LFE Aerospace Corporation	None	None	None

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

2014

In thousands of New Taiwan Dollars/ thousand shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees										Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (H)			
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C) (Note 1)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 1)				Exercisable Employee Stock Options (Note 5)					New Restricted Employee Shares		
		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						
												Cash	Stock	Cash	Stock												
Chairman	Matthew Miao																										
Director	Billy Ho																										
Director	MiTAC Inc. Rep.: Hsu Chi-Hua																										
Director	UPC Technology Corporation Rep.: Way Yung-Do Rep.: Chang Kuang-Cheng	408	408	-	-	1,400	1,400	92	92	0.25%	0.25%	-	14,119	-	-	-	-	-	-	3,050	3,050	-	-	0.25%	2.11%		None

Note 1 : The figures were the amount of earnings for distribution proposed by the Board of Directors before the approval of the general meeting of shareholders for approval.

Note 2 : The ratio of total remuneration to after-tax profit is 0.27% for all periods from Sep. 12th to Dec. 31st 2013. This year's ratio is also 0.25%. This is mainly due to an increase in after-tax profit in this fiscal year compared to last year, which drove down the ratio of total remuneration to after-tax profit.

Note 3 : The remunerations from retained earnings that directors are entitled to are compiled in a table for distribution of earnings subject to the resolution of the Board meeting and the general meeting of shareholders. The remunerations to directors were proposed at the recommendation of the Compensation Committee, industry level, and the possible risks in the future by the Board of directors at the authorization under the Articles of Incorporation.

Note 4 : Pension as stated is the amount of appropriation.

Note 5 : This refers to the quantity of shares that the directors are eligible to from Employee stock option excluding the exercised portion, as of the date (2015/05/15) of this annual report. These directors also hold employee positions (including the president, vice presidents, other managers and employees).

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

Salary Scale

Range of Remuneration	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	All companies in the financial statements	The company	All companies in the financial statements
Less than NT\$2,000,000	Matthew Miao/Billy Ho/MiTAC Inc./Hsu Tzu-Hua/UPC Technology Corporation/Way Yung-Do/Chang Kuang-Cheng		Matthew Miao/Billy Ho/MiTAC Inc./Hsu Tzu-Hua/UPC Technology Corporation/Way Yung-Do/Chang Kuang-Cheng	
NT\$2,000,000~NT\$5,000,000 (Exclusive)			Matthew Miao	
NT\$5,000,000~NT\$10,000,000 (Exclusive)				
NT\$10,000,000~NT\$15,000,000 (Exclusive)			Billy Ho	
NT\$15,000,000~NT\$30,000,000 (Exclusive)				
NT\$30,000,000~NT\$50,000,000 (Exclusive)				
NT\$50,000,000~NT\$100,000,000 (Exclusive)				
More than NT\$100,000,000				
Total	7		7	

Remuneration to supervisors

2014

Unit: NT\$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary (D)
		Base Compensation (A)		Bonus to Supervisors (B) (Note 1)		Allowances (C)		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			
Supervisor	Arthur Chiao	144	144	600	600	36	36	0.10%	0.10%	None
Supervisor	Lien Hua Industrial Corp.									
	Rep: Hu-Shi, Charles Ching									

Note 1: The figures were the amount of earnings for distribution proposed by the Board of Directors before the approval of the general meeting of shareholders for approval.

Note 2: This is a company established by the company on September 12 2013 through share swap. In the period of September 12 to December 31, 2013, the total remunerations from the company and all other companies included in the consolidated financial statements accounted for 0.11% of the earnings before taxation. This is mainly due to an increase in after-tax profit in this fiscal year compared to last year, which drove down the ratio of total remuneration to after-tax profit.

Note 3: The remunerations to supervisors from earnings are compiled in a table for distribution of earnings subject to the approval of the Board of Directors and finalization of the general meeting of shareholders. The remunerations to supervisors were proposed at the recommendation of the Compensation Committee, industry level, and the possible risks in the future by the Board of Directors at the authorization under the Articles of Incorporation.

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

Salary Scale

Range of Remuneration	Name of supervisor	
	Total of (A+B+C)+(D)	
	The company	All companies in the financial statements
Less than NT\$2,000,000	Arthur Chiao/ Lien Hwa Industrial Corp./Hu-Shi, Charles Ching	Arthur Chiao/ Lien Hwa Industrial Corp./Hu-Shi, Charles Ching
NT\$2,000,000~NT\$5,000,000 (Exclusive)		
NT\$5,000,000~NT\$10,000,000 (Exclusive)		
NT\$10,000,000~NT\$15,000,000 (Exclusive)		
NT\$15,000,000~NT\$30,000,000 (Exclusive)		
NT\$30,000,000~NT\$50,000,000 (Exclusive)		
NT\$50,000,000~NT\$100,000,000 (Exclusive)		
More than NT\$100,000,000		
Total	3	3

Remunerations to president and vice presidents

2014
Unit: NT\$ thousands / thousand shares

	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income (%)		Exercisable Employee Stock Options (Note 5)		New Restricted Employee Shares		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (E)
		The company	All companies in the financial statements	The company	All companies in the financial statements	The company	All companies in the financial statements	The company		All companies in the financial statements		The company	All companies in the financial statements	The company	All companies in the financial statements	The company	All companies in the financial statements	
								Cash	Stock	Cash	Stock							
President	Billy Ho	-	7,274	-	Title	-	6,890	260	-	260	-	0.03%	1.92%	2,500	2,500	-	-	None
Vice president	Doris Huang	-	7,274	-	Title	-	6,890	260	-	260	-	0.03%	1.92%	2,500	2,500	-	-	None

Note 1: The figures were the amount of earnings for distribution proposed by the Board of Directors before the approval of the general meeting of shareholders for approval.

Note 2: The ratio of total remuneration of MHC to after-tax net income is 0.03% in 2014, which is lower than the ratio of 0.72% reported in 2013 (Sep. 12th to Dec. 31st 2013). This is mainly due to that no other remunerations, including bonuses and special allowances, were given in 2014. Also, the ratio of total remuneration of all companies covered in the report to after-tax net income is 1.92% in 2014, which is higher than the ratio of 1.05% in 2013. This is mainly due to that the accounting period of 2013 spans only from September 12th to December 31st. The period is shorter; therefore, the total remuneration is lower, compared to 2014.

Note 3: The remunerations to the president and the vice presidents commensurate with their personal contribution to the overall operation performance of the company at the recommendation of the Compensation Committee, industry level, and the possible risks in the future.

Note 4: Pension as stated is the amount of appropriation.

Note 5: The quantity of shares (excluding the exercised portion) entitled to the president and the vice presidents under Employee Stock Options as of the date this report was printed (5/15/2015).

Salary Scale

Range of Remuneration	Name of president and vice presidents	
	Total of (A+B+C+D)+(E)	
	The company	All companies in the financial statements
Less than NT\$2,000,000	Billy Ho/ Doris Huang	
NT\$2,000,000~NT\$5,000,000		Doris Huang
NT\$5,000,000 (inclusive) ~NT\$10,000,000		Billy Ho
NT\$10,000,000 (inclusive)~NT\$15,000,000		
NT\$15,000,000 (inclusive) ~NT\$30,000,000		
NT\$30,000,000 (inclusive) ~NT\$50,000,000		
NT\$50,000,000 (inclusive) ~NT\$100,000,000		
More than NT\$100,000,000		
Total	2	2

Names of managers with distributions of employee bonuses

In thousands of New Taiwan Dollars

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Billy Ho				
	Vice president and director of finance and accounting	Doris Huang	-	260	260	0.03%

Note : The figures were the amount of earnings for distribution proposed by the Board of Directors before the approval of the general meeting of shareholders for approval.

IV. Information on Corporate Governance

(I) The operation of the Board of Directors: The Board of Directors convened 6 times (A), and the attendance was shown below:

Title	Name	Attendance in person (B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Matthew Miao	5	1	83.33%	
Director	Billy Ho	6	0	100.00%	
Director	UPC Technology Corporation Rep.: Way Yung-Do	6	0	100.00%	
Director	UPC Technology Corporation Rep: Chang Kuang-Cheng	5	1	83.33%	
Director	MiTAC Inc. Rep.: Hsu Chi-Hua	5	1	83.33%	

Special notes:

I. Provision of Article 14-III of the Securities and Exchange Act, and minutes of Board meeting with adverse opinions or qualified opinions from independent directors on record or backed by written declaration in resolutions of the Board, in the Compensation 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.

II. The enforcement of the avoidance of the conflict of interest of the directors in making decisions: directors acted to avoid possible influence on the result of decision on motions with conflict of interest to the company:

Board of Directors meeting Date	Avoid the conflict of interest Name of director	Content of the motion	Reasons for the avoidance of the conflict of interest	The voting
2014.1.27	Billy Ho	Review and approval of 2013 year-end bonus for the management	Who are also directors	The motion was passed as stated under unanimous consent of the directors who were present in the meeting.
2014.1.27	Billy Ho	Review and approval of 2014 salary adjustment for the management	Who are also directors	The motion was passed as stated under unanimous consent of the directors who were present in the meeting.
2014.8.11	Billy Ho	Review and approval of 2013 employee bonus and 2014 mid-year bonus for the management	Who are also directors	The motion was passed as stated under unanimous consent of the directors who were present in the meeting.

III. Assessment of the objectives (e.g., the establishment of the Auditing Committee, and enhancement of the transparency of information) of the fortification of the functions of the Board of Directors in current period and the latest year and accomplishment: The company has established the "Board of Directors Meeting Procedure" and has complied with such regulation in operation. In addition, The Board of Directors has also disclosed essential resolutions at the official website of the company. The company has also disclosed the attendance of the directors in the Board meetings and their status of continuing education for the information of the investors at the zone of "Corporate Governance" in MOPS so that disclosure could be made timely and transparent. 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) Operation of Audit Committee: MHC has not yet set up an Audit Committee. The Company is planning to set up the Audit Committee as required by the competent authority by 2019.

(III) Participation of the supervisors in the Board of Directors: The Board of Directors convened 6 times (A), and the attendance was shown below:

Title	Name	Attendance in person (B)	Attendance rate(%) 【B/A】	Remarks
Supervisor	Arthur Chiao	5	83.33%	
Supervisor	Lien Hwa Industrial Corp Rep: Hu-Shi, Charles Ching	6	100.00%	

Special notes:

I. The organization and duties of the supervisors:

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

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

II. Where the supervisors may present statements as observers when the Board is in session, specify the date and the number of the session, the content of the motions, in the Compensation 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.

(IV) Corporate Governance in action and discrepancy from the Corporate Governance Best Practice Principles by TWSE/GTSM-listed companies and the reasons

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
1. Has your company set up and disclosed dedicated Corporate Governance Best Practice Principles?		✓	The Company has not yet set up dedicated corporate governance best practice principles, but the directors and supervisors exercise their rights with strict compliance with the "Corporate Governance Best Practice Principles for TWSE / GTSM Listed Companies". The Company is planning to set up dedicated corporate governance best practice principles by 2015.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
2. Ownership structure and shareholders' equity (1) Has your company set up internal operating procedures to manage shareholders' opinions, questions, disputes and litigation matters, and implement the procedures in actual practice?	✓		(1) The Company has set up a spokesperson system to manage shareholders' opinions, questions and disputes.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
(2) Does your company have a list of the major shareholders in control and the final controllers of the major shareholders?	✓		(2) The Company is aware of the major shareholders in control and the final controllers of the major shareholders and discloses the shareholding status of the directors, supervisors and the major shareholders on a monthly basis in accordance with the provisions of the Securities Exchange Act.	
(3) Has your company established a risk control mechanism and firewall between the headquarters and the affiliated companies?	✓		(3) The Company has established a system in the internal control system in accordance with relevant laws and regulations and implemented the mechanisms. In addition to self-inspection operations, the Board of Directors and management also review the results of self-inspection submitted by each department and the audit reports both regularly and on an ad hoc basis. We implemented an internal control system, establish financial, business and accounting management systems in accordance with the relevant provisions regulating public-listed companies, reinforced management of affiliated companies and implemented necessary control mechanisms to minimize risks in the operations. Transactions with the affiliated companies are conducted under the principles of fairness and reasonableness, and financial exchanges with the affiliated companies are regulated by written guidelines.	
(4) Has your company set up internal code of conduct to prohibit the insiders to use non-public information to trade securities in the market?	✓		(4) The Company has set up Internal Procedures for Handling Material Inside Information and provides the insiders compliance-related information upon inauguration.	
3. Composition and Duties of the Board (1) Has the Board of Directors set up and implemented policies to ensure diversity in the composition of the Board?	✓		(1) All members of the Board have the knowledge, skills and qualities necessary for the performance of their duties, such as decision-making, accounting and financial analysis abilities and the vision of international market. The Company will also implement a mechanism to elect independent directors from 2016.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
(2) Has your company voluntarily set up other functional committees, in addition to the mandated Remuneration Committee and Audit Committee?		✓	(2) The Company has set up the Remuneration Committee in 2013 and will set up the Audit Committee in 2019. Other functional committees will be set up based on the actual needs.	
(3) Has your company set up a performance assessment program and methods for the Board and implement annual performance assessment?		✓	(3) The Company has not set up a performance assessment program for the Board, but the board members follow relevant laws and standards when conducting business and participate in relevant training programs.	
(4) Does your company evaluate the independence of the certifying CPA periodically?	✓		(4) The Company assesses the independence of the certifying CPA regularly, taking the necessity to replace the CPA into consideration. The certifying CPA is appointed by resolution of the Company's Board of Directors. He/she must be affiliated to a reputable accounting firm in Taiwan and of no interest or dealing with the Company. Therefore, the independence and professionalism of the CPA should be undisputed.	
4. Has your company set up a proper channel to communicate with the stakeholders and set up a stakeholder section on your company's website to answer stakeholders' questions regarding issues of corporate social responsibility?	✓		The Company set up a Stakeholders' Section on the company's website (contact us) and assigns dedicated personnel to manage and answer questions. The Company's Corporate Social Responsibility Report is also available for download at the Company's Website. TEL: 02-2652-5888 E-mail: stock@mic.com.tw	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
5. Has your company appointed a professional stock agency to handle shareholder affairs?	✓		The Company has appointed ChinaTrust Commercial Bank (Ltd.) to handle the shareholder affairs.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
6. Disclosure (1) Have the company installed an official website for the disclosure of operation, financial position, and the enforcement of corporate governance?	✓		(1) The company has installed an official website at www.mic-holdings.com.tw , which is maintained and updated by designated personnel for proper disclosure of content on operation and financial position.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
(2) Other means of disclosures (the installation of website in English language, appointment of designated personnel to gather and disclose company information, materialization of the spokesperson system, and upload of the conferences for institutional investors)?	✓		(2) The company has installed an official English website at www.mic-holdings.com. There is one spokesperson and an acting spokesperson. The company discloses relevant information at the MOPS for the knowledge and inquiry of the investors.	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
7. Other essential information that could help to understand the enforcement of corporate governance: (Examples are, employee rights and privileges, employee concern, investor relation, supplier relation, stakeholder rights, continuing education for the directors and the supervisors, risk management policy and the pursuit of risk assessment in accordance with standards, the pursuit of customer policy, the protection of directors and supervisors by professional liability insurance)?	✓		<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> <p>1.The systems:(1) Labor and health insurance, contribution to pension fund, employee education and training, safety and health protection policy, and equal employment opportunity for both sexes. (2) Provide different forms of fringe benefits for the employees with ceaseless effort, including group insurance, free physical examination, and subsidy for pleasure trips, gym, emergency aid, subsidy for matrimony/maternity/funeral, car loans, and subsidy for continuing education.</p> <p>2.Implementation: (1) Duly observe applicable legal rules for the protection of the rights of employees (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> <p>(II) Concern for the employees 1. The system: MiTAC has appointed designated personnel for managing employee relation. These personnel are responsible for caring the employees. Scope of service: emergency aid, employee complaint, handling complaints, employee healthcare and hospitalization, coordination of employee problems, prevention of sexual harassment at workplace, handling complaints and consultation in career development. MiTAC introduced the Employee Assistant Program (EAP) in cooperation with an external consulting firm. Through psychological counseling and assistance from financial and legal experts, MiTAC helps its employees to relieve from psychological and living problems.</p> <p>2.Implementation: MiTAC employees and their families in Taiwan have received consultation service from the EAP for 69 head counts, which constituted 4.9% of the total number of employees. The majority of the assistance is legal aid. Through the assistance of the “EAP”, employees can receive appropriate help and strongly applauded this service. When employees or their families suffered from accidental injuries, natural disasters, or severe illness, or death, MiTAC will provide immediate and appropriate help in the form of financial aid. The purpose is to help these employees or families recovered from ailment and get back to their work quickly. This is the manifestation of the company in caring for the employees and their families as an integral part of its corporate social responsibility. As mentioned, under the prerequisite of winning on both sides of the management and labor, this has been proven highly effective in bringing harmony and commitment to organizational stability at workplace.</p>	Conform to the concept and process stipulated in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why																																										
	Yes	No																																												
			<p>(III) Investor relation: MiTAC firmly insists on the principles of sincerity and information disclosure, and spare no effort in making corporate governance transparent. In practice, MiTAC disclose its state of operation and financial position to the shareholders. With the establishment of the spokesperson and acting spokesperson system, the company has performed its obligation in disclosure under due diligence. MiTAC has also appointed designated personnel for managing investor relation and set up an e-mail address for responding to suggestions and queries of the investors.</p> <p>(IV) Supplier relation and the right of the stakeholders: MiTAC is engaged in long-term and positive cooperation with the suppliers to ensure the abundance of materials supply</p> <p>(V) Continuing education of the directors and the supervisors: All directors and supervisors of MiTAC have relevant industrial and professional background, which were disclosed at MOPS in the “corporate governance” zone for the reference of the shareholders and investors at any moment. The continuing education from 2013 to the date this report was printed:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Organizer</th> <th>Name of Program</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td></td> <td rowspan="9">Representative of Institutional Director Ed Way</td> <td>Taiwan Corporate Governance Association</td> <td>Sustainable Corporate Governance-New Trend of Corporate Governance for Sustainable Corporate Development</td> <td>3.0</td> </tr> <tr> <td></td> <td>Securities and Futures Institute</td> <td>Corporate Social Responsibility Report- Exhibiting the Value of Sustainable Management Symposium</td> <td>3.0</td> </tr> <tr> <td></td> <td>Taiwan Corporate Governance Association</td> <td>Hong Kong Can; How about Taiwan?</td> <td>1.0</td> </tr> <tr> <td></td> <td>Taiwan Corporate Governance Association</td> <td>Corporate Social Responsibility and Management at Sinyi Realty</td> <td>1.0</td> </tr> <tr> <td></td> <td>Taiwan Corporate Governance Association</td> <td>Equity Planning and Reelection of Directors and Supervisors for Public-Listed Companies</td> <td>3.0</td> </tr> <tr> <td></td> <td>Securities and Futures Institute</td> <td>Seminar on 2014 Public-Listed Companies Insider Trading Legal Compliance</td> <td>3.0</td> </tr> <tr> <td></td> <td>Taiwan Corporate Governance Association</td> <td>Understand Corporate Governance Evaluation System; Embrace the Trend of Corporate Governance Development</td> <td>3.0</td> </tr> <tr> <td></td> <td>Securities and Futures Institute</td> <td>Major Policies and Standards for Linking Corporate Financial Information with IFRS</td> <td>3.0</td> </tr> <tr> <td></td> <td>Taiwan Corporate Governance Association</td> <td>The Future of Corporate Governance in Taiwan- The Blueprint of Corporate Governance</td> <td>1.0</td> </tr> </tbody> </table>	Title	Name	Organizer	Name of Program	Hours		Representative of Institutional Director Ed Way	Taiwan Corporate Governance Association	Sustainable Corporate Governance-New Trend of Corporate Governance for Sustainable Corporate Development	3.0		Securities and Futures Institute	Corporate Social Responsibility Report- Exhibiting the Value of Sustainable Management Symposium	3.0		Taiwan Corporate Governance Association	Hong Kong Can; How about Taiwan?	1.0		Taiwan Corporate Governance Association	Corporate Social Responsibility and Management at Sinyi Realty	1.0		Taiwan Corporate Governance Association	Equity Planning and Reelection of Directors and Supervisors for Public-Listed Companies	3.0		Securities and Futures Institute	Seminar on 2014 Public-Listed Companies Insider Trading Legal Compliance	3.0		Taiwan Corporate Governance Association	Understand Corporate Governance Evaluation System; Embrace the Trend of Corporate Governance Development	3.0		Securities and Futures Institute	Major Policies and Standards for Linking Corporate Financial Information with IFRS	3.0		Taiwan Corporate Governance Association	The Future of Corporate Governance in Taiwan- The Blueprint of Corporate Governance	1.0	
Title	Name	Organizer	Name of Program	Hours																																										
	Representative of Institutional Director Ed Way	Taiwan Corporate Governance Association	Sustainable Corporate Governance-New Trend of Corporate Governance for Sustainable Corporate Development	3.0																																										
		Securities and Futures Institute	Corporate Social Responsibility Report- Exhibiting the Value of Sustainable Management Symposium	3.0																																										
		Taiwan Corporate Governance Association	Hong Kong Can; How about Taiwan?	1.0																																										
		Taiwan Corporate Governance Association	Corporate Social Responsibility and Management at Sinyi Realty	1.0																																										
		Taiwan Corporate Governance Association	Equity Planning and Reelection of Directors and Supervisors for Public-Listed Companies	3.0																																										
		Securities and Futures Institute	Seminar on 2014 Public-Listed Companies Insider Trading Legal Compliance	3.0																																										
		Taiwan Corporate Governance Association	Understand Corporate Governance Evaluation System; Embrace the Trend of Corporate Governance Development	3.0																																										
		Securities and Futures Institute	Major Policies and Standards for Linking Corporate Financial Information with IFRS	3.0																																										
		Taiwan Corporate Governance Association	The Future of Corporate Governance in Taiwan- The Blueprint of Corporate Governance	1.0																																										

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why																																										
	Yes	No																																												
			<table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Organizer</th> <th>Name of Program</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Representative of Institutional Director</td> <td>Ed Way</td> <td>Taiwan Corporate Governance Association</td> <td>Amendment in Business Mergers And Acquisitions Act, Duties of the Directors and Supervisors and the Independent Evaluation Committee</td> <td>1.0</td> </tr> <tr> <td rowspan="3">Supervisor</td> <td rowspan="3">Arthur Y. C. Chiao</td> <td>Accounting Research and Development Foundation</td> <td>The Legal Responsibilities in Corporate Influence-Peddling</td> <td>6.0</td> </tr> <tr> <td>Taiwan Corporate Governance Association</td> <td>Outlook of the Economy in 2015</td> <td>3.0</td> </tr> <tr> <td>Taiwan Corporate Governance Association</td> <td>The Functions of the Board and Performance Evaluation</td> <td>3.0</td> </tr> <tr> <td rowspan="2">Representative of Institutional Supervisor</td> <td rowspan="2">Charles Ching</td> <td>Taiwan Corporate Governance Association</td> <td>The Functions of the Board and Performance Evaluation</td> <td>3.0</td> </tr> <tr> <td>Taiwan Stock Exchange Corporation and Securities and Futures Institute</td> <td>Symposium for Ethical Corporate Management and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies</td> <td>3.0</td> </tr> <tr> <td>Director</td> <td>Billy Ho</td> <td>Financial Supervisory Commission</td> <td>The 10th Taipei Corporate Governance Symposium</td> <td>3.0</td> </tr> </tbody> </table> <p>(VI) The pursuit of risk management policy and the implementation of risk assessment standard: The company has instituted different internal rules and regulations governing the management and assessment of different risks.</p> <p>(VII) The avoidance of conflict of interest by directors on specific motions: directors will not participate in the voting on motions that entail the conflict of interest.</p> <p>(VIII) The pursuit of customer policy: The Group maintains sound relation with the customers for creating profit.</p> <p>(IX) Professional liability insurance for the protection of directors and supervisors: As per the requirement of the "Corporate Governance Best Practice Principles for TWSE/GTSM-listed Companies, MiTAC has taken professional liability insurance to protect the directors and the supervisors. Information is being disclosed at the "corporate governance" zone of MOPS.</p> <table border="1"> <thead> <tr> <th>The insured</th> <th>The insurer</th> <th>The amount insured</th> <th>Term of policy (starting and ending)</th> </tr> </thead> <tbody> <tr> <td>All directors and supervisors</td> <td>Fubon Insurance Co., Ltd.</td> <td>NTD 381,060,000</td> <td>November 15, 2014 to November 15, 2015</td> </tr> </tbody> </table> <p>(X) All directors and supervisors of MiTAC can perform their duties in good faith and their obligations and responsibilities in due diligence.</p> <p>(XI) MiTAC has already instituted the "Regulation Governing Board Meeting Procedure" and acts accordingly.</p> <p>(XII) The Board of Directors convenes at least once quarterly for fortifying corporate governance.</p>	Title	Name	Organizer	Name of Program	Hours	Representative of Institutional Director	Ed Way	Taiwan Corporate Governance Association	Amendment in Business Mergers And Acquisitions Act, Duties of the Directors and Supervisors and the Independent Evaluation Committee	1.0	Supervisor	Arthur Y. C. Chiao	Accounting Research and Development Foundation	The Legal Responsibilities in Corporate Influence-Peddling	6.0	Taiwan Corporate Governance Association	Outlook of the Economy in 2015	3.0	Taiwan Corporate Governance Association	The Functions of the Board and Performance Evaluation	3.0	Representative of Institutional Supervisor	Charles Ching	Taiwan Corporate Governance Association	The Functions of the Board and Performance Evaluation	3.0	Taiwan Stock Exchange Corporation and Securities and Futures Institute	Symposium for Ethical Corporate Management and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies	3.0	Director	Billy Ho	Financial Supervisory Commission	The 10 th Taipei Corporate Governance Symposium	3.0	The insured	The insurer	The amount insured	Term of policy (starting and ending)	All directors and supervisors	Fubon Insurance Co., Ltd.	NTD 381,060,000	November 15, 2014 to November 15, 2015	
Title	Name	Organizer	Name of Program	Hours																																										
Representative of Institutional Director	Ed Way	Taiwan Corporate Governance Association	Amendment in Business Mergers And Acquisitions Act, Duties of the Directors and Supervisors and the Independent Evaluation Committee	1.0																																										
Supervisor	Arthur Y. C. Chiao	Accounting Research and Development Foundation	The Legal Responsibilities in Corporate Influence-Peddling	6.0																																										
		Taiwan Corporate Governance Association	Outlook of the Economy in 2015	3.0																																										
		Taiwan Corporate Governance Association	The Functions of the Board and Performance Evaluation	3.0																																										
Representative of Institutional Supervisor	Charles Ching	Taiwan Corporate Governance Association	The Functions of the Board and Performance Evaluation	3.0																																										
		Taiwan Stock Exchange Corporation and Securities and Futures Institute	Symposium for Ethical Corporate Management and Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies	3.0																																										
Director	Billy Ho	Financial Supervisory Commission	The 10 th Taipei Corporate Governance Symposium	3.0																																										
The insured	The insurer	The amount insured	Term of policy (starting and ending)																																											
All directors and supervisors	Fubon Insurance Co., Ltd.	NTD 381,060,000	November 15, 2014 to November 15, 2015																																											

Evaluation	Operation		Summary	How is it different from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and why																							
	Yes	No																									
			<table border="1"> <thead> <tr> <th colspan="5">(XIII) Continuing education and related training of corporate governance for the managers in 2014</th> </tr> <tr> <th>Title</th> <th>Name</th> <th>Organizer</th> <th>Name of Program</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Corporate President</td> <td>Billy Ho</td> <td>Financial Supervisory Commission</td> <td>The 10th Taipei Corporate Governance Symposium</td> <td>3</td> </tr> <tr> <td rowspan="2">VP and Head of Finance and Accounting</td> <td rowspan="2">Doris Huang</td> <td>Accounting Research and Development Foundation</td> <td>Symposium on Good Practice of Spokesperson and Communication for Reinforced Compliance and Corporate Governance Practices</td> <td>3</td> </tr> <tr> <td>Accounting Research and Development Foundation</td> <td>Continuing Education Course for Accounting Officer of Securities Issuers, Dealers and Stock Exchange</td> <td>3</td> </tr> </tbody> </table> <p>(XIV) The Company has set up the Procedures for Handling Material Inside Information and actively promoted the system to the directors, supervisors, managers and other persons whose may learn significant insider information due to their position, work or control relation.</p>	(XIII) Continuing education and related training of corporate governance for the managers in 2014					Title	Name	Organizer	Name of Program	Hours	Corporate President	Billy Ho	Financial Supervisory Commission	The 10 th Taipei Corporate Governance Symposium	3	VP and Head of Finance and Accounting	Doris Huang	Accounting Research and Development Foundation	Symposium on Good Practice of Spokesperson and Communication for Reinforced Compliance and Corporate Governance Practices	3	Accounting Research and Development Foundation	Continuing Education Course for Accounting Officer of Securities Issuers, Dealers and Stock Exchange	3	
(XIII) Continuing education and related training of corporate governance for the managers in 2014																											
Title	Name	Organizer	Name of Program	Hours																							
Corporate President	Billy Ho	Financial Supervisory Commission	The 10 th Taipei Corporate Governance Symposium	3																							
VP and Head of Finance and Accounting	Doris Huang	Accounting Research and Development Foundation	Symposium on Good Practice of Spokesperson and Communication for Reinforced Compliance and Corporate Governance Practices	3																							
		Accounting Research and Development Foundation	Continuing Education Course for Accounting Officer of Securities Issuers, Dealers and Stock Exchange	3																							
8. Has your company compiled a corporate governance self-assessment report or commissioned a professional institution to compile the corporate governance evaluation report? (If yes, please state the opinions of the Board, results of self-assessment or outsourced evaluation, main issues or recommendations and status of improvement)		✓	The Company has not compiled a corporate governance self-assessment report or commissioned any professional institution to conduct the evaluation, but the Company has observed the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies closely when conducting operations of the Board of Directors, internal control, internal audit and information disclosure.	No major differences																							

(V) Disclosure of the organization, functions, and operation of the Compensation Committee, if applicable:

1. MiTAC has established the Compensation Committee on September 12, 2013 organized by 3 external professionals with independence status. The committee convenes at least twice a year and perform the following duties from a professional and objective perspective, and present their recommendations to the Board of Directors for discussion.

(1) Stipulate and regularly review the performance of the directors, supervisors and managers; as well as the compensation policies, systems, standards and structure.

(2) Regularly evaluate and stipulate director, supervisor and manager compensation.

2. Profiles of the Compensation Committee members

Title	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Members of the Compensation Committee	Cheng Chien-Jen			✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Members of the Compensation Committee	Shao-Xiang Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Members of the Compensation Committee	Xue-Jin Lu			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	2015/05/08 New

Note 1: Members who meet the following requirements two years before their assumption of office or during their term of office shall put a "✓" in the appropriate box for specifying the qualification requirements.

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

3. The Operation of the Compensation Committee

(1) The Compensation Committee of MiTAC is consisted of 3 members.

(2) Term of current members: from September 12, 2013 to June 23, 2016. The Compensation Committee meeting has been held 2 times in latest fiscal year. and the attendance was shown below:

Titles	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Remarks
Convener	Cheng Chien-Jen	2	0	100.00%	
Members	Shao-Xiang Ma	-	-	-	2014/11/16 New
Members	Sun Lu-Hsi	2	0	100.00%	2015/05/08 Resignation
Convener	Chou Hsing-Yi	2	0	100.00%	2014/11/16 Resignation

Special notes:

- I Where the Board may not accept or revise the recommendations of the Compensation 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 Compensation Committee: No
- II If there is any adverse opinion or qualified opinion of the members in the decision of specific motions in the Compensation Committee on record or with written declaration, specify the date and the instance of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: None.

(VI) The practice of corporate social responsibility:

Evaluation	Operation		Summary	How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
1. Implementation of corporate governance (1) Has your company set up CSR policies or systems and reviewed the effect of implementation?	✓		(1) The Company has set up relevant systems, ESH strategy and no-harmful substances policy as required by our customers and the competent authority and reviews the performance every year. For the Company's Policy of Corporate Social Responsibility and implementation results, please see the "Views and Commitment in Corporate Social Responsibility in the Company's CSR Report.	Conform to the concept and process stipulated in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(2) Does your company organize CSR training programs on a regular basis?	✓		(2) The Company irregularly advocates corporate ethics and code of conduct to the Directors, supervisors and employees.	
(3) Has your company set up a dedicated (affiliated) unit to promote corporate social responsibility and the Board of Directors authorized the senior management to manage and report related affairs to the Board?	✓		(3) The Company's General Manager's Office and the corresponding unit collaboratively formed an affiliated unit. The Board of Directors is in charge of the following duties when implementing CSR in the Company: 1. Propose the mission or vision of corporate social responsibility; develop corporate social responsibility policies, practices or related management systems. 2. Integrate corporate social responsibility activities into the Company's operations and development and decide the action plans for the Company's corporate social responsibility program. 3. Ensure the timeliness and accuracy of corporate social responsibility information disclosure.	
(4) Has your company set up a reasonable salary and remuneration policy, linked the employee performance evaluation system with corporate social responsibility policy and established a clear and effective system of reward and discipline?	✓		(4) In addition to setting up the Remuneration Committee in accordance with the relevant laws, the Group participates in the annual salary survey and use the survey results as a reference for the Group's salary and remuneration policies. The Group is committed to our corporate social responsibility policies. In environment, we strictly implement the policies of no industrial wastewater discharge, zero air pollution, waste reduction and meeting the inspection standards in greenhouse gas emissions. In product management, the Group activated the e-GP Green Product Management System, implemented green parts supply chain vendor information survey to screen out the qualified suppliers and performed detailed GP audit and investigation of restricted chemical substances through the GP system. On the other hand, to prevent global warming and achieve energy-saving goals, the Company required the administrative department to replace the old T8 lamps with T5 energy-saving lamps. The large office areas are rewired into smaller areas of lighting control. The original long strip light control is now redesigned into smaller areas. In addition, the air conditioner is set 1°C higher to 26 °C to cut down unnecessary waste of energy. An E-Mail is sent in	

Evaluation	Operation			How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No	Summary	
			the beginning of each month to advocate the MiTAC Covenant of Green Living and a leader is elected on each floor to regularly check the implementation outcomes of the floor for effectively implementation of the energy-saving policy.	
2 Environment for sustainability (1) Effort has been made to upgrade the efficiency of the use of resources and using regenerated biodegradable materials to mitigate the 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.	Conform to the concept and process stipulated in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has the company establish of appropriate environmental management system in line with the specific features of the industry?	✓		(2) Installation of the platform for the management of restricted use of chemical substances, and the control of hazardous substances under ISO 14001.	
(3) Does your company pay attention to the impact of climate change on the operational activities and has your company implemented greenhouse gas inventory and developed carbon emission and greenhouse gas reduction strategies?	✓		(3)MiTAC has the ability to track carbon footprint on its products, and has disclosed the carbon emission volume to the CDP (Carbon Disclosure Project) annually. In addition, MiTAC also set the goal for reduced emission of carbon.	
3. Social Welfare (1) Has your company developed relevant management policies and procedures in accordance with relevant regulations and international conventions on human rights?	✓		(1) MiTAC knows the law well and seeks to protect the rights and privileges of the employees. All the rights and obligations are regulated through different management regulations and are well developed. These regulations are subject to amendment at any time as needs. Through the intranet system, employees of MiTAC can access to real-time information for the proper protection of their rights and privileges.	Conform to the concept and process stipulated in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has your company set up a mechanism and channel for employee grievance and properly handled the issues?	✓		(2) To provide employees a channel for suggestions and grievances, the Group set up an employee relations function under the HR department and assigned a dedicated personnel to promote employee care and communication policies. For smooth communication, the Company set up the "speak-out" email system. The person in charge of employee relations is required to respond after careful evaluation of letters from the employees. When necessary, under the principle of anonymous complaints, a handling team is formed to develop an improvement plan. The goal is to listen to the voices of the employees and give timely reply.	

Evaluation	Operation		How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		Summary
(3) Does your company provide employee a safe and healthy work environment and organize regular safety and health education for the employees?	✓		(3) The Group observes strict compliance to the health and safety regulations. On a regular basis, the Company carries out the necessary checks on the safety of the work environment (lighting, CO2), the number of bacteria in drinking water, fire protection equipment and building safety and provides all employees health checkup packages in higher standards than the requirement of the worker health protection regulations every two years. In addition, the Company implements new employee safety and health education, as well as regular self-defense and fire rescue training courses.
(4) Has your company established a mechanism for regular communication with the employees and informed employees in a reasonable manner any significant changes in the operations that are likely to have substantial impact to them?	✓		(4) MiTAC has installed the intranet portal system through which any news update of the company will be posted by related departments. People of MiTAC can keep abreast of the update information on the company every day when they start up the computer. MiTAC holds a staff meeting at the beginning of each month. The president presides over this meeting and announces the latest development and the arrangement of the organization to all function heads and representatives of different functional areas. These executives will then disseminate such information to their subordinates. In case the company has change in the management system that will significantly affect the rights and privileges of the employees, the engineer of such change will hold conference for face-to-face explanation to remove the anxiety of the employees.
(5) Has your company established an effective training plan for employees' career development skills?	✓		(5) To help employees plan career development, the Group's management carries out bilateral discussions with the employees every six months for planning of career development. The head of each unit is in charge of professional and technical skills training, and a global rotation system is implemented to enable the employees to develop diversified career skills. The talent development aims to strengthen the Group's competitiveness. In addition, we encourage the management to pursue master's degrees and EMBA programs for development of advanced professional and managerial skills.
(6) Has your company set up consumer protection policy and complaint procedures in the processes of research and development, procurement, production, operation and services?	✓		(6) To safeguard the interest of the customers and to fulfill product liability, our product design begins from considering the product life cycle and ends at checking environmental protection, usability and consumer protection. We have also established a customer complaint hotline, a consumer litigation processing system, and compensation application procedures. Consumer Hotline: (03) 318-8168; Hours 9: 00-18: 00. Inquiries and suggestions can also be made through www.mio.com.tw .
(7) Has your company followed the relevant regulations and	✓		(7) The Group takes responsibility for its products and services and values ethical marketing. From R&D, procurement, production to services, we ensure

Evaluation	Operation		Summary	How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
international standards on the marketing and labeling of products and services?			maximum product safety and transparency in product information. We set up and disclose consumer rights policy and implement safety measures in all operational activities to prevent incidents of damage to the interests, health and safety of the consumers caused by our products or services.	
(8) Does your company assess the suppliers' past records in terms of their impacts on the environment and society before engaging in business activities?	✓		(8) We set up supplier survey procedures to perform regular audit on the internal material suppliers (applications for the new supplier and audit process design are laid out in different procedures) as a control measure for environmental management and management of prohibited substances. At the current stage, the Company requests the suppliers to comply with the environmental protection policies and provide GP information for all materials. In addition, the Company has also informed the suppliers of EICC requirements through eSCM announcement.	
(9) Do the contracts set up between your company and the major suppliers contain clauses stipulating that when the supplier breached their corporate social responsibility policies and their conducts have had significant impact on the environment and society, your company may at any time terminate or cancel the contract?	✓		(9) MiTAC has established the "Universal Environmental Specification" thereby demands the suppliers to duly comply with all environmental protection requirements of products. In addition, MiTAC also demands the suppliers to participate and observe the EICC (Electronic Industry Code of Conduct). Further, the Securities Exchange Commission of USA applies Article 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was passed by the US Congress, and requires the disclosure of the use of minerals. Customers of MiTAC who are also issuers of depository receipts in the USA are required to declare the content of conflict minerals contained in the direct and indirect materials used in the production process of the previous year to the Securities Exchange Commission to ensure the sources of these materials are not from specific African countries. As such, MiTAC has included the prohibited use of "conflict materials" into its green product policy in response to the aforementioned investigation of the customers and investigation to reply to the customers, and conduct Necessary investigation of the suppliers of the direct and indirect materials used in the production process. In 2013, MiTAC has completed investigation on 120 suppliers and compiled the profits on 344 mining companies in order to ensure the company and the suppliers to comply with such requirement	
4. Enhance Information Disclosure (1). Has your company disclosed relevant and reliable information of corporate social	✓		(1). The Company discloses relevant and reliable corporate social responsibility related information through the company's official website and MOPS, including corporate social responsibility reports and annual reports.	Conform to the concept and process stipulated in the Corporate Social Responsibility Bes

Evaluation	Operation		Summary	How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
responsibility practice on its website and MOPS?				t Practice Principles for TWSE/GTSM Listed Companies
<p>5. If the company has established the code of conduct for corporate governance in accordance with the “Corporate Governance Best Practice Principles for TWSE-GTSM-listed Companies”, elaborate the code in operation and the discrepancy between the code and the practices: MiTAC has not yet established its “Corporate Governance Best Practice Principles for TWSE-GTSM-listed Companies”, but has performed its corporate social responsibility and duly observe the ethics code and the rights and privileges of the stakeholders, which are in conformity to the rules of the “Corporate Governance Best Practice Principles for TWSE-GTSM-listed Companies”</p> <p>6. Other information that helps to understand the performance of corporate social responsibility (the systems and policies in environmental protection, community participation, social contribution, social service, social charity, consumer rights, human rights, safety and health, and other measures for the performance of corporate social responsibility and the state of implementation):</p> <p>A. Responsibility of environmental protection</p> <p>(1) System and policy:</p> <ol style="list-style-type: none"> a. Set up the green platform in compliance with the requirements of RoHS/WEEE Directives and REACH and organize green supply chain management. b. For performing the corporate responsibility of environmental protection, MiTAC seeks to regulate its obligation of environmental protection through the product environmental protection declaration statement. <p>(2) Implementation:</p> <ol style="list-style-type: none"> a. For performing the corporate responsibility or environmental protection in electronic industry, MiTAC upgrades its capacity in speeding up the procurement of green items for its products and parts through green procurement from the suppliers in order to supervise the suppliers to reduce or ban the use of hazardous substances in the production. b. MiTAC has made the statement of self-declaration in compliance with the environmental laws effective in the EU on PND products. MiTAC has demonstrated its strength in environmental protection, and has upgraded its business integrity and competitive power. <p>B. Contribution to the society:</p> <p>(1) System and policy:</p> <ol style="list-style-type: none"> a. Sponsorship of the Y.S. Award of creativity for the development of talents of Taiwan in design and upgrade the competitive power of the industry. b. Organize forums on campus to exchange with the university students and share with them the experience in industry. c. Participate in different kinds of symposiums for sharing the experience in management and industry. <p>(2) Implementation:</p> <ol style="list-style-type: none"> a. Sponsor the Y.S. Award covering software design, industrial design, and microfilm. MiTAC facilitated the promotion on campus with positive effort, and invited well-known figures in the industry at home and abroad to share their experience with the students in forums. This helps to encourage the talents in design to upgrade the industrial design capacity. b. For the winners of Y.S. Award, MiTAC will offer an opportunity for them in practical training in the industry and encourage the students in good standing to apply for practical training in enterprises. <p>C. Consumer rights and privileges:</p> <p>(1) System: For realizing the responsibility for the consumers, MiTAC customer service team spares no effort in creating innovative models and logistics support system, and promotes this idea and system to all customer service teams of MiTAC in different countries of the world.</p> <p>(2) Implementation: Launch the GPS brand for the consumers.</p> <ol style="list-style-type: none"> a. “Mio Online Repair Service” allows the customers to request for repair without the constraints of time and place. b. “Mio Online Education” provides simple and useful content so that customers can learn to use the devices easily. 				

Evaluation	Operation		Summary	How is it different from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
			<p>c. "Mio Online Service" offers round-the-clock question and answer for Mio product information.</p> <p>d. "Mio Online Update" allows for online product update through simple procedures.</p> <p>e. "Mio Quick Map" allows the consumers to update their map and product instruction through the facilitation of the distributors in Taiwan.</p> <p>D. Human right:</p> <p>(1) System and policy:</p> <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 observes the EICC (Electronic Industry Code of Conduct) and applicable laws of the state governing labor force. The employment of minors under the age of 15 or up to the age of 18, the assignment of duties of dangerous nature will be strictly prohibited. MiTAC seeks to protect the human rights of workers irrespective of race, color, sex, language, religion, political affiliation or adverse opinion, nationality, social background, wealth, birth, or any other identity distinctiveness and it will not discriminate in employment or at the workplace.</p> <p>c. For the protection of equal opportunity in employment and human dignity of both sexes, MiTAC strictly prohibits sexual harassment of any form at workplace, and spares no effort to providing a work environment where male and female employees are treated equally.</p> <p>(2) Implementation:</p> <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 is no dispute so far.</p> <p>b. MiTAC duly observes related labor laws and honors the opinions of the employees. Any addition or alteration of the policy of the terms and conditions of employment will be made through mutual consultation and coordination with the people concerned. There is no dispute so far.</p> <p>c. MiTAC has instituted the "Regulation Governing the Prevention of Sexual Harassment at Workplace and Complaints" and established a sexual harassment complaint hotline. Any complaint will be attended to by designated personnel. In addition, lectures on the prevention of sexual harassment would be held regularly to avoid possible occurrence of sexual harassment at workplace. The system runs soundly so far.</p> <p>E. Safety and Health:</p> <p>(1) System and policy: MiTAC has been accredited the ISO 14001 environmental protection system, and the OHSAS 18001 Occupational Health and Safety Advisory Services System on November 6, 2003 for the reinforcement of the safety and health of employees at workplace and protection of the employees from occupational injury, death, or protest. These systems were accredited by a third party and reviewed regularly. MiTAC makes positive effort in advocating these systems.</p> <p>(2) Implementation:</p> <p>a. Protect the employees in safety and health, prevent occupational hazards, diseases, and potential danger, encourage the employees to participate in corrective action plans, and create a safe and healthy work environment.</p> <p>b. Sustained environmental safety and health performance: Conduct routine audit and assess the investment of appropriate resources to proper implement the ESH system for continued improvement.</p>	
7. Elaborate the standard applicable to the accreditation of corporate social responsibility report by external accreditation agencies, if applicable: None				

(7) Ethical Corporate Management Best Practice and Implementation:

Evaluation	Operation			How is it different the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No	Summary	
1. Ethical Corporate Management Policies and Programs				
(1) Has your company clearly stated its policy and practice of ethical corporate management in the company charter and documents disclosed to external viewers and the Board and management is committed to actively implementing the management policy?	✓		(1) MiTAC has instituted the “Business Ethic Code” and has posted the content at the official website at www.mic-holdings.com.tw/ . The Board of Directors and the management duly observe such code in business operation and hold relevant training programs at different times, where necessary, to avoid the breach of trust of the employees.	Conform to the concept and operations of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has your company set up procedures to prevent unethical conducts, integrated operating procedures, code of conduct, disciplinary measures and complaints system into every program and substantively implemented the procedures and standards?	✓		(2) The Group has set up preventive measures, including Employee Code of Conduct and Procedures for Reporting Corruption and Malpractice, integrated the operating procedures, code of conduct, disciplinary measures and complaints system into the programs and substantively implemented the procedures and standards.	
(3) Has your company adopted measures to prevent business activities listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or other activities within the scope of business that are deemed to be in high risk of unethical conduct?	✓		(3) The Group prohibits all employees from any unjustified acceptance of gifts to prevent pursuit of personal interests at the expense of the Company. In addition, all employees of the Company are bound by the duty of confidentiality to the trade secret of the Company or others. Targeting on the business activities deemed to be in higher risk of unethical conduct, the Company established clauses to prevent bribery and corruption, illegal campaign contributions and unjustified charitable donations or sponsorship in the preventive programs.	
2. Implementation of Ethical Corporate Management Practice				
(1) Does your company assess the records of its business partners on ethical practices and clearly laid out terms of ethical conducts in the contracts?	✓		(1) MiTAC has entered into an “Agreement on Undertaking of Business Integrity” with essential suppliers in business transactions.	Conform to the concept and operations of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation	Operation			How is it different the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No	Summary	
(2) Has your company set up a dedicated (affiliated) unit under the Board of Directors to promote ethical corporate management and report progress of implementation to the Board on a regular basis?	✓		(2) MiTAC has appointed a designated body for the establishment and supervision of the enforcement of business integrity policies and preventive measures. The Board of Directors of MiTAC shall act under due diligence to supervise the prevention of any unethical business practice and review the issues and the effectiveness of the preventive measures at any time as needed for continued improvement to ensure the realization of business integrity policy.	
(3) Has your company set up policies to prevent conflict of interest, provided proper channels for communication and substantively implemented the policies?	✓		(3) 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.	
(4) Has your company set up an effective accounting and internal control system to facilitate implementation of ethical corporate management and audit operations have been implemented by the internal audit unit or commissioned CPA on a regular basis?	✓		(4) MiTAC has established and complied with an effective accounting system and internal control system, and has no separate bookkeeping system or secret accounts. In addition, MiTAC reviews the systems at any time as needed to ensure the sustained effectiveness of the system design and implementation. The internal audit function of MiTAC conducts regular and special audits on the state of compliance with the “internal control system” and prepares related audit reports for presenting to the Board of Directors.	
(5) Does your company organize regular internal and external training programs for education of ethical corporate management practice?	✓		(5) Ethical practices form an integral part of the daily operations and all employees are required to incorporate such practices in their daily work.	
3. Reporting Operations				
(1) Has your company set up a substantive reporting and reward system and a convenient channel for reporting and assigned dedicated personnel suitable to handle the reported matters?	✓		(1) The Company has set up the Procedures for Reporting Corruption and Malpractice, developed a reporting and reward mechanism and set up an independent internal or external (by an independent institution on commission) reporting mailbox and dedicated hotline for reporting from employees and external sources. The audit unit is assigned to handle and investigate the reported cases.	Conform to the concept and operations of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has your company set up SOP and related confidentiality mechanism for reporting of malpractice?	✓		(2) The Company has set up Procedures for Investigation to handle reporting of malpractices, which provides the mechanism for initiation of an Investigation Committee and establishment of a confidentiality mechanism to ensure that the investigation process and preservation of audit documents are conducted in strict confidentiality.	

Evaluation	Operation		Summary	How is it different the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and why
	Yes	No		
(3) Has your company taken measures to protect whistleblowers from improper treatment due to the report?	✓		(3) The Company has set up a confidentiality mechanism and enforce the procedures strictly to protect the whistle-blowers.	
4. Enhance EnInformation Disclosure (1) Has your company disclosed relevant and reliable information of Ethical Corporate Management Practice on its website and MOPS?	✓		(1) MiTAC has instituted the “Business Ethic Code” and posted at the official website at www.mic-holdings.com.tw/ .	Conform to the concept and operations of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
5. If the company has established the code of business integrity in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE-GTSM-listed Companies”, elaborate the code in operation and the discrepancy between the code and the practices: The company has instituted the code of business integrity in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE-GTSM-listed Companies”.				
6. Other significant information that may aid in the presentation of your company’s ethical corporate management practice (e.g. review and revision of your companies code of ethical corporate management). The Company revised the MiTAC Ethical Corporate Management Principles based on the November 7 th 2014 Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, which are implemented after Board approval on February 2 nd 2015.				

(VIII) Other essential information that can help to understand the practice of corporate governance of MiTAC shall also be disclosed:
For further information on corporate governance of MiTAC, visit the “Investors Zone” of the official website of MiTAC, or visit the special zone of “corporate governance” of MOPS at mops.twse.com.tw

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

(X)The implementation of the internal control system:

1. Statement of Declaration of Internal Control

<p style="text-align: center;">MiTAC Holdings Corporation Statement of Declaration of Internal Control</p> <p style="text-align: right;">Date: February 2, 2015</p> <p>The company has conducted self-assessment in accordance with the internal control system covering in 2014, and on the basis of the audit findings, we shall declare as follows:</p> <p>I. The company acknowledges and understands that, the establishment, enforcement and preservation of internal control system is the responsibility of the board and the managers, and that the company has already established such system. The purpose it to reasonably ensure the effect and efficiency of operation (including profitability, performance and security of assets), the reliability of financial reporting and the compliance with relevant legal rules.</p> <p>II. There is limitation inherent to internal control system, no matter how perfect the design. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the company features the self-monitoring mechanism; once identified, any shortcoming will be corrected immediately.</p> <p>III. The company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Criteria for the Establishment of Internal Control System of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control system as specified in the Criteria with which the procedure for effective internal control are composed by five elements, namely, 1. Control environment, 2. Risk Evaluation, 3. Control Operation, 4. Information and Communication, and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.</p> <p>IV. The company has adopted the aforementioned internal control system for internal audit on the effectiveness of the design and enforcement of the internal control system.</p> <p>V. Basing on the aforementioned audit findings, in December 31 2014 the company holds that has reasonably preserved the achievement of the aforementioned goals within the aforementioned period of internal control system (including the monitoring and management over the subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant legal rules, and that the design and enforcement of internal control system are effective.</p> <p>VI. This statement of declaration shall form an integral part of the annual report and prospectus on the company and it will be announced. If there is any fraud, concealment and unlawful practice discovered in the content of the aforementioned information, the company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.</p> <p>VII This statement of declaration was approved by the Board in a session held on February 2,2015 with the presence of 5 directors under unanimous consent.</p> <p style="text-align: center;">MiTAC Holdings Corporation</p> <p style="text-align: center;">Chairman: Matthew Miao</p> <p style="text-align: center;">President: Billy Ho</p>

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

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

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

1. Shareholders' Meeting

Date	Summary of Major Issues	Decision	Implementation
Jun. 24 th 2014	1. Recognition of 2013 distribution of earnings Dividend: Cash dividend NT\$ 0.6 per share	Approved by majority vote	Set Aug. 4 th 2014 as the ex-dividend date and Aug. 27 th as the payable date.
	2. Revised the Procedures for Acquisition and Disposal of Assets and Procedures for Trading of Derivative Products	Approved by majority vote	Operations are based on the revised the Procedures for Acquisition and Disposal of Assets and Procedures for Trading of Derivative Products

2. Board Meetings

Date	Summary of Major Issues	Result
Jul. 4 th 2014	1. Set Aug. 4 th 2014 as the ex-dividend date.	Passed by unanimous agreement
Aug. 11 th 2014	1. Granted a loan of no more than NT\$ 2.5 billion to the subsidiary- MiTAC International Corp.	Passed by unanimous agreement
	2. Passed the resolution to undertake the original stock options issued by MiTAC International Corp. and implement subscription ordinary shares conversion to new shares: Set August 11th 2014 as the base date of issuance of new shares; subscription for ordinary shares requested by the second quarter 2014 is 1,075,100 shares.	Passed by unanimous agreement
Nov. 13 th 2014	1. Passed the resolution to undertake the original stock options issued by MiTAC International Corp. and implement subscription ordinary shares conversion to new shares: Set Nov. 13th 2014 as the base date of issuance of new shares; subscription for ordinary shares requested by the third quarter 2014 is 3,722,770 shares.	Passed by unanimous agreement
	2. Cancel expired treasury stock 1,310,500 shares acquired in the 13th buy-back operations before conversion of shares of subsidiary MiTAC International Corporation; the base date for capital reduction was set on Nov. 14th 2014.	Passed by unanimous agreement
	3. Appointment of the Remuneration Committee members: former Remuneration Committee member Mr. Chou Hsing-Yi resigned and Mr. Ma Shao-Hsiang was appointed to fill the vacancy in the Remuneration Committee.	Passed by unanimous agreement
Feb. 2 nd 2015	1. Subsidiary, MiTAC International Corporation commenced construction of the corporate headquarter building.	Passed by unanimous agreement
	2. Revised part of the Ethical Corporate Management Principles.	Passed by unanimous agreement
	3. Passed the resolution to undertake the original stock options issued by MiTAC International Corp. and implement subscription ordinary shares conversion to new shares: Set Mar. 2nd 2014 as the base date of issuance of new shares; subscription for ordinary shares requested by the fourth quarter 2014 is 1,061,500 shares.	Passed by unanimous agreement
	4. Cancel expired treasury stock 983,000 and 2,386,000 shares acquired in the 14 th and 15 th buy-back operations before conversion of shares of subsidiary MiTAC International Corporation; the base date for capital reduction was set on Mar. 2nd 2015.	Passed by unanimous agreement
Mar. 19 th 2015	1. Set date and agenda for the 2015 Shareholders' Meeting	Passed by unanimous agreement
	2. Recognition of 2014 financial reports	Passed by unanimous agreement
	3. Drafted 2014 distribution of earnings Shareholder dividend: NT\$ 0.7 cash dividend per share Employee bonus: NT\$ 633,000 Remuneration for directors and supervisors: NT\$ 2,000,000	Passed by unanimous agreement
	4. Revised company charter	Passed by unanimous agreement
	5. Revised the Procedures for Election of Directors and Supervisors	Passed by unanimous agreement

Date	Summary of Major Issues	Result
	6. Revised Procedures for Shareholders' Meetings	Passed by unanimous agreement
	7. Removed the director non-competition rule	Passed by unanimous agreement
May 8 th 2015	1. Appointment of Remuneration Committee members: former member Ms. Sun Lu-Hsi resigned; Mr. Lu Hsue-Chin was appointed to fill the vacancy.	Passed by unanimous agreement
	2. Passed the resolution to undertake the original stock options issued by MiTAC International Corp. and implement subscription ordinary shares conversion to new shares: Set May 8th 2014 as the base date of issuance of new shares; subscription for ordinary shares requested by the first quarter 2015 is 504,500 shares.	Passed by unanimous agreement

(XIII) In the latest year and to the date this report was printed, is there any director or supervisor holds adverse opinions on major resolutions of the Board on record or with written declarations, and the content, if applicable: None.

(XIV) In the latest year and to the date this report was printed, any of the personnel related to financial statements (including the chairman, president, chief accounting officer, chief financial officer, chief internal auditor and chief RD officer) resigned from their positions, if applicable: None.

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

April 13, 2015

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Stock	%	Stock	%	Stock	%	Name	Relationship	
UPC Technology Corporation Rep.: Matthew Miao	64,814,078	8.45%	0	0.00%	0	0.00%	MiTAC Inc.	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Matthew Miao	Chairman of this company	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							SYNNEX International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
MiTAC Inc. Rep.: Matthew Miao	61,228,286	7.99%	0	0.00%	0	0.00%	UPC Technology Corporation	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Matthew Miao	Chairman of this company	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							SYNNEX International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
Lien Hua Industrial Corp. Rep.: Matthew Miao	45,812,655	5.98%	0	0.00%	0	0.00%	UPC Technology Corporation	Investees valued under the equity method	
							MiTAC Inc.	Investees valued under the equity method	
							Matthew Miao	Chairman of this company	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							SYNNEX International Corp.	Common chairman	
							Getac Technology Corporation	The Chairman of the company is the director of this company	
King's Town Bank	31,055,000	4.05%	0	0.00%	0	0.00%	None	None	
Mei An Investment Co., Ltd. Rep.: Tseng Chung-Lung	16,129,371	2.10%	0	0.00%	0	0.00%	None	None	
Matthew Miao	12,282,999	1.60%	0	0.00%	0	0.00%	UPC Technology Corporation	Chairman of this company	
							MiTAC Inc.	Chairman of this company	
							Lien Hwa Industrial Corp	Chairman of this company	
							Tsu Fung Investment Corp.	Chairman of the parent company	
							SYNNEX International Corp.	Chairman of this company	
							Getac Technology Corporation	Director of this company	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Stock	%	Stock	%	Stock	%	Name	Relationship	
Tsu Fung Investment Corp. Rep.: Billy Ho	10,183,284	1.33%	0	0.00%	0	0.00%	UPC Technology Corporation	The Chairman of the parent of the company is the chairman of this company	
							MiTAC Inc.	The Chairman of the parent of the company is the chairman of this company	
							Lien Hwa Industrial Corp	The Chairman of the parent of the company is the chairman of this company	
							Matthew Miao	The chairman of the parent of this company	
							SYNNEX International Corp.	The Chairman of the parent of the company is the chairman of this company	
							Getac Technology Corporation	The Chairman of the parent of the company is the chairman of this company	
Synnex Technology International Corporation/Rep: Matthew Miao	7,084,475	0.92%	0	0.00%	0	0.00%	UPC Technology Corporation	Common chairman	
							MiTAC Inc.	Common chairman	
							Lien Hwa Industrial Corp	Common chairman	
							Matthew Miao	Chairman of this company	
							Tsu Fung Investment Corp.	The Chairman of the company also acts as Chairman of the parent company	
							Getac Technology Corporation	The Chairman of the company is the Director of this company	
Getac Technology Corporation Rep.: James Hwang	6,689,047	0.87%	0	0.00%	0	0.00%	UPC Technology Corporation	A director of the company is the Chairman of this company	
							MiTAC Inc.	A director of the company is the Chairman of this company	
							Lien Hwa Industrial Corp	A director of the company is the Chairman of this company	
							Matthew Miao	Director of this company	
							Tsu Fung Investment Corp.	A director of the company is the Chairman of the parent of this company	
							SYNNEX International Corp.	A director of the company is the Chairman of this company	
HSBC hosted VIP Delaware Trust - Delaware VIP Emerging Markets Series investment accounts	6,600,000	0.86%	0	0.00%	0	0.00%	None	None	

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

May 15, 2015; Unit: share; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
MiTAC International Corp.	1,379,638,902	100.00	-	-	1,379,638,902	100.00
MiTAC Computing Technology Corp.	220,100,000	100.00	-	-	220,100,000	100.00

Note: The company's long term investments under the equity method.

Four. Status of Capital

I. Capital and Shares

(I) Source of Paid-in Capital

1. Outstanding shares

Unit: share; NTD

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2013.09	10	1,100,000,000	11,000,000,000	755,567,471	7,555,674,710	Transfer of shares	-	Ching-Shou-Shang-Tzi No. 102301187690
2013.12	10	1,100,000,000	11,000,000,000	760,948,761	7,609,487,610	\$53,812,900 subscribed following the exercise of employees' stock warrant - 2013 4th quarter	-	Ching-Shou-Shang-Tzi No. 10301032080
2014.03	10	1,100,000,000	11,000,000,000	764,861,691	7,648,616,910	\$39,129,300 subscribed following the exercise of employees' stock warrant - 2014 1st quarter	-	Ching-Shou-Shang-Tzi No. 10301032080
2014.06	10	1,100,000,000	11,000,000,000	765,936,791	7,659,367,910	\$10,751,000 subscribed following the exercise of employees' stock warrant - 2014 2nd quarter	-	Ching-Shou-Shang-Tzi No. 10301181320
2014.09	10	1,100,000,000	11,000,000,000	769,659,561	7,696,595,610	\$37,227,700 subscribed following the exercise of employees' stock warrant - 2014 3 rd quarter	-	Ching-Shou-Shang-Tzi No. 10301250530
2014.11	10	1,100,000,000	11,000,000,000	768,349,061	7,683,490,610	Cancellation of treasury shares 13,105,000	-	Ching-Shou-Shang-Tzi No. 10301250530
2014.12	10	1,100,000,000	11,000,000,000	769,410,561	7,694,105,610	\$10,615,000 subscribed following the exercise of employees' stock warrant - 2014 4nd quarter	-	Ching-Shou-Shang-Tzi No. 10401050170
2015.03	10	1,100,000,000	11,000,000,000	766,041,561	7,660,415,610	Cancellation of treasury shares 33,690,000	-	Ching-Shou-Shang-Tzi No. 10401050170
2015.03	10	1,100,000,000	11,000,000,000	766,546,061	7,665,460,610	\$5,045,000 subscribed following the exercise of employees' stock warrant - 2015 1st quarter	-	Registration in process
2015.04	10	1,100,000,000	11,000,000,000	766,603,561	7,666,035,610	\$575,000 subscribed following the exercise of employees' stock warrant - April 2015	-	Items pending on registration

April 13, 2015 Unit: share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered common shares	766,603,561	333,396,439	1,100,000,000	The outstanding shares are listed in centralized market

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

(II) Status of Shareholders

April 13, 2015 Unit: share

The composition of Shareholders Qty	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury Stock	Total
Number of Shareholders	2	19	132	275	95,016	0	95,444
Shareholding (shares)	22	36,227,961	239,951,562	64,129,339	426,294,677	0	766,603,561
Percentage	0.00%	4.72%	31.30%	8.37%	55.61%	0.00%	100.00%

(III) Shareholding Distribution Status

1. Common shares

April 13, 2015

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	44,905	12,341,588	1.61%
1,000 ~ 5,000	36,136	81,310,362	10.61%
5,001 ~ 10,000	7,490	56,040,000	7.31%
10,001 ~ 15,000	2,260	28,157,068	3.67%
15,001 ~ 20,000	1,381	25,121,157	3.28%
20,001 ~ 30,000	1,222	31,059,124	4.05%
30,001 ~ 40,000	513	18,251,335	2.38%
40,001 ~ 50,000	408	19,152,517	2.50%
50,001 ~ 100,000	604	43,459,134	5.67%
100,001 ~ 200,000	273	38,188,033	4.98%
200,001 ~ 400,000	137	38,485,634	5.02%
400,001 ~ 600,000	38	18,535,576	2.42%
600,001 ~ 800,000	26	18,577,556	2.42%
800,001 ~ 1,000,000	11	9,858,118	1.29%
More than 1,000,001 shares Classified by actual needs	40	328,066,359	42.79%
Total	95,444	766,603,561	100.00%

2. Preferred shares: None.

(IV) List of Major Shareholders

April 13, 2015; Unit: share

Shareholding	Shares of shareholding (Note)	Percentage of shareholding (%)
Name of dominant shareholder		
UPC Technology Corporation	64,814,078	8.45%
MiTAC Inc.	61,228,286	7.99%
Lien Hua Industrial Corp.	45,812,655	5.98%

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

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

Item \ Year		2013/09/12 to 2013/12/31		2014		Up to May 15, 2015 (Note 5)
		Before dilution	after dilution	Before dilution	after dilution	
Market price per share	High	30.00		30.50	29.90	26.35
	Low	20.05		21.80	21.80 (Note6)	22.90
	Average	26.14		27.16		24.67
NAV	Before adjustment	41.50		42.87		43.12
	After adjustment	40.89		42.16 (Note1)		-
EPS	Weighted average EPS	733,420	733,420	742,397	742,397 (Note 1)	750,127
	EPS	0.78	0.78	1.03	1.03 (Note 1)	0.58
Dividend per share	Cash dividend	0.59961962	0.59961962	0.70	0.70 (Note 1)	-
	Stock dividend	From retained earnings	-	-	-	-
		From capitalization of surplus	-	-	-	-
	Accumulated unpaid dividend	-	-	-	-	-
Analysis of ROI	P/E ratio (Note2)	32.51		24.89		-
	P/P ratio (Note3)	42.29		36.63 (Note 1)		-
	Cash dividend yield (Note4)	2.36%		2.73% (Note 1)		-

Note 1: The allocation of earnings for 2014 has approved by the Board of directors, but need to be recognized by shareholders' meeting

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

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

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

Note 5: Net worth and earnings per share must be stated in the financial statements and audited (reviewed) by CPAs; other columns should be filled with same-year data in the annual report up to the publication date of this report.

Note 6: Lowest Market Price per share would be after dividend in the future, it does not require adjustment.

(VI) Dividend policy and its implementation

1. Dividend policy under the Articles of Incorporation:

The earnings of the year shall be allocated for covering loss carried forward and subject to income tax withholding in the first place, with 10% of the remainder allocated as mandatory reserve, and allocation or reversal as special reserve. The remainder net of the aforementioned allocations shall be subject to stock dividend payment, and at least 0.1% shall be distributed as employee bonus. If there is still a balance, it could be cumulated with the retained earnings carried forward from previous period for distribution at the proposal of the Board of Directors and the ratification of the General Meeting of shareholders.

If employee bonuses is distributed in the form of stock dividends, employees who meet specific conditions are entitled to such distribution. Such conditions shall be determined at the discretion of the Chairman of the Board.

The ratio of cash and stock dividends will be determined by the Board of Directors taking into consideration issues such as corporate financial structure, future cash flow, and profitability. The cash dividend shall not be less than 10% of the total dividend, however, the ratio may be adjusted with shareholder approval.

2. The resolution for dividend distribution at the general meeting of shareholders:

Based on the principles above, the Board of Directors drafted a proposal for dividend distribution at its meeting on March 19, 2015. This proposal covers dividends for the fiscal year 2014 and the dividend per share is NT\$0.70. The proposal will be presented for approval at the general meeting of shareholders held on June 11, 2015.

3. Anticipated significant changes in dividend policy: none.

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

The company did not have such motion in the distribution of income in 2014, and is not applicable here.

- (VIII) Employee bonuses and Remuneration to the directors and supervisors

1. Percentage or scope of employee bonuses and remuneration to directors and supervisors as stated in the Articles of Incorporation.

- (1) Bonus to employees: Annual earnings, in addition to offsetting the prior years' losses and withholding taxes, according to the law and withholding taxes, should be with a 10% set aside as a legal reserve and have a special reserve set aside or reversed pursuant to the law. In addition to the payment of dividends afterwards, appropriate at least 0.1% of the remaining balance as bonus to employees.

- (2) Percentage of remuneration to directors and supervisors: Not specified in the Articles of Incorporation.

2. After accounting for changes in the basis of the estimation of employee bonuses, remunerations to directors and supervisors, changes to the calculation basis for stock dividends, and discrepancies between the amounts actually paid and the amounts it is estimated:

- (1) The basis for the estimation of employee bonuses and remunerations to the directors and supervisors: The estimation of employee bonuses and remunerations to the directors and supervisors for fiscal year 2014 was based on the corporate earnings as of the end of current period net of mandatory reserves and capital surplus at the percentage stated in the Articles of Incorporation (0.1% for employee bonuses) and was recognized as operating expenses.

- (2) The basis for the calculation of stock dividends: The number of common shares to be distributed as stock dividends is calculated on the basis of the fair value per share (closing price) one trading day before the general meeting of shareholders for resolution held in the year after the fiscal period in consideration of ex-right and ex-dividend effect.

- (3) The accounting of the difference between the actual amount distributed and the estimated amount for distribution: The difference resolved by the general meeting of shareholders for distribution and the estimated amount for distribution shall be recognized as income or loss in the next fiscal period in accounting.

3. Information on the resolution of the general meeting of shareholders on employee bonuses:

The proposal for the distribution of earnings in fiscal year 2014 was resolved by the general meeting of shareholders dated March 19, 2015, and specified as follows:

- (1) The general meeting of shareholders resolved to distribute to employees cash bonus of NTD 632,861 and pay NTD2,000,000 as remunerations to the directors and supervisors. No difference arose between the estimated and actual amount.
 - (2) The ratio of estimated stock bonus for employees to the corporate earnings of the current period and total dividends paid to the employees: Our company did not propose the distribution of stock dividends for fiscal year 2014. This rule is not applicable.
 - (3) The assumed EPS is \$ 0.60 for the distribution of employee bonus and remuneration for directors and supervisors.
4. Employee bonus and remuneration to directors and supervisors in FY2013:

	actual number of allotment
Employee cash bonus	514,000
Remuneration to directors and supervisors	2,000,000

Note: There is no difference of the actual allotment and recognized employee bonus and director, supervisor compensation.

(IX) The repurchase of shares by the company:

May 15, 2015

In thousands of New Taiwan Dollars/ thousand shares

Instance of repurchase	4 th (16 th on MiTAC International Corp.)
Date of Board Resolution	101.6.15
Purpose of repurchase	Assignment of shares to employees
Repurchase period	July 6, 2012 to August 7, 2012
Price range	NTD 9~12
Expected type and quantity of shares for repurchase	Common share 10,000
Type and quantity of shares repurchased	Common share 9,000
Amount of capital stock repurchased	85,132
Average cost for the repurchase of each share (NTD)	9.46
Reasons for incomplete accomplishment of the Board Resolution	The reason we did not completely execute the Board resolution is preserving shareholders' equity and consideration of market mechanism and the effectiveness for subsequent use of capital.
Quantity of shares cancelled or assigned	0
Accumulated quantity of holding in Company shares (Note 2)	4,500
Accumulated proportion of holding Company shares in proportion to total outstanding shares of the company	0.59%

Note 1: The aforementioned repurchase of treasury stock was exercised through the swap of previous MiTAC International Corp. shares (previous stock code: 2315). Pursuant to Article 3- I- (VI) of the "Share Swap Resolution", if the treasury stock repurchased by MiTAC International Corp. contains the shares to be assigned to the employees but not being assigned, MiTAC International Corp. will continue to hold these shares and convert these shares into the shares of MiTAC Holdings Corporation at the share swap ratio, and shall be subject to the exercise of treasury stock repurchase or as required by law in the future.

Note 2: The ratio of share swap (MiTAC International Corp.: MiTAC Holdings Corporation = 1: 0.5).

II. Employee Stock Options

- (I) The status of the ESOP before maturity shall be disclosed to the date this report was printed and the effect on shareholders' equity: the following is the information on the acceptance of the shares converted through the exercise of ESOP issued by MiTAC International Corp. as of the share swap date on September 12, 2013, with the quantity and price adjusted in accordance with the share swap ratio (MiTAC International Corp.: MiTAC Holdings Corporation = 1: 0.5).

May 15, 2015

Type of Employee Stock Options	9th (2nd term) Employee Stock Options	10th (1st term) Employee Stock Options	10th (2nd term) Employee Stock Options	10th (3rd term) Employee Stock Options	11th Employee Stock Options																																								
The effective date of declaration	2009.1.6	2009.9.22	2009.9.22	2009.9.22	2012.9.18																																								
Issuing (processing) date	2009.7.3	2009.10.5	2010.4.19	2010. 5.6	2012.10.11																																								
Quantity of outstanding shares	8,465 units	12,924 units	3,423 units	10,556 units	19,375 units																																								
Ratio of new shares issued for subscription to the total number of shares issued	1.11%	1.69%	0.45%	1.38%	2.53%																																								
Valid duration	6 years	6 years	6 years	6 years	6 years																																								
Performance	Issue new stock shares	Issue new stock shares	Issue new stock shares	Issue new stock shares	Issue new stock shares																																								
Limited stock option period and ratio (%)	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Exercise Percentage</th> </tr> </thead> <tbody> <tr> <td>More than 2 years</td> <td>25%</td> </tr> <tr> <td>More than 3 years</td> <td>50%</td> </tr> <tr> <td>More than 4 years</td> <td>100%</td> </tr> </tbody> </table>	Duration	Exercise Percentage	More than 2 years	25%	More than 3 years	50%	More than 4 years	100%	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Exercise Percentage</th> </tr> </thead> <tbody> <tr> <td>More than 2 years</td> <td>30%</td> </tr> <tr> <td>More than 3 years</td> <td>60%</td> </tr> <tr> <td>More than 4 years</td> <td>100%</td> </tr> </tbody> </table>	Duration	Exercise Percentage	More than 2 years	30%	More than 3 years	60%	More than 4 years	100%	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Exercise Percentage</th> </tr> </thead> <tbody> <tr> <td>More than 2 years</td> <td>30%</td> </tr> <tr> <td>More than 3 years</td> <td>60%</td> </tr> <tr> <td>More than 4 years</td> <td>100%</td> </tr> </tbody> </table>	Duration	Exercise Percentage	More than 2 years	30%	More than 3 years	60%	More than 4 years	100%	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Exercise Percentage</th> </tr> </thead> <tbody> <tr> <td>More than 2 years</td> <td>30%</td> </tr> <tr> <td>More than 3 years</td> <td>60%</td> </tr> <tr> <td>More than 4 years</td> <td>100%</td> </tr> </tbody> </table>	Duration	Exercise Percentage	More than 2 years	30%	More than 3 years	60%	More than 4 years	100%	<p>Employees holding stock options for more than two years can exercise their options until ten days before the expiration date, except when transfer of stock is suspended by law.</p> <table border="1"> <thead> <tr> <th>Duration</th> <th>Exercise Percentage</th> </tr> </thead> <tbody> <tr> <td>More than 2 years</td> <td>50%</td> </tr> <tr> <td>More than 3 years</td> <td>75%</td> </tr> <tr> <td>More than 4 years</td> <td>100%</td> </tr> </tbody> </table>	Duration	Exercise Percentage	More than 2 years	50%	More than 3 years	75%	More than 4 years	100%
Duration	Exercise Percentage																																												
More than 2 years	25%																																												
More than 3 years	50%																																												
More than 4 years	100%																																												
Duration	Exercise Percentage																																												
More than 2 years	30%																																												
More than 3 years	60%																																												
More than 4 years	100%																																												
Duration	Exercise Percentage																																												
More than 2 years	30%																																												
More than 3 years	60%																																												
More than 4 years	100%																																												
Duration	Exercise Percentage																																												
More than 2 years	30%																																												
More than 3 years	60%																																												
More than 4 years	100%																																												
Duration	Exercise Percentage																																												
More than 2 years	50%																																												
More than 3 years	75%																																												
More than 4 years	100%																																												
Stock shares exercised	888,130 shares	458,250 shares	28,350 shares	817,600 shares	601,500 shares																																								
Stock value exercised	NT\$22,556,402	NT\$12,281,100	NT\$788,130	NT\$20,755,940	NT\$11,729,250																																								
Unexercised underlying shares for the options (note 1)	7,297,370 shares	11,738,350 shares	3,170,550 shares	9,439,400 shares	18,597,000 shares																																								
Stock option price of outstanding stock option	NT\$24.8	NT\$26.2	NT\$27.2	NT\$24.8	NT\$19.5																																								
Ratio of outstanding stock option to outstanding shares (%)	0.95%	1.53%	0.41%	1.23%	2.43%																																								
Impact on shareholder's equity	<p>Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.</p>	<p>Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.</p>	<p>Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.</p>	<p>Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.</p>	<p>Holders of our company's options cannot exercise the options according to these regulations until two years after the options are granted. As a result, said options do not create significant impact on shareholders' equity.</p>																																								

Note 1: After deduction of relinquished shares.

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

1. Managers

May 15, 2015

In thousands of New Taiwan Dollars/ shares

Type	Title	Name	Shares of obtained stock options (Note 1)	Percentage of obtained stocks to outstanding shares	Exercised				Unexercised				
					Quantity	Subscribed stock price (NT\$)	Subscription amount	Ratio of shares subscribed to the total number of shares issued	Quantity	Subscribed stock price (NT\$)		Subscription amount	Ratio of shares subscribed to the total number of shares issued
										Term	Price		
Managers	President	Billy Ho	2,150,000	0.28%	-	-	-	-	2,150,000	9th (2nd term)	24.8	46,430	0.28%
										10th (1st term)	26.2		
	Vice President	Doris Huang								10th (2nd term)	27.2		
										10th (3rd term)	24.8		
										11th	19.5		

Note 1: After deduction of relinquished shares.

2.The Top 10 employees

May 15, 2015

In thousands of New Taiwan Dollars/ shares

Type	Title	Name	Shares of obtained stock options (Note 1)	Percentage of obtained stocks to outstanding shares	Exercised				Unexercised				
					Quantity	Subscribed stock price (NT\$)	Subscription amount	Ratio of shares subscribed to the total number of shares issued	Quantity	Subscribed stock price (NT\$)		Subscription amount	Ratio of shares subscribed to the total number of shares issued
										Term	Price		
Consolidated employees	The COO of subsidiary	Matthew Miao	8,275,000	1.08%	750,000	25.4 19.5	18,165	0.10%	7,525,000	9th (2nd term)	24.8	166,115	0.98%
	Senior Vice president of subsidiary	Michael Lin								10th (1st term)	26.2		
	Vice president of subsidiary	Steve Chang								10th (2nd term)	27.2		
	Vice president of subsidiary	Albert Mu								10th (3rd term)	24.8		
	Vice president of subsidiary	J.J. Huang								11th	19.5		
	Vice president of subsidiary	Percy Chen											
	Vice president of subsidiary	Alice Fang											
	Senior Vice president of subsidiary	C.J.Lin											
	Vice president of subsidiary	King Chen											
	Special Assistant of subsidiary	Crystal Yang											

Note 1: After deduction of relinquished shares.

Five. Operation Overview

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

I. Business Activities:

(I) Scope of business

1. Principal business activities

- (1) Cloud computing product, including workstations, servers and storage systems; enterprise and channel server / workstation product series, including support for Intel and Advanced Micro Devices (AMD) 2-processor, 4-processor and 8-processor X86 advanced server / workstation products, high-density servers and professional server / workstation total platform specially researched and developed for clients; All-In-One LCD PC, Mini PC, Point-Of-Sales system and embedded motherboard.
- (2) Mobile communication products include automotive electronics (automobile navigation equipment), consumer electronics (portable navigation devices (PND) and in-vehicle Drive Video Recorders), outdoor and fitness navigation devices, wellness wearable wristband, professional products (*e.g.*, fleet management), and smart navigation and cloud services.

2. Business distribution

In thousands of New Taiwan Dollars

Year	2014	Ratio (%)
Products		
Computer & communication products	42,060,342	100.00

3. Major Products

(1) Cloud computing product

- Cloud computing server
- Rack-mounted servers
- Blade servers
- All-In-One LCD PC
- Mini PC
- POS system
- Embedded motherboard

(2) Mobile Communication product business group

- Portable navigation device
- Connected car tablet & navigation box
- Car Amplifier
- Bike Computer
- (Outdoor Lighting Control
- Wellness wearable wristband
- Consumer electronics
- Outdoor navigation devices
- Fitness navigation device
- Automotive electronics
- Mobile health
- Mobile cloud storage

4. New products or technology under planning

(1) Cloud computing product

- Development of cloud computing servers
- Optimized virtual server.
- Communication server.
- Development of storage devices and related technologies.
- Network Switch.
- Total system solution.
- System protocols and integration of Thin Client computers & servers
- R&D of All-In-One LCD PC technologies
- POS system (computer point of sale management system): including the development of integrated technologies for the RPOS (Retail POS) and the MPOS (Mobile POS).
- Embedded industrial use motherboards for terminal application.

(2) Mobile Communication product business

- Cloud computing applications and technologies.
- Integrated data capture, voice, and wireless broadband communication.
- Global positioning system (GPS), electronic navigation technologies and mobile positioning services.
- Display Audio with Smartphone Link
- Smartphone Box with connectivity to smartphones
- Wellness Band
- Fitness Watch
- Wearable ECG event recorder
- DVR and driving safety reminder.
- Development of portable healthcare system application
- Wellness Band.

(II) Overview of the Industry

(1) Current Status and Development of the Industry

According to the statistics of DIGITIMES Research, global server shipments grew 7.1% in 2014, compared with 2013, reaching 10,420,000 units. This is mainly due to the demand in Internet Data Center (IDC). Along with the development of cloud computing applications and social media, the major players in this industry, such as Amazon, Facebook, Google and Microsoft in the US market, found the need to build data centers globally in order to respond to market demands. Guided by economic development and government policies, the major telecom operators and Internet service companies in China are also actively involved in the establishment and expansion of cloud computing and data centers. As a consolidated result, the demand for servers grew sharply, and continuous growth in the shipments of smart handheld Internet devices (phones, Tablet PCs ...,etc.) has also driven up the demand for cloud computing and storage facilities.

For large data centers, the requirements of total cost of ownership (TCO) are even more stringent. In addition to system stability, availability, easy maintenance, ease of use and management, energy consumption and efficiency are gaining more and more attention; therefore, the demand for customized products soars. In addition, to cut down procurement costs, the bulk buyers turned from procuring from the major brands in the past to placing orders directly to ODM / OEM manufacturers. Faced with such changes, the brand manufacturers have taken the initiative to restructure their businesses and launched integrated server systems, which combined computing storage with network switch unit into a consolidated system to meet the needs of business customers. They have also been actively acquiring cloud application software suppliers to enhance their competitiveness. Through transforming from equipment suppliers to solution/service providers, they expected to reduce the impact on their businesses, but such development has also brought the market uncertainties.

Looking into 2015, as the mobile internet devices and The Internet of Things continue to drive the market forward, cloud computing and applications will continue to grow. The demand in social media will create new market opportunities for big data analysis and services and drive double-digit growth in overall servers and the demand for storage devices.

In PC terminal products, PC products has not seen significant growth, but consumers who are attracted by the touch function and design turn to purchasing of AIO PCs. Therefore, approximately 17-20% of growth was recorded in 2012 and 2013. The total shipment is around 15.80 million sets. In 2014, global shipment of AIO PCs may slow down, but AIO will continue to play a major role in the growth of desktop products. It is estimated that, in 2015, AIO computers will account for 10% of all shipments of desktop products (DT).

In POS systems, according to statistics of Market Research, global shipments of POS machines continued to show steady growth. The number of shipment runs in between 1.80 to 2 million. In addition to the mainstream Microsoft Windows operating system, Android system is also rising rapidly. Tablet PC application in POS systems is becoming a trend and bringing more opportunities for development of a bigger market and new applications, such as restaurant ordering system, store checkout systems and warehouse operations management systems.

In mobile health applications, the Health IT Market Survey published by Global Industry Analysts, Inc. estimated that the global healthcare IT market will reach US\$ 66 billion in 2020; of which, the Asia-Pacific region will see a compound annual growth rate as high as 11%. The overall market trend is focused on improving the profitability of medical institutions, enhance the quality of healthcare and increase user acceptance for mobile health services. In addition, decision support systems, data storage management, mobile computing and health tourism are growing markets. The latest report released by market research firm, IDC, noted that new suppliers, new products and higher awareness of end-users would drive the global wearable device market to further expansion in 2015. It is estimated that shipments will go up to 45.70 million units, reaching a growth rate of 133.4%, compared with the 19.60 million units in 2014. In addition, it is expected that, by 2019, shipments to the overall wearable device market will further expand to around 126.1 million units and the five-year compound annual growth rate (CAGR) will reach 45.1%. Apple, Google and Samsung have successively launched their own intelligent health platforms in 2014 and deployed strategic projects to explore the contents of the data collected by the patients for analysis and use of the bid data.

The 2014 Report on the Development of China's Medical and Pharmaceutical Internet pointed out that, as of June 2014, 572 million people log on the Internet through mobile phones. For the first time the number of mobile users exceeded the number of traditional PC users. The scale of the Chinese mobile healthcare market is expected to reach RMB 12.53 billion in 2017. China has been facing serious shortage and uneven distribution of medical resources. Wide availability of mobile Internet and mobile medical apps, if coupled with certain degree of deregulation, online health care through mobile devices may become a solution for the issues of unavailable and unaffordable medical care in China.

In mobile communications products, although global sales of portable satellite navigation products has been on a down-sliding trend, satellite navigation-related applications, on the other hand, continued to flourish through other portable or mobile devices and social media applications. According to the studies of the Swedish market research firm, Berg Insight, 28 million portable satellite navigation products were sold worldwide in 2012, which, compared to the previous year, shows a negative growth of 15%. The Berg Insight report noted that, 230 million units of portable satellite navigation products were in use in 2013; in which, 80 million units were installed at automotive factory and 150 million units were installed after sale. It is expected that, by 2016, less than 100 million units will be in use globally.

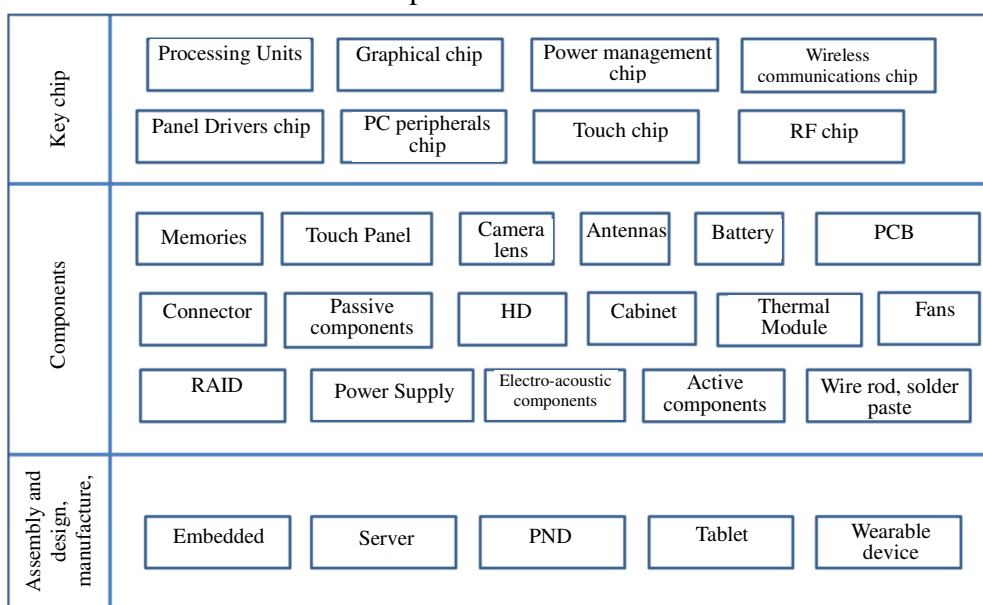
In industrial Tablet PCs, according to statistics of the market research firm, the compound annual growth rate of the traditional market is around 11.1% and the quantity runs between 5.40 to 7.40 million. Traditionally, Microsoft's Windows operating system dominates the market, but, with free licensing and the advantage of high customizability, the Android system

is also rising rapidly and developing new markets and new applications, such as mobile healthcare, Tablet PCs for cars and Mobile POS.

Therefore, for the direction of product planning, MiTAC's product development has gradually shifted its focus to the embedded vehicle navigation devices and GPS Tracking for bicycles, and at the same time planning new products using the same satellite tracking technology, e.g. GPS sports Health Watch. In addition to the traditional product lines, the Product Planning Division has been actively seeking new directions for product development. The two main directions are wearable and Internet of Things related products. Wearable products are integrated with the Company's existing cloud software and hardware services to offer customers total solutions. MiTAC has also been working with our customers to develop the Internet of Things products based on the GPS technology.

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

The industry in which our Group operates is at the downstream level. The upstream is IC and chip manufacturing, the midstream is the manufacturing of related components, and the downstream is the production of terminal products such as servers and consumer products.



(3) Trends of Product Development and Market Competition

a. Cloud Computing Products

X86 products are still the mainstream. With high stability, SPARC/ RISC systems also takes a certain share in the high-end server market. Servers based on System on Chip (SOC) architecture is also under development. In addition, the General-Purpose computing on Graphics Processing Units (GPGPU) has a certain share in the application of High-Performance Computing (HPC).

In product design, other than Rack-mount Unit products, the high demand of data centers in Total Cost of Ownership (TCO) steered the trend of development to high density/multi-node operation and low energy consumption products. Micro-Servers were born from such development. Large companies, such as Facebook, Baidu, Alibaba and Tencent, even set their own open framework specifications (e.g. OCP, Scorpio) according to their own needs for data centers. Requesting manufacturers to customized equipment has also become a trend. In the market of general-purpose server, ODM manufacturers are face fierce competition since the technology has come to the mature stage. The emerging demand for cloud computing servers (high density and high performance server) and the varied specifications of the available products provide ODM manufacturers opportunities for product differentiation through design and integration.

The development of cloud computing expanded the market of Thin Client and at the same time augmented the demand. From remote access to LAN browser and to today's VOIP and video conferencing, and from small screen to full support for multiple high-definition displays with fan-less structures, in product structure, Thin Clients has also been developed from the traditional independent micro boxes to display-integrated All-in-One units and Portable Thin Clients. In platform development, x86 framework is again extended into SOC integrated chips. All-in-One products are different from the traditional terminal products since it opens up the opportunities for application of new technologies on the hardware and therefore opens up the possibilities for product differentiation strategies in market competition, such as multimedia, green and sensor technologies.

b. Mobile Communication Products:

Regarding consumer products, we see that PNDs have evolved into personalized navigation service. Combined with LBS data, such service can integrate smart phones and internet connection functions, retrieve cloud data in a timely manner, and perform individualized service. In the outdoor application of PNDs, the trend is moving toward the area of outdoor sport and leisure use. Professionals are increasingly adopting them for bicycle and running applications. At this moment, in-vehicle Drive Video Recorders have become the mainstream in Asia-Pacific markets, while onboard application in vehicles is prevalent in Europe and the US. Drive Video Recorders are used for "field of view support" (such as rear view cameras or panoramic support systems) or "image identification" that are used for detecting obstacles and car lanes (such as car lane support systems or high-beam automatic sensing systems). All of them are part of the vehicle safety system. In the product competition of professional PND products, we not only need competence in the GPS units, the brightness of monitors, energy saving design, and waterproof design all require intensive technology integration from upstream to downstream. Additionally, smart phones with Apps will chip away some consumers. How we can compete with various software companies is another problem we face in consumer products.

In mobile health products, the development runs along two axes: mobile nursing care and long-term care. Development of mobile nursing care is targeted on consolidating the information needed by the nursing staff, helping the nursing staff to carry out clinical work in higher efficiency, providing nursing care with monitored safety and enabling permanent information archiving in standardized electronic medical record formats. Clinical practice related big data would be directed to problem-solving oriented data mining, which will facilitate development of clinical knowledge base and decision support systems. The biggest challenge in such development would be price competition from traditional form-based electronic information systems.

In long-term care, other than the dynamic assessment system for inpatient care, wearable devices will be integrated into outpatient long-term care to facilitate extended data collection time. Continuous information will enable the nursing staff to make better judgment for best care. However, development along this axis in China is limited since relevant policies are still under development.

(III) Technology and R&D overview

1. Committed R&D expense

In thousands of New Taiwan Dollars

Item \ Year	2014	2015, Q1 (Note)
Research and development expense	2,919,197	617,013

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

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

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

(1) Significant achievements are as follows:

- a. TYAN became one of the founding members of the OpenPOWER Foundation in January 2014 and debuted the first OpenPOWER CRB (Customer Reference Board) with IBM in April of the same year. This board enables hardware and software developers to conduct compatibility test and performance optimization work on the OpenPOWER platform for their products. TYAN has also developed a high-performance server with IBM targeting on the large data centers run by IBM. Deployment of the new servers are expected to begin in June 2015 and launched online in October 2015.
- b. We formed corporate cooperative alliance with leading brands in the industry. We introduce high efficiency processor technology and provide servers and workstations so that we can become a leading brand in channel sales.
- c. We integrate cloud smart solutions and Smart GPS device and integrate our brand-new SoLoMo (Social, Local, Mobile) user experience into navigation service. We offer these products to users eager to discover local information. Meanwhile, such smart solution is also a solution designed to integrate on-board education, entertainment, and mobile internet service platform.

(3) Products

a. Cloud Computing products series

1. Servers: Due to the rise in cloud computing and demand from data centers, MiTAC has launched a series of single, duo, and quad processor servers with its R&D capability built up over the years and its excellent R&D team. With system integration technology, MiTAC has researched and developed various high density/low energy use servers based on the green/energy saving requirements to lower the Total Cost of Ownership (TCO) when our customers build their server farms. In the future, aside from continuing to invest in the x86 area, we will also commit our resources in the development of ARM-based products.
2. Storage device: Responding to the demand for massive data transmission and storage brought about by cloud computing, and the extent of growth in the storage device market, MiTAC continues to commit its the R&D team to develop storage device technology and products, which include 4U/60Bays

products with SAS6G transmission interface and JBOD/RBOD products that are in compliance with SBB 2.0 requirements.

3. Whole Cabinet Solutions: Whole cabinet servers broke the design standards of traditional rack servers. Efficient use of spaces further enhanced the flexibility and power efficiency of the nodes while increasing the computing density. With the design of Scorpio 2.0 and OCP as examples, 5% increase in the node height creates an extra 11% of space inside the cabinet and 31% increase in overall space utilization, achieving a maximum two times of deployment density. Increase in the internal space also creates more possibilities for node design adds. In response to market development and customer needs, MiTAC deployed an R&D team to develop whole cabinet products and offer samples to customers for testing and validation.
4. In COMPUTEX TAIPEI , TYAN launched a full range of high-density energy-saving cloud products, including high-density cloud computing products: TYAN Yellow River series, high storage capacity cloud computing products: TYAN TN series and energy efficient cloud computing Product: TYAN FM65 series micro servers.
5. In SC'14 US International Supercomputing Conference , TYAN showcased the full range of widely adopted high-performance computing (HPC) and Cloud Computing platforms. The products include universal servers supporting the latest Intel® Xeon® E5-2600 v3 Processor, two-slot/ four-socket servers supporting high-end Intel Xeon Phi® coprocessor, and high-performance servers supporting IBM OpenPOWER architecture.
6. Mid to high-end workstation supports single-slot/dual-slot Intel® (or AMD) processors with at least one set of PCI-E Gen.3 x16 slot, high-performance graphic cards and onboard sound chip to provide users excellent workstation environment.
7. All-In-One highly integrated LCD computer with 21.5” and 23.6” screens with various convenient user interface such as embedded touch screen, webcam, and VoIP communication.
8. In 2012, MiTAC joined Intel in strategic partnership to introduce the world's first standard platform designed and manufactured specifically for distributors- the Thin Mini-ITX and launched innovative next generation models in 2013. The new models are designed with standalone graphic card and streamline fashion with features to help distributors or system vendors to save cost and achieve easy customization. Innovative design is reflected in the multimedia, energy-saving and sensor technologies. In 2014, MiTAC launched portable models. The new generation products are results of advanced technology integration, featuring long-lasting batteries for wide applications. MiTAC will also launch new models with wired and wireless charging capabilities developed jointly with Intel in 2015.
9. Mini PC: Highly integrated thin-client terminals with fanless design offers a variety of traditional Legacy interfaces. For platform, the terminals are equipped with the latest high performance Intel chipset- Baytrail.
10. Embedded Industrial Motherboard: MiTAC joined Intel in strategic partnership to bring the existing ATOM platform products into the embedded industry and planned the next generation wide temperature products for the different end-use applications. In 2014, MiTAC brought in new generation products and successfully integrated the products into customer applications.
11. In the POS system (point of sale system): In response to the trends of lightweight and space-saving, a range of Tablet PC based POS system with different screen sizes and dual operating systems were launched to meet the

needs of various industries. This series of products has won very high reviews from the ODM customers.

b. Mobile Communication Product Series

1. Mio flagship car recorder model, Mivue 588, features flat touch screen design and special Sony optical lens, which effectively improves image clarity at night and reduce noise to ensure the safety of nighttime driving. Built-in GPS detects the driving speed and alerts the driver to drive safely. Since the third quarter last year, market performance of Mio 588 has exceeded expectation.

Product Name	Year	Award Name	Region	Award Image
MiVue 588 Touch	2015	Best Buy	Poland	
MiVue 5 series	2015	Service and quality 2014	Russia	
MiVue 5 series	2015	Best buy	Russia	

Product Name	Year	Award Name	Region	Award Image
MiVue 588	2014	Best product	Russia	
MiVue 588	2014	Export Choice	Russia	

Product Name	Year	Award Name	Region	Award Image
MiVue 588 Touch	2014	Excellent	Czech Republic	N/A
MiVue 568 (same ID with Mivue 588)	2014	iF award	Germany	
MiVue 568 Touch (same ID with miveu 588 + Sony sensor)	2014	Winner of Best Capabilities	Poland	

2. Mio car recorder, Mivue 568 Wi-Fi, features a whole-new one-touch backup function. This function enables the user to backup files instantly through a mobile phone app. Equipped with a 4MP optical lens, the image quality is upgraded from 1080p Full HD to 1296p Extream HD. Built-in GPS and warning system detects driving speed and tire pressure and alerts the driver to drive safely.

3. Magellan SmartRV and SmartFleet: Following the first innovative personal navigation services, SmartGPS technology is further used in applications for sport utility vehicles and fleet management. Through this service, users receive instant location-based service (LBS) and store the information in the personal navigation cloud. Fleet management operators use wireless transmission through the cloud service to manage their fleet operations.
4. ORV (Off-road Recreation Vehicle) SmartECO System: Through this service, users receive real-time location-based information service (LBS) and store the information in the personal navigation cloud service. The services are integrated into smartphones, personal computers and navigation devices through the cloud system, making it easy for the users to plan recreational activities.
5. Connected Car Tablet: This service is designed for business users who need an application to help them manage vehicle use. The built-in 3G/BT, Wi-Fi wireless communication function enable users to transmit real-time vehicle deployment information back to the cloud and connect the control center with the drivers for instant interactive communication. The Tablet products comply with the stringent testing standards required for vehicles.
6. In 2014 COMPUTEX Taipei, MiTAC launched the health wearable program. This program aims to help people achieve balance in work and life through recording, tracking and analysis of physiological, sleep and exercise information.
7. MiTAC announced its venture out into the field of medical equipment. The Company debuted the world's first bracelet ECG recorder, designed for patients with arrhythmia. Lightweight and easy to use, this bracelet offers the potential patients a portable device for 24-hour monitoring. This product is expected to be launched into the market by the end of 2015.
8. Industrial tablet PCs and handheld devices: In 2012, MiTAC launched the first mobile nursing handheld tablet PC, which won the Best of Computex Award. Targeting on the pursuit of mobile nursing applications on high-efficiency "patient safety", MiTAC partnered with the medical care system to design the chemotherapy drug administration hardware and software solution, which won the National Quality Award. In 2013 Medica German, the full product line was launched and received good reviews. This product successively won the iF Design Award in 2014 and 2015.
9. Mobile Medical Solutions
 - I. Mobile Nursing Information System: Unlike the general nursing information systems, this system aims to provide the nursing staff the best information aids for work at different time and place and with different content. In the aspect of patient safety, barcode or image auxiliary information, help the medical institutions to implement patient identification and procedural control for high-risk drug use, blood transfusions and blood sampling. Intelligent automatic scheduling and reminders provides an effective way to help the nursing staff focus on the work of care, reduce repetitive data entry and cut down the time spent on other time-consuming non-nursing work. Through collaboration with hospitals and international standard vocabulary coding, knowledge of clinical care can be quickly extracted from clinical care information systems and accumulated in the knowledge base through data mining. The information system provides new employees a good reference for clinical decision-making and assists the management to monitor performance and cost.
 - II. Long-term Care Assessment System: This system is a dynamic form generation system for assessment purpose. The unique user interface is designed to help users quickly complete the assessment questions with progress prompt, rapid question-skipping and

instant feedback functions. The system is also linked to the clinical care guidelines to enable the nursing staff to plan individual care plans according to the standards and shorten the assessment time to help the nursing staff achieve enhanced care quality.

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

1. Cloud Computing products series

- (1) Short-term business development plan: In terms of product strategy, we continue with cooperative development and production plans with existing customers or chip manufacturers in workstations, servers, and storage device. The Chinese demand for servers has been growing in recent years. MiTAC has been aggressively seeking systems integration firms with whom it can build a cooperative relationship for the long run, or a local firm that can provide cash flows and logistics management in order to offer the convenience of real-time service to our customers.
- (2) Long-term business development plan: In terms of product strategy, we continue to develop new products in servers and storage device markets and make such development our dynamism for business growth for the next three years. In terms of business strategy, we expand the scope of cooperation with leading server customers in the world, ranging from module shipment to full-system shipment, from low-end to high-end, from individual product line to multiple product line. We aim for long-term, stable cooperation. To this end, we need to improve the capability and speed of product development, control over production quality and delivery date, global supply chain integration, and global logistics and service. These factors can secure MiTAC's position as a major server system ODM/OEM

2. Mobile Communications Products

1. Short-term business development plan:

- 1.1 Mobile handheld and digital family markets are at the initial growing stage. In the short run, our company will operate with market development condition and focus on channels and ODM operation in European and US markets. We will actively develop niche products and explore customers in different areas. Mobile handheld and digital product lines integrate SoLoMo (Social, Location, Mobile) user experience and develop revolutionary and competitive products. We will offer service with high added-value to our customers with innovative and professional product planning, R&D design, and production capability. We will improve our overall effectiveness and raise customer satisfaction. On the basis of bonding with existing customers and increasing brand loyalty, we will integrate personal cloud, social media content, and Point of Interest content. On top of these, we will actively develop customers in different fields to explore new business with niche products.
- 1.2 Industrial use tablet PC and portable devices: short-term business development plan: launch portable devices, with equal weight in the operations of brand production, ODM and OEM. In Europe, the primary operation will be running the products bearing the brands of the company. In the USA, the primary operation will be OEM. In Japan, both OEM and ODM will be running. Total solutions for mobile healthcare will be launched as premium products in China. Further to existing distribution system, software integration service will be offered for major medical centers.

- 1.3 Mobile Medical Solutions: Considering market demand and saturation, mobile nursing information solutions will be the major force in this category in the short term. The solutions will be simultaneously extended into clinical care related applications. User experience optimization will continue and marketing will be conducted in the most economical means: word-of-mouth marketing from benchmark customers will widely spread the benefits of the product. In addition, distributors nationwide will actively provide maximum opportunities for exposure and offer potential customers trial versions of the product to reduce purchase barrier due to lack of product knowledge. Hardware and software integration solutions will continue to create added-values for individual software/hardware.
2. Long-term business development plan:
 - 2.1 Our long-term business development strategy calls for expanding our scope and exploring emerging markets in Asia-Pacific, China, Russia, and the Middle East. We will adapt to the changes and needs of different age groups with diversified products. Through our brands and B2B strategy and integrating user experience of Mio, Magellan, and Navman products, we integrate life, health, sports and leisure, and navigation service products to allow customers access to real-time information whether they are moving, running, or driving. This strategy will guide MiTAC to the field of cloud service.
 - 2.2 Industrial use tablet PC and portable devices: sales will be extended to Russia, Central Asia, South Asia, and South America. Continued effort will be made to extend the mobile healthcare solution service to Europe and America. Vehicle-use tablet and Mobile POS application will also be developed.
 - 2.3 Mobile Medical Solutions: Long-term plan of mobile health solutions will expand the users from medical practitioners to the patients and then to the hospitals, clinic patients and finally the general consumers. The big-data knowledge base created from the mobile nursing information system, integrated with wearable devices and cloud health platform, will reshape the healthcare system from treatment to prevention, demonstrating the best value of mobile health services.

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: NT\$ thousands

Regions	2014
Taiwan	367,000
US	22,295,017
Europe	10,558,842
Others	8,839,483
Total	42,060,342

2. Market share

Based on MIC AISP intelligence consulting service survey, with server shipment of Taiwanese ODM firms as the body of data, in 2013 MiTAC ranked fifth in both whole unit and motherboard shipment.

In terms of mobile communication products, MiTAC's car electronics brands rank firmly in top three in terms of market share.

3. Supply, Demand and Growth Potential of the Future Market

(1) Cloud Computing Products

The clear trend of recovery in the US economy, increasing corporate IT investment, returning demand in the server market and the demand for big data analysis and Internet of Things applications are expected to drive global sale of servers up to double-digit growth in 2015 compared with 2014.

In response to the trend of increasing shipment volume with dropping average selling prices, the international server manufacturers seek ways to reduce production costs, improve product competitiveness and drive up market shares. Therefore, energy-saving and cost-cutting products become the opportunities of future products. In addition to the new generation Intel Atom series low-power consumption Xeon class single-chip processors, several manufacturers have also launched ARM-based single-chip processors to cut into the server industry. Many technological changes have been made with the ultimate goals to save energy and reduce costs. In the future, under the trend that computing needs will focus on servers and energy-saving features, customers will demand higher energy efficiency for the server. The MiTAC Group launched several server products under the TYAN brand, and all products, from entry-level to high-end models, are designed with the latest 22nm multi-core multi-thread technology. The full range products support DDR4 and part of the products support high-end GPU. TYAN aims to provide better services to IT professional through partnerships with customers and continuously innovate and develop flexible, reliable, high-efficiency, high-performance and low cost solutions to help customers build their ideal IT infrastructure and get ready to make the best response to the constantly changing business climate and opportunities. From general corporate computer room, large computing center, data center, cloud computing center to public infrastructure and government tenders, the MiTAC Group has the right product to help the users build hardware platforms. Therefore, these markets will become MiTAC Group's focus in the x86 server market.

(2) Mobile Communication product business

With the development of cloud industry, more and more smart terminal products are used, and their development have been accelerated. Whether they are smart phones, tablet computers, or even any related products with display screens – for example, in-car AV device, watches, glasses – they could be the next smart terminal product with explosive potential. The application of mobile terminal products will be more and more diversified, and more and more people will connect themselves to cloud-related apps. Users will number by hundreds of millions! Our company take SoLoMo as our central usage concept and actively develop cross-platform, cross-content product applications to satisfy the wide variety of consumer tastes.

The highly integrated embedded system is more difficult in design than the traditional Wintel and the spending its research and development is high. With its experience in consumer GPS system design and shipment, the design team of MiTAC has good experience in the design of embedded system: aiming at specific area, MiTAC design team input the user behavior analysis that highlighted the integrated effectiveness. In the future, further investment will be made in the area of high growth industrial and commercial products.

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

With the advance of cloud application, MiTAC not only controls hardware design and manufacturing capabilities in the cloud arena, it will also integrate global R&D in hardware and software, engineering automation, manufacturing design, and after-sale service into a new operation model to accomplish higher customer satisfaction and competitive advantage, in order to break through the low margin PC contract manufacturing doldrums.

(1) Competitive niche

The niches in the industry and products are: exploring consumer niche products in the market, investing in R&D of innovative software-hardware integration, maintaining low cost, stable quality, high process yield, quick volume production, inventory management, purchase of key components, adequate logistics support, close cooperation with channel partners in all regions, and strong finances. MiTAC's niches are as follows:

- A. Customer demand and control of the market: MiTAC jointly explore and invest in markets with regional software and hardware customers to understand enduser 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 continually.
- D. Ceaseless advancement of quality and the expansion of production capacity: We have accumulated years of embedded product software-hardware integration technology, which is a major advantage in design and manufacturing.
- E. Through existing regional channel market partners and group global logistics and service network, we can provide more complete customer service.

(2) Favorable factors in development

A. A supply chain that integrates internet infrastructure

With our distribution and sales model that is coupled with the development and operation of global e-commerce, MiTAC has developed a model that offers direct production, distribution, and sales for high-priced products, thereby massively increasing shipping efficiency.

B. Global e-manufacturing model

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

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

To follow the future trend of wireless IP communication-computer synthesis, MiTAC will continue to form strategic alliances with leading international firms to jointly explore markets. MiTAC has strong capacity in differentiated innovative design, research and development, production and manufacturing integration in GPS market, and is the leader in launching different models of GPS communication products and mobile healthcare products. In 2013, MioCARE completed the chemotherapy medication system with BCMA to meet the needs of the healthcare personnel in the medication dispensing system. This is a breakthrough from the traditional hospital information system.

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

D. Maintaining growth momentum in the market

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

E. E-supply chain

Due to MiTAC's global production needs and product segregation for regional products at the request of customers, MiTAC not only strove for

the design modularization of main components, but also aligned itself with the e-commerce capability of upstream firms, with a hope of achieving global real-time shipment to reduce operational risks, reduce inventory, and offer service of in-time shipment for customers.

- (3) Negative factors for the prospects of our development and our corresponding strategy
- A. Competition comes from cell phones and on-board navigation and a/v systems. After all major firms successively committed themselves to the R&D, manufacturing, and production of GPS products, the pressure on the price grew fiercer by the day. The average retail price of PND after 2010 has dropped to below US\$ 100. Additionally, PND has been integrated with wireless communication products, and smart phones with built-in GPS have become the norm for retail sales. This feature will steal the market away from PNDs more decisively. Our corresponding strategies are as follows:
- (a) Improve the integration between PNDs and on-board information application. Differentiate our PNDs from smart phones with GPS functions.
 - (b) Emphasize R&D and innovation. Improve our result from R&D. Reduce product development cycle. Maintain our ability to launch new products. In addition, we will localize our products, and make them more diversified, differentiated, mass-produced to ensure we have an edge in our products and profit.
 - (c) Improve the satisfaction of our customer from design in the upstream to mass-production to logistics. We seek strategic alliance with major firms in the world.
 - (d) We use our global logistics model and establish an entire set of material planning, value chain, and logistics infrastructure.
- B. The embedded system products confront the problems of small quantity in large variety, extremely high cost of development, and the strict requirements of quality and application environment. Most of the customers are small and medium enterprises in wide dispersion geographically. Marketing of these products is tough and the counter-measures are:
- (a) Integration of all products to a single platform, compress the lead-time for development of new products and customized products.
 - (b) Continue the development of high-level integrative solution with equal weight in hardware and software research and development.
 - (c) Global marketing in a wide array of business mode.
 - (d) Launch a total solution for enhancing added value. Acquire Domain Knowledge of the industry for continued development of leading brands in technologies.
- C. Key components are still controlled by overseas manufacturers. We need further experience in the integration of software and hardware. Our corresponding strategies are as follows:
- (a) Maintain good supply chain relationship with overseas manufacturers of key components. We will also do our best to develop talent that is capable of integrating software and hardware in operating platform and communication components.

- (b) Diversify the supply channel of key components: we seek more sources of suppliers and secure the source of our suppliers and competitive pricing. We seek to establish good interaction with domestic firms that are already producing or planning to produce key components to maximize our choices.
- (c) Gain an advantage with the size of our orders: As the system products are selling well and we have received orders from major OEM/ODM firms, we believe that we can lower our purchase costs enormously because of the size of our orders.

D. Uncertainties in the Emerging Mobile Medical Service Market

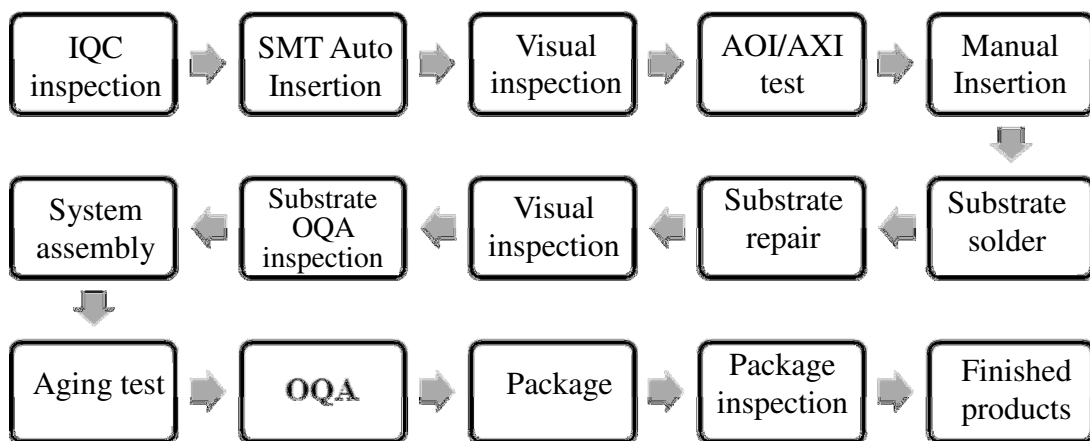
- (a) Changeable user needs: Clinical medical care software is affected by national policies, insurance payment and hospital accreditation and user needs change when changes occur to the above factors.
- (b) Diversified business models: The users are not necessarily the payer; the payer may be the individual users, hospitals, pharmaceutical companies or insurance companies.
- (c) Varied product specifications: It is hard for the users to clearly articulate their needs for IT tools. Moreover, a wide variety of products is available in the market, but the features vary to a large extent in breadth and depth. This has created a gap in the costs of development, implementation and maintenance, and the gap between acceptable market price and the cost requires adjustment over a period.
- (d) Longer Sales Cycle: The sales cycle in the healthcare system is generally longer than the average consumer market, depending on the factors of product pricing, target users and recovery on investment. Sales cycles of information related software and hardware products are even longer. The period can go up to 12 to 18 months, resulting in more uncertainties.
- (e) Interaction between wearable device and user: Information collected through the wearable devices take a long time to show any effects. Therefore, the difficulty in promote lies not in how to arouse the interest of users, but in the issue of how to maintain user's interest in the product.
- (f) Consolidating the above issue, the responding measures would be forming strategic partnerships and creating a medical Tablet PC centered ecosystem, such as R&D companies selling healthcare information related products but in the complementary nature, medical equipment dealers and distributors of medical information systems. Through the existing sales channels of partners, the product-consumer contact rate will be effectively increased and the maintenance costs occurring in the future will be effectively reduced. In addition, we will also continuously pay attention to the changes in market demand and the timeframes for implementation of the major policies, so that we can continue to make improvement within the existing scope of product development and maintain the advantages of the products.

(II) Important applications and production process for main products

1. The functions of major products

Product type	Major purpose and functions
Workstations	Graphical computing tool for designers
Servers	Data computing tool for businesses
Storages	Data storage tool for businesses
Desktop PCs	For personal, family, school, and company use to manufacture, educate, wireless transmission in home video entertainment and share multi-media information.
Mobile Communication Devices	Vehicle-mounted GPS audiovisual system, consumer electronics (outdoor, fitness and driver navigation), fleet management system, mobile health related products and application of cloud technology, and embedded system, industrial use tablet PC system.

2. Production Process



(III) Supply of key components

Component name	Origin	Supply status
CPU/ CHIPSET	Original Maker: US, Korea, China, Malasia, Thailand	Good
HDD	Original Maker: US., Japan, Thailand	Good
DRAM	Original Maker: US., Japan, Korea, Taiwan	Good
Flash	Original Maker: Taiwan, US., Japan, Korea, China	Good
PCB	Original Maker: Taiwan, US, China, Korea	Acceptable
LCD panels	Original Maker: Taiwan, Korea, China	Good
DVD-RW	Original Maker: Taiwan, Korea, China, Japan	Good
LAN	Original Maker : Taiwan,US	Good
Camera Module	Original Maker : Taiwan,Korea	Acceptable
Battery Pack	Original Maker : Taiwan, Japan, China	Acceptable
PCI Card	Original Maker: Thailand, Isreal, Singapore,China, Malaysia	Good
PSU	Original Maker:US, China, Thailand	Poor
Chassis	Original Maker:China, Thailand	Good

(IV) Major customers and suppliers in the latest 2 years

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

NT\$ thousands

Item	2013/09/12 to 2013/12/31				2014				2015, Q1			
	Name	Amount	Ratio to net annual purchase (%)	Relation with the issuer	Name	Amount	Ratio to net purchase in Q1 2014 (%)	Relation with the issuer	Name	Amount	Ratio to net purchase in Q1 2015 (%)	Relation with the issuer
1	Supplier A	1,061,951	11	None	Supplier A	4,746,432	13	None	Supplier A	1,881,266	14	None
2	Supplier B	853,243	9	None	Supplier B	3,460,408	9	None	Supplier B	2,507,303	19	None
3	Supplier C	197,830	2	None	Supplier C	1,819,675	5	None	Supplier C	1,512,792	11	None
4	Others	7,648,744	78		Others	26,997,506	73		Others	7,546,656	56	
	Net purchase	9,761,768	100		Net purchase	37,024,021	100		Net purchase	13,448,017	100	

Note: All variations take into consideration The company's production and marketing policies, raw material demands, suppliers' prices, actual delivery, and quality in each year.

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

NT\$ thousands

Item	2013/09/12 to 2013/12/31				2014				2015, Q1			
	Name	Amount	Ratio to net annual purchase (%)	Relation with the issuer	Name	Amount	Ratio to net purchase in Q1 2014 (%)	Relation with the issuer	Name	Amount	Ratio to net purchase in Q1 2015 (%)	Relation with the issuer
1	Customer E	5,292,975	44	None	Customer E	21,205,664	50	None	Customer E	8,428,393	63	None
2	Others	6,603,959	56		Others	20,854,678	50		Others	4,985,459	37	
	Net sales	11,896,934	100		Net sales	42,060,342	100		Net sales	13,413,852	100	

Note: All variations take into consideration future market trends, product demands, industry prospect, R&D technology, profit margins, and customers' contracts.

(V) Production volume and value in the latest 2 years

NT\$ thousands / unit

Output	Year	2013/09/12 to 2013/12/31			2014		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Main Items							
Computer & communication products		5,717,235	3,824,180	8,360,096	21,345,959	15,592,571	30,938,114

Note: Not including sale of material costs.

(VI) Sales volume and value in the latest 2 years

NT\$ thousands / unit

Shipments & Sale	Year	2013/09/12 to 2013/12/31				2014			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Main items									
Computer & communication products		41,872	84,430	3,802,011	11,812,504	103,377	367,000	16,222,732	41,693,342

(VII)KPI

1. Financial structure, ability to pay debts and utility

	2013/09/12 to 2013/12/31	2014
Debt ratio (%)	30.73	33.30
Current ratio (%)	175.11	167.00
Quick ratio (%)	122.96	118.03
A/R turnover rate (times)	6.68	5.93
Inventory turnover rate (times)	4.25	4.55

2. Net income before tax, interests, and depreciation amortization(EBITDA) NT\$ thousands

	2013/09/12 to 2013/12/31	2014
EBITDA	886,251	1,878,182

III. Overview of Employees

(1) Statistics of employees in the recent two years up to the date of publishing

Year		2013 (Note 1)	2014 (Note 2)	Up to April 30th 2015
Number of Employees	Direct Employees	0	0	0
	Indirect Employees	1,184	1,216	1,180
	Total	1,184	1,216	1,180
Average Age		37.84	38.70	39.02
Average Years of Service		6.96	7.54	7.76
Ratio of Education (%)	PhD	0.22	0.29	0.23
	Master's Degree	33.58	33.61	33.16
	Undergraduate	64.70	64.71	65.19
	High School	1.35	1.32	1.35
	Under High School	0.15	0.07	0.07

Note 1: Information on the number of employees in the whole Group is difficult to obtain; therefore, the listed information discloses the employee profile of the main subsidiary-MiTAC International Corporation.

Note 2: Information on the number of employees in the whole Group is difficult to obtain; therefore, the listed information discloses the employee profiles of the main subsidiaries-MiTAC International Corporation and MiTAC Computing Technology Corporation.

(2) Certification of Employees Relating to Financial Information Transparency Practice

- CPA of R.O.C.: 2
- International Internal Auditors: 4
- Certification in Control Self-Assessment: 2
- Certified Information Systems Auditor: 1
- Certification in Risk Management Assurance: 1
- Jacksoft Certified CAATs Practitioner: 3
- ACL Certified Data Analyst: 3

IV. Expenditure on Environmental Protection

In the most recent year and by the date of printing of this annual report, the Group has not suffered losses or been imposed of any punishment due to environmental pollution. The Group's practices are provided in the section below:

The MiTAC Group is a professional computer assembly company and the main product manufacturing process is assembly in nature. No air pollution, water pollution and toxic pollution may arise from the production. The Group rated excellent by EPA in the first Top 500 Company Environmental Evaluation in 1992 and certified for ISO14001 1997. The Group continues its efforts in pollution prevention. In 1999, the Group was certified by the Council of Labor Affairs for the Workplace Safety and Health Self-Protection System Mark for two years. MiTAC Group will continue to invest in environmental protection and workplace safety and move towards the goals of zero pollution, zero accident and sustainable development.

(1) Background

MiTAC Holdings specializes in PC/server products, including workstations, servers, storage devices and mobile communication. For environmental protection demands in the EU countries, we strive for strict compliance with WEEE and implement environmental-friendly design, incorporating the recycling, dismantling and renewable features into the products. One of the examples is the energy supply design (using ACPI with the operating system to achieve energy saving/low-power CPU, modular design and IPMI to optimize resources management). For RoHS control of harmful substances, Pb, Cd, Hg, Cr6 +, PBB and PBDEs and EU REACH declaration of SVHC chemicals substance, MiTAC Group launched green product management, implemented the design and development review, supplier management and material certification system, constructed an internal green product portal, set up SOPs and launched organizational strategies to audit the activities progress on a regular basis, in aim to meet the EU regulatory requirements. The Group is committed to building a workplace health and safety system, in aim to reduce accidents and threats to the health of the employees, as well as the costs. Improvement in workplace conditions is expected to boost employee morale and productivity.

(2) Workplace Safety and Health Strategies

The MiTAC Group develops the company's strategies based on the above ideologies for environmental protection:

■ Workplace Safety and Health Policies

- Regulatory Compliance: Full compliance of government regulations and commitment to exceed regulatory requirements.
- Protection for Earth Resources: Using resources with optimum efficiency and advocating energy-saving practices.
- Development of Green Production Processes: Develop and supply products under the concept of environmental-friendly design to achieve the goals of pollution prevention, clean production and product care.
- Environmental Safety and Health (ESH): Protect employee safety and health, prevent occupational accidents and diseases and encourage employees to participate in the improvement programs to create a safe and healthy workplace for employees.
- Continuous Improvement in ESH Performance: Conduct regular audits and assessments on the adequacy of investments of resources and substantively implement ESH management system to achieve continuous improvement.

■ No Harmful Substance Policy

- 1 Earth: Respect the uniqueness of Earth's resources.
 - Pay attention to climate change issues, get involved in reducing greenhouse gas emissions and take actions to reduce the burden on the environment.

- 2 Principles: Strive for full compliance of environmental laws and meet customers' requirements.
 - Keep close attention to the latest development of regulations, ensure compliance with domestic and international environmental laws and codes, such as EU RoHS, WEEE and REACH, and develop environmental-friendly products.
 - Strive for clean production, build green product platform and organize green supply chain management to meet customers' requirements.
- 3 Commitments: Achieve high performance of the management system, maintain communication of environmental information and fulfill corporate social responsibility.
 - Implement hazardous substances management system and activate the monitoring of the HSF process.
 - Establish a communication mechanism and make environmental protection information available to the stakeholders.
 - Promote business growth, get involved in ecological conservation and fulfill social responsibility of a global citizen.
- 4 Actions: Provide low-pollution, energy-saving, minimum packaging, recyclable and environment integrate-able green products.
 - Use eco-friendly materials, such as products compliant with EU RoHS and non-brominated flame retardants plastic shells.
 - Products designs meet the requirements of international energy marks, such as Energy Star.
 - Adopt minimum packaging, optimized volume and minimum variety of materials.
 - Ensure product recycle rate above 75% (Reuse+Recycling+Recovery).

We believe that sustainable development is an unavoidable challenge in the journey to business success. Starting from 2003, MiTAC joined the Ministry of Economic Affairs Industrial Technology Development Project (ITDP), which entails four-stage audits. MiTAC launched lead-free and halogen-free system assembly integration process technology development and the results were successfully certified in 2005. Internal quality system operation is divided into (a) Quality Management System: This system was launched in 1993. It is certified by ISO9001 and system management certification is done annually. At the end of 2009, a project was developed on the framework of ISO 9001, which was further developed into the TL9000 management system and successfully completed the communication product certification process. (b) Environmental Management Systems: Starting from 1997, MiTAC successively completed certification of ISO 14001:2004 and, starting from 1999, completed OHSAS 18001:2007 regular review activities. In 2007, we launched the IECQ QC080000 system, implemented the relevant IECQ requirements and began a review and revision process for the main operating procedures with the functional departments and responsible units. After the initial evaluation activities are launched and the three stage verification processes are implemented by Taiwan SGS, we announced the results on December 7th 2006 and launched the internal operating procedure management system afterwards. We are committed to environmental protection, striving to achieve balanced business growth and ecological conservation. At the same time, we recognize that ensuring the safety and health of employees is a significant link in the Company's operations, so we provide all necessary resources to maintain the adequacy of the work environment and make the commitment to creating a safe and healthy work environment for the employees. We pushed forward business activities with the goal to achieve harmony in the environment, take actions to achieve high standard environmental protection with an aim to achieve balance between business growth and ecological conservation and get involvement in the communities to fulfill corporate social responsibility and global citizenship.

(3) Strategies for Restricted Substances

In response to the requirements of RoHS, Mitac Group participated in the Ministry of Economic Affairs G plan. The first step is providing consultation to the suppliers. For the Class 1 suppliers, MiTAC will send personnel to conduct audit at suppliers' plants to ensure compliance with RoHS requirements. Certain suppliers requested RoHS information of Class 2 suppliers. Mitac Group adopted management from the raw material end, which is expected to reduce RoHS risks arising from changes of design and material at the upstream suppliers.

Mitac Group developed halogen-free production process, carries out integration testing on suppliers' halogen-free parts and successfully developed full-range halogen-free electronic products. Mitac Group continues to enhance the abilities in production of green products and meet customer needs to sell products to Europe. Therefore, Mitac Group did not encounter any adverse effect from enforcement of the EU environmental directives.

MiTAC Group extends the advantages of e-supply chain management to systemize the required supplier RoHS & Halogen-free declaration process. This system solves the supplier issue of having to deal with multiple windows since they supply multiple products from multiple production bases and effectively enhance the efficiency of RoHS & Halogen-free information exchange.

In addition, to ensure the parts from suppliers meet the RoHS & Halogen-free requirements, the material testing department procured ICP and GCMS and supporting laboratory equipment in 2010. The new equipment enables the Company to test the hazardous substances Pb, Cd, Hg, Cr6+, PBBs, PBDEs, Br and Cl autonomously to achieve high-level control of the materials from suppliers.

In response to the increasingly stringent requirements of EU on restricted substances (e.g. enforcement of the exclusion clause, suspension ending date, etc.), Mitac Group Environmental Protection Committee convened quarterly meetings to discuss suitable solutions and facilitate technology exchange.

(4) EU Environmental Directives

From the development trends, EU environmental legislation has further updated the standards from self-declaration to mandatory requirements. Take ERP for an example; the EU countries have successively completed the implementation programs for the directives. In 2008, Mitac Group has listed DfE (Design for Environment)/ Eco-design as one of the criteria for product design. Currently, Mitac Group has integrated DfE into the design SOP and requires the R&D personnel to achieve the energy requirement of ErP Directives in product design. In response to the demand of EU REACH, MiTAC Group has completed product self-declaration required by REACH SVHC (high concern chemical substances) and listed the ability to achieve REACH SVHC self-declaration in the supply chain management system as a necessary requirement to the suppliers. As of December 2014, REACH SVHC has made official announcement through ECHA for a list of total 161 items of 12 batches of SVHC substances. Mitac Group has also updated the product design environmental technology standards to the newest specifications on green chemical product platform where the suppliers declare their chemical substances and required the suppliers to achieve full compliance with the regulation mandating full disclosure of chemical information. In addition, according to the European Commission's enactment of 2011/65/EU (RoHS2.0) on July 1st 2011, this version will officially replace the original RoHS Directive. Mitac Group has also updated the RoHS directive requirements in environmental technology standards accordingly and requires the suppliers to provide RoHS information in accordance with the requirements of the new directive.

(5) GHG (Greenhouse Gas) Policies

In view of the worsening trend of global warming, MiTAC Group took actions to respond to the development of greenhouse gas control and the future requirements in greenhouse gas reduction. Starting from August 2007, MiTAC launched greenhouse gas inventory operations; the scope covers production bases in China. Assisted by SGS Taiwan, MiTAC Group introduced greenhouse gas inventory system and internal auditor training courses and launched greenhouse gas inventory operations and booking system according to ISO 14064-1. The Company also

built internal operating processes and procedures for future reference during implementation of effective GHG reduction programs. At the same time, the Company took actions to reduce greenhouse gas emissions by introducing energy-saving programs, such as renewable energy-solar power, recycling and electricity usage reduction, lighting management and summer air-conditioning management, to achieve the target reduction of carbon dioxide emissions.

MiTAC Group conducted emission identification and data collection according to the Greenhouse Gas Protocol and carries out GHG inventory for the previous year on regular intervals. Please follow the section below for internal GHG inventory of 2014:

- Direct GHG Emission (Scope 1): Total direct emission is 2,174 metric tons of CO₂e/year, accounting for 6% of total emissions.
- Indirect GHG Emission (Scope 2): Total indirect emission is 32,817 metric tons of CO₂e/year, accounting for 94% of total emissions. The main sources are purchased electricity and steam.

Mitac Group cares about global climate change and strives to protect the Earth's resources and fulfill the responsibilities as a corporate citizen. We will continue to push forward the control of greenhouse gas emissions to cut down operating costs and achieve balanced resource efficiency, energy conservation and environmental protection. Sustainable energy development is an effort of the industry to create a low-carbon economy and society.

(6) Expenditures on Environmental Protection

1. Expenditures on environmental protection refer to all expenses related to the activities of environmental protection. These figures represent the Company's attention on the quality of the environment and serve as indicators of the quality of the environment. However, the definition on environmental expenditure, coverage and scope vary from country to country.

2. Mitac Group began collecting information of environmental protection expenditures from 2014 and added the statistics to the accounts. This year's expenditures on environmental protection are summarized in the section below.

- Environmental cost as part of the corporate operating costs (direct cost) comes to NT\$ 3,067,284, including the costs of prevention of air, waste water, soil and groundwater pollution, resource efficiency derived costs and costs for business waste clearing, disposal and recycling.
- Cost of environmental management activities (indirect cost) comes to NT\$ 461,792, including the costs of environmental education, management system execution and certification, environment monitoring and environmental protection related manpower.
- Other cost of environmental protection comes to NT\$ 566,556, including the costs of research and development, e.g. research on reducing/controlling impact to the environment, social activities, e.g. sponsorship to the environmental advocate groups and promotional materials, and fees, taxes and energy surcharges (e.g. water pollution prevention fees).

V. Employee Relation

To achieve the philosophy of human-centered management, MiTAC Group is committed to providing the management and employees open and transparent bilateral channels for communication between the management and the employees and between the peers. We take the initiative to create diversified facilities for communication. We value the opinions of our employees and strive to developing harmonious relationships with the employees. Together, we create win-win opportunities for the company and the employees.

(1) Communication and Motivation

1. Communication

MiTAC Group convenes cross-level and supervisor communication meeting and conducts employee satisfaction survey regularly. An employee relations function is set up under the HR department and a dedicated personnel is assigned to promote employee care and communication policies. For smooth communication, the Company set up the "speak-out" email system, which provides employees a channel for suggestions and grievances, . The person in charge of employee relations is required to respond after careful evaluation of letters from the employees. When necessary, under the principle of anonymous complaints, a handling team is formed to develop an improvement plan. The goal is to listen to the voices of the employees and give timely reply.

In addition, MiTAC Group set up policies and measures to advocate gender equality and prevention of sexual harassment. We encourage our employees to learn from the opposite gender in terms of respect and ways of communication and set up dedicated guidelines, as well as a channel for grievance, to promote gender equality in workplace.

Mitac Group is a multinational company with highly diverse businesses; therefore, the Group's offices spread across the world. For effective communication, to facilitate cross-office and cross-regional meetings and reduce the time and risk of traveling, the Company invested over NT\$ 10 million in high-definition, high stability video conferencing equipment in nine offices in Taiwan, China, the United States and Britain. The equipment is expected to shorten the distance of communication and enhance the efficiency of meeting. At the same time, MiTAC employees are also provided with updated information on the Company's operations and products through the company website, monthly publication of MiTAC Group and the MiTAC Quarterly. All these systems work together to build a complete communication mechanism for effective communication in MiTAC Group.

2. Motivation

MiAC Group recognizes outstanding performance of teams and individuals through a series of incentive programs. We encourage our employees to pursue excellence in different areas and strive for continuous growth and development of overall competitiveness. The Company offers diverse employee incentive programs, including:

- Employees of the Year Award: The President presents the award in person at the year-end banquet. In addition, the Company also sends out recognition letter to the family of the Employees of the Year to express gratitude to their support. Employees of the Year are also awarded extra bonus and leave days.
- Patent Award for Department and Individuals: To encourage employees to create job-related patents, MiTAC Group offers rewards to employees from the stage of patent proposal, application and approval. At the end of the year, personal and departmental accomplishments in patents are calculated and the outstanding individuals and departments are commended with trophies.
- Long Service Awards: In appreciation of senior employees for their contribution and commitment to the Company, Chairman and President present the Gold Medals in person at the year-end banquet to employees at their fifth, tenth, fifteenth, twentieth and twenty-fifth year of service.
- Employee stock options and performance bonuses: This is reward to employees for their contribution and encouragement for continuous efforts. The stock options link the interests

of employees directly to the shareholders to create triple-win situation for the company, shareholders and employees. The number and value of stock options allocated to each employee depends on his/her position, contribution and performance.

(2) Benefits and Training

1. Benefits

MiTAC Group sees our human resources as a major asset. Therefore, in addition to the required labor insurance and health insurance, the Company insures every employee with full premium paid group insurance, life insurance, health insurance, overseas travel insurance, giving our employees extra protection at work and outside of work.

The Company organized Employee Welfare Committee (EWC) formed by representatives elected by each of the departments. The Committee holds regular meetings, set up various employee welfare programs and activities and organizes various interest clubs. The Company has also set up free employee gym, aerobics/dance studio and massage room and hires masseurs to provide massage service. Indoor table tennis rooms are also available in Linkou and Hsinchu. We actively launch various recreational and entertainment activities to develop solidarity in the Company.

MiTAC Group has also set up a library, which is open full day to all employees. The Company acquired CD-ROM databases and participates in the Inter-library Cooperation Association (ILCA) Program to provide employees full range of information.

To facilitate development of healthy body and mind, MiTAC Group engages an external professional consulting team to implement the Employee Assistant Program(EAP). The team, formed by psychotherapist, lawyers, nutritionists and financial advisers, provide professional assistance to employees and their family, covering the scope of work stress, interpersonal relationship, family and marriage, love and relations, legal, financial and medical advisory services to help employees achieve balanced work, life and health.

2. Employee Education and Training

We emphasize continuous development of professional and technical abilities; therefore, we established a comprehensive training system to provide our employees opportunities for education and training. Our programs include new staff training, professional and technical skills training and manager training. Online learning, work mentor, life counselor and on-job training grants programs are integrated to provide employees an environment for continuous learning and growth. In 2014, we organized 861 education and training courses, facilitating 9,271 persons-times of participation for a total of 15,000 hours.

(3) Retirement System

MiTAC Group established a complete retirement system with full compliance with the provisions of the Labor Standards Act and the Labor Pension Act. The Company open retirement pension accounts for employees protected by the Labor Standards Act and established an oversight committee composed of representatives of both employers and employees to jointly monitor the operations of the accounts. Every month, the Company deposits the reserved retirement pension at the rates calculated by actuaries of an impartial third party and the statutory amount of retirement pension into the accounts of employees protected under the Labor Standards Act. Up to date, the accounts have functioned normally.

(4) Labor Agreement

MiTAC Group strives to achieve full communication and good relations with our employees under the commitment to care for the employees and share profits. In the future, MiTAC Group will continue to practice human-center management and establish multiple channels of communication. Beyond the existing harmony in employee relations, we expect to take our relationship further into the next level.

(5) Work Environment and Employee Personal Safety

To achieve maximum the work environment and employee safety protection and ensure that the employees are free from occupational injury, death or protest, MiTAC Group was officially

certified for OHSAS-18001 (Occupational Health and Safety Assessment Series) on November 6th 2003 and has been actively implementing the system.

(6) Employee Code of Conduct

To develop a corporate culture of ethical practice and ensure corporate health, MiTAC Group set up the Ethical Corporate Management Principles. The Employee Code of Conduct provides the employees a set of consistent guidelines, covering the code of conduct for services, confidentiality agreement, use of network and information safety and interactivities with suppliers. The Employee Code of Conduct is published in the company intranet for instant browsing and reminder of the relevant standards.

The Employee Code of Conduct covers the following points:

1. Employees shall follow orders and management of supervisors of all levels and supervisors of all levels shall give instructions in a friendly manner and fulfill the responsibilities of supervision.
2. Employees shall work in earnest to pursue maximum performance and work quality and achieve the required productivity.
3. Employees may not leave their posts unauthorized during working. When as indeed due to significant incident, supervisor approval is required.
4. Employees not allow to carry banned, flammable and explosives substances and hazardous objects not related to production or business operation into the workplace.

To maintain the order in the company and achieve the purpose of rewarding and punishment, MiTAC Group specially set up the Employee Reward and Discipline Guidelines to serve as the basis for reward and disciplinary actions. The Company has clear rules to reward employees with positive input and discipline employees violating the rules. To further prevent malfeasance and group fraud, MiTAC Group set up the Procedures for Reporting of Corruption and Malpractice, as well as an Investigation Committee in order to maintain the operation of the company in consistency.

(7) Please disclose losses suffered due to labor disputes in the most recent year up to the date of printing of this annual report and the estimated amount and response measure likely to occur in the future. If the amount cannot be reasonably estimated, please state the fact that impedes such estimation:

No losses have incurred from labor disputes in the most recent year up to the date of printing of this annual report and currently employee relations are in a state of harmony; therefore, chances for losses in the future incurring from labor disputes are very low.

VI. Major Contracts

Nature of Contract	Party	Starting/Ending Time	Main Content	Limitation Clause
Master Supply Agreement	C Customer	From June 30th 2010 to June 29th 2013. Contract may be renewed on a year-by-year basis upon agreement of the parties.	Agreement on production, delivery and warranty of computer products.	None
Master Purchase Agreement	E Customer	From August 1st 2002 to July 31st 2005. In the absence of written expression of termination, the contract is extended automatically for one year.	Agreement on production, delivery and warranty of computer products.	None
Frame Supply Agreement	J Customer	From July 20th 2010. In the absence of written expression of termination, the contract stays valid and effective.	Agreement on production, delivery and warranty of GPS navigation products.	None

Six. Financial Position

- 、 **Condensed Balance Sheet and (comprehensive) Income Statement in the latest five years:**
The Company was established on September 12, 2013 through share swap. No information is available before FY 2012.

(I) Condensed Balance Sheet – IFRS (consolidated)

Unit: NT\$ thousands

Item	Year	Financial information in the last 2 years		2015/3/31 (Reviewed)
		2013/12/31	2014/12/31	
Current assets		22,701,124	25,753,781	28,745,903
Property, plant and equipment		5,194,586	5,211,314	5,146,285
Intangible assets		593,892	316,694	254,632
Other assets		15,620,810	16,922,075	17,075,744
Total assets		44,110,412	48,203,864	51,222,564
Current liabilities	Before adjustment	12,963,641	15,421,096	18,243,929
	After adjustment	13,415,230	Unappropriated	Unappropriated
Non-Current liabilities		592,442	631,149	616,903
Total liabilities	Before adjustment	13,556,083	16,052,245	18,860,832
	After adjustment	14,007,672	Unappropriated	Unappropriated
Equity attributable to owners of parent		30,554,029	32,151,619	32,361,732
Capital stock		7,609,488	7,694,106	7,665,461
Capital surplus		21,803,383	22,122,720	22,124,228
Retained earnings	Before adjustment	563,114	829,877	1,261,885
	After adjustment	111,525	Unappropriated	Unappropriated
Other equity interest		1,187,810	2,011,794	1,751,206
Treasury shares		(609,766)	(506,878)	(441,048)
Non-controlling interest		300	0	0
Total equity	Before adjustment	30,554,329	32,151,619	32,361,732
	After adjustment	30,102,740	Unappropriated	Unappropriated

(II) Condensed Balance Sheet – IFRS (individual)

Unit: NT\$ thousands

Item		Year	Financial information in the last 2 years	
			2013/12/31	2014/12/31
Current assets			111,379	2,892,086
Property, plant and equipment			3,609	2,875
Intangible assets			0	0
Other assets			30,442,311	29,266,776
Total assets			30,557,299	32,161,737
Current liabilities	Before adjustment		3,270	10,118
	After adjustment		454,859	Unappropriated
Non-Current liabilities			0	0
Total liabilities	Before adjustment		3,270	10,118
	After adjustment		454,859	Unappropriated
Equity attributable to owners of parent			30,554,029	32,151,619
Capital stock			7,609,488	7,694,106
Capital surplus			21,803,383	22,122,720
Retained earnings	Before adjustment		563,114	829,877
	After adjustment		111,525	Unappropriated
Other equity			1,187,810	2,011,794
Treasury shares			(609,766)	(506,878)
Non-controlling interest			0	0
Total equity	Before adjustment		30,554,029	32,151,619
	After adjustment		30,102,440	Unappropriated

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

Unit: NT\$ thousands

Item	Year	Financial information in the last 2 years		2015/01/01 To 2015/03/31 (Reviewed)
		2013/09/12 To 2013/12/31	2014/01/01 To 2014/12/31	
Operating revenue		11,896,934	42,060,342	13,413,852
Gross profit		1,756,994	5,703,906	1,496,843
Operating income (loss)		(129,831)	(360,929)	173,656
Non-operating income and expenses		774,675	1,411,752	394,906
Profit (loss) before tax		644,844	1,050,823	568,562
Profit (loss) from continuing operations before tax		644,844	760,920	432,008
Loss from the discontinued department		0	0	0
Profit (loss)		570,796	760,920	432,008
Other comprehensive income (net after-tax value)		171,708	782,609	(260,588)
Total comprehensive income		742,504	1,543,529	171,420
Profit (loss), attributable to owners of parent		571,287	761,086	432,008
Profit (loss), attributable to non-controlling interests		(491)	(166)	0
Comprehensive income, attributable to owners of parent		742,995	1,543,695	171,420
Comprehensive income, attributable to non-controlling interestsequity		(491)	(166)	0
EPS		0.78	1.03	0.58

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

Unit: NT\$ thousands

Item	Year	Financial information in the last 2 years	
		2013/09/12 To 2013/12/31	2014/01/01 To 2014/12/31
Operating revenue		582,398	784,493
Gross profit		582,398	784,493
Operating income (loss)		570,793	757,113
Non-operating income and expenses		494	9,495
Profit (loss) before tax		571,287	766,608
Profit (loss) from continuing operations before tax		571,287	761,086
Loss from the discontinued department		0	0
Profit (loss)		571,287	761,086
Other comprehensive income (net after-tax value)		171,708	782,609
Total comprehensive income		742,995	1,543,695
EPS		0.78	1.03

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

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

II. Financial analysis in the latest five years: The Company was established on September 12, 2013 through share swap. No information is available before FY 2012 (including).

(I) Financial analysis – IFRS (consolidated)

Analysis items		Year	Financial analysis in the last 2 years		2015/01/01 To 2015/03/31 (Reviewed)
			2013/09/12 To 2013/12/31	2014/01/01 To 2014/12/31	
Financial structure (%)	Debt ratio		30.73	33.30	36.82
	Ratio of long-term capital to property, plant and equipment		599.60	629.06	640.82
Solvency (%)	Current ratio		175.11	167.00	157.56
	Quick ratio		122.96	118.03	107.32
	Interest earned ratio		91.35	24.80	53.08
Operating performance (Note)	Accounts receivable turnover (times)		6.68	5.93	6.06
	Average collection period		54.64	61.55	60.23
	Inventory turnover (times)		4.25	4.55	5.23
	Accounts payable turnover (times)		5.43	5.11	5.44
	Average days in sales		85.88	80.21	69.78
	Property, plant and equipment turnover (times)		7.55	8.08	10.36
	Total assets turnover (times)		0.90	0.91	1.07
Profitability	Return on total assets (%)		1.33	1.71	0.88
	Return on equity (%)		1.89	2.42	1.33
	Pre-tax income to paid-in capital (%)		8.47	13.65	7.41
	Profit ratio (%)		4.79	1.80	3.22
	EPS (NT\$)		0.78	1.03	0.58
Cash flow	Cash flow ratio (%)		6.70	-	-
	Cash flow adequacy ratio (%)		566.41	48.93	25.15
	Cash reinvestment ratio (%)		2.32	-	-
Leverage	Operating leverage		-	-	9.66
	Financial leverage		-	-	1.06

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. The Interest earned ratio in solvency and profitability are not compared since only the period from September 12th to December 31st 2013 is calculated.
2. Decline in the cash flow adequacy ratio is mainly due to the increase in 2014 capital expenditure, including cash dividend, inventory and stocking and procurement of equipment.

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

(II) Financial analysis – IFRS (individual)

Analysis items		Year	Financial analysis in the last 2 years	
			2013/09/12 To 2013/12/31	2014/01/01 To 2014/12/31
Financial structure (%)	Debt ratio		0.01	0.03
	Ratio of long-term capital to property, plant and equipment		846,606.51	1,118,317.18
Solvency (%)	Current ratio		3,406.08	28,583.57
	Quick ratio		3,367.88	28,573.05
	Interest earned ratio		190,430.00	NA
Operating performance (Note)	Accounts receivable turnover (times)		NA	NA
	Average collection period		NA	NA
	Inventory turnover (times)		NA	NA
	Accounts payable turnover (times)		NA	NA
	Average days in sales		NA	NA
	Property, plant and equipment turnover (times)		NA	NA
	Total assets turnover (times)		NA	NA
Profitability	Return on total assets (%)		1.89	2.42
	Return on equity (%)		1.89	2.42
	Pre-tax income to paid-in capital (%)		7.50	9.96
	Profit ratio (%)		98.09	97.01
	EPS (NT\$)		0.78	1.03
Cash flow	Cash flow ratio (%)		-	29,704.76
	Cash flow adequacy ratio (%)		-	660.17
	Cash reinvestment ratio (%)		-	7.94
Leverage	Operating leverage		1.00	1.00
	Financial leverage		1.00	1.00

Analysis of financial ratio differences for the last two years: (Not required if the difference does not exceed 20%)

1. Increase in debt ratio is mainly due to an increase in tax liabilities in 2014.
2. Increase in the ratio of long-term capital to real property, plant and equipment is mainly due to the fact that an increase in capital (employees exercise stock option rights), reserved surplus (increase of net profit in this period) and other equities in 2014 causes an increase in the amount of equities compared to the same period last year.
3. Increase in current ratio and quick ratio is mainly due to the fact that the subsidiaries give out cash dividends in 2014, which drove up the cash flow in current asset.
4. The ratios relating to profitability are not compared since the disclosed period of 2013 spans

Note: MiTAC Group is an investment holdings corporation set up for the purpose of investment; therefore, this term does not apply

1. Financial structure
 - (1) Debt ratio = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / property, plant and equipment , net
2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets – inventory - prepayments) / current liabilities
 - (3) Interest earned ratio = profit before interest and tax / interest expenses for the current period
3. Operating performance
 - (1) Accounts receivables (including accounts receivable and notes receivable arising from operations) turnover = net sales / average accounts receivables (including accounts receivable and notes receivable arising from operations) balances
 - (2) Average collection period = 365 / Accounts receivables turnover
 - (3) Inventory turnover = operating costs / average inventory amount
 - (4) Accounts payable (including accounts payable and notes payable arising from operations) turnover = operating costs / average accounts payables (including accounts payable and notes payable arising from operation) balances
 - (5) Average days in sales = 365 / Inventory turnover
 - (6) Property, plant, and equipment turnover = net sales / average property, plant, and equipment balances
 - (7) Total assets turnover = net sales / average total assets
4. Profitability
 - (1) Return on total assets = [profit (loss) + interest expense × (1 - tax rate)] / average total assets
 - (2) Return on equity = profit (loss) / average total equity
 - (3) Profit ratio = profit (loss) / net sales
 - (4) Earnings per share = (profit (loss), attributable to owners of parent - preferred dividends) / weighted average number of shares issued
5. Cash flow
 - (1) Cash flow ratio = Net cash flows from (used in) operating activities / current liabilities
 - (2) Cash flow adequacy ratio = Net cash flows from (used in) operating activities in the latest five years / (capital expenditure+ inventory increase + cash dividends) in the latest five years.
 - (3) Cash flow reinvestment ratio = (Net cash flows from (used in) operating activities - cash dividends) / (property, plant and equipment + long term investments + other non-current assets + working capital)
6. Degree of leverage
 - (1) Operating leverage = (Operating revenue – variable costs) / operating income
 - (2) Financial leverage= operating Income / (operating Income - interest expense)

III. Financial Statement in the latest year : Please refer to page 97.

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

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

I. Review and Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2013/12/31	2014/12/31	Difference	
				Amount	%
Current Assets		22,701,124	25,753,781	3,052,657	13%
Property, plant and equipment		5,194,586	5,211,314	16,728	0%
Intangible Assets		593,892	316,694	(277,198)	-47%
Other Assets		15,620,810	16,922,075	1,301,265	8%
Total Assets		44,110,412	48,203,864	4,093,452	9%
Current Liabilities		12,963,641	15,421,096	2,457,455	19%
Non-current Liabilities		592,442	631,149	38,707	7%
Total Liabilities		13,556,083	16,052,245	2,496,162	18%
Capital Stock		7,609,488	7,694,106	84,618	1%
Capital Surplus		21,803,383	22,122,720	319,337	1%
Retained Earnings		563,114	829,877	266,763	47%
Other Equities Interest		1,187,810	2,011,794	823,984	69%
Treasury Shares		(609,766)	(506,878)	102,888	-17%
Equity attributable to owners of parent		30,554,029	32,151,619	1,597,590	5%
Non-controlling Interests		300	0	(300)	-100%
Total Equity		30,554,329	32,151,619	1,597,290	5%
<p>Causes of major changes in asset, liability and equities in the most recent two years and the impact (state only changes of more than 20% and the amount exceeds NT\$ 10 million).</p> <ol style="list-style-type: none"> 1. Intangible Assets: The changes are mainly caused by amortization in this period and recognition of impairment losses. 2. Retained Earnings: The changes are mainly caused by an increment in the net profit in this period. 3. Other Equities Interest: The changes are mainly caused by the differences in exchange rate when converting from financial reports of overseas subsidiaries. 					

II. Review and Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2013/09/12 To 2013/12/31	2014/01/01 To 2014/12/31	Difference	
			Amount	%
Operating revenue	11,896,934	42,060,342	30,163,408	254%
Gross profit	1,756,994	5,703,906	3,946,912	225%
Operating income (loss)	(129,831)	(360,929)	(231,098)	178%
Non-operating income and expenses	774,675	1,411,752	637,077	82%
Profit (loss) before tax	644,844	1,050,823	405,979	63%
Tax expense (income)	(74,048)	(289,903)	(215,855)	292%
Profit (loss)	570,796	760,920	190,124	33%
Other comprehensive income (loss)	171,708	782,609	610,901	356%
Total comprehensive income (loss)	742,504	1,543,529	801,025	108%
<p>(1) Main causes of major changes in operating revenue, operating net profit and pre-tax net profit in the most recent two years (analysis is exempted for changes within 20%) The Company was founded on September 12th 2013 through share conversion; information of this fiscal year is missing; therefore, causes of changes are not analyzed.</p> <p>(2) Projected sales and its basis: Financial projection was not done; therefore, this analysis does not apply.</p> <p>(3) Impact on the company's future financial operations: N/A</p> <p>(4) Response plan: N/A</p>				

III. Review and Analysis of Cash Flow

Unit: NT\$ 1,000

Cash and cash equivalents at beginning of period	Net cash flows from (used in) operating activities	Annual cash outflow	Amount of cash surplus (deficiency)	Remedy for cash shortfall	
				Investment plan	Financial management plan
7,190,723	(370,028)	(1,125,691)	5,695,004	-	-

(1) Analysis on the changes of cash flow in this year

1. Operating activities: Increase in inventory and stock causes outflow of net cash from the operating activities in this period.

2. Annual cash outflow: The changes are mainly caused by procurement of equipment, computer software and cash dividends.

(2) Improvement plan for cash deficiency: None

(3) Analysis of cash flow in the next year

Unit: NT\$ 1,000

Cash and cash equivalents at beginning of period	Net cash flows from (used in) operating activities	Annual cash outflow	Amount of cash surplus (deficiency)	Remedy for cash shortfall	
				Investment plan	Financial management plan
8,494,325	69,827	(2,039,317)	6,524,835	-	-

1. Analysis on the changes of cash flow in this year

(1) Operating activities: Net cash inflow from operating activities is expected in 2015.

(2) Annual cash outflow: Plans have been made to build a plant in Linkou, acquire equipment and facilities and distribute cash dividends.

2. Improvement plan for cash deficiency: None

IV. Impact of major capital expenditure in the year on the financial operations of the company: None.

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

(1) Reinvestment policies in the most recent year: MiTAC Group's reinvestments are mainly long-term strategic plans with considerations to future business needs and objectives to increase revenue and profit.

(2) The main reason for the profit or loss in reinvestment projects and improvement plan: Profits are mainly from steady growth of business and proper control of costs. Losses are mainly due to that the new products are still under development or poor sales. MiTAC takes all factors into consideration and implement proper management policies to companies reinvested by MiTAC Group that are not in operation or performing poorly, targeting to improve management performance and control investment losses.

(3) Investment plan in the next year: Investments will be made according to the Company's policies in collaboration with the MiTAC global investment plans.

VI. Risks

(1) Organizational Structure for Risk Management

Unit	Jobs and Content
Finance	Responsible for planning of operating decisions, evaluation of Medium and long-term investment returns, financial scheduling and operations, establishment of hedging mechanisms and achieving reliability, effectiveness, efficiency and compliance in financial reporting to reduce risks in financial operations, taxes and strategies.
IT	Responsible for planning, building, maintaining network, information software and hardware equipment or system security controls and preventive measures and continuously monitoring network and system quality to reduce the risks in information security during network and system operations.
Legal	Responsible for legal risk management, compliance with government policies and resolving contract disputes and litigation to reduce legal risks.
HR	Responsible for employee risk management and real property risk management and compliance with government laws and regulations to ensure the company's continuous operation and security of real estate properties.

(2) Impact of fluctuation in interest rates, exchange rates and inflation on the company's income and response measures:

1. Impact of fluctuation in interest rates, exchange rates and inflation on the company's income from 2014 to March 31st 2015:

Unit: NT\$ 1,000

Item	2014		Q1 2015 (reviewed by CPA)(Note 1)	
	Amount	% to operating revenue	Amount	% to operating revenue
Income (loss) from interests	103,702	0.25	20,989	0.16
Income (loss) from exchange rate (including income (loss) from valuation of financial products)	4,188	0.01	5,516	0.04

Note 1: Up to the quarter prior to printing of this annual report.

Note 2: Inflation does not have significant impact on the Company's income.

2. Substantive policies in response to fluctuation in interest rate, exchange rate and inflation:

- (1) Accounts receivables and payables are dollar-based, supplemented by "a basket of currencies" for pricing and payment to reduce the impact of exchange rate fluctuations on the overall earnings.
- (2) Transactions of derivative products at the current stage are made based on the current foreign currency assets and liabilities for the purpose of hedging. In addition, with strict compliance to the Procedures for Trading of Derivative Products, MiTAC Group trade financial products through the banks and conduct periodic evaluation on the gains and losses to reduce the impact of fluctuations in interest and exchange rates on the overall earnings.
- (3) The Company regularly assesses loan interest rates and keeps close contact with the banks for negotiation of better rates to reduce the impact of fluctuation in interest and exchange rates on the Company's income.

- (4) The Company collects information on exchange rates and interest rates and market information on a regular basis and discusses the best practices in meetings. When emergency incidents occur in the market, senior management is informed immediately and responds with proper strategies.
- (5) Due to increasing demands in environmental standards and rising raw material prices, the fight against inflation has become an important issue in the market. MiTAC Group keep close eyes on the changes in the market and make long-term plans for material sourcing, including actively seeking alternative materials and implementing more aggressive procurement. Since the supply chain of materials are subject to the impact of extended delivery time. Therefore, expansion of demand and assessment of how to reduce possible risks with reinforced control on the unpredictable factors such as long delivery period and shortage of labor force and relaxing control on the costs of non-productive raw materials, including allowing higher level of inventory have become the focuses control and management. The agents may response to this phenomenon and expand stock services to reduce the impact of unstable supply or cost on the company's income.
- (3) The main causes of profit or loss from engaging in high-risk, high-leverage investments, loans to others, endorsed warrants and derivative product transactions and future response measures:
1. MiTAC Group has not engaged in high-risk, high-leverage investments.
 2. Lending operations are done in compliance with the Procedures for Lending of Capital. The balance of lending from MiTAC Group and its subsidiaries up to end of 2014 and April 30th 2015 comes to NT\$ 7,062,591,000 and 7,126,448,000.
 3. Endorsement and guarantees are done in compliance with the Procedures for Endorsement and Guarantees. The balance of endorsement and guarantees made by MiTAC Group and its subsidiaries up to end of 2014 and April 30th 2015 comes to NT\$ 2,266,217,000 and 2,540,127,000.
 4. Trading of derivative products are done in compliance with Procedures for Trading of Derivative Products.
- (4) Future R&D Plans and Projected Investment
1. MiTAC Groups is planning to investment in R&D for 2015 in the amount of NT\$ 2.86 billion.
 2. Future R&D Plans
 - (1) Cloud Computing Product Series
 - Cloud computing servers
 - Optimized virtual servers
 - High-density GPU servers
 - Communication servers
 - Network switches
 - Whole cabinet solutions
 - Storage devices and related technology development
 - Thin client and server system protocols and integration
 - Leading All-In-One LCD PC technology development
 - POS systems: RPOS and MPOS integration and technology development
 - End-user applications for embedded industrial motherboard technology development
 - (2) Mobile Communications Product Series
 - Cloud Related Applications

- Integration of data capture, voice and wireless broadband communications functions
 - Global positioning satellite navigation (GPS), electronic navigation technology and mobile location based services
 - Slim portable electronic products, green energy products technology development
 - Mobile Health hardware products and services technology development
- (5) Impact of significant changes in domestic and foreign policies and laws on the company's financial operations and the response measures: None.
- (6) The impact of changes in technology and industry on the company's financial operations and the response measures:
1. Requirement of EU environmental legislation in REACH was changed from the previous whole-machine substance management 1000 ppm to single component piece less than 1000 ppm. Under this change, supply chain management will become more difficult with the increased costs. In response to this change, MiTAC Group actively seeks solutions through third-party consultation and platform integration to accelerate development of full material declaration modes and enable suppliers to meet the EU REACH SVHC standards at the best cost and mode of operation.
 2. Wage growth in China and return of manufacturers in the US will affect global positioning and investment strategies. Their response measure is to assess production line automation, as well as integrating the concept of manufacturing 4.0 to strengthen application of intelligent application in supply chain management system, introduce capabilities for integration of automated machines and systems and accelerate development of small-quantity high-variety of production.
 3. Since cloud services require medium to large data centers, as described in the industry trends in the previous section, customers will skip over brand operators or integrators and go to the manufacturers directly with their proprietary specifications. This will form an ODM Direct model; therefore, whole cabinet solutions will be the focus of future investment, and how to integrate existing technology to accelerate the product-to-market process will be an issue requiring response.
- (7) The impact of changes in corporate image on the company's crisis management and the response measures: None.
- (8) Expected benefits and possible risks from mergers and acquisitions and the response measures: None.
- (9) Expected benefits and possible risks from facility expansion and the response measures: None.
- (10) The risks of over-concentrated purchasing or sales and the response measures:
- Purchasing: Procurement policy for main raw materials requires maintenance of simultaneous supply from two or more suppliers and the principle is dispersing the sources of supply. The policy also encourages development of long-term partnership with the suppliers to ensure continuous supply of the various materials.
- Sales: With strong R&D and manufacturing advantages, MiTAC Group maintains long-term partnerships with the existing customers, while developing new relationships with the new customers to expand and diversify the sources of business opportunities. Therefore, the risk of over-concentrating sales and impact on the company's steady growth should not be a concern.
- (11) The impact and risks of massive transfer or replacement of shares by the company's directors, supervisors or shareholders holding 10% or more and the response measures:
- The company is in control of the major shareholders and the list of the ultimate controllers of the major shareholders and declares the shareholding status of the Company's directors and supervisors on regular periods in accordance with the Securities Exchange Act.
- (12) The impact and risks of changes in the company's right to operate and response measures: None.
- (13) Litigation or non-litigation events:

In the most recent year up to the date of printing of this annual report, the Company, the Company's directors, supervisors, corporate president, actual representative of the Company, major shareholders holding 10% or more and the affiliated companies have not been involved in major litigation, non-litigation or administrative dispute events described in Subparagraph 12, Paragraph 6, Article 20 of the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(14) Other significant risks and response measures:

Supplier Profit-oriented Strategies: The trend of merger and acquisition is rising again in the IT industry and taking a step further to form strategic alliance in the search for the profit base in the industrial chain. Rising of suppliers from China, violent fluctuation in the wages and material prices in China and the supply chain's move to steer production capacity to handheld device and cloud application are creating a pressure on the cost and supply of product materials. Therefore, MiTAC talks with the suppliers regularly to review selection and supply of materials and changes in the supply chain and the market, targeting to facilitate timely adjustment to the Company's strategies of suppliers and material procurement. It is a very important point in management.

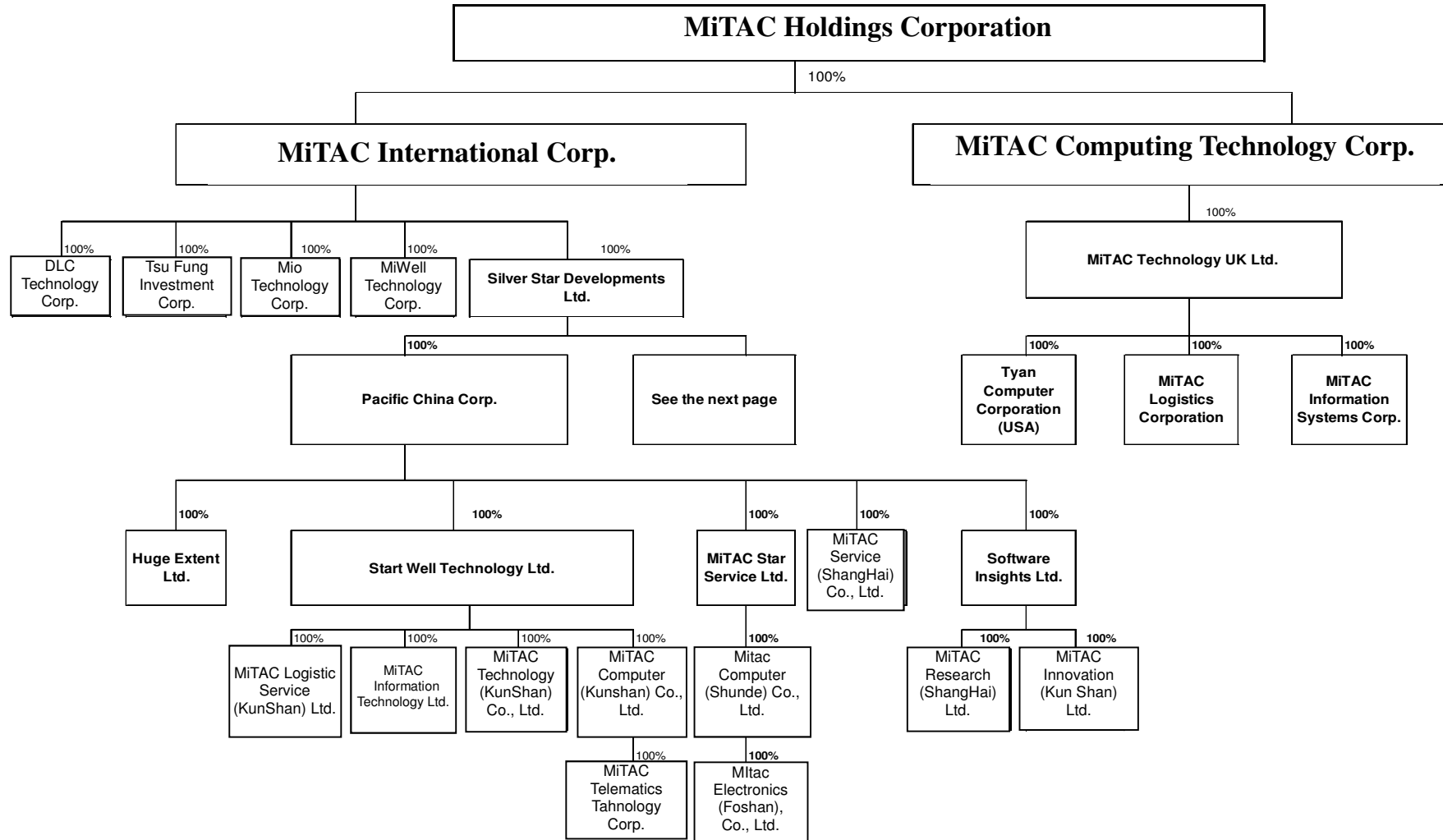
VII. Other significant events: None.

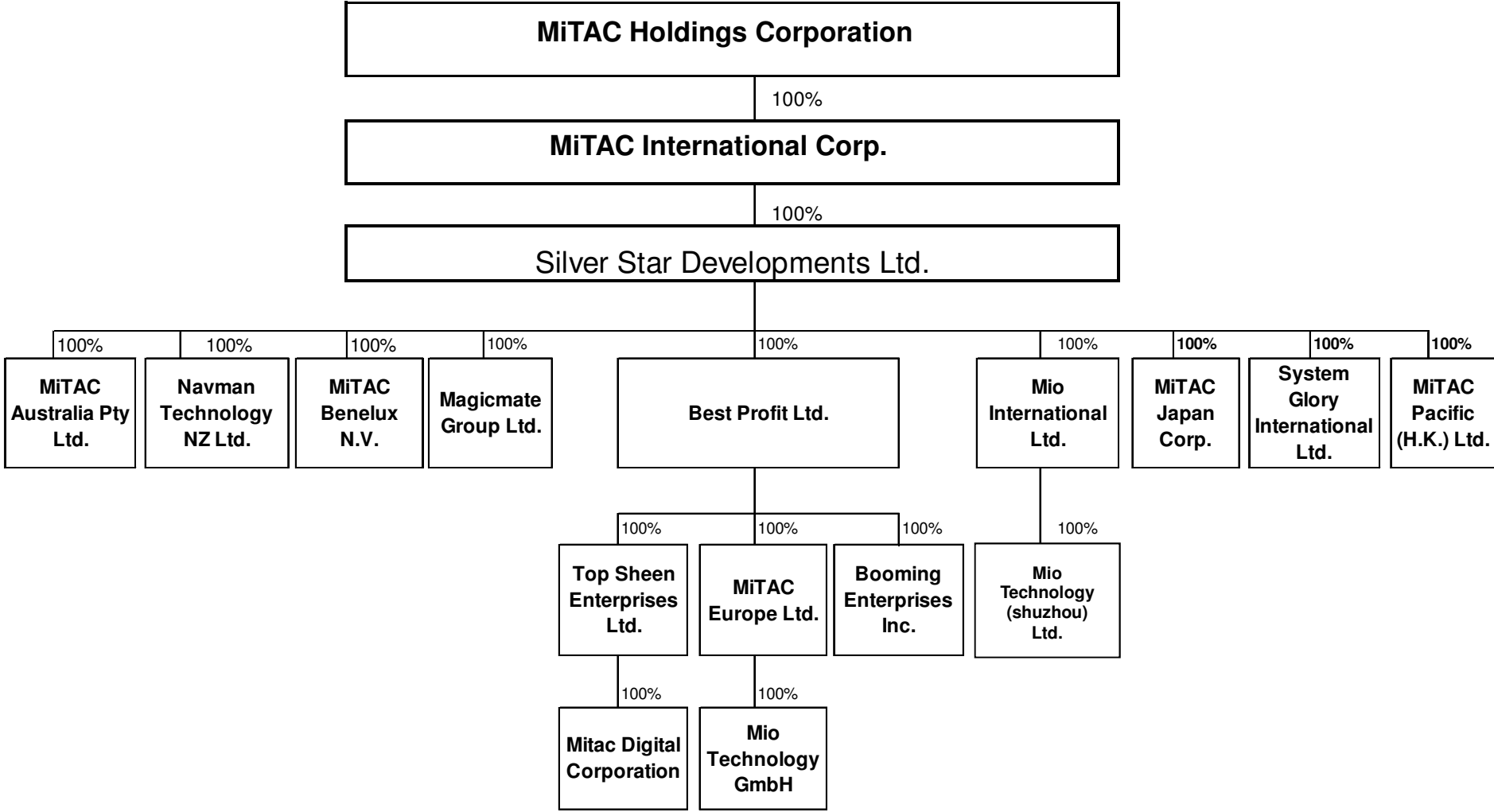
Eight. Important Notice

I. Information on subsidiaries/affiliates

(I) Consolidated report on the operation of affiliates

1. Organizational Chart of Affiliates





2. Basic information of all subsidiaries and affiliates:

Unit: thousands

Enterprise name	Date of incorporation	Address	Paid-in capital (Note)	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.	NT\$13,796,389	The development, design, manufacturing, and sales of computers and peripherals, communications and related products.
Tsu Fung Investment Corp.	Feb. 16, 1998	10F, No. 77. MinSheng East Road Section III, Taipei	NT\$1,285,847	General investment
Silver Star Developments Ltd.	Jun. 05, 1990	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	US\$215,495	General investment
MiTAC Japan Corp.	Apr. 30, 1983	Yasuda Shibaura-building No2 3F, Kaigan 3-2-12, Minato-ku, Tokyo, Japan 108-0022	YEN 50,000	Sales of communication, computer peripherals, software and hardware and after-sales maintenance and repair service
MiTAC Benelux N.V.	Sept. 13, 1993	Z5 Mollem 318 - 1730 Asse (Mollem), Belgium	EUR 1,618	Sales of communication products and related after-sales service
MiTAC Pacific (H.K.) Ltd.	Jun. 13, 1991	Level 12 28 Hennessy Road, Wanchai Hong Kong	US\$10	Sales of computer peripherals, software and hardware and related products
Pacific China Corp.	Dec. 27, 1996	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$120,924	General investment
MiTAC Computer (Shunde) Ltd.	Jan. 18, 1993	No .1, Shunda Road, Lunjiao Street, ShunDe District, Foshan City, Guangdong	CNY 616,837	Production of mainboard, motherboard, interface cards, display card, power supply, keyboards, related metal molding parts, plastic parts, and repair of motherboard.
System Glory International Ltd.	Oct. 25, 1995	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$0	General investment
Mio Technology Corp.	Jan. 17, 2000	10F, No. 209, NanGang Road, Section 1, Nan Gang, Taipei	NT\$20,000	Sales of communication products and related after-sales service
Start Well Technology Ltd.	Apr. 20, 2000	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$29,900	General investment
MiTAC Computer (Kunshan) Co., Ltd.	Nov. 01, 2000	No.269, No.2 Avenue, Export Processing Zone Kunshan, Jiangsu	CNY 304,321	Production of communication, computer and peripheral products, software and hardware and related products, sales of own products.
Software Insights Ltd.	Jul. 18, 2000	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$5,200	General investment

Enterprise name	Date of incorporation	Address	Paid-in capital (Note)	Principal business or running items
MiTAC Star Service Ltd.	Jan. 12, 2001	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$74,500	General investment
MiTAC Service (ShangHai) Co., Ltd.	Oct. 11, 2001	2 nd Level, Futebei Lu, No. 129, Waigaoqiao Bonded Special Zone, Shanghai.	CNY 8,277	Testing, maintenance, display of computer parts and components and related products, and technical consultation and after-sales service of related products.
MiTAC Technology (KunShan) Co., Ltd.	Jan. 28, 2002	No.269, No.2 Avenue, Export Processing Zone Kunshan, Jiangsu	CNY 8,277	Testing, maintenance, display of computer parts and components and related products, and technical consultation and after-sales service of related products.
Mio International Ltd.	Feb. 06, 2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$1,275	Sales of communication related products
MiTAC Research (ShangHai) Ltd.	Nov. 23, 2004	No.213, Jiang Chang San Road, Zha Bei District, Shanghai	CNY 43,040	R&D, production of computer software, sales of own products and related technical consultation service.
Magicmate Group Ltd.	Jul. 27, 2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$111	General investment
Huge Extent Ltd.	Jun. 22, 2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$8,000	General investment
Booming Enterprises Inc.	May. 18, 2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$0	General investment
MiTAC Australia Pty Ltd.	Mar. 06, 2007	Suite 2, 408 Victoria Rd, Gladesville NSW 2111 Australia	AUD 127	Sales of communication products and related after-sales service
Navman Technology NZ Ltd.	Mar. 06, 2007	7-11 Kawana Street, Northcote Auckland, New Zealand	NZD 140	Sales of communication products and related after-sales service
MiTAC Europe Ltd.	May. 10, 2001	Spectrum House, Beehive Ring Road, London Gatwick Airport, RH6 0LG, UNITED KINGDOM	EUR 6,665	Sales of communication products and related after-sales service
DLC Technology Corporation	Jun. 20, 2007	1F, No. 40, WenHua 2nd Road, GuiShan, Taoyuan County	NT\$26,000	R&D, production of computer software, sales of own products and related technical consultation service.
Tyan Computer Corporation - USA	Jul. 17, 1989	3288 Laurelview Ct., Fremont, CA 94538 U.S.A.	US\$3,950	Sales of computer peripherals, software and hardware and related products
Mio Technology GmbH	Dec. 03,	Einsteinstr. 14 85716 Unterschleißheim Germany	EUR 26	Sales of communication products

Enterprise name	Date of incorporation	Address	Paid-in capital (Note)	Principal business or running items
	1998			and related after-sales service
Top Sheen Enterprises Ltd.	Jan. 23, 2003	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US\$20,440	General investment
Best Profit Ltd.	Jan. 03, 2007	Scotia Centre, 4th Floor., P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands	US\$37,131	General investment
MiTAC Logistics Corporation	Apr. 17, 2007	3288 Laurelview Ct., Fremont, CA 94538 U.S.A.	US\$2,850	Sales of computer peripherals, software and hardware and related products
Mio Technology (Shuzhou) Ltd.	Dec. 04, 2003	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province.	CNY 1,960	Sales of communication products and related after-sales service
MiTAC Logistic Service (KunShan) Ltd.	Mar. 17, 2008	No. 269, Di-er Da Dao, Kunshan Export Processing Zone	CNY 6,821	Shipping agent, import/export, and warehouse service
MiTAC Digital Corporation	Nov. 21, 2008	471 El Camino Real, Santa Clara, CA 95050 USA	US\$45,000	Sales of communication products and related after-sales service
Mitac Information Technology Ltd.	Nov. 19, 2009	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province. China	CNY 2,048	After-sales maintenance, testing, consultation service of computers, communication products and consumer electronics and related technical services. Establish customer service center, provide professional data processing, analysis and integration service and ERP service.
MiTAC Information Systems Corp.	Jul. 08, 2010	39889 Eureka Drive Newark, CA 94560	US\$25,000	Assembly, sales of computer peripherals, software and hardware and related products
MiTAC Innovation (KunShan) Ltd.	Jan. 21, 2011	No. 300, Di Yi Da Dao, Kunshan Development Zone, Jiangsu Province. China	CNY 6,571	R&D of computers, servers, cell phone, portable personal digital device and GPS navigation devices, transfer of technologies, technical consultation of related inventions and technical services
Mitac Electronics (Foshan), Co., Ltd.	Sep. 11, 2012	4 th Floor, Building S6, No. 1 Factory, Shunda Road, Lunjiao St., Shunde District, Foshan City	CNY 25,590	Production of computer motherboards, motherboards and adapter cards
MiWell Technology Corp.	Sep. 21, 2011	No.165, Sec. 2, Xi'an St., Beitou Dist., Taipei City	NT\$1,667	Information software services, retailing
MiTAC Computing	Jul. 25, 2014	3F., No.1, R&D Road 2, HsinChu Science Park, HsinChu, Taiwan, R.O.C.	NT\$2,201,000	The development, design,

Enterprise name	Date of incorporation	Address	Paid-in capital (Note)	Principal business or running items
Technology Corp.				manufacturing, and sales of computers and peripherals, communications and related products.
MiTAC Telematics Tahnology Corp.	Jul. 24, 2014	211 River Road, Zhabei District, Shanghai City, China	CNY 2,000	Technology development, technology transfer, technical services, technical consulting information science and technology. In the electronic products wholesale, import and export
MiTAC Technology UK Ltd.	Aug. 01, 2014	Spectrum House, Beehive Ring Road, London Gatwick Airport, GATWICK, WEST SUSSEX, RH6 0LG, ENGLAND.	US\$62,910	General investment

Note: for information on the exchange rate as of the statement date, refer to the note 3 to operation highlights of respective affiliates and subsidiaries. (Page 96)

3. Information on the same shareholder deemed as controlling or in a parent-subsidary relationship: None.
4. The industries in which the affiliates operate and the linkage between the affiliates:

Industry	Name of subsidiary/affiliate	Connection with other subsidiaries/affiliates in business operation
Manufacturing and sales of PC and communication products	MiTAC International Corp.	Production and sales of MiTAC products
	MiTAC Computer (Kunshan) Co., Ltd.	Production and sales of MiTAC products
	MiTAC Computer (Shunde) Ltd.	Production and sales of MiTAC products
	Mitac Electronics (Foshan), Co., Ltd.	Production and sales of MiTAC products
	MiTAC Computing Technology Corp.	Production and sales of MiTAC products
Investment and Holding Companies	Silver Star Developments Ltd.	Investment in overseas subsidiaries for the production and sales of MiTAC products with after-sales service
	System Glory International Ltd.	General investment
	Pacific China Corp.	Investment in overseas subsidiaries for the production and sales of MiTAC products with after-sales service
	Software Insights Ltd.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
	Start Well Technology Ltd.	Investment in overseas subsidiaries for the production and sales of MiTAC products with after-sales service
	MiTAC Star Service Ltd.	Investment in overseas subsidiaries for the production and sales of MiTAC products with after-sales service
	Magicmate Group Ltd.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
	Huge Extent Ltd.	General investment
	Booming Enterprises Inc.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
	Top Sheen Enterprises Ltd.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
	Best Profit Ltd.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
	Tsu Fung Investment Corp.	General investment
	MiTAC Technology UK Ltd.	Investment in overseas subsidiaries for the sales of MiTAC products with after-sales service
Technical Service	MiTAC Research (ShangHai) Ltd.	R&D, production of computer software, sales of own products and related technical consultation service.
	DLC Technology Corporation	R&D, production of computer software, sales of own products and related technical consultation service.
	MiTAC Technology (KunShan) Co., Ltd.	After-sales maintenance and repair services on MiTAC products and provide related technical consultation services
	MiTAC Service (ShangHai) Co., Ltd.	After-sales maintenance and repair services on MiTAC products and provide related technical consultation services
	Mitac Information Technology Ltd.	After-sales maintenance and repair services on MiTAC products and provide related technical consultation services
	MiTAC Innovation (KunShan) Ltd.	R&D, production of computer software, sales of own products and related technical consultation service.
	MiWell Technology Corp.	Information software services, retailing
	MiTAC Telematics Tahnology Corp.	R&D, production of computer software, sales of own products and related technical consultation service.
Trading	MiTAC Pacific (H.K.) Ltd.	Sales of MiTAC products and provide after-sales service
	Mio Technology Corp.	Sales of MiTAC products and provide after-sales service
	MiTAC Japan Corp.	Sales of MiTAC products and provide after-sales service
	MiTAC Benelux N.V.	Sales of MiTAC products and provide after-sales service
	Mio International Ltd.	Sales of MiTAC products
	Mio Technology (Shuzhou) Ltd.	Sales of MiTAC products and provide after-sales service
	MiTAC Australia Pty Ltd.	Sales of MiTAC products and provide after-sales service
	Navman Technology NZ Ltd.	Sales of MiTAC products and provide after-sales service
	MiTAC Europe Ltd.	Sales of MiTAC products and provide after-sales service
	Tyan Computer Corporation - USA	Sales of MiTAC products and provide after-sales service
	Mio Technology GmbH	Sales of MiTAC products and provide after-sales service
	MiTAC Logistics Corporation	Sales of MiTAC products and provide after-sales service
MiTAC Digital Corporation	Sales of MiTAC products and provide after-sales service	
Trading and assembly	MiTAC Information Systems Corp.	Assembly and sales of MiTAC products and provide after-sales service
Shipping agent and import/export trade	MiTAC Logistic Service (KunShan) Ltd.	Shipping agent, import/export, and warehouse service.

5. Information on the Directors, Supervisors, and Presidents of the subsidiaries and affiliates

Enterprise name	Title	Name or representative	Shareholding	
			Quantity	Percentage of shareholding
MiTAC International Corp.	Chairman	MiTAC Holdings Corporation/Rep: Matthew Miao	1,379,638,902	100%
	Director/President	MiTAC Holdings Corporation/Rep: Billy Ho	1,379,638,902	100%
	Director	MiTAC Holdings Corporation/Rep: Michael Lin	1,379,638,902	100%
	Director	MiTAC Holdings Corporation/Rep: Steve Chang	1,379,638,902	100%
	Supervisor	MiTAC Holdings Corporation/Rep: Hu-Shi, Charles Ching	1,379,638,902	100%
Tsu Fung Investment Corp.	Chairman	MiTAC International Corp/Rep: Billy Ho	128,584,651	100%
	Director	MiTAC International Corp/Rep: Crystal Yang	128,584,651	100%
	Director	MiTAC International Corp/Rep: Chung Shu-Ling	128,584,651	100%
	Supervisor	MiTAC International Corp/Rep: Doris Huang	128,584,651	100%
Silver Star Developments Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Japan Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director/ President	Toshihiko Hara	0	0%
	Supervisor	Hsiu-Ling Huang	0	0%
MiTAC Benelux N.V.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
MiTAC Pacific (H.K.) Ltd.	Director	Yang Hsiang-Yun	0	0%
	Director	Ho Jhi-Wu	0	0%
System Glory International Ltd.	Director	Yang Hsiang-Yun	0	0%
	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
Pacific China Corp.	Director	Yuan Chi-Ying	0	0%
	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Star Service Ltd.	Director	Yuan Chi-Ying	0	0%
	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
Software Insights Ltd.	Director	Yuan Chi-Ying	0	0%
	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Computer (Kunshan) Co., Ltd.	Chairman	Start Well Technology Ltd./Rep: Percy Chen	N/A	100%
	Director	Start Well Technology Ltd./Rep: Chang Yao-Chun	N/A	100%
	Director/President	Start Well Technology Ltd./Rep: Wu Shun-Huang	N/A	100%
	Supervisor	Doris Huang	N/A	0%
MiTAC Service (ShangHai) Co., Ltd.	Chairman	Pacific China Corp. /Rep: Billy Ho	N/A	100%
	Director/President	Pacific China Corp. /Rep: Percy Chen	N/A	100%
	Director	Pacific China Corp. /Rep: King Chen	N/A	100%
MiTAC Computer (Shunde) Ltd.	Chairman	MiTAC Star Service Ltd./Rep: Michael Lin	N/A	100%
	Vice chairman	MiTAC Star Service Ltd./Rep: J.J. Huang	N/A	100%
	Director/President	MiTAC Star Service Ltd./Rep: Chen Chien-Hung	N/A	100%
	Supervisor	Doris Huang	N/A	0%
MiTAC Research (ShangHai) Ltd.	Chairman	Software Insights Ltd./Rep: Billy Ho	N/A	100%
	Director/President	Software Insights Ltd./Rep: Di-Yuan Yeh	N/A	100%
	Director	Software Insights Ltd./Rep: Crystal Yang	N/A	100%
Mio Technology Corp.	Chairman	MiTAC International Corp/Rep: Billy Ho	2,000,000	100%
	Director	MiTAC International Corp/Rep: James Juan	2,000,000	100%
	Director/President	MiTAC International Corp/Rep: King Chen	2,000,000	100%
	Supervisor	MiTAC International Corp/Rep: Doris Huang	2,000,000	100%
Start Well Technology Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Technology (KunShan) Co., Ltd.	Chairman	Dynamic Star Investments Ltd./Rep: Billy Ho	N/A	100%
	Director	Dynamic Star Investments Ltd./Rep: King Chen	N/A	100%
	Director/President	Dynamic Star Investments Ltd./Rep: Percy Chen	N/A	100%
	Supervisor	Doris Huang	N/A	0%
Mio International Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Magicmate Group Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Huge Extent Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Booming Enterprises Inc.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%

Enterprise name	Title	Name or representative	Shareholding	
			Quantity	Percentage of shareholding
MiTAC Australia Pty Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Liu Fung Kiu	0	0%
Navman Technology NZ Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
MiTAC Europe Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Chang Le-Chun	0	0%
DLC Technology Corporation	Chairman	MiTAC International Corp/Rep: Billy Ho	2,600,000	100%
	Director	MiTAC International Corp/Rep: James Juan	2,600,000	100%
	Director	MiTAC International Corp/Rep: King Chen	2,600,000	100%
	Supervisor	MiTAC International Corp/Rep: Crystal Yang	2,600,000	100%
Mio Technology (Shuzhou) Ltd.	Chairman	Mio International Ltd./Rep: Billy Ho	N/A	100%
	Director	Mio International Ltd./Rep: James Juan	N/A	100%
	Director	Mio International Ltd./Rep: King Chen	N/A	100%
	Supervisor	Doris Huang	N/A	0%
	President	Di-Yuan Yeh	N/A	0%
Tyan Computer Corporation - USA	Director	Ho Jhi-Wu	0	0%
	Director	Robert Chen	0	0%
	Director	Ho Jhi-Wu	0	0%
Mio Technology GmbH	Director	Yang Hsiang-Yun	0	0%
	Director	Ho Jhi-Wu	0	0%
Top Sheen Enterprises Ltd.	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
Best Profit Ltd.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Yuan Chi-Ying	0	0%
MiTAC Logistics Corporation	Director	Ho Jhi-Wu	0	0%
	Director	Yuan Chi-Ying	0	0%
	Director	Robert Chen	0	0%
MiTAC Logistic Service (KunShan) Ltd.	Chairman	Bright Crown Management Ltd./Rep: Billy Ho	N/A	100%
	Director	Bright Crown Management Ltd./Rep: Percy Chen	N/A	100%
	Director	Bright Crown Management Ltd./Rep: King Chen	N/A	100%
	Supervisor	Doris Huang	N/A	0%
	President	Wu Shun-Huang	N/A	0%
MiTAC Digital Corporation	Director	Ho Jhi-Wu	0	0%
	Director/President	Fong Shu-Chi	0	0%
	Director	Yang Hsiang-Yun	0	0%
Mitac Information Technology Ltd.	Chairman	Bright Crown Management Ltd./Rep: Billy Ho	N/A	100%
	Director	Bright Crown Management Ltd./Rep: Percy Chen	N/A	100%
	Director/President	Bright Crown Management Ltd./Rep: King Chen	N/A	100%
	Supervisor	Doris Huang	N/A	0%
MiTAC Information Systems Corp.	Director	Ho Jhi-Wu	0	0%
	Director	Yang Hsiang-Yun	0	0%
	Director	Robert Chen	0	0%
	Director/President	Charlotte C.Y. Chou	0	0%
MiTAC Innovation (KunShan) Ltd.	Chairman	Software Insights Ltd./Rep: Billy Ho	N/A	100%
	Director/President	Software Insights Ltd./Rep: Di-Yuan Yeh	N/A	100%
	Director	Software Insights Ltd./Rep: Michael Lin	N/A	100%
	Supervisor	Crystal Yang	N/A	0%
Mitac Electronics (Foshan), Co., Ltd.	Chairman /President	Software Insights Ltd. Rep:JJ Huang	N/A	100%
	Vice Chairman	Software Insights Ltd. Rep: Billy Ho	N/A	100%
	Director	Software Insights Ltd. Rep:James Yuan	N/A	100%
	Supervisor	Doris Huang	N/A	0%
MiWELL Technology Corp	Chairman	MiTAC International Corp/Rep: Billy Ho	116,667	100%
	Director	MiTAC International Corp/Rep: Chang Yao-Chun	116,667	100%
	Director	Steve Chang	116,667	100%
	Supervisor	Yen Wen Ching	116,667	100%
MiTAC Computing Technology Corp.	Chairman	MiTAC Holdings Corp/Rep: Billy Ho	220,100,000	100.00%
	Director	MiTAC Holdings Corp/Rep: Matthew Miao	220,100,000	100.00%
	Director	MiTAC Holdings Corp/Rep: Michael Lin	220,100,000	100.00%
	Supervisor	MiTAC Holdings Corp/Rep: Crystal Yang	220,100,000	100.00%
MiTAC Telematics Tahnology Corp.	Chairman	MiTAC Computer (KunShan) Co., Ltd. Rep: Billy Ho	N/A	100%
	Director /President	MiTAC Computer (KunShan) Co.,Ltd. Rep: NY Yeh	N/A	100%
	Director	MiTAC Computer (KunShan) Co.,Ltd. Rep: Percy Chen	N/A	100%
	Director	MiTAC Computer (KunShan) Co.,Ltd. Rep: Steve Chang	N/A	100%
	Supervisor	Doris Huang	N/A	0%
MiTAC Technology UK Ltd.	Director	MiTAC Computing Technology Corp./Rep: Billy Ho	62,909,737	100.00%
	Director	MiTAC Computing Technology Corp./Rep:Michael Lin	62,909,737	100.00%
	Director	MiTAC Computing Technology Corp./Rep:Crystal Yang	62,909,737	100.00%

6. The operation of the subsidiaries and affiliates:

In thousands of New Taiwan Dollars

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Revenue	Operating Income	Earnings in current period (after tax)	EPS (after taxation)
MiTAC Holdings Corporation	7,694,106	32,161,737	10,118	32,151,619	784,493	757,113	761,086	1.03
MiTAC International Corp.	13,796,389	34,882,385	8,680,314	26,202,071	20,994,461	(486,961)	646,644	0.40
Tsu Fung Investment Corp.	1,285,847	1,363,556	447	1,363,109	48,227	8,196	8,325	0.06
Silver Star Developments Ltd.-Consolidated	6,820,430	23,661,833	7,049,351	16,612,482	35,202,817	(91,622)	604,145	2.80
MiTAC Japan Corp.	13,230	41,788	15,093	26,695	59,284	(3,907)	(4,942)	(4,942.00)
MiTAC Benelux N.V.	62,252	168,338	96,873	71,465	244,953	(31,127)	(30,632)	(469.46)
MiTAC Pacific (H.K.) Ltd.	317	50,779	47,097	3,682	0	(291)	3	0.30
System Glory International Ltd.	0	161,290	30,141	131,149	0	0	6,685	6,685,000.00
Pacific China Corp.	3,827,241	3,951,268	0	3,951,268	0	0	8	0.00
MiTAC Star Service Ltd.	2,357,925	2,375,357	0	2,375,357	0	0	0	0.00
Software Insights Ltd.	164,583	170,479	31,650	138,829	0	0	0	0.00
MiTAC Computer (Kunshan) Co., Ltd.	1,549,600	3,823,290	1,741,904	2,081,386	5,319,641	33,801	70,317	NA
MiTAC Service (Shanghai) Co., Ltd.	42,148	48,577	10,911	37,666	62,306	(4,519)	(4,244)	NA
MiTAC Computer (Shunde) Ltd.	3,140,932	7,028,946	3,604,830	3,424,116	11,609,728	65,033	108,566	NA
MiTAC Research (Shanghai) Ltd.	219,160	493,007	62,669	430,338	299,351	13,162	17,572	NA
Mio Technology Corp.	20,000	26,738	30	26,708	0	(45)	1,336	0.67
Start Well Technology Ltd.	946,335	1,228,120	28,490	1,199,630	0	0	0	0.00
MiTAC Technology (Kunshan) Co., Ltd.	42,146	87,751	21,175	66,576	55,690	(9,905)	(5,234)	NA
Mio International Ltd.	40,354	2,147,090	2,090,423	56,667	4,830,988	0	0	0.00
Magicmate Group Ltd.	3,517	399	0	399	0	0	0	0.00
Huge Extent Ltd.	253,200	253,200	0	253,200	0	0	0	0.00
Booming Enterprises Inc.	0	757	0	757	0	0	7	7,000.00
MiTAC Australia Pty Ltd.	3,290	287,403	353,279	(65,876)	642,772	(90,156)	(94,307)	(742.57)
Navman Technology NZ Ltd.	3,473	129,812	41,066	88,746	255,377	(1,459)	(6,592)	(47.09)
MiTAC Europe Ltd.	256,403	225,063	536,475	(311,412)	856,270	(81,276)	(83,018)	(3.68)
DLC Technology Corporation	26,000	29,284	135	29,149	0	(105)	1,281	0.49
Mio Technology (Shuzhou) Ltd.	9,980	194,179	197,080	(2,901)	179,636	(8,398)	(8,327)	NA
Tyan Computer Corporation-USA	125,028	925,281	319,208	606,073	1,516,389	19,040	17,023	17,023.27
Mio Technology GmbH	1,000	9,978	1,273	8,705	15,673	854	460	NA
Top Sheen Enterprises Ltd.	646,913	1,424,250	791,250	633,000	0	0	0	0.00
Best Profit Ltd.	1,175,204	1,805,193	826,903	978,290	0	0	230	0.01
MiTAC Logistics Corporation	90,203	393,168	183,074	210,094	973,697	8,501	6,175	61.75
MiTAC Logistic Service (Kunshan) Ltd.	34,731	36,592	463	36,129	1,882	(260)	393	NA
MiTAC Digital Corporation	1,424,250	729,648	1,357,253	(627,605)	1,619,582	(155,356)	(272,196)	(6.05)
Mitac Information Technology Ltd.	10,431	95,760	44,307	51,453	166,433	5,862	11,422	NA
MiTAC Information Systems Corp.	791,250	8,005,215	6,784,980	1,220,235	21,310,713	248,897	150,316	50,105.36
MiTAC Innovation (Kunshan) Ltd.	33,457	76,509	19,868	56,641	80,225	3,941	9,200	NA
Mitac Electronics (Foshan), Co., Ltd.	130,304	134,896	5,111	129,785	0	(2,464)	867	NA
MiWell Technology Corp	1,667	686	196	490	1,539	(511)	(510)	(3.06)
MiTAC Computing Technology Corp.	2,201,000	13,402,741	9,883,511	3,519,230	6,191,498	141,702	166,539	0.76
MiTAC Telematics Technology Corp.	10,184	5,214	1,283	3,931	0	(6,050)	(6,042)	NA
MiTAC Technology UK Ltd.	1,991,093	1,912,697	0	1,912,697	0	0	44,140	0.70

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: At the exchange rate on 2014:

	December 31 2014	Average
USD:	31.650	30.306
GBP:	49.270	49.948
EUR:	38.470	40.282
JPY:	0.265	0.287
RMB:	5.092	4.920
KRW:	0.029	0.029
AUD:	25.905	27.348
NZD:	24.810	25.174

REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 14000394

To the Board of Directors and Stockholders of MiTAC Holdings Corporation

We have audited the accompanying consolidated balance sheets of MiTAC Holdings Corporation and its subsidiaries (the “Group”) as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year ended December 31, 2014 and the period from September 12, 2013 (date of incorporation) to December 31, 2013. These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for under equity method. The comprehensive income recognised (including share of profit (loss) of associates and joint ventures accounted for under equity method and share of comprehensive income of associates and joint ventures accounted for under equity method) for the year ended December 31, 2014, and the period from September 12, 2013 to December 31, 2013 were NT\$632,973 and NT\$228,697 thousand, respectively, and the balance of investment accounted for under equity method were NT\$7,373,085 and NT\$6,256,168 thousand as of December 31, 2014 and 2013, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MiTAC Holdings Corporation and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013 in conformity with the “Rules Governing the Preparations of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of MiTAC Holdings Corporation as of and for the years ended December 31, 2014 and 2013 (not presented herein), and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 23, 2015

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

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

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		Note	2014		2013	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 8,494,325	18	\$ 7,190,723	16
1110	Financial assets at fair value through profit or loss - current	6(2)	29,460	-	14,173	-
1125	Available-for-sale financial assets – current	6(3)	606,396	1	607,724	1
1150	Notes receivable – net		4,817	-	9,346	-
1170	Accounts receivable – net	6(5)	7,526,653	16	6,003,766	14
1180	Accounts receivable – related parties	6(5) and 7	231,167	-	169,396	-
1200	Other receivables	7	86,337	-	144,826	-
1220	Current income tax assets		40,842	-	22,297	-
130X	Inventories - net	6(6)	7,189,749	15	6,522,164	15
1410	Prepayments		362,423	1	238,406	1
1476	Other financial assets - current	6(7) and 8	<u>1,181,612</u>	<u>2</u>	<u>1,778,303</u>	<u>4</u>
11XX	Total current assets		<u>25,753,781</u>	<u>53</u>	<u>22,701,124</u>	<u>51</u>
Non-current assets						
1523	Available-for-sale financial assets – non-current	6(3)	887,366	2	1,066,719	3
1543	Financial assets carried at cost – non-current	6(4)	1,117,642	2	1,155,539	3
1550	Investments accounted for under the equity method	6(8)	13,043,136	27	11,456,719	26
1600	Property, plant and equipment-net	6(9) and 8	5,211,314	11	5,194,586	12
1760	Investment property – net	6(10)	1,080,307	2	1,045,049	2
1780	Intangible assets	6(11)	316,694	1	593,892	1
1840	Deferred income tax assets	6(27)	443,352	1	566,396	1
1900	Other non-current assets	8	<u>350,272</u>	<u>1</u>	<u>330,388</u>	<u>1</u>
15XX	Total non-current assets		<u>22,450,083</u>	<u>47</u>	<u>21,409,288</u>	<u>49</u>
1XXX	Total assets		<u>\$ 48,203,864</u>	<u>100</u>	<u>\$ 44,110,412</u>	<u>100</u>

(Continued)

MiTAC HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY		Note	2014		2013	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 3,590,577	7	\$ 2,108,970	5
2120	Financial liabilities at fair value through profit or loss	6(13)				
	- current		3,371	-	6,437	-
2150	Notes payable		-	-	1,622	-
2170	Accounts payable		7,371,117	15	6,329,891	14
2180	Accounts payable – related parties	7	263,912	1	239,803	1
2200	Other payables	7	3,507,921	7	3,565,849	8
2230	Current income tax liabilities	6(27)	50,954	-	26,564	-
2250	Provisions for liabilities - current	6(16)	338,376	1	458,285	1
2300	Other current liabilities		<u>294,868</u>	<u>1</u>	<u>226,220</u>	<u>1</u>
21XX	Total current liabilities		<u>15,421,096</u>	<u>32</u>	<u>12,963,641</u>	<u>30</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(27)	331,912	1	358,846	1
2600	Other non-current liabilities	6(14)	<u>299,237</u>	<u>-</u>	<u>233,596</u>	<u>-</u>
25XX	Total non-current liabilities		<u>631,149</u>	<u>1</u>	<u>592,442</u>	<u>1</u>
2XXX	Total liabilities		<u>16,052,245</u>	<u>33</u>	<u>13,556,083</u>	<u>31</u>
Equity attributable to owners of the parent						
Share capital						
		6(17)				
3110	Common shares		7,694,106	16	7,609,488	17
Capital surplus						
		6(18)				
3200	Capital surplus		22,122,720	46	21,803,383	49
Retained earnings						
		6(19)				
	Legal reserve		56,311	-	-	-
3350	Unappropriated retained earnings		773,566	2	563,114	1
Other equity						
		6(20)				
3400	Other equity		2,011,794	4	1,187,810	3
3500	Treasury shares	6(17)	(<u>506,878</u>)	(<u>1</u>)	(<u>609,766</u>)	(<u>1</u>)
31XX	Total equity attributable to owners of the parent		32,151,619	67	30,554,029	69
36XX	Non-controlling interest		<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>
3XXX	Total equity		<u>32,151,619</u>	<u>67</u>	<u>30,554,329</u>	<u>69</u>
Significant Contingent Liabilities And Unrecognised Contract⁹⁽¹⁾⁽²⁾ Commitments						
Significant Events After the Balance Sheet Date						
		11				
Total liabilities and equity			<u>\$ 48,203,864</u>	<u>\$ 100</u>	<u>\$ 44,110,412</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

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

		For the year ended December 31, 2014		For the period from September 12, 2013 to December 31, 2013		
		<u>Notes</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue	6(21) and 7	\$ 42,060,342	100	\$ 11,896,934	100
5000	Operating costs	6(6) and 7	(36,356,436)	(87)	(10,139,940)	(85)
5900	Gross profit		<u>5,703,906</u>	<u>13</u>	<u>1,756,994</u>	<u>15</u>
	Operating expenses	6(25)(26)				
6100	Selling expenses		(1,671,976)	(4)	(637,179)	(5)
6200	General and administrative expenses		(1,473,662)	(3)	(427,447)	(4)
6300	Research and development expenses		(2,919,197)	(7)	(822,199)	(7)
6000	Total operating expenses		<u>(6,064,835)</u>	<u>(14)</u>	<u>(1,886,825)</u>	<u>(16)</u>
6900	Operating loss		<u>(360,929)</u>	<u>(1)</u>	<u>(129,831)</u>	<u>(1)</u>
	Non-operating income and expenses					
7010	Other income	6(22)	390,563	1	177,584	2
7020	Other gains and losses	6(23)	(148,370)	-	276,765	2
7050	Finance costs	6(24)	(44,146)	-	(7,137)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>1,213,705</u>	<u>3</u>	<u>327,463</u>	<u>3</u>
7000	Total non-operating income and expenses		<u>1,411,752</u>	<u>4</u>	<u>774,675</u>	<u>7</u>
7900	Profit before income tax		1,050,823	3	644,844	6
7950	Income tax expense	6(27)	(289,903)	(1)	(74,048)	(1)
8200	Profit for the period		<u>\$ 760,920</u>	<u>2</u>	<u>\$ 570,796</u>	<u>5</u>
	Other comprehensive income-net					
8310	Currency translation differences		\$ 889,391	2	\$ 125,888	1
8325	Unrealised (loss) gain on valuation of available-for-sale financial assets		(94,686)	-	7,197	-
8360	Actuarial loss on defined benefit plan		(42,706)	-	(13,148)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method		23,350	-	49,536	-
8399	Income tax relating to the components of other comprehensive income		<u>7,260</u>	<u>-</u>	<u>2,235</u>	<u>-</u>
8300	Other comprehensive income for the period, net of tax		<u>\$ 782,609</u>	<u>2</u>	<u>\$ 171,708</u>	<u>1</u>
8500	Total comprehensive income for the period		<u>\$ 1,543,529</u>	<u>4</u>	<u>\$ 742,504</u>	<u>6</u>
	Profit attributable to:					
8610	Owners of parent		761,086	2	\$ 571,287	5
8620	Non-controlling interest		(166)	-	(491)	-
			<u>\$ 760,920</u>	<u>2</u>	<u>\$ 570,796</u>	<u>5</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		\$ 1,543,695	4	\$ 742,995	6
8720	Non-controlling interest		(166)	-	(491)	-
			<u>\$ 1,543,529</u>	<u>4</u>	<u>\$ 742,504</u>	<u>6</u>
	Basic earnings per share	6(28)				
9750	Consolidated net income attributable to the Company		<u>\$ 1.03</u>		<u>\$ 0.78</u>	
	Diluted earnings per share	6(28)				
9850	Consolidated net income attributable to the Company		<u>\$ 1.02</u>		<u>\$ 0.76</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

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

For the period from September 12, 2013 to December 31, 2013	Notes	Attributable to owners of the Company							Total	Non-controlling interest	Total equity
		Common shares	Capital surplus	Retained Earnings		Currency translation differences	Unrealized gain or loss on available-for-sale financial assets	Treasury shares			
				Legal reserve	Unappropriated retained earnings						
Balance at September 12, 2013, date of incorporation		\$ 7,555,675	\$ 21,703,969	\$ -	\$ -	\$ 782,572	\$ 225,357	(\$ 609,766)	\$ 29,657,807	\$ 791	\$ 29,658,598
Employee stock options exercised		53,813	69,252	-	-	-	-	-	123,065	-	123,065
Compensation cost of employees' share based-payment transactions	6(15)(18)	-	15,481	-	-	-	-	-	15,481	-	15,481
Net income for the period		-	-	-	571,287	-	-	-	571,287	(491)	570,796
Net other comprehensive income for the period		-	-	-	(8,173)	117,039	62,842	-	171,708	-	171,708
Net change of equity in associates accounted for under equity method	6 (18)	-	14,681	-	-	-	-	-	14,681	-	14,681
Balance at December 31, 2013		\$ 7,609,488	\$ 21,803,383	\$ -	\$ 563,114	\$ 899,611	\$ 288,199	(\$ 609,766)	\$ 30,554,029	\$ 300	\$ 30,554,329

(Continued)

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

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

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

See report of independent accountants dated March 23, 2015.

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

	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
<u>Cash flows from operating activities:</u>		
Income before income tax	\$ 1,050,823	\$ 644,844
Adjustments to reconcile income before income tax to net cash (used in) provided by operating activities:		
Income and expenses having no effect on cash flows		
(Reversal of) bad debts expense	6(5) (26,594)	19,444
Loss (gain on reversal) of inventory market value decline	6(6) 131,792 (	35,913)
Amortization	6(11)(25) 289,660	74,197
Amortization of long-term prepaid rent	6,569	-
Depreciation	6(9)(10)(25) 486,984	160,073
Interest expense	6(24) 44,146	7,137
Interest income	6(22) (147,848 ) (	30,600)
Dividend income	6(22) (105,534 ) (	31,738)
Net income of financial assets/liabilities at fair value through profit or loss	6(23) (18,362 ) (	12,339)
Share of profit of associates accounted for under equity method	6(8) (1,213,705 ) (	327,463)
Impairment loss	6(3)(11)(23) 216,198	531
Gain on disposal of investments	6(23) (58,609 ) (	272,489)
Gain on disposal of property, plant and equipment, net	6(23) (11,227 ) (	4,221)
Gain disposal of other non current assets	6(23) (15,832)	-
Compensation cost of share-based payment	6(15) 66,639	15,481
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Notes receivable, net	4,529 (	9,345)
Accounts receivable	(1,103,894 ) (	906,751)
Other receivables	58,923	41,178
Inventories	(725,420)	426,186
Prepayments	(124,017)	93,875
Net changes in liabilities relating to operating activities		
Notes payable	(1,622)	1,382
Accounts payable	672,842	840,055
Other payables	(61,266)	135,693
Other current liabilities	68,648	52,122
Provisions for liabilities - current	(119,909 ) (	9,329)
Accrued pension liabilities	(439 ) (	1,991)
Cash (used in) provided by operating activities	(636,525)	870,019
Payment of interest	(40,808 ) (	6,337)
Receipt of interest	147,414	21,348
Payment of income tax	(180,688 ) (	47,698)
Cash dividend received	340,579	31,738
Net cash (used in) provided by operating activities	(370,028)	869,070

(Continued)

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

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
<u>Cash flows from investing activities:</u>		
Decrease (increase) in other financial assets	\$ 597,064	(\$ 1,756,918)
Proceeds from disposal of available-for-sale financial assets	82,770	67,000
Acquisition of available-for-sale financial assets	(45,000)	(96,337)
Decrease in available-for-sale financial assets, net of cash received from return of capital	-	3,530
Acquisition of financial assets carried at cost	(25,957)	(25,000)
Proceeds from disposal of financial assets carried at cost	2,879	-
Proceeds from capital reduction of financial assets carried at cost	63,223	-
Acquisition of investments accounted for under the equity method	(7,839)	-
Proceeds from disposal of investment accounted for under the equity method	-	651,524
Acquisition of property, plant and equipment	6(9) (452,480)	(153,433)
Proceeds from disposal of property, plant and equipment	48,156	6,108
Increase in intangible assets	6(11) (119,239)	(129,950)
Increase in refundable deposits	(22,231)	(918)
Increase in other non-current assets	(7,791)	(2,096)
Proceeds from disposal of other non-current assets	19,401	-
Net cash provided by (used in) investing activities	<u>132,956</u>	<u>(1,436,490)</u>
<u>Cash flows from financing activities:</u>		
Increase (decrease) in short-term borrowings	1,481,607	(245,924)
Increase in guarantee deposits	20,688	1,432
Employee stock options exercised	226,850	123,065
Treasury stock transferred to employees	78,316	-
Cash dividends paid	(444,654)	-
Acquisition of non-controlling interest	(500)	-
Net cash provided by (used in) financing activities	<u>1,362,307</u>	<u>(121,427)</u>
Effects of changes in exchange rates	<u>178,367</u>	<u>30,016</u>
Net increase (decrease) in cash and cash equivalents	1,303,602	(658,831)
Cash and cash equivalents at beginning of period	<u>7,190,723</u>	<u>7,849,554</u>
Cash and cash equivalents at end of period	<u>\$ 8,494,325</u>	<u>\$ 7,190,723</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 23, 2015.

MITAC HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

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

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 19, 2015.

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”)
None.
- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group
According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the “2013 version of IFRSs”) in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures—Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures—Offsetting financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, ‘Joint arrangements’	January 1, 2013
IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2013
IFRS 13, ‘Fair value measurement’	January 1, 2013
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), ‘Employee benefits’	January 1, 2013
IAS 27, ‘Separate financial statements’ (as amended in 2011)	January 1, 2013
IAS 28, ‘Investments in associates and joint ventures’ (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009—2011	January 1, 2013

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

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any

related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

The Group has assessed that the above revised information has no significant impact to the Group.

B. B.IAS 1, 'Presentation of financial statements'

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

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

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

D. IFRS 13, 'Fair value measurement'

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, or amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2014	December 31, 2013	
MiTAC Holdings Corporation	MiTAC International Corp.	Computer and its peripherals: design, manufacture and sell communications products	100%	100%	
MiTAC Holdings Corporation	MiTAC Computing Technology Corp.	Computer and its peripherals: design, manufacture and sell communications products	100%	-	Note 1
MiTAC International Corp.	Tsu Fung Investment Corp.	General investments	100%	100%	
MiTAC International Corp.	Silver Star Developments Ltd.	General investments	100%	100%	
MiTAC International Corp.	Foreground Technology Ltd.	General investments	-	100%	Note 3

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2014	December 31, 2013	
MiTAC International Corp.	DLC Technology Corp.	Research, development and manufacture of computer software, sale of own-produced products and related technical advisory services	100%	100%	
MiTAC International Corp.	Mio Technology Corp.	Sale of communication products and related after-sale services	100%	100%	
MiTAC International Corp.	MiWell Technology Corp.	Information/software services and retail business	100%	70%	
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd.	General investments	100%	-	Note 1
Silver Star Developments Ltd.	System Glory International Ltd.	General investments	100%	100%	
Silver Star Developments Ltd.	Pacific China Corp.	General investments	100%	100%	
Silver Star Developments Ltd.	Magicmate Group Ltd.	General investments	100%	100%	
Silver Star Developments Ltd.	Best Profit Ltd.	General investments	100%	100%	
Silver Star Developments Ltd.	Sky Universe Enterprise Ltd.	General investments	-	100%	Note 2 Note 3
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.	Dynamic Star Investments Ltd.	General investments	-	100%	Note 4
Pacific China Corp.	Huge Extent Ltd.	General investments	100%	100%	
Pacific China Corp.	Bright Crown Management Ltd.	General investments	-	100%	Note 4
Best Profit Ltd.	Booming Enterprises Inc.	General investments	100%	100%	
Best Profit Ltd.	Top Sheen Enterprises Ltd.	General investments	100%	100%	
Foreground Technology Ltd.	Strength Value Ltd.	General investments	-	100%	Note 2
Foreground Technology Ltd.	Tyan Computer Corp. (USA)	Sale of computer peripherals, hardware/software and related products	-	100%	Note 3
MiTAC Technology UK Ltd.	Tyan Computer Corp. (USA)	Sales of computer peripherals, hardware/ software and related products	100%	-	Note 3
MiTAC Europe Ltd.	Mio Technology GMBH	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Japan Corp.	Sale of communication products, computer peripherals, hardware/software and related products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Benelux N.V.	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	MiTAC Pacific (H.K.) Ltd.	Sale of computer peripherals, hardware/software and related products	100%	100%	
Silver Star Developments Ltd.	Mio International Ltd.	Sale of communication and related products	100%	100%	
Silver Star Developments Ltd.	MiTAC Australia Pty Ltd.	Sale of communication products and related after-sale services	100%	100%	
Silver Star Developments Ltd.	Navman Technology NZ Ltd.	Sale of communication products and related after-sale services	100%	100%	
Start Well Technology Ltd.	MiTAC Computer (Kunshan) Ltd.	Manufacture of computers, computer peripherals, hardware/software and related products and sale of own-produced products	100%	100%	
Pacific China Corp.	MiTAC Service (Shanghai) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	100%	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2014	December 31, 2013	
MiTAC Star Service Ltd.	MiTAC Computer (Shunde) Corp.	Manufacture of computer frame, motherboard, interface card, display, power supply, keyboard, related metal stamping parts and plastic parts and maintenance of motherboard	100%	100%	
MiTAC Computer (Kunshan) Ltd.	MiTAC Telematics Technology Corp.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	-	Note 1
Software Insights Ltd.	MiTAC Research (Shanghai) Ltd.	Research, development and manufacture of computer software, sale of own-produced products and related technical advisory services	100%	100%	
Dynamic Star Investments Ltd.	MiTAC Technology (Kunshan) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	-	100%	Note 4
Start Well Technology Ltd.	MiTAC Technology (Kunshan) Co., Ltd.	Testing, maintenance and display of computer components and related technical advisory services and after-sale services	100%	-	Note 4
Mio International Ltd.	Mio Technology Ltd.	Sale of communication products and related after-sale services	100%	100%	
Best Profit Ltd.	MiTAC Europe Ltd.	Sale of communication products and related after-sale services	100%	100%	
Sky Universe Enterprise Ltd.	MiTAC Logistics Corp.	Sale of computer peripherals, hardware/software and related products	-	100%	Note 3
MiTAC Technology UK Ltd.	MiTAC Logistics Corp.	Sale of computer peripherals, hardware/software and related products	100%	-	Note 3
Bright Crown Management Ltd.	MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services.	-	100%	Note 4
Start Well Technology Ltd.	MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services.	100%	-	Note 4
Top Sheen Enterprises Ltd.	MiTAC Digital Corp.	Sale of communication products and related after-sale services	100%	100%	
Bright Crown Management 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%	Note 4
Start Well Technology Ltd.	MiTAC Information Technology Ltd.	After-sale maintenance, testing and technical advisory services of computers, communication products and consumer electronic products; establishment of customer service centers; customer data processing, analysis and integrated services and business administration services	100%	-	Note 4
Sky Universe Enterprise Ltd.	MiTAC Information Systems Corp.	Assembling and sale of computer peripherals, hardware/software and related products	-	100%	Note 3

Investor	Subsidiary	Main activities	Ownership (%)		Description
			December 31, 2014	December 31, 2013	
MiTAC Technology UK Ltd.	MiTAC Information Systems Corp.	Assembling and sale of computer peripherals, hardware/software and related products	100%	-	Note 3
Software Insights Ltd.	MiTAC Innovation (Kunshan) Ltd.	Research and development of calculator, server, mobile phone, PDA and GPS, and technical transfer, technical advisory and technical services of related R&D products	100%	100%	
MiTAC Computer (Shunde) Corp.	Mitac Electronics (Foshan), Co., Ltd.	Manufacture of computer mainboard, motherboard and adapter card	100%	100%	

Note 1: Subsidiaries newly established in the third quarter of 2014.

Note 2: Subsidiaries liquidated in the third quarter of 2014.

Note 3: In the third quarter of 2014, MiTAC International Corp. has divested its share of Foreground Technology Ltd. to MiTAC Computing Technology Corp., and Silver Star Developments Ltd. has sold Sky Universe Enterprise Ltd. to MiTAC Computing Technology Corp.. In order to simplify the investment structure, MiTAC Computer Technology Corp. has liquidated its holding companies – Foreground Technology Ltd. and Sky Universe Enterprise Ltd.. The pricing of share capital of the holding companies' original subsidiaries - Tyan Computer Corp. (USA), MiTAC Logistics Corp. and MiTAC Information Systems Corp. has been fixed by MiTAC Computing Technology Corp. in order to acquire the share capital of MiTAC Technology UK Ltd.. Tyan Computer Corp. (USA), MiTAC Logistics Corp. and MiTAC Information Systems Corp. are now wholly-owned by MiTAC Technology UK Ltd.

Note 4: Bright Crown Management Ltd. and Dynamic Star Investments Ltd. were merged into Start Well Technology Ltd. due to the reorganization in the fourth quarter of 2014. MiTAC Technology (Kunshan) Ltd., MiTAC Logistic Service (Kunshan) Ltd. and MiTAC Information Technology Ltd. are now wholly-owned by Start Well Technology Ltd.

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

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

(5) Classification of current and non-current items

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

(6) Cash equivalents

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

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

A. Classifications

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

B. Recognition and assessment

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

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

(9) Notes, accounts, and other receivables

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

(10) Impairment of financial assets

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

- (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at cost

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

(b) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of discarded assets is derecognised when critical repairs are incurred, and other repair expenses are charged to profit or loss for the period when they incur.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	3 ~ 55 years
Machinery and equipment	5 years
Transportation equipment	5 years
Other equipment	3 ~ 6 years

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

(15) Investment property

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

(16) Intangible assets

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

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

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Accounts payable

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Provisions

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for

employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(24) Employee share-based payment

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

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.
- G. A deferred tax asset shall be recognised for the carry forward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

- A. The Group designs, manufactures and sells computer and its peripherals, communication and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of

goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

- B. The Group offers customers volume discounts and right of return for defective products. The Group estimates appropriate discounts and returns based on regular way purchases or sales. Provisions for such liabilities are recorded when the sales are recognised.

(29) Business combinations and organisation restructuring

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the previous equity interest in the acquiree is higher than the fair value of the Group's identifiable assets acquired and obligations borne, goodwill is recognised at the acquisition-date. If the fair value of the Group's identifiable assets acquired and obligations borne is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, as well as previous equity interest in the acquiree, the difference is recognised in profit or loss for the period at the acquisition date.
- C. The newly established investment holding company through share swap is jointly controlled under business combination. Under regulations of competent authority, the investment holding company is recorded at the carrying value and is included in the consolidated financial statements at the date of establishment.

(30) Operating segments

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

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

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

Financial assets - impairment of equity investments

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

(2) Critical accounting estimates and assumptions

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group estimates discounts and returns based on regular way purchase or use and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

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

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

C. Realisability of deferred income tax assets

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

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable 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 realisable value. Therefore, there might be material changes to the evaluation.

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

For the Company's unlisted stocks that are not traded in an active market, the fair value of the ones listed under 'financial assets measured at cost' cannot be measured reliably since no sufficient industry information of companies similar to those unlisted stocks' financial information can be obtained; the fair value of the ones listed as 'available-for-sale financial assets' is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Cash on hand and petty cash (revolving funds)	\$ 1,242	\$ 1,601
Checking accounts and demand deposits	2,965,162	2,691,306
Time deposits	3,952,096	4,197,326
Repurchase bonds	<u>1,575,825</u>	<u>300,490</u>
Total	<u>\$ 8,494,325</u>	<u>\$ 7,190,723</u>

A. The Group associates 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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

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

<u>Items</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Current items:		
Financial assets held for trading		
Non-hedging derivatives	<u>\$ 29,460</u>	<u>\$ 14,173</u>

A. The Group recognised net gain of \$15,296 and \$12,044 on

financial assets designated as at fair

value through profit or loss for the years ended December 31, 2014 and the period from September 12, 2013 to December 31 2013, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

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

December 31, 2013				
Financial Instrument	Item	Notional Amount (in thousands)		Fair Market Value (in thousands)
MiTAC International Corp.				
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD	8,000	NTD 1,484
"	Advance booking EUR to buy USD	EUR	1,600	NTD 43
"	Advance booking AUD to buy USD	AUD	7,592	NTD 9,644
Forward foreign exchange - Buy	Advance booking NZD to sell USD	NZD	1,200	NTD 100
Cross-currency swap	Cross-currency swap between NTD and USD	USD	5,000	NTD 1,997
Spot foreign exchange contract	Immediate sales of USD to buy RMB	USD	2,000	NTD 10
MiTAC Computer (Kunshan) Co., Ltd.				
Forward foreign exchange - Sell	Advance booking USD to buy RMB	USD	1,000	CNY 38
MiTAC Digital Corp.				
Forward foreign exchange - Sell	Advance booking CAD to buy USD	CAD	800	USD 15
MiTAC Europe Ltd.				
Forward foreign exchange - Sell	Advance booking GBP to sell EUR	GBP	250	EUR 8

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

(3) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Listed stocks	\$ 577,053	\$ 577,053
Beneficiary certificates	101,880	61,355
Subtotal	678,933	638,408
Adjustments of available-for-sale financial assets	(72,537)	(30,684)
Total	\$ 606,396	\$ 607,724
Non-current items:		
Listed stocks	\$ 412,941	\$ 437,756
Unlisted stocks	200,397	302,496
Subtotal	613,338	740,252
Adjustments of available-for-sale financial assets	274,028	326,467
Total	\$ 887,366	\$ 1,066,719

- A. The Group recognised (\$77,594) and \$7,197 in other comprehensive income (loss) for fair value change for the years ended December 31, 2014 and the period from September 12, 2013 to December 31 2013, respectively.
- B. The Group's certain available-for-sale financial assets continuously generate loss, as a result, the fair value declined significantly below its initial investment cost. The Group, therefore recognised impairment loss of \$104,593 on the financial assets for the years ended December 31, 2014, including the amount of \$33,342 that was transferred from equity to profit or loss.

(4) Financial assets carried at cost

Items	December 31, 2014	December 31, 2013
Non-current items:		
Unlisted stocks	\$ 1,229,831	\$ 1,265,236
Accumulated impairment – Financial assets carried at cost	(112,189)	(109,697)
Total	\$ 1,117,642	\$ 1,155,539

- A. According to the Group's intention, its investment in unlisted stocks should be classified as available-for-sale financial assets. However, as the stocks are not traded in active market, and no sufficient industry information of companies similar to the unlisted corporation and related financial information on the investee can be obtained, the fair value of the investment cannot be measured reliably. The Group classified those stocks as "financial assets carried at cost".
- B. As of December 31, 2014 and 2013, no financial assets carried at cost held by the Group were pledged to others.

(5) Accounts receivable

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Third parties	\$ 7,962,940	\$ 6,550,967
Less: Allowance for sales returns and discounts	(358,389)	(407,617)
Allowance for bad debts	(77,898)	(139,584)
	<u>7,526,653</u>	<u>6,003,766</u>
Related parties	<u>231,167</u>	<u>169,396</u>
	<u>\$ 7,757,820</u>	<u>\$ 6,173,162</u>

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
1 to 90 days	\$ 292,024	\$ 284,848
91 to 180 days	12,615	4,190
Over 180 days	<u>162</u>	<u>89,801</u>
	<u>\$ 304,801</u>	<u>\$ 378,839</u>

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

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

	<u>For the period from September 12, 2013 to December 31, 2013</u>
At September 12	\$ 117,443
Amount recognised during the period	19,444
Write-offs and effect from exchange rate during the period	<u>2,697</u>
At December 31	<u>\$ 139,584</u>

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Group 1	\$ 6,050,064	\$ 4,842,842
Group 2	<u>1,839,242</u>	<u>1,498,682</u>
	<u>\$ 7,889,306</u>	<u>\$ 6,341,524</u>

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

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

D. The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

(6) Inventories

	<u>December 31, 2014</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Raw materials	\$ 4,771,405	(\$ 633,186)	\$ 4,138,219
Work in process	878,636	(9,780)	868,856
Finished goods	<u>2,699,771</u>	<u>(517,097)</u>	<u>2,182,674</u>
	<u>\$ 8,349,812</u>	<u>(\$ 1,160,063)</u>	<u>\$ 7,189,749</u>

	<u>December 31, 2013</u>		
	<u>Cost</u>	<u>Allowance for obsolescence and market value decline</u>	<u>Book value</u>
Raw materials	\$ 4,039,540	(\$ 614,861)	\$ 3,424,679
Work in process	667,211	(9,968)	657,243
Finished goods	<u>2,900,794</u>	<u>(460,552)</u>	<u>2,440,242</u>
	<u>\$ 7,607,545</u>	<u>(\$ 1,085,381)</u>	<u>\$ 6,522,164</u>

Expense and loss incurred on inventories:

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Cost of goods sold	\$ 36,224,644	\$ 10,175,853
Loss (gain) on market value decline	<u>131,792</u>	<u>(35,913)</u>
	<u>\$ 36,356,436</u>	<u>\$ 10,139,940</u>

As some of the inventories which were previously provided with allowance for market price decline were sold for the year ended December 31, 2013, the allowance for inventory obsolescence and market value decline was reversed.

(7) Other financial assets

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Current:		
Time deposits	\$ 1,175,247	\$ 1,775,843
Demand deposits	<u>6,365</u>	<u>2,460</u>
	<u>\$ 1,181,612</u>	<u>\$ 1,778,303</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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Information about other financial assets that were pledged to others as collateral by the Group is provided in Note 8.

(8) Investments accounted for under the equity method

A.

<u>Investee company</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Getac Technology Corp.	\$ 4,377,108	\$ 4,080,427
3 Probe Technology Co., Ltd.	8,701	8,133
Lian Jie Investment Co., Ltd.	149,591	182,921
Shen-Tong Construction & Development Co., Ltd.	83,190	83,317
Loyalty Founder Enterprise Co., Ltd.	367,519	301,188
Green Share Corporation	7,527	-
Harbinger II (BVI) Venture Capital Corp.	148,928	44,423
Mainpower International Ltd.	200,978	187,812
Synnex Corp.	7,373,085	6,256,168
Suzhou MiTAC Preclusion Technology Co., Ltd.	291,226	278,467
Harbinger Ruyi Venture Ltd.	<u>35,283</u>	<u>33,863</u>
	<u>\$ 13,043,136</u>	<u>\$ 11,456,719</u>

B. The financial information of the Group's principal associates is summarized below:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>	<u>% interest held</u>
December 31, 2014					
Getac Technology Corp.	\$ 24,538,726	\$ 10,215,149	\$ 16,291,585	\$ 879,336	32.71%
Loyalty Founder Enterprise Co., Ltd.	3,289,347	1,538,380	2,425,320	83,173	25.24%
Synnex Corp.	149,235,884	96,819,154	419,416,387	5,252,308	14.07%
Others	<u>5,111,543</u>	<u>1,163,146</u>	<u>1,895,434</u>	<u>272,719</u>	
	<u>\$182,175,500</u>	<u>\$ 109,735,829</u>	<u>\$ 440,028,726</u>	<u>\$ 6,487,536</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>	<u>% interest held</u>
December 31, 2013 (Note)					
Getac Technology Corp.	\$ 21,904,251	\$ 8,524,459	\$ 15,217,618	\$ 402,387	32.71%
Loyalty Founder Enterprise Co., Ltd.	2,812,873	1,231,247	1,942,368	35,181	25.24%
Synnex Corp.	99,359,696	57,070,738	321,979,905	3,560,434	14.76%
Others	<u>4,599,530</u>	<u>1,183,979</u>	<u>1,671,611</u>	<u>260,872</u>	
	<u>\$128,676,350</u>	<u>\$ 68,010,423</u>	<u>\$ 340,811,502</u>	<u>\$ 4,258,874</u>	

Note: Disclosure is based on the financial statements for the year ended December 31, 2013 of the associates.

- C. The Group's recognised share of profit from associates accounted for under the equity method for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013 were \$1,213,705 and \$327,463, respectively.
- D. The Group holds 14.07% ownership in Synnex Corp. in the U.S. but has significant influence over Synnex Corp. as the Group is the largest shareholder of Synnex Corp. and the Company's chairman Feng Chiang Miao serves as this company's honorary chairman. In addition, the Group holds 14.76% ownership in Mainpower International Ltd. and the Group serves as this company's corporate supervisor.
- E. Synnex Corp.'s fiscal year ends on November 30, thus the Group uses the financial information on November 30 as the basis for the preparation of annual consolidated statements; other associates' fiscal year all end on December 31.
- F. The fair value of the Group's associates which have quoted market price was as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Getac Technology Corp.	\$ 3,160,589	\$ 2,941,633
Loyalty Founder Enterprise Co., Ltd.	545,527	284,447
Synnex Corp.	<u>13,733,754</u>	<u>11,152,700</u>
	<u>\$ 17,439,870</u>	<u>\$ 14,378,780</u>

(9) Property, plant and equipment

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

	Land	Buildings	Machinery	Computer and communication equipment	Transportation equipment	Office equipment	Leasehold improvements	Molding equipment	Other equipment	Construction In progress and equipment for inspection	Total
<u>At September 12, 2013</u>											
Cost	\$ 1,110,253	\$ 5,043,613	\$ 3,092,985	\$ 408,474	\$ 74,130	\$ 720,126	\$ 101,479	\$ 151,876	\$ 742,026	\$ 138,025	\$ 11,582,987
Accumulated depreciation and impairment	-	(1,713,227)	(2,978,135)	(324,337)	(52,794)	(611,937)	(69,328)	(53,911)	(620,821)	-	(6,424,490)
	<u>\$ 1,110,253</u>	<u>\$ 3,330,386</u>	<u>\$ 114,850</u>	<u>\$ 84,137</u>	<u>\$ 21,336</u>	<u>\$ 108,189</u>	<u>\$ 32,151</u>	<u>\$ 97,965</u>	<u>\$ 121,205</u>	<u>\$ 138,025</u>	<u>\$ 5,158,497</u>
<u>For the period from September 12, 2013 to December 31, 2013</u>											
At September 12, 2013	\$ 1,110,253	\$ 3,330,386	\$ 114,850	\$ 84,137	\$ 21,336	\$ 108,189	\$ 32,151	\$ 97,965	\$ 121,205	\$ 138,025	\$ 5,158,497
Additions	-	20,772	12,455	14,164	4,887	32,130	-	41,963	26,192	870	153,433
Disposals	-	-	(460)	(716)	(369)	(195)	-	-	(147)	-	(1,887)
Reclassifications	-	110,917	(170)	217	400	-	-	-	171	(111,606)	(71)
Depreciation	-	(51,560)	(31,424)	(17,457)	(2,619)	(13,349)	(3,150)	(18,250)	(18,338)	-	(156,147)
Effects of exchange rate changes	1,452	35,093	1,159	383	173	1,431	105	-	436	529	40,761
Closing net book amount	<u>\$ 1,111,705</u>	<u>\$ 3,445,608</u>	<u>\$ 96,410</u>	<u>\$ 80,728</u>	<u>\$ 23,808</u>	<u>\$ 128,206</u>	<u>\$ 29,106</u>	<u>\$ 121,678</u>	<u>\$ 129,519</u>	<u>\$ 27,818</u>	<u>\$ 5,194,586</u>
<u>At December 31, 2013</u>											
Cost	\$ 1,111,705	\$ 5,201,433	\$ 2,937,854	\$ 382,419	\$ 69,648	\$ 757,627	\$ 90,292	\$ 173,412	\$ 700,514	\$ 27,818	\$ 11,452,722
Accumulated depreciation and impairment	-	(1,755,825)	(2,841,444)	(301,691)	(45,840)	(629,421)	(61,186)	(51,734)	(570,995)	-	(6,258,136)
	<u>\$ 1,111,705</u>	<u>\$ 3,445,608</u>	<u>\$ 96,410</u>	<u>\$ 80,728</u>	<u>\$ 23,808</u>	<u>\$ 128,206</u>	<u>\$ 29,106</u>	<u>\$ 121,678</u>	<u>\$ 129,519</u>	<u>\$ 27,818</u>	<u>\$ 5,194,586</u>

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

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 808,608	\$ 491,625	\$ 1,300,233
Accumulated depreciation and impairment	<u>-</u>	<u>(255,184)</u>	<u>(255,184)</u>
	<u>\$ 808,608</u>	<u>\$ 236,441</u>	<u>\$ 1,045,049</u>
<u>2014</u>			
At January 1, 2014	\$ 808,608	\$ 236,441	\$ 1,045,049
Reclassifications	-	43,218	43,218
Depreciation	-	(13,790)	(13,790)
Effects of exchange rate changes	<u>-</u>	<u>5,830</u>	<u>5,830</u>
Closing net book amount	<u>\$ 808,608</u>	<u>\$ 271,699</u>	<u>\$ 1,080,307</u>
<u>At December 31, 2014</u>			
Cost	\$ 808,608	\$ 575,157	\$ 1,383,765
Accumulated depreciation and impairment	<u>-</u>	<u>(303,458)</u>	<u>(303,458)</u>
	<u>\$ 808,608</u>	<u>\$ 271,699</u>	<u>\$ 1,080,307</u>
<u>At September 12, 2013</u>			
Cost	\$ 808,608	\$ 488,566	\$ 1,297,174
Accumulated depreciation and impairment	<u>-</u>	<u>(249,845)</u>	<u>(249,845)</u>
	<u>\$ 808,608</u>	<u>\$ 238,721</u>	<u>\$ 1,047,329</u>
<u>For the period from September 12, 2013 to December 31, 2013</u>			
At September 12, 2013	\$ 808,608	\$ 238,721	\$ 1,047,329
Depreciation	-	(3,926)	(3,926)
Effects of exchange rate changes	<u>-</u>	<u>1,646</u>	<u>1,646</u>
Closing net book amount	<u>\$ 808,608</u>	<u>\$ 236,441</u>	<u>\$ 1,045,049</u>
<u>At December 31, 2013</u>			
Cost	\$ 808,608	\$ 491,625	\$ 1,300,233
Accumulated depreciation and impairment	<u>-</u>	<u>(255,184)</u>	<u>(255,184)</u>
	<u>\$ 808,608</u>	<u>\$ 236,441</u>	<u>\$ 1,045,049</u>

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

	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
Rental income from the lease of the investment property	<u>\$ 21,568</u>	<u>\$ 2,851</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 12,263</u>	<u>\$ 1,138</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	<u>\$ 13,379</u>	<u>\$ 6,266</u>

B. The fair value of the investment property held by the Group on December 31, 2014 and 2013 were \$3,103,360 and \$3,018,704, respectively, which were revalued by independent appraisers and with reference to market transaction prices.

(11) Intangible assets

	<u>Patent rights</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2014</u>				
Cost	\$ 908,657	\$ 489,002	\$ 298,066	\$ 1,695,725
Accumulated amortisation and impairment	(<u>649,041</u>)	(<u>291,849</u>)	(<u>160,943</u>)	(<u>1,101,833</u>)
	<u>\$ 259,616</u>	<u>\$ 197,153</u>	<u>\$ 137,123</u>	<u>\$ 593,892</u>
<u>2014</u>				
At January 1, 2014	\$ 259,616	\$ 197,153	\$ 137,123	\$ 593,892
Additions — acquired separately	-	119,095	144	119,239
Amortisation	(129,808)	(131,888)	(27,964)	(289,660)
Impairment loss	-	-	(111,605)	(111,605)
Effects of exchange rate changes	-	2,526	2,302	4,828
Closing net book amount	<u>\$ 129,808</u>	<u>\$ 186,886</u>	<u>\$ -</u>	<u>\$ 316,694</u>
<u>At December 31, 2014</u>				
Cost	\$ 908,657	\$ 665,759	\$ 298,210	\$ 1,872,626
Accumulated amortisation and impairment	(<u>778,849</u>)	(<u>478,873</u>)	(<u>298,210</u>)	(<u>1,555,932</u>)
	<u>\$ 129,808</u>	<u>\$ 186,886</u>	<u>\$ -</u>	<u>\$ 316,694</u>

	<u>Patent rights</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<u>At September 12, 2013</u>				
Cost	\$ 908,657	\$ 359,052	\$ 298,066	\$ 1,565,775
Accumulated amortisation and impairment	(<u>610,098</u>)	(<u>266,376</u>)	(<u>151,682</u>)	(<u>1,028,156</u>)
	<u>\$ 298,559</u>	<u>\$ 92,676</u>	<u>\$ 146,384</u>	<u>\$ 537,619</u>
<u>For the period from September 12, 2013 to December 31, 2013</u>				
<u>At September 12, 2013</u>				
	\$ 298,559	\$ 92,676	\$ 146,384	\$ 537,619
Additions — acquired separately	-	129,950	-	129,950
Amortisation charge	(38,943)	(25,482)	(9,772)	(74,197)
Effects of exchange rate changes	-	9	511	520
Closing net book amount	<u>\$ 259,616</u>	<u>\$ 197,153</u>	<u>\$ 137,123</u>	<u>\$ 593,892</u>
<u>At December 31, 2013</u>				
Cost	\$ 908,657	\$ 489,002	\$ 298,066	\$ 1,695,725
Accumulated amortisation and impairment	(<u>649,041</u>)	(<u>291,849</u>)	(<u>160,943</u>)	(<u>1,101,833</u>)
	<u>\$ 259,616</u>	<u>\$ 197,153</u>	<u>\$ 137,123</u>	<u>\$ 593,892</u>

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

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Operating costs	\$ 67	\$ -
Selling expenses	51,952	5,207
Administrative expenses	210,250	58,108
Research and development expenses	<u>27,391</u>	<u>10,882</u>
	<u>\$ 289,660</u>	<u>\$ 74,197</u>

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

(12) Short-term borrowings

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Unsecured bank borrowings	<u>\$ 3,590,577</u>	<u>\$ 2,108,970</u>

Interest rates 0.79%~1.70% 0.96%~1.27%

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

Items	December 31, 2014	December 31, 2013
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives instruments	\$ 3,371	\$ 6,437

- A. The net gain recognised by the Group for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013 were \$3,066 and \$295, respectively.
- B. The non-hedging derivative instruments transaction and contract information are as follows:

December 31, 2014			
Financial Instrument	Item	Notional Amount (in thousands)	Fair Market Value (in thousands)
MiTAC International Corp.			
Forward foreign exchange - Sell	Advance booking USD to buy NTD	USD 1,000	(\$ 195)
"	Advance booking USD to buy RMB	USD 9,000	(2,519)
"	Advance booking AUD to sell USD	AUD 1,250	(183)
SilverStar Developments Ltd.			
Forward foreign exchange - Sell	Advance booking RMB to buy USD	CNY 10,000	(USD 15)
December 31, 2013			
Financial Instrument	Item	Notional Amount (in thousands)	Fair Market Value (in thousands)
MiTAC International Corp.			
Forward foreign exchange - Sell	Advance booking EUR to buy USD	EUR 6,662	(\$ 5,345)
"	Advance booking AUD to buy USD	AUD 800	(106)
"	Advance booking GBP to buy USD	GBP 960	(971)
Forward foreign exchange - Buy	Advance booking NZD to sell USD	NZD 300	(15)

(14) Pensions

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

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Present value of funded obligations	(\$ 471,220)	(\$ 436,345)
Fair value of plan assets	<u>233,198</u>	<u>240,337</u>
Net liability in the balance sheet	(\$ <u>238,022</u>)	(\$ <u>196,008</u>)

(c)Changes in present value of funded obligations are as follows:

	<u>For the year ended December 31, 2014</u>
Present value of funded obligations	
At January 1	\$ 436,345
Current service cost	4,870
Interest cost	8,262
Actuarial loss	43,529
Benefit paid from plan assets	(<u>21,786</u>)
At December 31	<u>\$ 471,220</u>

	<u>For the period from September 12, 2013 to December 31, 2013</u>
Present value of funded obligations	
At September 12	\$ 420,904
Current service cost	1,726
Interest cost	2,109
Actuarial loss	<u>11,606</u>
At December 31	<u>\$ 436,345</u>

(d)Changes in fair value of plan assets are as follows:

	<u>For the year ended December 31, 2014</u>
Fair value of plan assets	
At January 1	\$ 240,337
Expected return on plan assets	4,862
Actuarial gain	823
Contributions from employer	8,962
Benefit paid from plan assets	(<u>21,786</u>)
At December 31	<u>\$ 233,198</u>

	For the period from September 12, 2013 to <u>December 31, 2013</u>
Fair value of plan assets	
At September 12	\$ 238,407
Expected return on plan assets	1,412
Actuarial loss	(1,542)
Contributions from employer	<u>2,060</u>
At December 31	<u>\$ 240,337</u>

(e) Amounts of expenses recognised in statement of comprehensive income are as follows:

	For the year ended <u>December 31, 2014</u>	For the period from September 12, 2013 to <u>December 31, 2013</u>
Current service cost	\$ 4,870	\$ 1,726
Interest cost	8,262	2,109
Expected return on plan asset	(4,862)	(1,412)
Current pension cost	<u>\$ 8,270</u>	<u>\$ 2,423</u>

Details of cost and expenses recognised in statement of comprehensive income are as follows:

	For the year ended <u>December 31, 2014</u>	For the period from September 12, 2013 to <u>December 31, 2013</u>
Selling expenses	\$ 1,709	\$ 370
General and administrative expenses	1,907	786
Research and development expenses	<u>4,654</u>	<u>1,267</u>
	<u>\$ 8,270</u>	<u>\$ 2,423</u>

(f) Amounts recognised under other comprehensive income are as follows:

	For the year ended <u>December 31, 2014</u>	For the period from September 12, 2013 to <u>December 31, 2013</u>
Recognition for current period	<u>\$ 42,706</u>	<u>\$ 13,148</u>
Accumulated amount	<u>\$ 55,854</u>	<u>\$ 13,148</u>

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable

from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 are given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's 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. The actual return from the planned assets of the Company and domestic subsidiaries for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013 were \$2,297 and \$943, respectively.

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

	<u>2014</u>	<u>2013</u>
Discount rate	<u>1.875%</u>	<u>1.875%</u>
Future salary increases	<u>2.000%</u>	<u>2.000%</u>
Expected return on plan assets	<u>2.000%</u>	<u>2.000%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(i) Historical information of experience adjustments was as follows:

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Present value of defined benefit obligation	(\$ 471,220)	(\$ 436,345)
Fair value of plan assets	<u>233,198</u>	<u>240,337</u>
Deficit in the plan	(\$ <u>238,022</u>)	(\$ <u>196,008</u>)
Experience adjustments on plan liabilities	(<u>21,360</u>)	(<u>22,044</u>)
Experience adjustments on plan assets	<u>823</u>	(<u>1,542</u>)

(j) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 amounts to \$9,167.

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, 2014 and 2013 were \$78,734 and \$21,989, respectively.

(15) Share-based payment

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

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (shares in thousands)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Eighth stock option incentive plan	2008.10.13 and 2008.10.27	31,785 (Note)	6 years	50% can be exercised after 2 years of grant 75% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Ninth stock option incentive plan	2009.04.29 and 2009.07.03	16,894 (Note)	6 years	25% can be exercised after 2 years of grant 50% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Tenth stock option incentive plan	2009.10.05, 2010.04.19 and 2010.05.06	26,903 (Note)	6 years	30% can be exercised after 2 years of grant 60% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Eleventh stock option incentive plan	2012.10.11	19,375 (Note)	6 years	50% can be exercised after 2 years of grant 75% can be exercised after 3 years of grant 100% can be exercised after 4 years of grant
Thirteenth treasury stock transfer to employees	103.8.15	1,864.5	-	Vested immediately
Fourteenth treasury stock transfer to employees	103.8.15	2,090.5	-	Vested immediately

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

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

	For the year ended to December 31, 2014		For the period from September 12, 2013 to December 31, 2013	
	No. of options (shares in thousands)	Weighted average exercise price (in dollars)	No. of options (shares in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the period	89,059	\$ 24.14	94,956	\$ 24.08
Options forfeited	(19,989)	23.46	(516)	-
Options exercised	(9,772)	22.91	(5,381)	22.87
Options outstanding at end of the period	<u>59,298</u>	23.72	<u>89,059</u>	24.14
Options exercisable at end of the period	<u>49,700</u>		<u>65,586</u>	
Options approved and not yet issued at the end of the period	<u>-</u>		<u>-</u>	

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2014 and for the period from September 12, 2013 to December 31, 2013 were \$27.16 (in dollars) and \$24.38 (in dollars), respectively.

D. As of December 31, 2014 and 2013, outstanding compensatory employee stock option plan is as follows:

As of December 31, 2014

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

Note : Already adjusted in accordance with the stock conversion ratio.

As of December 31, 2013

Range of exercise price (in dollars) (Note)	Number of options outstanding at the end of the year		
	In thousands of shares	Expected weighted average residual years	Weighted average exercise price (in dollars)
\$21.6 and 25.2	26,983	0.80	23.62
25.4 and 27.2	16,461	1.41	26.31
25.4 and 27.8	26,240	2.06	26.38
20	<u>19,375</u>	4.78	20
	<u>89,059</u>		

Note : Already adjusted in accordance with the stock conversion ratio.

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

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

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

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

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

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

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

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

	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
Equity-settled	\$ 66,639	\$ 15,481

(16) Provisions

Warranty	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
Beginning balance	\$ 458,285	\$ 467,614
Additional provisions	265,039	115,738
Used during the period	(318,691)	(124,650)
Unused amounts reversed	(67,571)	(415)
Effects of exchange rate changes	1,314	(2)
Ending balance	<u>\$ 338,376</u>	<u>\$ 458,285</u>

(17) Share capital

A. The Company was founded on September 12, 2013 through the conversion of shares by MiTAC International Corp. with a total capital of \$7,555,675. As of December 31, 2014, the Company's authorized capital was \$11,000,000, consisting of 1.1 billion shares (including 125 million shares reserved for employee stock options), and the paid-in capital was \$7,694,106 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

	For the year ended December 31, 2014
Shares issued as of January 1	760,949
Treasury shares	(24,700)
Outstanding shares as of January 1	736,249
Treasury stock transferred to employees	3,955
Employee stock options exercised	9,772
Changes of outstanding shares during the year	13,727
Retirement of treasury shares	(1,311)
Shares issued as of December 31	769,410
Treasury shares	(19,434)
Outstanding shares as of December 31	<u>749,976</u>

Unit: in thousands of shares

	For the period from September 12, 2013 to December 31, 2013
Shares issued as of September 12	755,568
Treasury shares	(24,700)
Outstanding shares as of September 12	730,868
Employee stock options exercised	5,381
Shares issued as of December 31	760,949
Treasury shares	(24,700)
Outstanding shares as of December 31	<u>736,249</u>

B. Treasury shares

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

		<u>December 31, 2014</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
Subsidiary- MiTAC International Corp.	Stock conversion	7,869	\$ 153,792
Subsidiary- TFC Investment Co., Ltd.	"	10,183	276,084
Subsidiary- SSDL	"	1,382	77,002

		<u>December 31, 2013</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (shares in thousands)</u>	<u>Carrying amount</u>
Subsidiary- MiTAC International Corp.	Stock conversion	13,135	\$ 256,680
Subsidiary- TFC Investment Co., Ltd.	"	10,183	276,084
Subsidiary- SSDL	"	1,382	77,002

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and is not entitled to dividends before it is reissued to the employees.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) In accord 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 proportionly to the shareholding ratio.

(18) Capital surplus

	<u>Share premium</u>	<u>Treasury stock transactions</u>	<u>Net equity of associates and joint ventures accounted for under the equity method</u>	<u>Employee stock options</u>	<u>Total</u>
At January 1, 2014	\$ 21,276,857	\$ -	\$ 22,345	\$ 504,181	\$ 21,803,383
Employee stock options exercised	186,715	-	-	(57,588)	129,127
Changes from associates and joint ventures accounted for under the equity method	-	-	128,103	-	128,103
Employee compensation plan - employee stock options	-	-	-	66,639	66,639
Treasury stock transferred to employees	-	21,754	-	(20,719)	1,035
Subsidiaries received cash dividends paid by the parent company	-	6,935	-	-	6,935
Retirement of treasury share	(36,496)	23,994	-	-	(12,502)
At December 31, 2014	<u>\$ 21,427,076</u>	<u>\$ 52,683</u>	<u>\$ 150,448</u>	<u>\$ 492,513</u>	<u>\$ 22,122,720</u>

	<u>Share premium</u>	<u>Treasury stock transactions</u>	<u>Net equity of associates and joint ventures accounted for under the equity method</u>	<u>Employee stock options</u>	<u>Total</u>
At September 12, 2013	\$ 21,176,702	\$ -	\$ 7,664	\$ 519,603	\$ 21,703,969
Employee stock options exercised	100,155	-	-	(30,903)	69,252
Changes from associates and joint ventures accounted for under the equity method	-	-	14,681	-	14,681
Employee compensation plan - employee stock options	-	-	-	15,481	15,481
At December 31, 2013	<u>\$ 21,276,857</u>	<u>\$ -</u>	<u>\$ 22,345</u>	<u>\$ 504,181</u>	<u>\$ 21,803,383</u>

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

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall also be set aside pursuant to the regulations. After "earnings" are appropriated, at least 0.1% of the remainder may be appropriated as employees' bonus. Appropriation of the remainder plus prior year's accumulated unappropriated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders.
- B. Earnings appropriation ratio and cash dividends ratio are decided by the Board of Directors, taking into account the Company's financial structure, future capital requirements and profitability, and cash dividends shall account for at least 10% of the total dividends appropriated. Earnings appropriation ratio and cash dividends ratio are subject to adjustments once approved by the stockholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. On June 24, 2014, the appropriation of earnings for the year ended December 31, 2013 resolved by the shareholders is as follows:

	<u>2013</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Legal reserve	\$ 56,311	
Cash dividend	<u>451,589</u>	\$ 0.6
Total	<u><u>\$ 507,900</u></u>	

Directors' and supervisors' remuneration of \$2,000 and employees' bonus of \$514 for 2013 approved at the stockholders' meeting were in agreement with the amount recognised in the 2013 financial statements and with the amount proposed by the Board of Directors on May 14, 2014.

F. On March 19, 2015, the appropriation of earnings for the year ended December 31, 2014 proposed by the Board of Directors and to be approved by the shareholders is as follows:

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

Directors' and supervisors' remuneration of \$2,000 and employees' bonus of \$633 for 2014 proposed by the Board of Directors were in agreement with the estimated amount .

G. Information on the appropriation as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Other equity items

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

	<u>Available-for-sale investments</u>	<u>Currency translation</u>	<u>Total</u>
At September 12, 2013	\$ 225,357	\$ 782,572	\$ 1,007,929
Revaluation			
–Group	7,197	-	7,197
–Associates	55,645	-	55,645
Currency translation differences:			
–Group	-	125,888	125,888
–Associates	<u>-</u>	<u>(8,849)</u>	<u>(8,849)</u>
At December 31, 2013	<u>\$ 288,199</u>	<u>\$ 899,611</u>	<u>\$ 1,187,810</u>

(21) Operating revenue

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Sales revenue	\$ 41,701,620	\$ 11,782,345
Other operating revenue	<u>358,722</u>	<u>114,589</u>
Total	<u>\$ 42,060,342</u>	<u>\$ 11,896,934</u>

(22) Other income

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Interest income:		
Interest income from bank deposits	\$ 147,848	\$ 30,600
Rental revenue	56,684	13,438
Dividend income	105,534	31,738
Other income	<u>80,497</u>	<u>101,808</u>
Total	<u>\$ 390,563</u>	<u>\$ 177,584</u>

(23) Other gains and losses

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Net gain on financial liabilities at fair value through profit or loss	\$ 3,066	\$ 295
Net gain on financial assets at fair value through profit or loss	15,296	12,044
Net currency exchange loss	(14,174)	(6,135)
Gain on disposal of property, plant and equipment	11,227	4,221
Gain on disposal of investments	58,609	272,489
Gain on disposal of non current assets	15,832	-
Impairment loss of financial assets	(104,593)	(531)
Impairment loss of non-financial assets	(111,605)	-
Other losses	<u>(22,028)</u>	<u>(5,618)</u>
Total	<u>(\$ 148,370)</u>	<u>\$ 276,765</u>

(24) Finance costs

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Interest expense:		
Bank borrowings	\$ <u>44,146</u>	\$ <u>7,137</u>

(25) Expenses by nature

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Employee benefit expense	\$ 5,132,246	\$ 1,520,808
Depreciation on property, plant and equipment and investment property	486,984	160,073
Amortisation charges	<u>289,660</u>	<u>74,197</u>
Total	\$ <u>5,908,890</u>	\$ <u>1,755,078</u>

(26) Employee benefit expense

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Wages and salaries	\$ 4,538,651	\$ 1,341,263
Employee stock options	45,921	15,481
Labor and health insurance fees	332,469	94,001
Pension costs	87,004	24,412
Other personnel expenses	<u>128,201</u>	<u>45,651</u>
	\$ <u>5,132,246</u>	\$ <u>1,520,808</u>

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Current tax:		
Current tax on profits for the period	\$ 188,038	\$ 4,744
Adjustments in respect of prior years	<u>446</u>	<u>(6,807)</u>
Total current tax	<u>188,484</u>	<u>(2,063)</u>
Deferred tax:		
Origination and reversal of temporary differences	(77,862)	52,221
Net operating loss carryforward	<u>179,281</u>	<u>23,890</u>
Total deferred tax	<u>101,419</u>	<u>76,111</u>
Income tax expense	<u>\$ 289,903</u>	<u>\$ 74,048</u>

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

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Actuarial losses on defined benefit obligations	(\$ <u>7,260</u>)	(\$ <u>2,235</u>)

B. Reconciliation between income tax expense and accounting profit

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 450,135	\$ 106,800
Additional 10% income tax imposed on unappropriated earnings	5,521	-
Effects from items disallowed by tax regulation	(345,480)	(49,835)
Over provision of prior year's income tax	446	(6,807)
Effect from net operating loss carryforward	<u>179,281</u>	<u>23,890</u>
Income tax expense	<u>\$ 289,903</u>	<u>\$ 74,048</u>

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

For the year ended December 31, 2014					
	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	\$ 61,711	(\$ 18,710)	\$ -	\$ -	\$ 43,001
Loss from decline in inventory price to market value	166,460	(84,794)	-	2,440	84,106
Others	158,944	154,432	7,260	(4,391)	316,245
Net operating loss carryforward	<u>179,281</u>	<u>(179,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 566,396</u>	<u>(\$ 128,353)</u>	<u>\$ 7,260</u>	<u>(\$ 1,951)</u>	<u>\$ 443,352</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(358,846)	38,372	-	-	(320,474)
Others	<u>-</u>	<u>(11,438)</u>	<u>-</u>	<u>-</u>	<u>(11,438)</u>
Subtotal	<u>(\$ 358,846)</u>	<u>\$ 26,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 331,912)</u>
Total	<u>\$ 207,550</u>	<u>(\$ 101,419)</u>	<u>\$ 7,260</u>	<u>(\$ 1,951)</u>	<u>\$ 111,440</u>
For the period from September 12, 2013 to December 31, 2013					
	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	\$ 61,085	\$ 626	\$ -	\$ -	\$ 61,711
Loss from decline in inventory price to market value	182,239	(15,936)	-	157	166,460
Others	194,309	(36,911)	2,235	(689)	158,944
Net operating loss carryforward	<u>203,171</u>	<u>(23,890)</u>	<u>-</u>	<u>-</u>	<u>179,281</u>
Subtotal	<u>\$ 640,804</u>	<u>(\$ 76,111)</u>	<u>\$ 2,235</u>	<u>(\$ 532)</u>	<u>\$ 566,396</u>
Deferred tax liabilities:					
Temporary differences:					
Equity investments	(\$ 358,846)	\$ -	\$ -	\$ -	(\$ 358,846)
Total	<u>\$ 281,958</u>	<u>(\$ 76,111)</u>	<u>\$ 2,235</u>	<u>(\$ 532)</u>	<u>\$ 207,550</u>

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

<u>December 31, 2014</u>				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2011	Assessed	\$ 185,363	\$ 185,363	2021
2012	Assessed	297,134	297,134	2022
2013	Assessed	11,092	11,092	2023
<u>December 31, 2013</u>				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2010	Assessed	\$ 537,199	\$ -	2020
2011	Assessed	247,386	-	2021
2012	Filed	382,486	112,479	2022
2013	Estimated	11,092	11,092	2023

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Deductible temporary differences	<u>\$ 1,724,577</u>	<u>\$ 1,825,122</u>

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2014 and 2013, the amounts of temporary difference unrecognised as deferred tax liabilities were \$7,999,003 and \$6,884,731, respectively.

G. Unappropriated retained earnings:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Earnings generated in and after 1998	<u>\$ 773,566</u>	<u>\$ 563,114</u>

H. As of December 31, 2014 and 2013, the balance of the imputation tax credit account were \$1,409,386 and \$0, respectively. The creditable tax rate is estimated to be 14.15% for 2014.

(28) Earnings per share

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

	<u>For the year ended December 31, 2014</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 761,086	742,397	<u>\$ 1.03</u>
Less: effect of dilutive potential common stocks issued by investee companies	(2,552)		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	4,403	
Employees' bonus	-	<u>38</u>	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	<u>\$ 758,534</u>	<u>746,838</u>	<u>\$ 1.02</u>
	<u>For the period from September 12, 2013 to December 31, 2013</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 571,287	733,420	<u>\$ 0.78</u>
Less: effect of dilutive potential common stocks issued by investee companies	(10,110)		
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	3,213	
Employees' bonus	-	<u>18</u>	
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	<u>\$ 561,177</u>	<u>736,651</u>	<u>\$ 0.76</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Operating revenue:

(a)

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Sales of goods:		
-Associates	\$ 1,904,012	\$ 263,924
-Other related parties	<u>571</u>	<u>127</u>
	<u>\$ 1,904,583</u>	<u>\$ 264,051</u>

- (b) The selling price to related parties is based on market value in the region of the related party.
- (c) The collection period to domestic related parties is 90 days after shipping date based on the net balance of receivables after offsetting with payable accounts.
- (d) The collection period to foreign related parties is 150 days for the net amount after offsetting certain receivables and payables considering the reasonable time from shipping to collection terms to overseas and domestic related parties.
- (e) The collection period for third parties is approximately 90 days after shipping date.

B. Purchases:

(a)

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Purchases of goods:		
-Associates	\$ 815,519	\$ 260,572
-Other related parties	<u>10,466</u>	<u>1,658</u>
	<u>\$ 825,985</u>	<u>\$ 262,230</u>

- (b) The purchase prices from related parties are based on the international market value and the market price in the region of the related party.
- (c) The payment period is 150 days after offsetting certain receivables and payables for foreign related parties; the payment period is 90 days after shipping date based on the net amount after offsetting certain receivables and payables for other related parties.
- (d) The payment period to regular suppliers is approximately 90 days after purchase date.

C. Receivables from related parties:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accounts receivable:		
-Associates	\$ 230,574	\$ 169,393
-Other related parties	<u>593</u>	<u>3</u>
Subtotal	<u>231,167</u>	<u>169,396</u>

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Other receivables:		
-Associates	48,429	59,265
-Other related parties	<u>3,031</u>	<u>2,424</u>
Subtotal	<u>51,460</u>	<u>61,689</u>
Total	<u>\$ 282,627</u>	<u>\$ 231,085</u>

D. Payables to related parties:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accounts payable:		
-Associates	\$ 263,567	\$ 238,028
-Other related parties	<u>345</u>	<u>1,775</u>
Subtotal	<u>263,912</u>	<u>239,803</u>
Other payables:		
Associates	11,090	16,116
Other related parties	<u>4,299</u>	<u>1,816</u>
Subtotal	<u>15,389</u>	<u>17,932</u>
Total	<u>\$ 279,301</u>	<u>\$ 257,735</u>

E. Property transactions:

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
<u>Acquisition of property, plant and equipment:</u>		
Associates	\$ 15,750	\$ 2,057
Other related parties	<u>1,474</u>	<u>20,578</u>
	<u>\$ 17,224</u>	<u>\$ 22,635</u>

Acquisition of financial assets:

			<u>Acquisition amount</u>		
	<u>Account</u>	<u>Transaction Share (Shares in thousands)</u>	<u>Item</u>	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Other related parties	Financial assets measured at cost	\$ 2,500	Investment	<u>\$ 25,000</u>	<u>\$ 25,000</u>

F. Rent revenue

For the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, the rental revenue collected from leasing offices and factories to associates amounted to \$34,778 and \$10,263, respectively.

G. Expenses

	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
Associates	\$ 27,922	\$ 2,057
Other related parties	66,699	20,578
	<u>\$ 94,621</u>	<u>\$ 22,635</u>

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

H. Endorsements and guarantees provided to related parties:

As of December 31, 2014 and 2013, associates provided guarantees for operating leases to MiTAC International Corp. amounting to \$3,600.

(2) Key management compensation

	For the year ended December 31, 2014	For the period from September 12, 2013 to December 31, 2013
Salaries and other short-term employee benefits	\$ 34,954	\$ 8,280
Post-employment benefits	536	152
Share-based payments	5,578	2,019
Total	<u>\$ 41,068</u>	<u>\$ 10,451</u>

8. PLEGGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2014</u>	<u>December 31, 2013</u>	
Building	\$ 323,093	\$ 335,312	Short-term loans
Land use rights	14,076	13,977	Short-term loans
Time deposits	3,500	3,499	Guarantee deposit for the lease of land in Science Park
Time deposits	2,186	1,468	Guarantee deposit for the lease of dormitory in Science Park
Time deposits	7,638	3,689	Customs guarantee
Time deposits	9,500	9,500	Guarantee for application for letters of credit
Demand deposits	6,365	2,460	Customs guarantee
	<u>\$ 366,358</u>	<u>\$ 369,905</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Operating lease arrangement

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Not more than 1 year	\$ 131,555	\$ 139,843
More than one year but not more than 5 years	67,487	192,074
Over 5 years	<u>21,906</u>	<u>25,557</u>
Total	<u>\$ 220,948</u>	<u>\$ 357,474</u>

10. SIGNIFICANT DISASTER LOSS:

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR and CNY. Foreign exchange risk arises from future commercial transactions, recognised assets

and liabilities and net investments in foreign operations.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR and 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:

	<u>December 31, 2014</u>		
	<u>Foreign Currency Amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Book Value (NTD)</u>
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 411,890	31.650	\$ 13,036,319
EUR:NTD	6,408	38.470	246,516
CNY:NTD	189,256	5.092	963,692
USD:CNY	125,565	6.216	3,974,132
<u>Long-term equity investment accounted for under the equity method</u>			
CNY:USD	57,193	0.161	291,227
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	391,271	31.650	12,383,727
EUR:NTD	7,752	38.470	298,219
CNY:NTD	195,604	5.092	996,016
USD:CNY	117,743	6.216	3,726,566

	December 31, 2013		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 315,591	29.805	\$ 9,406,190
EUR:NTD	9,902	41.090	406,873
CNY:NTD	202,391	4.919	995,561
USD:CNY	113,500	6.059	3,382,868
<u>Long-term equity investment accounted for under the equity method</u>			
CNY:USD	56,610	0.165	273,596
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	303,885	29.805	9,057,292
EUR:NTD	9,766	41.090	401,285
USD:CNY	85,429	6.059	2,546,211

iv. When the exchange rates for USD, EUR and CNY to NTD, and USD to CNY increased or decreased by 1%, with all other factors the same at December 31, 2014 and 2013, net profit before tax would increase or decrease by \$8,161 and \$21,867 for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, respectively.

Price risk

- A. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by \$14,938 and \$16,744 for the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, respectively, as a result of gains/losses on equity securities classified as

available-for-sale.

Interest rate risk

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

(b)Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.
- ii. No credit limits were exceeded during the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, and management does not expect any significant losses from non-performance by these counterparties.
- iii. The credit quality information of financial assets that are neither past due nor impaired is described in Note 6 (5).
- iv. The ageing analysis of financial assets that were past due but not impaired is described in Note 6 (5).
- v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c)Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Over 3 years</u>
Short-term borrowings	\$ 3,590,577	\$ -	\$ -	\$ -
Accounts payable	7,635,029	-	-	-
Other payables	3,507,921	-	-	-
Guarantee deposits	5,024	9,232	779	1,410

<u>December 31, 2013</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	\$ 2,108,970	\$ -	\$ -	\$ -
Notes payable	1,622	-	-	-
Accounts payable	6,569,694	-	-	-
Other payables	3,565,849	-	-	-
Guarantee deposits	1,503	4,910	1,114	2,362

Derivative financial liabilities

As of December 31, 2014 and 2013, the Group's derivative financial liabilities mature within one year.

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

(3) Fair value estimation

- A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Forward exchange contracts	\$ -	\$ 29,460	\$ -	\$ 29,460
Equity securities	<u>1,087,712</u>	<u>326,048</u>	<u>80,002</u>	<u>1,493,762</u>
Total	<u>\$ 1,087,712</u>	<u>\$ 355,508</u>	<u>\$ 80,002</u>	<u>\$ 1,523,222</u>

December 31, 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities:				
Forward exchange contracts	\$ <u>-</u>	\$ <u>3,371</u>	\$ <u>-</u>	\$ <u>3,371</u>
December 31, 2013	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Forward exchange contracts	\$ -	\$ 14,173	\$ -	\$ 14,173
Equity securities	<u>1,245,279</u>	<u>279,830</u>	<u>149,334</u>	<u>1,674,443</u>
Total	<u>\$ 1,245,279</u>	<u>\$ 294,003</u>	<u>\$ 149,334</u>	<u>\$ 1,688,616</u>

Financial liabilities:

Forward exchange contracts	\$ <u>-</u>	\$ <u>6,437</u>	\$ <u>-</u>	\$ <u>6,437</u>
----------------------------	-------------	-----------------	-------------	-----------------

- B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.
- C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- E. Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
 - The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
 - Other techniques, such as Market Approach, are used to determine fair value for the remaining financial instruments.

F. The following table presents the changes in level 3 instruments as at December 31, 2014 and 2013:

	For the year ended <u>December 31, 2014</u>
January 1, 2014	\$ 149,334
Impairment loss recognised in profit or loss	(71,251)
Gains recognised in other comprehensive income	(386)
Effect of foreign exchange rate	<u>2,305</u>
December 31, 2014	<u>\$ 80,002</u>
	For the period from September 12, 2013 to <u>December 31, 2013</u>
September 12, 2013	\$ 147,823
Acquired in the period	2,871
Gains recognised in other comprehensive income	(1,767)
Effect of foreign exchange rate	<u>407</u>
December 31, 2013	<u>\$ 149,334</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

No.	Creditor	Borrower	General Ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Footnote
													Item	Value			
0	MiTAC Holdings Corp.	MiTAC International Corp.	Other receivables – related parties	Yes	\$ 2,500,000	\$ 2,500,000	\$ 0	0	2	\$ 0	Operations	\$ 0	None	0	\$ 3,117,042	\$6,234,084	
1	MiTAC International Corp.	MiTAC Holdings Corp.	Other receivables – related parties	Yes	1,000,000	0	0	1.00	2	0	Operations	0	None	0	2,553,987	5,107,974	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	Other receivables – related parties	Yes	1,000,000	1,000,000	0	0	2	0	Operations	0	None	0	2,553,987	5,107,974	
2	Silver Star Developments Ltd.	Sky Universe Enterprise Ltd.	Affiliated loans receivable	Yes	761,750	0	0	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	Top Sheen Enterprises Ltd.	Affiliated loans receivable	Yes	791,250	791,250	791,250	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	MiTAC International Corp.	Affiliated loans receivable	Yes	787,800	354,102	354,102	0	2	0	Operations	0	None	0	6,482,532	6,482,532	
2	Silver Star Developments Ltd.	Software Insights Ltd.	Affiliated loans receivable	Yes	31,650	31,650	31,650	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	MiTAC Digital Corporation	Affiliated loans receivable	Yes	1,091,350	965,325	965,325	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	Best Profit Ltd.	Affiliated loans receivable	Yes	826,904	826,904	826,904	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	MiTAC Europe Ltd.	Affiliated loans receivable	Yes	189,900	189,900	189,900	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	Start Well Technology Limited	Affiliated loans receivable	Yes	18,990	18,990	18,990	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	MiTAC Benelux N.V.	Affiliated loans receivable	Yes	96,175	96,175	46,164	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
2	Silver Star Developments Ltd.	Mio Technology Ltd.	Affiliated loans receivable	Yes	50,920	50,920	50,920	0	2	0	Operations	0	None	0	13,640,859	13,640,859	
3	Pacific China Corp.	Bright Crown Management Ltd.	Affiliated loans receivable	Yes	18,570	0	0	0	2	0	Operations	0	None	0	7,654,482	7,654,482	
4	Tyan Computer Corp. (USA)	MiTAC Digital Corporation	Affiliated loans receivable	Yes	198,055	0	0	0.87	2	0	Operations	0	None	0	250,055	250,055	
4	Tyan Computer Corp. (USA)	MiTAC Information Systems Corp.	Affiliated loans receivable	Yes	237,375	237,375	237,375	1.86	2	0	Operations	0	None	0	250,055	250,055	
5	Booming Enterprises Inc.	Silver Star Developments Ltd.	Affiliated loans receivable	Yes	46,877	0	0	0	2	0	Operations	0	None	0	493,740	493,740	

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 : The nature of loan are as follows:

- (1) Ongoing business
- (2) Short-term financing

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

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

- (2) MiTAC International Corp.'s total amount of short-term financing should not exceed 20% of the net worth on the latest financial statements audited or reviewed by auditors; the borrowing amount to each borrowing company should not exceed 10% of the Company's net worth.
- (3) If Silver Star Developments Ltd. was lending to foreign subsidiaries owned 100% directly and indirectly by the ultimate parent company, the borrowing amount to each borrowing company and the total borrowing amount should not be higher than 200% of the paid-in capital on the latest financial statements audited by independent accountants.
- (4) Silver Star Development Ltd.'s borrowing amount to each borrowing company and total borrowing amount of the parent company should not exceed 40% of the net worth on the latest financial statements audited by independent accountants.
- (5) The borrowing amount and the total borrowing amount of Pacific China Corp. lending to the ultimate parent company's direct and indirect wholly-owned foreign subsidiaries should not exceed 200% of the paid-in capital on the latest financial statements audited by independent accountants.
- (6) The borrowing amount and the total borrowing amount of Tyan Computer Corp. (USA) lending to the ultimate parent company's direct and indirect wholly-owned foreign subsidiaries should not exceed 200% of the paid-in capital on the latest financial statements audited by independent accountants.
- (7) The borrowing amount and the total borrowing amount of Booming Enterprises Inc. lending to the ultimate parent company's direct and indirect wholly-owned foreign subsidiaries should not exceed 200% of the paid-in capital on the latest financial statements audited by independent accountants.

B. Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2014	Outstanding endorsement/ guarantee amount at December 31, 2014	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	MiTAC Holdings Corp.	Tyan Computer Corp. (USA)	2	\$ 15,585,211	\$ 60,780	\$ 60,780	\$ 60,780	\$ 0	0.19	\$ 15,585,211	N	N	N	
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	1	15,585,211	860,770	860,770	860,770	0	2.76	15,585,211	N	N	N	
0	MiTAC Holdings Corp.	MiTAC Information Systems Corp.	2	15,585,211	155,500	155,500	155,500	0	0.5	15,585,211	N	N	N	
1	MiTAC International Corp.	MiTAC Computing Technology Corp.	2	12,769,934	875,000	875,000	47,475	0	3.43	12,769,934	N	N	N	
1	MiTAC International Corp.	Tsu Fung Investment Corp.	1	12,769,934	100,000	0	0	0	0	12,769,934	N	N	N	
1	MiTAC International Corp.	Tyan Computer Corp. (USA)	2	12,769,934	59,460	0	0	0	0	12,769,934				
1	MiTAC International Corp.	MiTAC Digital Corporation	2	12,769,934	223,027	223,027	31,455	0	0.87	12,769,934				
1	MiTAC International Corp.	MiTAC Information Systems Corp.	2	12,769,934	243,315	91,140	91,140	0	0.36	12,769,934	N	N	N	

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2 : Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following:

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

- Note 3 : (1) The endorsement and guarantees amount provided by MiTAC Holdings Corp. to each entity which is directly or indirectly held 50% or more of the voting power by the company should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accounts.
- (2) MiTAC Holding Corp's total endorsements and guarantees should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.
 - (3) The endorsement and guarantees amount provided by MiTAC International Corp. to each entity which the ultimate parent company directly or indirectly holds 50% or more of the voting power should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.
 - (4) MiTAC International Corp.'s total endorsements and guarantees should not exceed 50% of the net worth on the latest financial statements audited or reviewed by independent accountants.

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

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2014				Footnote
					Number of shares	Book value	Ownership	Fair value	
MiTAC International Corp.	Stocks	MiTAC Inc.	Same board chairman	Financial assets carried at cost-non current	20,061,790	\$ 586,164	8.69	\$ 586,164	
"	"	Overseas Investment & Development Corp.	None	"	1,000,000	10,000	1.11	10,000	
"	"	Harbinger Venture Management Co., Ltd.	Same board chairman	"	7,727,225	34,584	14.05	34,584	
"	"	Harbinger VI	"	"	6,015,937	60,159	13.28	60,159	
"	"	Harbinger VII	"	"	5,000,000	50,000	13.07	50,000	
"	"	UPC Technology Corp.	"	Available-for-sale financial assets-non-current	14,193,179	160,383	1.22	160,383	
"	"	Lien Hwa Industrial Corp.	"	"	14,011,961	286,545	1.64	286,545	
"	"	MiTAC Information Technology Corp.	The Company's chairman is MiTAC Inc.'s director.	"	9,780,837	69,201	6.52	69,201	
"	"	Linpus Technology Corp.	None	"	872,484	25,523	6.46	25,523	Note 3
"	"	MiTAC Holding Corp.	Ultimate parent company	"	7,869,000	184,135	1.02	184,135	
Tsu Fung Investment Corp.	"	Synnex Technology International Corp.	None	Available-for-sale financial assets - current	3,297,119	151,997	0.21	151,997	
Tsu Fung Investment Corp.	Stocks	UPC Technology Corp.	None	Available-for-sale financial assets - current	14,351,669	162,174	1.24	162,174	
"	"	MiTAC Holding Corp.	Ultimate parent company	"	10,183,284	238,289	1.32	238,289	
"	"	Getac Technology Corp.	None	"	10,329,741	171,474	1.77	171,474	
"	"	Loyalty Founder Enterprise Co., Ltd.	"	"	51,331	770	0.04	770	
"	"	National Aerospace Fasteners Corporation	"	"	1,000	51	0.00	51	
"	"	J Touch Corporation	"	"	1,000,000	18,050	0.73	18,050	
"	Fund	Uni-President Assets Management Corp.	"	"	6,241,428	101,880	-	101,880	
"	Stocks	Linpus Technology Corp.	"	Financial assets carried at cost - non - current	493,516	14,437	3.66	14,437	Note 3

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2014				Footnote
					Number of shares	Book value	Ownership	Fair value	
MiTAC International Corp.	Stocks	Harbinger Venture Management Co., Ltd.	None	Financial assets carried at cost - non - current	581,902	\$ 479	19.99	\$ 479	
"	"	Cirocomm Technology Corp.	"	"	2,352,086	16,512	4.73	16,512	
"	"	Lien Yung Investment Corp.	"	"	9,015,254	87,969	19.99	87,969	
"	"	G. Marso Electronics, Inc.	"	Available-for -sale financial assets - non-current	253,363	919	1.16	919	
"	"	MiTAC Inc.	"	Financial assets carried at cost - non-current	10,148,073	277,785	4.4	277,785	
"	"	MiTAC Information Technology Corp.	"	Available-for -sale financial assets - non - current	5,948,108	42,084	3.97	42,084	
"	"	Tung Da Investment Co., Ltd.	"	"	4,630,492	60,565	19.99	60,565	Note 4
Mio Technology Corp.	"	Linpus Technology Corp.	"	"	666,268	19,490	4.94	19,490	Note 3
DLC Technology Corp.	"	"	"	"	666,268	19,490	4.94	19,490	Note 3
Silver Star Developments Ltd. (SSDL) and its subsidiaries	"	Budworth Investments Ltd.	"	Financial assets carried at cost - non-current	2,297,875	10,981	14.83	10,981	
Silver Star Developments Ltd. (SSDL) and its subsidiaries	"	Gapura Inc.	"	Available-for -sale financial assets - non - current	295,831	-	5.55	-	
"	"	Global Strategic Investment Inc.	"	Financial assets carried at cost - non current	245,000	-	1.26	-	
"	"	Panasas Inc.	"	Available-for -sale financial assets - non - current	13,913	-	0.04	-	
"	"	Rasilent Systems, Inc.	"	"	1,210,763	-	3.88	-	
"	"	Global Strategic Investment Inc. (SAMOA)	"	"	434,946	14,628	1.23	14,628	
"	"	Cirocomm Technology Corp.	"	"	2,352,086	16,512	4.73	16,512	
"	"	Physi-Cal Enterprises	"	"	354	4,331	8.41	4,331	
"	Stocks	Synnex Technology International Corp.	None	Available-for -sale financial assets - non - current	2,955,921	\$ 136,268	0.19	\$ 136,268	
"	"	MiTAC Holding Corp.	Ultimate parent company	"	1,381,944	\$ 32,337	0.18	\$ 32,337	

Note 1: The market value of listed securities was based on the closing price as at December 31, 2014, while, the market value of unlisted securities accounted for under the equity method was based on the net asset value per share of the investee company; the fair value of financial assets carried at cost was based on their carrying value.

Note 2: The Company's shares held by MiTAC International Corp., Tsu Fung Investment Corp. and Silver Star Developments Ltd. are accounted for based on the accounting standards relating to treasury stock.

Note 3: The Company's subsidiary- Tsu Fung Investment Corp. transferred share ownership of Linpus Technology Corp. to the Company, Mio Technology Corp. and DLC Technology Corp., respectively. Such disposal gain has not been realised.

Note 4: The gain on disposal of investments on Tung Da Investment Co., Ltd. to Tsu Fung Investment Corp. for MiTAC International Corp has not yet been realised.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital:

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2014		Addition		Disposal				Balance as at December 31, 2014	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
MiTAC Holding Corp.	MiTAC Computing Technology Corp.	Equity method investments	Note 1	Note 1	-	\$ -	220,100,000	\$ 3,419,621	-	\$ -	\$ -	\$ -	220,100,000	\$ 3,519,230
Silver Star Developments Ltd.(SSDL)	Sky Universe Enterprise Ltd.	Equity method investments	MiTAC Computing Technology Corp.	Investee	100,000	447,918	-	-	100,000	1,324,614	1,324,614	-	-	-
MiTAC Computing Technology Corp.	Sky Universe Enterprise Ltd.	Equity method investments	Silver Star Developments Ltd.(SSDL)	Investee	-	-	100,000	1,324,614	-	-	-	-	Note 2	Note 2
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd.	Equity method investments	Note 3	Note 3	-	-	62,909,737	1,786,857	-	-	-	-	62,909,737	1,912,697

Note 1: Assets and liabilities divested from the capital reduction due to spin-off of MiTAC International Corp. were used by MiTAC International Corp. to acquire shares of MiTAC Computing Technology Corp.

Note 2: The liquidation was completed in the third quarter of 2014.

Note 3: Acquired through equity pricing of Tyan Computer Corp. (USA), MiTAC Logistics Corp. and MiTAC Information Systems Corp.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None

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

Purchaser /seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount (Note 6)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
MiTAC International Corp.	MiTAC Logistics Corp.	Affiliate	Sales	(\$ 693,943)	(3.31)	Note 1	Note 2	Note 1	\$ 45,020	1.66	
"	MiTAC Digital Corp.	Subsidiary	"	(736,622)	(3.51)	Note 1	"	Note 1	67,260	2.47	
"	MiTAC Information Systems Corp.	Affiliate	"	(5,986,928)	(28.52)	Note 1	"	Note 1	345,420	12.71	
"	MiTAC Europe Ltd.	Subsidiary	"	(460,439)	(2.19)	Note 1	"	Note 1	222,001	8.17	
"	MiTAC Australia Pty Ltd.	"	"	(377,899)	(1.80)	Note 1	"	Note 1	250,115	9.20	
"	MiTAC Computer (Kunshan) Ltd.	"	Purchases	2,599,508	15.03	Note 3	"	Note 3	(1,788,315)	(67.55)	
"	MiTAC Computer (Shunde) Ltd.	"	"	2,386,128	27.05	Note 3	"	Note 3	-	-	
"	Tyan Computer Corp. (USA)	Affiliate	Sales	(835,326)	(3.98)	Note 1	"	Note 1	(607)	0.02	
"	Tyan Computer Corp. (USA)	"	Purchases	522,860	2.97	Note 3	"	Note 3	-	-	
"	Synnex Corp.	Associate	Sales	(1,526,498)	(7.27)	Note 1	"	Note 1	-	-	
"	Loyalty Founder Enterprise Co., Ltd.	Associate	Purchases	528,305	3.00	Note 3	"	Note 3	(130,562)	4.93	

Purchaser /seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount (Note 6)	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	(3,229,903)	(52.17)	Note 1	Note 2	Note 1	4,322,297	75.77	
"	MiTAC Computer (Shunde) Ltd.	Affiliate	Purchases	3,116,586	45.53	Note 3	"	Note 3	(4,837,928)	(77.44)	
"	Tyan Computer Corp. (USA)	Subsidiary	Sales	(523,550)	(8.46)	Note 1	"	Note 1	157,547	2.76	
"	Tyan Computer Corp. (USA)	"	Purchases	151,606	2.21	Note 3	"	Note 3	-	-	
"	MiTAC Logistics Corp.	"	Sales	(138,844)	(2.24)	Note 1	"	Note 1	102,188	1.79	
"	Synnex Corp.	Associate	"	(325,446)	(5.26)	Note 1	"	Note 1	224,792	3.94	
MiTAC Technology UK Ltd. and its subsidiaries	MiTAC International Corp.	Affiliate	Purchases	512,814	32.42	Note 3	"	Note 3	(391,048)	(5.89)	
Silver Star Developments Ltd. and its subsidiaries	MiTAC International Corp.	Parent Company	Sales	(5,018,945)	(14.18)	Note 1	"	Note 1	1,788,344	23.62	
"	"	"	Purchases	7,982,499	5.40	Note 3	"	Note 3	(615,834)	(8.07)	
"	MiTAC Computing Technology Corp.	Affiliate	Sales	(3,129,130)	(8.89)	Note 1	"	Note 1	4,924,359	65.04	
MiTAC Technology UK Ltd. and its subsidiaries	"	Parent Company	Purchases	3,892,297	16.79	Note 3	"	Note 3	(4,582,032)	(69.02)	
"	"	"	Sales	(151,748)	(0.64)	Note 1	"	Note 1	-	-	

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

Note 2: The selling price to related parties is based on market value.

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

Note 4: Before August 2014, the entities were the subsidiaries of Silver Star Developments Ltd. and Foreground Technology Ltd. After the group reorganization in September 2014, they were transferred as subsidiaries of MiTAC Technology UK Ltd.

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

Creditor	Counterparty	Relationship with the counterparty	Accounts receivable from related parties			Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Accounts receivable	Other receivables	Total		Amount	Action taken		
MiTAC International Corp.	MiTAC Information Systems Corp.	Affiliate	\$ 345,420	\$ 4,415	\$ 349,835	2.91	\$ -	None	\$ 349,835	-
"	MiTAC Computer (Shunde) Ltd.	Subsidiary	-	741,460	741,460	4.16	2	None	487,854	-
"	MiTAC Europe Ltd.	"	222,001	1,164	223,165	1.61	565	On demand	29,335	-
"	MiTAC Australia Pty Ltd.	"	250,115	1,365	251,480	1.62	53,798	On demand	124,490	-
MiTAC Computing Technology Corp.	MiTAC Information systems Corp.	"	4,322,297	2,920	4,325,217	1.49	-	None	1,222,424	-
"	MiTAC Logistics Corp.	"	102,188	4,968	107,156	3.39	-	None	81,913	-
"	Synnex Corp.	Associate	224,792	-	224,792	7.82	-	None	181,555	-
"	Tyan Computer Corp. (USA)	Subsidiary	157,547	53,523	211,070	6.65	-	None	211,070	-
"	MiTAC International Corp.	Brother company	-	1,379,988	1,379,988	-	-	None	1,056,353	-
Silver Star Developments Ltd. (SSDL) and its subsidiaries	MiTAC International Corp.	Parent company	1,788,344	17,204	1,805,548	1.39	-	None	1,115,370	-
"	MiTAC Computing Technology Corp.	Affiliate	4,924,359	1,321,818	6,246,177	0.63	-	None	2,252,407	-

I. Significant inter-company transactions:

For the year ended December 31, 2014

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MiTAC Holdings Corp.	MiTAC Computing Technology Corp.	1	Endorsements and guarantees	\$ 860,770		1.78%
"	"	MiTAC Technology UK Ltd. and its subsidiaries	1	Endorsements and guarantees	216,280		0.45%
1	MiTAC International Corp.	Silver Star Developments Ltd. (SSDL) and its subsidiaries	3	Sales	7,982,499	Note 4	18.98%
"	"	"	3	Purchases	5,018,945	Note 5	11.93%
"	"	"	3	Accounts receivable	1,355,678	Note 4	2.81%
"	"	"	3	Accounts payable	1,788,344	Note 5	3.71%
"	"	"	3	Endorsement / guarantee amount for bank financing	223,027		0.46%
"	"	MiTAC Technology UK Ltd. and its subsidiaries	3	Endorsement / guarantee amount for bank financing	91,140		0.19%
"	"	"	3	Sales	512,814	Note 4	1.22%
"	"	"	3	Accounts receivable	391,048	Note 4	5.89%
"	"	"	3	Purchases	43,552	Note 5	0.10%
"	"	MiTAC Computing Technology Corp.	3	Endorsement / guarantee amount for bank financing	875,000		1.82%
2	Silver Star Developments Ltd. (SSDL) and its subsidiaries	MiTAC International Corp.	3	Loans	354,102		0.73%
"	"	MiTAC Computing Technology Corp.	3	Securities	1,324,614		2.75%
3	MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiaries	3	Sales	3,892,297	Note 4	9.25%
"	"	"	3	Purchases	151,748	Note 5	0.64%
"	"	"	3	Account receivable	4,582,032	Note 4	9.51%
"	"	Silver Star Developments Ltd. (SSDL) and its subsidiaries	3	Aquisition of securities	1,324,614		2.75%
"	"	"	3	Purchases	3,129,130	Note 5	6.49%
"	"	"	3	Accounts payable	4,924,359	Note 5	10.22%

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.

(2) Information on investees

Related information of subsidiaries as of December 31, 2014:

Unit: NT Thousand

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013 (Note 3)	Number of shares	Ownership	Book value			
MiTAC Holdings Corp.	MiTAC International Corp.	Taiwan	Development, design and manufacturing and sale of computers and its peripherals, telecommunication related products	\$ 26,239,186	\$ 29,657,807	1,379,638,902	100.00	\$ 25,747,311	\$ 646,644	\$ 617,955	Subsidiary
"	MiTAC Computing Technology Corp.	"	Development, design and manufacturing and sale of computers and its peripherals, telecommunication related products	3,419,621	-	220,100,000	100.00	3,519,230	166,539	166,539	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013 (Note 3)	Number of shares	Ownership	Book value			
MiTAC International Corp.	Getac Technology Corp.	Taiwan	Manufacturing and sale of notebook computers, military and industrial computer systems, etc.	\$ 1,391,549	\$ 1,391,549	190,396,939	32.71	\$ 4,377,108	\$ 879,336	-	Investee accounted for under equity method
"	Tsu Fung Investment Corp.	"	Investment	625,000	625,000	128,584,651	100.00	1,363,253	8,325	-	Subsidiary
"	3Probe Technologies Corp.	"	Information process service, sales of software and international trading.	16,839	16,839	1,086,000	23.25	8,701	2,434	-	Investee accounted for under equity method
"	DLC Technology Corp.	"	Manufacturing of data storage media , computer and communication equipment	25,755	25,755	2,600,000	100.00	29,149	1,281	-	Subsidiary
"	Lian Jie Investment Co., Ltd.	"	Investment	113,057	113,057	11,305,650	49.98	149,591	28,139	-	Investee accounted for under equity method
"	Silver Star Developments Ltd. and its subsidiaries	British Virgin Islands	"	6,820,430	6,820,430	215,495,404	100.00	16,578,734	604,145	-	Subsidiary
"	Loyalty Founder Enterprise Co., Ltd.	Taiwan	Sales and manufacturing of metal and plastic electronics enclosure	150,000	150,000	36,368,453	25.24	367,519	83,173	-	Investee accounted for under equity method
"	Green Share Corp.	"	Investment	7,839	-	783,900	48.99	7,527	(637)	-	Investee accounted for under equity method

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014 (Note 2)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013 (Note 3)	Number of shares	Ownership	Book value			
MiTAC International Corp.	Shen-Tong Construction & Development Co., Ltd.	Taiwan	Building and factory construction, leasing and sales	\$ 85,594	\$ 85,594	8,559,400	47.55	83,190	(\$ 271)	-	Investee accounted for under equity method
"	Mio Technology Corp.	"	Sale of communication products and related after-sale services	30,704	30,704	2,000,000	100.00	26,708	1,336	-	Subsidiary
"	MiWell Technology Corp.	"	Information/software services and retail business	8,550	8,050	166,667	100.00	490	(510)	-	Subsidiary
MiTAC Computing Technology Corp.	MiTAC Technology UK Ltd. and its subsidiary	UK	Sale of computers and its peripherals, and hardware, software and related products	1,786,857	-	62,909,737	100.00	1,912,697	44,140	-	Subsidiary
Silver Star Developments Ltd. and its subsidiaries	Harbinger II (BVI) Venture Capital Corp.	British Virgin Islands	Investment	46,141	46,141	1,457,850	49.96	148,928	191,686	-	Investee accounted for under equity method
"	Mainpower International Ltd.	"	"	174,075	174,075	5,500,001	14.76	200,978	24,155	-	"
"	Synnex Corp.	USA	Information process services, sales of computer peripheral, system and network products	515,455	515,455	5,551,764	14.07	7,373,085	5,252,308	-	"
"	Harbinger Ruyi Venture Ltd.	British Virgin Islands	Investment	31,650	31,650	1,000,000	28.57	35,283	(2,270)	-	"

(3) Relevant Information Regarding Investments In Mainland China:

A. Basic information, change in investment balance and profits/losses recognized from the direct investment:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee for the year ended December 31, 2014 (Note 6)	Ownership held by the company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 5)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014
					Remitted to Mainland China	Remitted back to Taiwan						
MiTAC Computer (Shunde) Corp.	Manufacturing of computer cases and monitors, etc.	\$ 3,140,932	Invest in Mainland China through investing in a company in second area	\$ 2,209,170	\$ -	\$ -	\$ 2,209,170	\$ 108,566	100.00	\$ 108,566	\$ 3,424,116	\$ -
MiTAC Computer (Kunshan) Co., Ltd.	Sales and manufacturing of computer accessories, hardware, software and related services	1,549,600	"	908,355	-	-	908,355	70,317	100.00	70,317	2,081,386	-
MiTAC Service (Shanghai) Co., Ltd.	Testing, repair and display of computer components and related products, and related technical advisory services and after-sale services	42,148	"	31,650	-	-	31,650	(4,244)	100.00	(4,244)	37,666	-
MiTAC Technology (Kunshan) Co., Ltd.	Testing, repair and display of computer components and related products, and related technical advisory services and after-sale services.	42,146	"	31,650	-	-	31,650	(5,234)	100.00	(5,234)	66,576	-
MiTAC Research (ShangHai) Ltd.	Research, development and production of computer software, sales of own-produced products and related technical advisory services	219,160	"	164,580	-	-	164,580	17,572	100.00	17,572	430,338	-
Suzhou MITAC Precision Technology Co., Ltd.	Design and manufacturing of computer chassis and its components, precision plastic injection mould, molding parts and molding equipment processing, and maintenance and repair services.	1,664,905	"	427,275	-	-	427,275	29,484	29.91	9,254	490,032	-
Mio Technology Ltd.	Sale of communication products and related after-sale services	9,980	"	7,913	-	-	7,913	(8,327)	100.00	(8,327)	(2,901)	-
MiTAC Logistic Service (Kunshan) Ltd.	Agency of freight transport, export and import trading and warehousing services	34,731	"	31,650	-	-	31,650	393	100.00	393	36,129	-

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee for the year ended December 31, 2014 (Note 6)	Ownership held by the company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 5)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014
					Remitted to Mainland China	Remitted back to Taiwan						
MiTAC Information Technology Ltd.	After-sales maintenance, testing, consulting services and related support technology services	\$ 10,431	Invest in Mainland China through investing in a company in second area	\$ 9,495	-	-	\$ 9,495	11,422	100.00	\$ 11,422	\$ 51,453	-
MiTAC Innovation (Kunshan) Ltd.	Research and development of computer, server, mobile phone, PDA, GNSS and GPS, and related technology transfer, technical advisory services and technical services	33,457	"	31,650	-	-	31,650	9,200	100.00	9,200	56,641	-
CGK Zhong Shan Co., Ltd.	Manufacture and sales of optical glass, in-touch display system components and touch display mode Organizations.	257,229	"	1,762	-	-	1,762	42,783	0.70	-	1,762	-
MiTAC Electronics (Foshan) Co, Ltd.	Manufacture of computer mainboard, motherboard .	130,304	Invest in Mainland China through investing in a company in third area	-	-	-	-	867	100.00	867	129,785	-
Orient Optical Crystal Mfg. Co	Manufacturing of protective cover glass	20,712	Invest in Mainland China through investing in a company in second area	142	-	-	142	26,507	0.70	-	142	-
MiTAC Telematics Technology Corporation		10,184	-	-	-	-	-	(6,042)	100.00	(6,042)	3,931	-

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

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

Note 2 : In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2014' column :

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet generated any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C. The financial statements were not audited and attested by independent accountants.

(3) Except for the basis for the recognition of investment income for MiTAC Computer (Shunde) Corp., MiTAC Computer (Kunshan) Co., Ltd, MiTAC Research (ShangHai) Ltd. and Suzhou MiTAC Precision Technology Co., Ltd. which falls into the second category mentioned above, the rest belongs to the 3rd category.

Note 3 : The related numbers in this column should be denominated in NTD.

Company name	Ending balance of investment from Taiwan on December 31, 2014	Approved investment amount by Ministry of Economic Affairs R.O.C.	Ceiling amount of the Company for investment in Mainland China (Note 4)
MiTAC International Corp.	\$4,234,334	\$4,234,334	

Note 4 : In accordance with the "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area", MiTAC International Corp. has acquired the Business Operation Headquarter Certificate (Jing-Shou-Gong-Zi Letter. No. 10220408560) issued by the Industrial Development Bureau of the Ministry of Economic Affairs, which exempts the Company from the limitation on the amount of investment in Mainland China.

B. Significant transactions conducted with investees in Mainland China:

MiTAC International Corp.'s delivery service expenses with investees in Mainland China for the year ended December 31, 2014 amounted to \$222,110; for details of other significant transactions, please refer to Note 13(1)G.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

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

	<u>For the period from September 12, 2013 to December 31, 2013</u>			
<u>Item</u>	<u>Cloud computing business group</u>	<u>Mobile communications business group</u>	<u>Others</u>	<u>Total</u>
Revenue	\$ 8,833,108	\$ 2,852,030	\$ 211,796	\$ 11,896,934
Segment gain (loss)	218,349	(256,881)	(91,299)	(129,831)

(3) Reconciliation for segment income (loss)

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

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

<u>Item</u>	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Loss for reportable segments	(\$ 360,929)	(\$ 129,831)
Unallocated:		
Share of profits and losses from affiliates and joint ventures accounted for under the equity method	1,213,705	327,463
Gain on disposal of investments	58,609	272,489
Other income	<u>139,438</u>	<u>174,723</u>
Profit before tax and discontinued operations	<u>\$ 1,050,823</u>	<u>\$ 644,844</u>

(4) Information on product and service

	<u>For the year ended December 31, 2014</u>	<u>For the period from September 12, 2013 to December 31, 2013</u>
Sales	\$ 41,701,620	\$ 11,782,345
Other revenue	<u>358,722</u>	<u>114,589</u>
Total	<u>\$ 42,060,342</u>	<u>\$ 11,896,934</u>

(5) Geographical information

For the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, revenues and noncurrent assets from certain regions are listed below:

	<u>For the year ended December 31, 2014</u>		<u>For the period from September 12, 2013 to December 31, 2013</u>	
	<u>Revenue</u>	<u>Assets-Noncurrent</u>	<u>Revenue</u>	<u>Assets-Noncurrent</u>
Taiwan	\$ 367,000	\$ 2,985,789	\$ 84,430	\$ 3,163,511
USA	22,295,017	871,284	5,071,365	973,610
Europe	10,558,842	156,024	3,506,054	168,852
Others	<u>8,839,483</u>	<u>2,945,490</u>	<u>3,235,085</u>	<u>2,857,942</u>
Total	<u>\$ 42,060,342</u>	<u>\$ 6,958,587</u>	<u>\$ 11,896,934</u>	<u>\$ 7,163,915</u>

(6) Major customer information

For the year ended December 31, 2014 and the period from September 12, 2013 to December 31, 2013, the major customer information of the Group are listed below:

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

<u>For the period from September 12, 2013 to December 31, 2013</u>			
<u>Customer</u>	<u>Revenue</u>	<u>Percentage of total revenue</u>	<u>Segment</u>
Customer B	\$ 5,292,975	44%	Cloud computing product business group

Annual Report 2014

www.mic-holdings.com

